COMMUNAL DECLINE: THE VANISHING OF HIGH-MORAL, SERVANT LEADERS AND THE DECAY OF DEMOCRATIC, HIGH-TRUST KIBBUTZ CULTURES

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Abstract

What is the connection between leaders' morality and the output performance of organizations? Can their morality explain, through trust, continuity and change of organizational cultures? Is periodic rotation of managers the right solution for the distrust caused by self-serving conservatism due to Michels' "Iron Law of Oligarchy"? An anthropological study of kibbutzim (plural of kibbutz), whose innovative and adaptive cultures declined recently, found that past success was dependent on high-moral servant leaders who backed democracy and promoted high-trust cultures that engendered innovation by creative officers in some kibbutzim, which others imitated. However, conservatism of continuous leaders as heads of low-trust kibbutz federative organizations, which were ignored by customary kibbutz research, engendered oligarchization which rotation enhanced rather than prevented. However, creativity deteriorated only after decades of growing oligarchy, with the vanishing of the high-moral old guard. Thus, the crux of democratic communal culture sustainability is pinpointed in the superiority of trusted, high-moral leaders. A preliminary idea for achieving that aim, predicated on officers' continuation in office being conditional on periodic tests of trust, is herein presented.

Introduction

While some authors grasp market, hierarchy and trust as three types of social control that create plural forms (Bradach and Eccles 1989), others see trust as an alternative to market and hierarchy (Fox 1974; Riker 1974; Shapira 1987). Capitalist firms tend to be hierarchic, low-trust and coercive (Fox 1974), while Israeli kibbutzim have preferred high-trust and democracy (Rosner 1993). Within capitalist settings, high-trust creates distinctive forms, engenders effectiveness, innovation and prosperity (Zand 1972; Ring and Van de Ven 1992; Semler 1993; Fukuyama 1995; Shapira 1995b). However, the exact causality is not very clear, as "the notion of 'trust' is a bit slippery" (Blalock Jr. 1989, p. 123). Hosmer (1995, p. 400) concluded a review of organizational trust, thus:

> 'If researchers can show empirically that there is a connection - through trust - between the
> moral duty of officers and the output performance of organizations, there would be an obvious

impact upon philosophical ethics and - I would like to think - upon organizational theory as well.'

For Hosmer, trust is based on one's expectation of ethically justifiable behavior on the part of the other person(s); ethically justifiable behavior consists of morally correct decisions and actions in which the interests of society take the degree of precedence that is right, just and fair over the interests of individuals (ibid, p. 399). Thus defined, it is clearly relevant to Michels' (1959 [1915]) "Iron Law of Oligarchy." Continuous heads of large organizations betray stake-holders' trust by self-serving conservatism that prefers self interests over those of other stake-holders; they enlarge own and staff privileges, distort original goals, and castrate democracy for power self-perpetuation. Opposite examples of high-moral deeds conducive to trust were George Washington's and Thomas Jefferson's refusals of a third term in office (in 1800 and 1812 respectively), limiting Iron Law's deleterious effects on U.S. democracy by an eight-year norm for presidents. A radical version of this idea is periodic officers' replacement (hereafter - Rotation). Latin America's presidents are Rotated by constitutions that bar second terms (Mainwaring 1990), rulers of ancient Athens were Rotated yearly (Fuks 1976), China's district magistrates had 3-year terms (Chow 1966), and likewise U.S. and Israeli armies (Gabriel and Savage 1981; Vald 1987), Israeli universities, and kibbutzim (Leviatan 1992).

Kibbutzim: Sudden Decline From Adaptive Creativity

Not long ago the kibbutz communal movement was described as "a highly successful enterprise by virtue of its longevity... as well as any other criterion by which the success of social systems is judged," and as "adaptive and highly creative" (Krausz 1983, p. 4). Moreover, it remained adaptive and creative long after the first generation pioneers' idealism vanished, when mostly second generation pragmatists made decisions, introducing industrialization, higher education and regional cooperation (Gamson 1977; Don 1988; Niv and Bar-On 1992).

However, for the past fourteen years, the 270 kibbutzim have been troubled by a huge debt crisis, with few signs of the creative innovation that once distinguished them. They preferred conservatism, bureaucracy and technocracy (Ben-Rafael 1988; 1996). Their industry, formerly innovative, remained in mature sectors, rather than turning to high- tech areas (Leviatan 1997), causing a brain-drain (Sheaffer 1994). Their federation officials when facing dilemmas avoided decisions (Avrahami 1993), while individual kibbutzim imitated surrounding society, used its concepts and reinterpreted their values accordingly (Kressel 1992; Ravid 1992). Lack of trusted leaders was widespread; officers did not view themselves as leaders, nor did most members see them as such, and often with good reason (Kressel 1991; Leviatan 1992). They turned to outside consultants, whose solution packages often caused wide distrust and paralysis of organized change (Shapira 1993; Pavin 1994).

How then can one explain the relatively sudden reversal, whereby kibbutzim have become conservative imitators of capitalist society? Why has the democracy they practiced with relative success for 75 years failed to produce leaders able and willing to cope with their crisis by creative innovation, as had been the case in the past? Has Rotation really prevented the Iron Law, or has the Law somehow reigned, even though customary kibbutz

research (CKR for short) did not expose this and its deleterious effects? But if this is the case, how have most kibbutzim remained "adaptive and highly creative" for so many decades, and why have they lost creativity only recently?

Kibbutzim and FOs: Creativity Versus Imitative Conservatism

Kibbutzim are a type of self-managed organization (SMO), owned and managed by their members/workers. Managerial creativity is vital to unique SMO cultures, and its loss threatens their long-term viability (Stryjan 1989). Initially successful SMOs eventually failed, as success led to growth, which led to imitation of capitalist firms (i.e., hired labor, hierarchy, bureaucracy and stratification), declining democracy, and conservatism (i.e., the minimizing of change). Stryjan explained the success of kibbutzim by a federative structure, optimally combining the advantages of small units, which have remained creative (i.e., devised original solutions to problems) and shared creative solutions among themselves, and federative organizations (FOs), performing functions for which each kibbutz is too small.

FOs are ubiquitous: Hamashbir Hamerkazi supply FO was founded in 1916, Tnuva marketing FO in 1925, and kibbutz national federations (NFOs) in 1927-29. At their peak, the mid-1980s, NFOs and their subsidiaries employed some 2500 kibbutz members called *pe'ilim* (means: activists), who used some 900 company cars (Yadlin 1989; Lifshitz 1990). Another type, Regional Enterprises, consisted of 12 commercial-industrial concerns with some 150 plants, 7000-8000 hired workers and some 1200 *pe'ilim,* each with a company car (Tzur 1980; Atar 1982; Bar-On and Shelhav 1984). The above FOs and hundreds of others imitated capitalist firms; thus car models and ages were graded in accordance with *pe'ilim* ranks in FO hierarchies (Shapira 1987).

Stryjan ignored possible negative impact of large, hierarchic, stratified FOs on kibbutz democracy and creativity, much as CKR never considered FOs an integral part of kibbutz society. Hence, studies of FOs have been very rare, FOs were ignored (cf. Krausz 1983), and much of my FO data is from non-research sources even though a kibbutz is a "community affiliated to a NFO and is misunderstood outside this context" (Rosolio 1993, p. 10). Kibbutzim have carried out national missions, and FOs have been the vehicles through which Israeli society rewarded them (Ya'ar, Ben-Rafael, Soker 1994). FOs were also dominant because they controlled vital kibbutz interests and mostly their heads continued for decades, compared with a few years for kibbutz Rotational officers (Lifshitz 1983; Arieli 1986; Ringel-Hofman 1988). Main NFO heads, Tabenkin, Ya'ari and Hazan, continued some 40, 50, and 57 years respectively, and they and their deputies were Knesset (parliament) members for 20-30 years (Shavit 1985; *Kibbutz* 1987; Near 1997; Tzachor 1997. Some deputies were also cabinet ministers).

In accord with the Iron Law, continuity turned high-moral, hard working, austere, radical leaders of the 1920s-30s into self-serving, privileged conservatives. In the early 1950s, midway through their half-century of dominance, Ya'ari and Hazan of the Artzi NFO rejected all new ideas raised by kibbutz officers for helping with the huge national task of absorbing a million immigrants (Kynan 1989) and sidetracked innovative leaders of the new generation (Beilin 1984; Dagan and Yakir 1996). Likewise Tabenkin who headed the Meuchad NFO (Kafkafi 1992). The Regional Enterprises were conservative both in

their technological and social choices: Employees had no say in management, nor was there any gain-sharing, while *pe'ilim* became a privileged strata through generous benefits (Shapira 1987; 1995b). NFO heads enjoyed minister-style large American cars with chauffeurs (Tzachor 1997, p. 180). They promoted loyalists who eventually succeeded them, but lacking critical thinking (Hirschman 1970), they continued their policies: In the 1980s the heads of the Takam NFO tried to promote "national missions" as if it was the 1930s (Rosolio 1999, p. 61).

Kibbutz Versus FO Cultures: The Moral Dimension

There was clear discord between Rotational kibbutz officers with a heavy workload and responsibility, but without formal rewards, and continuous *pe'ilim* who mostly had a lighter workload, much the same responsibility and many rewards (Shapira 1987). Even though Regional Enterprise expansions were justified by economies of scale and other advantages for kibbutzim, close scrutiny found that many were aimed at self-aggrandizement of *pe'ilim* (Shapira 1978/9). Kibbutz officers were coerced into supporting this growth, as their subsequent careers were dependent on FO heads (Shapira 1995a). FOs actively opposed kibbutz egalitarianism: In the 1960s, with growing numbers of *pe'ilim* cars, some kibbutzim initiated car-sharing on weekends and after work hours, and others imitated them. FOs strongly resisted this, causing slow proliferation of this norm and widespread violation of it by *pe'ilim* and outside workers who held company cars (Ginat 1981; Atar 1982; Shapira 1993).

FOs' behavior raises the question as to which moral commitments (Etzioni 1988) had influenced *pe'ilim.* Russell (1991) found FOs of Israel's urban cooperatives aimed mainly at controlling their member cooperatives, rather than promoting their cause. Likewise kibbutz FOs promoted interests of kibbutzim, but not their ethos. This was reflected for instance by some kibbutz plants imitating capitalist firms: A small number of members managed many hired workers and became a privileged oligarchy (Kressel 1974). In most kibbutz plants however, work by members predominated due to innovation (Don 1988), automation (Rosner 1992), and creative solutions for inequality engendered by shiftwork, the gendering of jobs and higher education (Shapira 1977, 1979, 1980).

The large differences among kibbutzim point to the possibility of leaders of different moral caliber generating different levels of trust and creativity. A leader's deeds have more impact than his assertions (Geneen 1984). Though continuous FO heads became self-servers, how have they behaved as influential kibbutz members? Might it be that in another context, that of kibbutz culture, some remained high-moral servant leaders (Graham 1991) who preferred public interests over their own (Hirschman 1982), backing democratic decisions even if they taxed their own privileges and negated their views? Was such behavior the explanation of high-trust cultures, in which the free flow of knowledge enhanced problem-solving (Zand 1972) and officers' taking of creative innovation risks (Ring and Van de Ven 1992; Shapira 1995b)?

Moreover, due to Rotation, young kibbutz officers (mostly aged 30-40) have been junior figures in the kibbutz field (Bourdieu 1990) largely controlled by FO heads. Nevertheless, some of these juniors defied seniors and initiated egalitarian norms such as sharing of cars and shiftwork. Can the high morality of three powerful, and quite

conservative, FO heads, who dominated a particular kibbutz, explain the fact that juniors' innovation was not stopped, even though it negated the old-guard views and taxed their privileges? Could the low morality of elites at a liberal kibbutz, which, according to Peters and Austin (1987), would have been expected to be innovative, explain its anarchic conservatism (Shapira 1993)? And more generally: Did communal decline result from the vanishing of high-moral leaders and the rise of low-moral, self-server powerholders who caused descending trust spirals that stopped original solutions?

Methodology, Kibbutzim and the Case of Rama

The extended case method (Burawoy et al. 1991) is employed in order to investigate the above questions. Though the reader would benefit from a fuller profile of the four kibbutzim studied, due to space limitations and ample previous publications detailing kibbutzim, only crucial differences between the four cases will be detailed. As historical contexts and environmental changes were much the same with the two pioneer ones, their detailed comparison will comprise the main proof that powerholders' behavior was the dominant factor in creating and changing kibbutz cultures. The two younger kibbutzim will be dealt with briefly, only as proof that their cases do not negate the main thesis. A fuller ethnography proving this in detail, is in preparation.

I will commence with a medium-size kibbutz (650 inhabitants) which I shall call Rama (some details were changed to preserve anonymity). This case was chosen in order to present the causal link between low-moral, self-serving powerholders, distrust, decline of democracy, lack of original solutions, and FOs' oligarchization. Later, Rama will be compared to successful Kochav (1000 inhabitants), distinguished by creativity and egalitarianism. It was studied earlier, fieldwork taking 15 months, two days a week. In addition to observations and a study of its records, open interviews were conducted with 123 people, mostly officers, of all ranks and generations, as well as ex-members who became nationally prominent. The interviews lasted between thirty minutes and several hours, and some interviewees were accorded several sessions. Finally, two conservative younger and smaller kibbutzim (450 and 300 inhabitants in 1990-1) will be compared; they were studied previously (Fadida 1972; Topel 1979). Fieldwork lasted three months in each and involved a study of records and interviews with 35 and 29 people, respectively, much like in Kochav. In Rama much the same fieldwork took six months, but no ex-members had been among the 51 interviewees, who included almost all main officers during 1986-92, sector managers, committee heads, outside workers and others. None of the members who read the research report expressed reservations, further strengthening the validity of the findings.

Rama has some 400 members and 250 children. During 1990-1992, its membership decreased by some 30, and the total number of its inhabitants by some 50. While less committed youngsters left, families stayed, 12 new families were absorbed, and others applied for membership. Such relative stability, despite a deteriorating economic situation and standard of living, resembled other kibbutzim (Maron 1997) and can be explained, *inter alia,* by Israel's employment and housing problems at the time (Cohen 1991). Rama is encumbered by a fairly average debt. Due to comparatively late and conservative

industrialization, Rama depended until recently mainly on agriculture, which had become less profitable. Its plastics plant, the main business, employs 60 workers, mostly hired, and sells mature products in shrinking markets, both domestic and export. More profitable are a small chemical plant with 15 employees, several workshops (3-4 workers each), and a new food plant with 25 employees, established after outside consultants forecast a further decline in the plastics plant. The latter is based on imported know-how and hired labor.

Parallel to hired labor growth, outside work by members increased and was legitimized by setting a minimal condition: that members be paid at least the national average wage. However, because of mandatory employer payments, having a member work outside and hiring an outsider to take his place at the kibbutz is worthwhile only if the outsider is paid much less than the member. Usually this has not been the case. Alas, outflow of labor from the kibbutz and outside labor hired by it have risen. "The kibbutz ability to assign members to jobs is negligible" confessed its chief work officer.

Outflow of labor is related to hired labor which encourages labor-intensive, boring, techniques (Zamir 1979), deters women members from accepting industrial jobs, and causes conservatism and brain-drain (Shapira 1979, 1980). Rama's elite promoted its interests by outside jobs. Both the manager and chief engineer of the plastics plant moved to top jobs in neighboring kibbutzim. Their know-how and expertise commanded high salaries, company cars and expense accounts that elevated their status. Yet the kibbutz loses: without the engineer, the plant has lost its remaining technological edge, while the manager's exit helped thwart a major change of which he had been the main driving force, and which would have generated revenues many times greater than the outside salary he brought in. Much the same happened in the garage with the chief mechanic, and with an experienced cook; as personal interests were preferred by elite members, lesser members followed suit.

Outside work has magnified problems of equity the solutions to which were often unfair, causing wide-spread distrust. Many outside workers held company cars, so the kibbutz decided it would provide a car for anyone with a salary of over $3000 a month (6000 new Israeli shekels). This was not fair for members earning $1801- 3000: if they received a car costing $300-400 a month, they would still be bringing in more than the required national average of $1400. Moreover, the cook mentioned above was allowed outside work, even though her employer deducted $250 from her $1000 salary (the minimum required for women) for the car essential for her work. This was a clear circumvention of the norm without a convincing explanation. On the other hand, a much more qualified and highly paid professional woman with several part-time outside jobs did not receive a car, preventing her continued outside work. Such decisions have inhibited outside employment, and eased some internal manpower problems, while enhancing the discretionary powers of officers. However, trust was ruined as "the interests of society" did not "take the degree of precedence that is right, just and fair over the interests of individuals" (Hosmer 1995, p. 399).

Violations of Egalitarian Norms by the Talented Power Elite

There were many other cases of officers' low morality being conducive to distrust. Market forces were used opportunistically both by many of them and by outside workers. In fact,

it reproduced the low morality of veteran elites, including *pe'ilim*. For example, kibbutz cars after work and on weekends have to be at the disposal of all members, according to a car-sharing norm adopted long ago. However, this norm was not enforced in the case of three high-status professionals who worked outside, for whom Rama had purchased cars some years earlier, despite members' complaints and bitter criticism by present and past kibbutz secretaries, one of whom explained:

> They [the three violators] attained powerful positions and determined norms their fellow members no longer have the strength to cope with. All those who violate norms have tall trees to lean on. For instance, G. [a professional with his own office in town] does whatever he wants, as if it was his own car, he buys a new one every other year and has not put it at the disposal of other members, despite its being formally owned by the kibbutz.

The speaker did not mention some *pe'ilim* who did the same, although the car-sharing norm was valid for all car holders. Moreover, from time immemorial some *pe'ilim* violated egalitarianism by acquiring luxury goods with money saved from expense allowances received from FOs, or obtained as gifts from high officials with whom they became acquainted in FO jobs. Likewise did authors and professionals with successful outside careers. Let us call the latter the Talented Elite, to be distinguished from the competing Economic Elite (see below). They subdued Rama's Rotational officers and violated egalitarian decisions due to prestige, independent resources and considerable influence, rendering them immune to the unpleasant consequences of norm violations. In one case efforts to impose a norm on a rebellious editor employed outside, caused him to relinquish formal membership, while remaining a resident due to his wife's membership. He stopped giving Rama his salary, and paid only a small fraction of the real cost of the services his family received from the kibbutz; later, six others followed suit.

So who would accept authority jobs that had little power and no formal rewards? Past treasurers and economic managers who became *pe'ilim* and accumulated power and symbolic capital by circulating in managerial jobs, help provide an answer.

Kibbutz Career Ladder, FOs and the Economic Power Elite

CKR ignored FOs and the power and various kinds of capital (Bourdieu 1996) *pe'ilim* accumulated, though already Rosenfeld (1951) found their supreme status in a kibbutz she studied. However, neither she nor others saw FO jobs as main career ladders of the kibbutz field and FO promotion prospects explaining acceptance of powerless and negatively remunerated internal kibbutz offices. Such offices lasted a few years, while lucrative FO jobs lasted decades if one takes into account circulation (see below). CKR ignored officers' career continuity between kibbutzim and FOs, though *pe'ilim* are almost exclusively ex-kibbutz officers, and the higher probability of kibbutz economic managers and treasurers becoming *pe'ilim* than secretaries (Helman 1987) can explain why it was harder to fill secretary jobs (Am'ad and Palgy 1986). A related reason was the dominance of economic discourse in the kibbutz field (Cohen 1978).

Such dominance was revealed when Rama's norm of boarding children in nurseries with their peers was changed in 1987, to boarding with parents. However, at that time, funds for enlarging flats were scarce. Most of the families put their children up in the modest living-room of their tiny, 50 square-meter, one-and-a-half room flats, with no

solution in the foreseeable future. Soon afterwards the norm of collective construction collapsed. The father of the first family to build an addition to their house at their own expense was the non-member editor mentioned above. Soon other non-members followed, and then members, until private construction was formally authorized.

Among the first to enlarge their flats after authorization were middle-aged (45-60) members of the Economic Elite, present or past *pe'ilim* without small children, who had extra money from fringe benefits derived from FO or other outside jobs. On the other hand, as Rama's economic committee members, they found little kibbutz money to enlarge other people's flats, though they did find a relatively large sum, $120,000, for new offices for the food factory, an expenditure the factory manager had deemed inessential. Thus they ignored the plight of some half of the kibbutz, preferring a lower moral alternative, a marginal interest of their sector.

Self-serving tactics were used against potential new leaders, innovative young sector officers whose success could threaten this elite standing (Stryjan 1989, p. 90). Following other kibbutzim, a young consumption manager proposed to budget electricity, which had been provided free, causing much waste. In other kibbutzim, it led to savings of 20-25%, in addition to infrastructure savings. His suggestion was thwarted, despite five years of planning and information gathering on consumption habits which made it quite simple to budget without any injustice to variety of needs. Two female officers of pre-school education initiated accepting outside toddlers for a fee, and persuaded the nursery teams to make the necessary extra effort by their own personal example of hard work. However, the economic committee refused to allocate any of the profits accrued to a renewal of the old buildings and modest purchase of toys, causing their despair and early resignation.

Economic Elite Circulation, "Parachuting" and FO Cultures

Fears by the Economic Elite of the rise of junior officers are better understood when one considers the overall threat to its power and standing. Its control of main kibbutz decisions was limited by some juniors already promoted to chief offices, and by the power of the Talented Elite. Other factors were the need of most of its members to find new managerial jobs every 3-5 years, their problematic circumstances in these jobs as "parachuted" officers (see below), and the dependency of job continuity and promotion in FOs on conservative loyalty to powerful heads, in accord with Hirschman (1970).

FOs enabled *pe'ilim* to preserve and enhance their status, power and privileges by circulating between their thousands of administrative jobs. Without preserving their status by circulation, very few would have left lucrative FO jobs at the end of a short term (Shapira 1995a). However, even if a job opening was found, obtaining and succeeding in it was hazardous. Like in the U.S. (Maccoby 1976), honesty and sincerity of FO officers were low (Shapira 1987). Rotation accentuated short-term perspectives, especially prone to distrust and lack of cooperation that caused failures (Chow 1966; Jay 1972; Axelrod 1984). FO jobs were hazardous for another reason: The "parachuting" (as it is called in Israel) to an unfamiliar unit, renders one a complete outsider, lacking knowledge of people, technology, domains of authority and industry problems, much as a paratrooper on enemy land. His superior could arrange to have him sent back to his kibbutz, ostensibly due to the kibbutz's own request (Shapira 1995a). Success was largely dependent on hired

foremen and technicians, some of whom competed for the job the "parachuted" officer gained, and who for a variety of other reasons were unreliable (Shapira 1987). Creating mutual trust with them required risky self-exposure (Zand 1972). Prone to failure due to a dearth of local and tacit knowledge (Geertz 1973; Dodgson 1993), with all the implications of failure for career prospects, "parachuted" officers mostly preferred coercion (Kipnis 1976), were ineffective, shifted efforts to private aims (Hirschman 1982), and were caught in a vicious circle of distrust and tricks to defend status (Shapira 1995b).

Moreover, even if effective, an officer's continuity was dependent on conservative, mostly self-serving, less- or no-Rotated FO head to whom he must prove his loyalty. Thus the conservatism of Rama's low-moral Economic Elite, was also due to selective promotion and continuation of *pe'ilim,* which favored loyalists (Hirschman 1970).

Conflicting Low-Moral Power Elites and Anarchic Conservatism

However, Rama's conservatism can also be explained by the rivalry, both open and latent, between the elites. The Economic Elite and its followers controlled the money and the economy, most promotions to FOs, and most general assembly decisions, but failed to enforce decisions on Talented Elite members whose success provided an alternative career path to FO career ladders. Moreover, the Economic Elite's dubious morality caused much distrust, while some Talented, former kibbutz chief officers who did not advance to FOs due to radicalism, and turned to professional careers, were highly trusted by many members. This trust also helps explain some of the latter's violation of decisions initiated by the Economic Elite, without a public outcry.

Low-moral power elites thwarted efforts by Rotational officers to solve problems democratically, and anarchy caused Rama to be considered "liberal" by both members and outsiders. Liberalism is usually associated with innovation (Peters and Austin 1986), but the opposite was true here. Similar to other conservative kibbutzim, management staffing was problematic (Am'ad and Palgy 1986). Many talented members preferred outside careers (Gelbard 1993), creating a self-enhancing process: Innovation fell prey to managerial incompetence, and creative junior officers, perceived as threats by weak seniors, were sidetracked. Furthermore, rivalry between power elites made innovation especially risky, as it was anyone's guess who would violate a decision and who would follow suit; nor was it clear whether officers' authority would be upheld at all.

Ailing Democracy, Failed Remedies and Morally Distrusted Officers

Lack of communal solutions to escalating problems has eroded involvement in Rama's public life (Hirschman 1982), undermining the authority of democratic organs. The general assembly "dried up" (Kressel 1983, p. 154): Only a handful of members continued to attend regularly, while most did so only when interested in the topics on the agenda. In accordance with Parkinson's (1957) Law, crucial topics were often dealt with in brief discussions involving few members. Oft-times, interested parties would appeal a decision and reverse it by mobilizing support. General assembly decisions lost the legitimacy of representing public judgment (Yankelovich 1991). Two former secretaries tried a remedy: a ballot box vote, whereby not only those in general assembly attendance could vote. This practice, however, was limited to the acceptance of new members. Thus, the main problem, public democratic authority on other crucial matters, was not solved.

Other secretaries failed likewise. Mostly they were inexperienced, came from the ranks and were expected to return there (Helman 1987). Weakness drove them to various subterfuges. For instance, a decision to construct 16 flats of a special type was handled by one secretary without consulting the planning committee, whose chairman tended to oppose it. Other committees were eliminated and information monopolized, like in other crisis-ridden kibbutzim (Zamir 1996). Resistance to change grew with members' distrust of officers' integrity, perceiving them as impostors without much credibility (Kets de Vris 1993; Kouses and Posner 1993).

Without trusted leaders, the economic crisis also became a social one: Youngsters left while communal activities declined and were later abandoned, as is usual in cooperatives in downturn periods (Hirschman 1984). Interviews indicated feelings of helplessness, distrust and suspicion concerning others' morality, like a backward, low-trust Italian village with selfish officers (Banfield 1958). A main reason for backwardness was the separation of formal authority from power, a result of Rotation norm escorted by "parachuting," much like Chow's (1966) findings in China: Powerholders evaded responsibility for public interest, and weak officers were unwilling to risk grappling with challenges. The lack of creativity ruined self-management (Stryjan 1989), but unlike Stryjan's analysis, FOs were crucial agents of the change: Prospects of promotion and circulation controlled by conservative FO heads, gave Rama officers a good reason to play safe and refrain from innovation. Their Rotation and circulation of *pe'ilim* enhanced FO heads' power and continuity, as well as the suppression of creative radicals by legitimizing early termination of job, before they gained much public trust required to overcome entrenched powers (Shapira 1995a).

A Comparative Perspective on the Loss of Creativity

Kochav is a veteran kibbutz initially similar to Rama, that coped with much the same hardships, and used the same austerity measures. However, its democratic, egalitarian culture enhanced creativity and growth to some 1000 people, one of the few kibbutzim of such size in its NFO. Kochav is not among the richest kibbutzim and was only slightly better-off economically until the crisis, in which it suffered heavily. For instance, in 1985 alone its losses amounted to $3,500,000. However, at present (1999) its economic and social situation is much better than that of Rama. For instance, almost all of Kochav's family flats had been enlarged within a few years after deciding to board children with parents. In contrast to Rama, Kochav's economic officers gave this project high priority, seeing it as their own responsibility.

One reason for success was early industrialization, two decades before Rama. At first, Kochav's factory used hired labor. In the early 1960s, new, young managers made hired labor redundant through automation, new products and technologies, a new shiftwork system in which kibbutz members who were non-factory workers participated, and later also a new kind of partnership with another kibbutz. Rama bought an old plant which remained a technological latecomer and used hired-labor, at a time when kibbutz industry was innovative and used self-labor (Rosner 1992). Likewise, they differed in most farm branches, as well as in consumption: In 1962, Kochav pioneered the sharing of *pe'ilim*

cars by all members after work hours and on weekends. Rama adopted the norm much later but never enforced it, as was noted.

Kochav's innovation was largely due to many talented involved in its management, unlike Rama. Kochav's officers enjoyed strong authority, since they were trusted and considered among the most talented (the two groups were quite identical in education, age and sex composition). Their managerial socialization began in minor kibbutz offices, where grass-root democracy taught how devotion to goals agreed upon by a team would be rewarded by dedicated work, which brought about their sector's success, rewarded by promotion to chief kibbutz offices. Many of Rama's managers lacked such socialization, as talented, successful branch managers were repressed by power elites.

Patronage, Patrons' Morality, Role Modeling and Creativity

Socialization, however, does not explain how and to what extent Kochav had avoided much of the negative effects of conservative FOs on managerial creativity for half a century, as promotion to FOs had been the main career ladder of its chief officers as well. Different powerholder morality helps explain this.

Powerholders were usually some of the founding leaders who chose loyalists as successors when they turned to the founding of FOs or were promoted to existing ones. As FO heads or executives they later helped loyalists to become *pe'ilim*. The vertical cliques thus created (Dalton 1959), provided mutual aid in promotion and dominated decision-making (Topel 1979). Patrons and their cliques tended to conservatism, used defensive tactics against radical officers, foiled many of their initiatives and later also promotion to FOs. The latter were filled through the old-boy network of patrons created in top-level FO jobs (Shapira 1987), while Iron Law continuity or continuity by circulation assured patrons' power (Shapira 1990). Rotation exacerbated Hirschman's (1970) negative selection of radicals in promotion, guaranteeing their removal from jobs before or soon after original solutions succeeded, preventing them from capitalizing on their success and sidetracking their careers (Shapira 1995b). The most talented and ambitious usually left (Gelbard 1993), while others "left inside," abstained of Rotational authority offices (Am'ad and Palgy 1986).

However, in Kochav, Hirschman's process came relatively late, as FO jobs were scarce at first. Many officers continued for a decade or more and successfully innovated before they became *pe'ilim,* and some of the *pe'ilim* returned to the ranks. In Rama, and more so in younger kibbutzim (see below), *pe'ilim* rarely returned to the ranks, radicals were sidetracked earlier, and conservatism reigned. Kochav's patrons' early visionary leadership (Bennis and Nannus 1986) created a truly democratic tradition in which radicals, including intellectuals and artists, thrived, and their asceticism inspired high- moral dedication to egalitarianism. Even when they turned conservative, they never emasculated democratic decisions after approval, and almost none of the 123 Kochav interviewees suspected them of objecting to inventions for personal reasons, in sharp contrast with Rama. Even many of their sharpest critics grasped their conservatism as caring for the public good.

This high-moral tradition enabled Kochav's officers to persuade members to override patrons' opposition to radical changes such as industrialization. Later another wave of radical officers introduced shiftwork sharing, discontinued hired labor, and introduced

creative solutions to inequality caused by growth and success, such as car-sharing. Later, self-service in the dining hall supplanted forcing members to take turns in unwanted waiters' jobs. It was soon imitated by all kibbutzim and became normative, but Ran, the young kibbutz secretary who initiated and led car-sharing and self-service introduction, returned to a minor job, was never promoted to any FO job or even chosen to another term in a kibbutz chief office, as many conservatives have.

However, many of the latter also cared for the public good and rarely used offices for private gain, thus credibility (Kouzes and Posner 1993) remained intact. They followed patrons' overarching commitment: Decades after establishing and heading large FOs, patrons devoted a large part of their meager free time to kibbutz committees and the general assembly. Their involvement enhanced high participation rates in democratic organs, and hence disobedience was negligible. Their conservatism frustrated radical officers, but when crowded assemblies approved the latter's inventions, patrons backed implementation. This was true even when their views were rejected and privileges curbed, as high involvement made them sensitive to public opinion. On the other hand they could afford to do so, given their secure status as FO heads, which made them immune to losing standing to successful inventors, as Dore (1973, Ch. 9) explained a Japanese firm innovation.

Though opposing industrialization, Kochav's patrons helped overcome a serious crisis caused by it when, in the early 1960s, new kibbutz officers initiated Rotation and self-labor at the plant, contrary to its old guard policy of hired-labor and continuity. The latter resigned, refusing to impart their information and know-how to their successors, causing serious disruption. Only patrons' help rescued the plant and the kibbutz from the strife that created two nearly warring camps. Patrons also helped prevent the problematic status of non-members, husbands of women members, such as the seven mentioned in Rama. Such problems were solved creatively through a standing appeals committee that included patrons. Its meetings were confidential and the general assembly could only either approve its proposals or reject them, in which case the problem was referred back to the committee for a new solution. This process helped enforce problematic decisions and enhanced trust in kibbutz leaders.

Rama's few high-moral leaders failed to cope with fellow *pe'ilim* who violated egalitarianism. Their influence further diminished with growing Talented Elite who followed *pe'ilim,* and with failures to enforce egalitarian solutions such as car-sharing and shiftwork sharing. Both succeeded in Kochav due to elite members' serving as high- moral role-models, a service which Rama elites mostly abstained from.

Kochav's Creativity Decline and the Vanishing of High-Trust Culture

As late as 1987, no member of Kochav's elite violated car sharing and many *pe'ilim,* the kibbutz secretary and other elite members, put in a weekly evening or night shift at the plant, to mention two of the many instances of altruistic behavior. However, Hirschman's (1970) process combined with Rotation eliminated creativity much earlier. Like Ran's case, creative radicals were rarely promoted to FOs, they were Rotated from successful jobs, their careers were sidetracked, and many left. While their creativity brought success to Kochav, and later to most kibbutzim that imitated it, loyalists of conservative patrons

were promoted to FOs, later circulating back and forth between FOs and chief kibbutz offices; one loyalist of the main patron was served as Kochav's secretary seven times, before he became a Knesset (parliament) member. Rotation, which applied at the end of a 2-3 year term, was strictly enforced since the 1960s crisis, so that the short time-horizon of officers also hampered cooperation (Axelrod 1984) and creativity (Jaques 1990). It exposed officers early on to FO conservatism and privileges, while "meteoric" promotion and "parachuting"of some loyalists further curbed effectiveness (Luthans 1988).

Kochav's creativity gradually stopped with the ascendance of a conservative, circulative elite, lacking the high-moral and critical thinking (Hirschman 1970) of the old-guard. Its promotion, due to self-serving loyalty to patrons, modeled low morality and inspired conservatism, while the sidetracked careers of the previous generation's radicals such as Ran, deterred youngsters. Ran's creativity failed and he was sidetracked again in the 1970s: As a successful but new minor department foreman in the factory, brought in for its renewal, he proposed a major innovation, which succeeded a decade later but was rejected at the time, due to lack of formal backing by a young Rotational factory manager who liked Ran's idea very much, but yielded to pressure by veterans of the main department who would have lost a main product and prestige by its implementation.

Kochav's success, with the concomitant growth in size and complexity, also carried the seeds of its own undoing. It was double the size of a "tribe", where leaders can be acquainted with everyone personally (Jay 1972, p. 106), and with an aggregate sales volume of some $17,000,000, lack of creativity caused cultural decline and growing imitation of capitalist firms. For example: In recent years fewer members from outside the plant volunteered for shiftwork, and as the kibbutz with which Kochav had been in partnership established its own plant, a manpower shortage resulted in a return to hired labor. Likewise, most other recent changes imitated the surrounding society.

Distrust and Conservatism in Patron-Controlled Younger Kibbutzim

Finally, let us consider two younger kibbutzim, established in 1949 and 1954, and numbering 450 and 300 people, respectively (in 1990-1). Their early years were fraught with much hardship, though these inexperienced groups of novices were better helped by FOs, the Jewish Agency and the government than Kochav and Rama, a quarter of a century earlier. The main drawback however, was not dependency on FOs that enhanced complacency as Rosolio (1999) argued, but patronage by conservative FO heads of loyal officers who in the 1950s tried emulating the kibbutz of 1920s. As Rotation was adopted from inception, chief officers loyal to FO heads became *pe'ilim* in their mid-20s, their followers succeeded them, and the heavy price of early ascendancy was ultra- conservative patronage which did not hesitate to detract from democratic decisions.

In 1959, a referendum was held in the 1949 kibbutz on allowing children to sleep in their parents' flats instead of in nurseries. Fully 62% of the voters favored the proposed change, but since only half of the membership participated in the vote, due to patrons' unified antagonism (which accorded NFO heads' position), the patrons "buried" the subject in committees. The will of the majority was realized only 18 years later, after many veteran kibbutzim had made the change.

Likewise industrialization too was thwarted: In 1952 an ex-officer who was a qualified

engineer was sent to work in an outside plant, as it was informally agreed between him and the would-be main patron that he would acquire expertise and later found and manage a plant on the kibbutz. Four different proposals offered by him during the next decade were rejected by his former backer who in the meantime became the main patron. He allegedly favored agriculture, but in reality defended supremacy: Had the engineer succeeded with the plant, he might have become a new patron, like some other plant managers (Kressel 1974). Even after the kibbutz assembly rebelled and decided to set up a plant in 1963, the patron's opposition blocked this move until 1976, long after the engineer had left and became manager of the plant at which he had been working (which had 1500 employees). The kibbutz plant suffered a shortage of skilled managers and specialists, due to a previous brain-drain and the negativism of two patrons toward its management by the third patron. The clients of the two, who managed the kibbutz, sent too few members to work in the plant, which then had to hire most of its staff from the outside. After six years, the third patron gave up and left the kibbutz together with the chief engineer. The two patrons tried to manage the plant, but never succeeded in turning a profit.

Early promotion of conservatives to FO jobs was the prime reason for this, as they nominated loyalists to succeed them in kibbutz management, later helped them gain FO jobs through their contacts, and if a patron finished a term in an FO job and could not find another one, a client helped him return to a chief kibbutz office by vacating it. Thus "fortified power structures" (Topel 1979, p. 119) never found in Kochav and Rama, were created. In the 1954 kibbutz, patronage developed more gradually as it was at first independent and joined an NFO only a decade after its foundation (Fadida 1972). However, the failure of its industrialization is also largely explained by conservative patronage: Its partnership in the very successful factory of a veteran kibbutz elevated the principal patron to an executive position there, giving him little incentive to erect a subsidiary in his own kibbutz with the veteran kibbutz's help, as was initially planned and as Kochav had helped its younger partner's industrialization.

For some three decades these younger kibbutzim were controlled by the same patrons. The brain-drain of talented, critically minded competing leaders was followed by a massive exit of supporters and others who learned that egalitarianism and democracy were a bluff, consisting of patrons controlled through clients. In their place, patrons promoted loyalists from among younger groups that were sent to kibbutzim by the relevant NFO to fill the ranks. These loyalists in kibbutz offices enhanced patrons' power and helped suppress radicals. Recurring cycles of suppressing innovation and subsequent brain-drains enhanced the patrons' control, as did the growing dependency of these kibbutzim on the NFO for reinforcements where patrons' network obtained much influence. Both kibbutzim failed to emulate the egalitarian solutions of Kochav and other creative kibbutzim, and in both elites behavior ruined trust (Fadida 1972; Topel 1979). Both suffered heavily in the current crisis; approximately half their members left. The 1954 kibbutz rented dozens of empty flats to outsiders, and underwent a wholesale reversion to traditional modes of privacy and personal property that left little of communal life intact. In the 1949 kibbutz, young members urged the adoption of this model, but were opposed by veterans, with a stalemate ensuing, causing a massive brain-drain.

The chances of both kibbutzim renewing communal cultures based on trust and democracy appear slimmer than those of Rama, due to a much more severe brain-drain over the years. Only Kochav seems to have some chance of reviving its creativity and communal culture viability, should a high-moral servant leadership appear, accumulate enough confidence for instituting major changes, replace Rotation by a real solution for the Iron Law so that creative radicals will be rewarded by continuity in office and promotion, as long as they remain high-moral servant leaders (Graham 1991), ready to effect changes whenever demanded by circumstances (Burns 1978).

Conclusions: High-Moral Leaders, Trust and Creativity

Anthropological studies of four kibbutzim substantiated "empirical... connection - through trust - between the moral duty of officers and the output performance of organizations" (Hosmer 1995, p. 400). Success of high-trust cultures for some eight decades was dependent on transformative, servant leaders, who inspired creative innovation by "decisions and actions in which the interests of society take the degree of precedence that is right, just and fair over the interests of individuals" (ibid, p. 399). By high intellectual ability, these leaders created and explicated a new vision, and an asceticism which raised them to the highest morality of Jewish tradition (Looz 1982), engendered growing trust spirals. While later Iron Law continuity, patronage of loyalists, and self-enhancing accumulation of power, prestige and privileges (Lenski 1966) caused oligarchic conservatism, grass-roots democracy raised, to kibbutz sector management and eventually to chief kibbutz offices, many who followed their high commitment to the radical ethos. Where and when high-trust cultures reigned, radical officers coped with problems creatively and with democratic support overcame patrons' conservatism. However, creativity succeeded only when high-moral patrons stuck to democracy, even when their views were rejected and their own privileges restricted. Aside from dedication to the kibbutz cause, this is explained by patrons' sensitivity to public opinion due to high involvement in kibbutz deliberations, and secure top positions which made them immune to early loss of standing to successful juniors (e.g. Dore 1973, Ch. 9).

Radicals used kibbutz autonomy in a federative system to nurture creativity. But while creativity enhanced the success of their kibbutzim, and later also of many others that imitated them, it also helped the growth and power of FOs, the self-serving conservatism of rarely- or non-Rotating FO heads, and Hirschman's (1970) negative selection of radicals in promotion which was exacerbated by Rotation. Early removal from office prevented radical creatives from capitalizing on trust created by success for more inventions, and caused their sidetracking and/or leaving. Even high-moral patrons preferred loyalists for FO jobs. Radicals were filtered out of the field's managerial strata, with continuity and promotion becoming more dependent on patrons' and cliques' help than on job effectiveness, creative coping with problems and members' trust.

While innovation by radicals prolonged communal viability, major original solutions, that were democratically approved and implemented and conducive to communal ethos, ceased with the departure of the high-moral old guard. Their loyalist successors lacked critical thinking (Hirschman 1970), having mostly been managerially socialized by low-

trust FO cultures, which associated authority with private gain rather than public service, and as personal interests were dominant, descending trust spirals (Fox 1974) depressed creativity, causing a brain-drain, a decline of democracy, anarchy and conservatism. Both CKR and Stryjan (1989) failed to detect this and the dominant role of low-moral, oligarchic FO heads in this decline of communal cultures.

The failure to see this is all the more critical since due to FOs growth most Rotation was not egalitarian, high-moral practice; chief officers rarely returned to the ranks, mostly circulating in lucrative FO jobs and/or between them and chief kibbutz offices, until they gained a continuous top job. This furthered power differentiation and multi- layer stratification of officers with graded status symbols and rewards to which CKR was blind (Shapira submitted). It engendered vicious circles, especially in younger kibbutzim, whose patronage regimes were especially conservative, as patrons became loyalists of FO heads in their oligarchic phase. The distrust of patrons' non-democratic control and the disenchantment with FO heads who supported them, caused descending spirals of cooperative efforts (Hirschman 1984), recurring cycles of brain-drain, massive exit, "leaving inside" (abstention of the talented from public offices), and ineffectiveness. The growing dependency of these kibbutzim on NFOs reinforcements, enhanced patrons' power and furthered distrust, conservatism and backwardness (Banfield 1958).

Although I have no representative sample of kibbutzim, it is clear from the vast literature, which space considerations prevent from adducing here, that since the 1940s, with NFOs' oligarchization, fewer and fewer kibbutzim were "adaptive and highly creative," and for shorter periods, while conservatives and imitators increased in number. Until the 1980s, mostly creative kibbutzim were imitated; subsequently, capitalist society came to supplant them, as formerly creative kibbutzim ceased both success and creativity. As kibbutz second generation power elites adapted their morality to that of oligarchic FO heads, creativity in the service of public interest was suppressed, and even though some powerholders were troubled by the gap between their morality and kibbutz ethos, little positive action was taken. That gap paved the way for change, triggered by the debt crisis. Its direction however, was determined by the previous half century's domination of the kibbutz field by oligarchic FO heads (cf. Bourdieu 1996).

While Rotation seemed to further creativity by constantly vacating offices, permitting trusted, creative young officers to be promoted, the fact is that this promotion was short lived, after which even most successful radicals were rarely promoted or received another job of equivalent rank, their careers were sidetracked and most left. Rotation made the success of their inventions dependent on patrons adhering to democracy, since without it patrons' opposition blocked implementation. Rotation enhanced the power of FO heads: As gate keepers of the circulative strata, old-boy networks helped them select loyal conservatives, and if a radical was mistakenly chosen, he was weeded out after a single term. Failure-prevention became the prime aim of most members of the privileged stratum, since one failure might be enough to ruin a career (Shapira 1987, 1995b).

Implications for Further Study of Kibbutzim

Before dealing with the sociological implications of my findings, let us look at some open questions on kibbutzim. Why had their FOs never practiced self-management as had the

Mondragon cooperative FOs (Whyte and Whyte 1988)? An obvious reason was Rotation of *pe'ilim* which rendered it impractical. However, did institutionalization of Rotation precede FOs oligarchization or was it a part of leader efforts to accumulate power? A related question concerns *pe'ilim* privileges: Were they enlarged in order to attract kibbutz talents which found weak, Rotational FO jobs unattractive? Did FOs competition for these talents inhibit cooperation on devising solutions to kibbutz problems? Power struggles between FOs point in this direction (Ginat 1979; Shapira 1987), but further research is required for definitive results.

Another major problem is whether the leftist political turn by the two main NFOs in the 1940s to a reverence of Stalin's dictatorial regime which contradicting kibbutz ethos, served power needs of oligarchic leaders. Kibbutz historians explained this turn by the political situation, but imitation of this regime enabled power concentration by NFO heads and provided an outlet for radical zeal among kibbutz youth, deflecting this zeal from inventions aimed at furthering democracy and egalitarianism which might threaten old guard power. This is currently being investigated by the author.

Sociology of Opaque Systems, CKR Failure and Integration of Data

Trust is crucial to understanding organizations, and especially innovation in them. Top executives play a dominant role in engendering ascending or descending trust spirals (Fox 1974) that enable or disable it. The efforts to solve the Iron Law, a major cause for distrust and conservatism, commenced in Athens 2500 years ago, and since then periodic succession solutions lacked clear success. Though leaders in the phase of decay cause ineffectiveness (Hambrick and Fucutomy 1991), the self-enhancing nature of power may cause very long periods of decline. In such periods, successive new generation radicals have learned the problems, invested vast efforts in inventing solutions called off by oligarchs. They mostly left after investing their best years in an opaque system, taking with them ample knowledge which successors had to pointlessly relearn. The negative impact on effectiveness, innovation and ethics of low-moral, self-serving oligarchs is profound and may last for decades, but sociologists neglected to search for solutions.

This is one explanation, aside from kibbutzim being a clear success, why CKR ignored FOs' oligarchization (For others: Shapira, submitted for publication). Ignoring this, massive exit of members of new kibbutzim was not connected to patrons' conservatism and loyalty to self-serving FO heads, nor were growing stratification, distrust, decay of democracy, anarchy, brain-drain and sidetracking of radicals exposed. The sad outcome was a gross misunderstanding and the failure to explain how this success was abruptly reversed. As a result of blindness to the lack of practical solutions for the timely succession of leaders and the profound effects of such an absence on the field, even the work of perceptive Stryjan (1989) missed the cultural decline process.

CKR has misunderstood the kibbutz field's various cultures and their relationships, due to a mistaken perspective (Martin 1992). It fell prey to powers which deterred exposure of the less glamorous aspects of officers' behavior, motives, career concerns, and policy choices aimed at promoting personal interests, disguised as organizational ones (Dalton 1959). The failure of CKR proves that such disguises can mislead an army of educated social scientists and hundreds of studies for many decades, if cross-sectional, longitudinal,

historical and anthropological data are not integrated; such integration is necessary to cope with the complex dynamics of a unique field, whose elites created hybrid organizations as shields against surrounding pressures. Only such integration exposed how these hybrid organizations became Trojan horses which help ruin the very cultures they were to uphold.

A New Proposal: Growing Trust Dependent Succession

Periodic Rotation is no real solution to the Iron Law; its unavoidable price is weak, ineffective officers who lack crucial intangible resources, and out of fear of exposing this deficiency cannot remedy it (Shapira 1995b). Many other deficiencies have been detailed above, the worst being negative selection of talent, caused by a mismatch between power and responsibility, and conservative anarchy due to conflicts between powerholders and officers. Aristophanes, Athens' famous playwright, depicted the Rotation regime as "the rule of embezzlement and evil... leadership is the interest of the completely ignorant and the lowest of degenerates" (Fuks 1976, p. 56). A former colonel in the Israeli army, Dr. Vald (1987, p. 158), has written: "Rotation turned into a sacred ritual kept zealously because it serves promotion needs ...of unprofessional, inexpert and inexperienced officers." Many others have substantiated that fixed, short periods in office are a Procrustean bed for creative leaders, preventing their success, while conservative continuous powerholders pull the ropes (Chow 1966; Gabriel and Savage 1981; Mainwaring 1990; Shapira 1990, 1995a).

Ya'acov Hazan, the veteran Kibbutz Artzi NFO leader, stated: "Leadership is not forged by Rotation." However, successful communes without Rotation suffered from unlimited leaders' continuity (Oved 1988). Large firms use "Golden Parachutes," generous retirement benefits to encourage succession (Vancil 1987). This expensive instrument, however, is based on egoism; thus, it rarely produces servant leaders, and even fewer transformative ones. For a leader to be able, and to have the will, to serve by effecting transformation, he requires the power accumulated by consecutive successes of coping with essential tasks of growing scale and importance that create an ascending trust spiral that permits the sincere, optimal pooling of intangible resources (Shapira 1995b). Thus, a manager's continuity in office must be dependent on members' trust (Semler 1993); this, in turn, must be based on high quality judgment (Yankelovich 1991), which is more feasible where information and knowledge flow freely and sincerely, i.e. in a high-trust culture (Zand 1972; Fox 1974).

The challenge is thus to devise a succession system conducive to high-trust by making continuation in office conditional on growing trust in a leader. It may be done by periodic tests, analogous to the second term vote for US presidents. However, as Washington and Jefferson well knew, motivating their refusal of a third term, re-election due to power accumulated over eight years of incumbency is quite probable, even if considerable distrust prevails. However, as an officer's effectiveness may begin to decline only after 11 years (Hambrick and Fucutomy 1991), it is desirable to require special criteria for allowing a very effective officer to remain beyond two 4-year terms, and perhaps even stricter criteria to permit him to retain his position for a fourth term. Thus, a new built-in mechanism against oligarchic continuity is required, which would counteract the automatic advantage of an incumbent of eight years or more over competitors. Such a mechanism would make

third and fourth terms conditional on passing a higher trust test, rather than a simple majority. Hence, only a small number of very effective, much trusted officers would be re-elected to a third term, and fewer yet to a fourth. However, since prestige tends toward exponential growth (Goode 1978), a test of exponentially growing trust for these terms seems desirable. If, under this principle, a third term would require, let us say, a 2/3 majority, exponential fourth would require 89%, and it would create a built-in mechanism against the Iron Law, as a 119% majority is impossible. However, only with experience can the precise degree of exponentiality be properly defined.

The other major question is: Whose trust must a leader gain in order to continue in office? In small communes where officers and their achievements and failures are known personally to everyone, all members can vote. More complex and crucial is this question in large, industrialized communes and FOs. In "Union Democracy," Lipset, Trow and Coleman (1956) suggested that in large, multi-unit organizations, only bi-partisan politics prevents the Iron Law. The idea raised above may do that without bi-partisanism, which seems inappropriate as it does not prevent oligarchy within parties and the rise of "war lords" instead of creative, high-moral servant leaders. Both kibbutzim and Mondragon (Whyte and Whyte 1988), the two most successful federative cooperatives, have no partisan politics. Representatives of constituent units, with some FO staff members, create a quasi-parliament. This may be the right constituency for FO leadership succession decisions if, and only if, almost all of its members are the freely, periodically-elected representatives of constituent units, and are also subject to the growing trust clause to prevent their own oligarchization, a known problematic phenomenon of presidential regimes (Mainwaring 1990).

The above ideas are preliminary and comport with federative SMOs. However, the case of Semco, a private Brazilian firm that became a unique federative, original industrial democracy (Semler 1993), points to the possibility of much wider applicability. It calls for research which would further reveal the dynamics of oligarchization and leadership succession in various communities and organizations and the possibilities of Iron Law prevention by democratic, high-trust cultures.

Endnote

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