societies

MDPI

Article

Fostering Community Impact through Social Capital: Rent Control Policy in Palestine and Israel Amid Crises and Transitions

Maya Mark

The Ben-Gurion Research Institute for the Study of Israel and Zionism, Ben-Gurion University of the Negev, Midreshet Ben-Gurion, Negev 8499000, Israel; markmaya@bgu.ac.il

Abstract: The article aims to link the theoretical framework of social capital with historical analysis. It traces a controversy of half a century between landlords and tenants in Palestine and Israel and their attempts to influence the government's policy in the rental market during crisis and transitions. The article portrays social capital as a decisive factor in the success or failure of landlords and tenants to promote their group interests and impact rent control policy. However, as the two groups are competing over the same resource, the triumph of one group comes at the direct expense of the other. In that respect, social capital could act as "double-edged sword".

Keywords: social capital; linking social capital; resilient communities; rent control; community organizations

check for updates

Citation: Mark, M. Fostering Community Impact through Social Capital: Rent Control Policy in Palestine and Israel Amid Crises and Transitions. *Societies* **2023**, *13*, 175. https://doi.org/10.3390/soc13080175

Academic Editors: Carl Milofsky, Albert D. Hunter and Ram A. Cnaan

Received: 23 February 2023
Revised: 24 May 2023
Accepted: 23 June 2023
Published: 25 July 2023

Copyright: © 2023 by the author. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (https://creativecommons.org/licenses/by/4.0/).

1. Introduction

The evolution of the rent control policy in Israel mirrors the major crises and transitions that the country has endured since the beginning of the 20th century: world wars, local wars, changes in government, economic crises, growth, recessions, immigration, and demographic transitions. These national and sometimes global events had far-reaching implications for the housing domain, particularly the rent measure. Thus, phenomena such as extensive immigration or shortages of building materials due to wars have led to high demand and steep rent hikes. In contrast, economic development, such as large-scale construction or recessions, usually generates the opposite outcome. In the face of these shifts, local communities struggled to protect their assets, interests, and way of life.

The evolution of rent control policy in Palestine and Israel is also a story of communities that were split into two rival groups—landlords and tenants—as a result of the many crises and transitions the country endured. From the very beginning, both groups formed local organizations representing their conflicting goals: while tenants had invested substantive efforts in attempts to prevent rent hikes by regulating the rental market, landlords were struggling against regulations. For almost half a century, tenants' and landlords' organizations struggled to protect their interests, achieve their goals, and influence government policy in the rental market. The actions taken by these organizations, their successes and failures, and the reasons for both will stand at the heart of this study.

2. Social Capital Theory and Historical Analysis

This article analyzes the evolution of rent control policy between 1910 and 1954, and the influence of tenants' and landlords' organizations on that policy. The interconnectedness of these processes, namely the actions taken by the organizations and the shifts in the rent control policy, will be the focus of the analysis. I will illustrate the intersection between the two by presenting three cases that reflect the landmarks in rent control policy from when it was first implemented until the tenants' protection law was enacted in 1954. This methodological approach, namely the multiple case study approach, evaluates a hypothesis

by exploring several distinct cases and drawing conclusions by combining the findings. The purpose is to identify cohesion (repetition and affinity) between the cases [1]. In this study, such a repetitive pattern can be found in the types of actions taken by landlords' and tenants' organizations and their distinct impact on government policy regarding rent control [2].

The cases in this study will be analyzed within the theoretical framework of social capital. This overreaching theoretical framework facilitates cross-disciplinary research that analyzes social phenomena from a variety of perspectives [3]. The result is varied interpretations and methodologies derived from different fields of expertise [4]. This article is part of a growing body of work by historians aiming to link the theoretical framework of social capital with historical analysis [5–7]. As previous studies have shown, social capital emerges as an extremely fertile theoretical framework for the historical analysis of civil society, as it sheds light on fundamental questions engaging historians who study civil society. A few examples of such questions are the ability of local communities to impact public policy, the methods used by communities to fulfill their goals and interests, and the reasons for the success or failure of communities in overcoming crises. At the same time, the historical data presents further evidence for the critical importance of social capital in the analyses of various case studies and phenomena. I wish to contribute to this developing field by using the theoretical framework of social capital to analyze the three historical case studies.

Social capital refers to the networks that connect individuals to each other [5,6,8,9]. Theory in the field defines three types of social capital: bonding, bridging, and linking [10] The first type, namely bonding, refers to one's closest connections: family, friends, and neighbors [11]. These connections are characterized by profound similarities between individuals [6] (p. 22). The second type of network is defined as bridging social capital. Unlike the former type, this network connects individuals with different characteristics, backgrounds, and geographic locations [6] (p. 23) [12,13]. The bridging social capital is usually established through organizations and institutions that connect these individuals [14]. The third type of network is referred to as linking social capital [15]. Where the bonding social capital and the bridging social capital can be perceived as horizontal lines connecting individuals who typically share a similar hierarchy, the linking social capital is a vertical line connecting individuals to a higher hierarchy [12] (pp. 47–48). This includes people with power positions, public representatives, policymakers, etc.

Research has linked higher levels of social capital with the ability to overcome obstacles to collective action that often prevent groups from accomplishing their goals [16,17]. Higher levels of social capital have, in fact, been proven to be more significant than factors such as economic resources and government assistance in times of crisis [12] (p. 13). Higher levels of social capital also increase the probability of collective action and make cooperation among individuals more likely [12] (p. 54). Nevertheless, although vast scholarship has identified more than several positive effects that derive from the higher level of social capital, it has also exposed its cost. The crux of the argument is that social capital, particularly on higher levels, can help certain groups while at the same time hurting others with fewer social resources [12] (p. 13).

Through the case studies presented in this article, I aim to demonstrate two theoretical assumptions. First, I wish to demonstrate the ways in which social capital was formed, implemented, and utilized to cope with the crises and transitions portrayed in the study. Thus, the connections among the local community members, namely, bonding social capital, were the foundation for forming the landlords' and tenants' organizations. The connections between local organizations in different towns and neighborhoods generated bridging social capital. Additionally, as the organizations reached out to policymakers, municipalities, and government officials, they materialized linking social capital. As I will demonstrate, this type of social capital mostly mobilized the struggles of tenants and landlords and generated genuine influence on rent control policy.

The second theoretical argument demonstrated by the case studies is that social capital can also be what Aldrich and crook refers to as "a double-edged sword" [18] and Szreter call "Janus-faced resource" [19]. Although social capital, particularly at higher levels, can help certain groups, it can also hurt others. This inherent paradox, as articulated by Foley and Edwards, is well demonstrated in the case studies presented in this article, as two groups are competing over the same resource [4]. The triumph of one group comes at the direct expense of the other.

2.1. Case Study 1: From Community Sovereignty to State Involvement, 1910–1919

The story of rent control in Palestine and Israel begins in 1910, on the first anniversary of Tel Aviv, which back then was just a small neighborhood. These were the latter days of the Ottoman Empire's rule over the area. Tel Aviv was governed by the Tel Aviv Council—a body acting autonomously under the Ottoman Empire's regime and fully trusted by the neighborhood's residents. These residents were all Jewish immigrants, mostly from Eastern Europe. However, this was not homogenous immigration but rather the result of two groups. The first group immigrated to Palestine between 1882–1903 and will go down in history as the first wave of Jewish immigrants to Israel [20]. The members of the second group came in the second wave of immigration to Israel, dated between 1904–1914 [21,22]. Tel Aviv was founded by the first group, which also owned its houses.

In 1910, the Tel Aviv Council published regulations for the city's administration, which led to a rift between landlords and tenants: landlords were granted full voting rights, property rights, and the eligibility to vote for and run for administrative positions, which in effect ensured their hold over the neighborhood [23]. Tenants' rights were limited to participation in general meetings, the right to suggest regulation changes, and a conclusive opinion regarding taxes [24] (pp. 159–163). The tenants refused to accept this new situation. From this point onward, the landlords and tenants began to associate, respectively, in their own unions, which would act toward each party's political, economic, and social interests [24]. The classification of landlords and tenants and their class characterization reflect the division between two distinct groups whose members have mutual interests and rights. It represents the social and public meaning that the classification of an individual as "a landlord" or "a tenant" has. It also reflects the dominance and significance of the housing domain in the public's life, creating "a shift in the class struggle so that the classes are no longer divided between employer and employee but rather between landlord and tenant [25]. Nevertheless, this division is far from representing classic socio-economic and sociological classifications [26,27]. Thus, both landlords and tenants could have liberal professions. Moreover, the class hierarchy between landlords and tenants had been subject to significant changes throughout the years as tenants gained legal privileges while the landlord's rights were undermined.

Between 1910–1915, the Tel Aviv Council found itself inundated with complaints filed on the part of landlords and tenants, voicing allegations regarding their relations and the rent levels [28]. As the tensions between the two parties grew and complaints began amassing, the Council established the "Conciliatory Committee of the Tel Aviv Council"—an internal community tribunal that mediated rent disputes, operating with the consent of both tenant and landlord organizations and comprised of their representatives [25] (pp. 50–53). The Conciliatory Committee served as an alternative to the Ottoman judicial system, offering an internal community judiciary. In this regard, the Committee could be perceived as a link in a long Jewish tradition of non-formal and autonomous arbitration undertaken by Jewish communities around the world, which were estranged from the foreign regime and ambivalent towards local law [29,30]. With this backdrop, the turn of events just several years after establishing the Conciliatory Committee is of particular interest.

In the following years, the housing domain in Tel Aviv was deeply influenced by global events, the first of which was World War I. In the wake of the war, British troops entered Palestine, causing a change in government. During that period, Tel Aviv saw a

massive influx of immigrants and a huge expansion, which led to steep rent hikes but also strengthened the influence of the tenants, who had now doubled in number [31].

The increase in both the rent and the numerical weight of the tenants had led them to organize and act. They formed "the tenants' committee" and put enormous pressure on the Tel Aviv Council to abandon its neutral position and take their side. This was not an easy task. For the best part of 1919, the tenants' representatives struggled to tilt the council's position until, eventually, in mid-1919, a principled decision was made by the council to regulate the rental market and set a higher limit for rent [29] (pp. 52–53). However, despite this decision, no operational measures were taken.

As time passed and the conflicts between landlords and tenants grew, the fabric of the community was gradually torn. The original model of resolving disputes within the community by means of mediation and consent could no longer bridge the gaps between the two rival groups and was eventually forsaken. After the tenants' and landlords' representatives failed to settle their disagreements, their tenants abandoned the attempts to reach understandings within the boundaries of the community and appealed to the British military government to intervene through official legislation [29] (pp. 51–56). This was the backdrop for the 1919 birth of the first rent control law in Palestine [32].

The new housing policy enacted in 1919 reflected the effective lobbying of the Tenants' Committee and the action taken by the Tel Aviv council after the tenants had managed to sway its position. As articulated in the opening paragraph, the reasoning behind the legislation reflects a complete implementation of the tenants' narrative: "Whereas it has been established that the rent of houses and other premises is being unduly raised. . . it has been found necessary to take measures to protect tenants" [33]. The 1919 Act established two basic principles that will be part and parcel of Israel's tenant protection laws in the following decades: rent freezes and eviction restrictions.

The choice made by the tenants' organization to appeal to the government was a major landmark in the long history of rent control in Israel. Firstly, it marks the transition of rent disputes from being a local affair that is handled inside the community to being a national issue that is regulated by the state. Secondly, it demonstrates a fundamental change in framing the community and its boundaries: the rifts between landlords and tenants had split the community, creating what would soon be defined as "the new class division" [26] p. 175. Although landlords and tenants still belonged to the same geographical community, they became two separate groups with conflicting political and economic interests.

The third point worth mentioning is the emergence of a new strategy of action, which would guide both tenants' and landlords' organizations from that point onwards: promoting their conflicting interests by becoming effective pressure groups on a national level. The successful attempt to enforce a regulatory arrangement and, furthermore—to shape it—was a lesson well learned. It was a demonstration of the potential power and influence of a well-organized group. That conclusion was well implemented and applied in future struggles, whereas the different organizations turned their resources and attention outside the community.

2.2. Case Study 2: From Community to Communities, 1922–1940

In the following years, the rent market remained a mirror image of global and national crises and transitions. From 1922 to 1932, rent control petered out, mostly due to severe economic crises that kept the rents quite low [33]. However, it was put back on the agenda in 1933 due to yet another approaching global crisis. As the Nazi party rose to power in Germany, the increasing immigration of Jews from Europe pushed up rents and created a housing shortage that renewed animosity between landlords and tenants. However, the immense development of Mandatory Palestine changed the scale of the dispute.

The housing crisis was no longer an internal community issue that occupied Tel Aviv's residents and their local representatives. Other cities in Mandatory Palestine, first and foremost Jaffa and Haifa, were also suffering from rent hikes. Soon enough, the community

organizing model developed in Tel Aviv was also applied in Haifa and Jaffa, as local groups of tenants had organized to promote a change in the government's policy.

From mid-1933, the British administration was inundated with complaints and appeals from tenants in Haifa, Jaffa, and Tel Aviv, demanding the government intervene in the rental market. These persistent appeals eventually led to the formation of an official government committee in order "to inquire into the movements of annual rentals. . . and the effects on various classes of residential populations, and to make recommendations as to the need for control over such movements and the method of such control, if necessary" [34]. "The rent inquiry committee," by its formal name, had met with tenants and landlords in all three cities before concluding that although all three cities suffer from rent hikes, each has different characteristics and therefore requires a slightly different solution [35] (pp. 249–250). The Committee's conclusions were adopted by the British government, which published in April 1934 the "Landlords and Tenants (ejection and rent restriction) Ordinance 1934," which set a limit on rents. However, this was not obligatory legislation—the ordinance allowed city councils to adopt or reject the Act at their discretion [35].

The Act was, to a large extent, the outcome of efforts on behalf of the Tel Aviv municipality together with the tenants' associations. Their influence was not limited merely to the enactment of the law per se but extended to the letter of the law as well [36]. In this respect, the 1934 Act is an example of a community's ability to influence state law and shape it according to its needs and ends. The toolkit demonstrated in 1919 was again proven effective, as lobbying and involvement in national politics led to the shaping of a nationwide regulatory regime that met the tenants' interests.

From 1934 onwards, the Act was extended every year, which led—each year—to heated debates regarding its letter, scope, and content, wherein both parties tried to solicit amendments serving their benefit [37–40]. However, over time and with a surge in development in the country, tenant protection became less relevant. By the time World War II broke out, the only city in Israel that still enforced rent regulation was Haifa.

This situation changed with the progression of World War II, which deeply impacted the housing market. The subsequent shortage of building materials, the slowdown of development, and the effort to prevent widespread evictions of tenants that could no longer afford the rent eventually led—in Europe and mandatory Palestine—to wide-ranging rent regulation. However, there were also particular local circumstances: in the wake of the war and after Tel Aviv and Haifa were both bombed, there was a massive migration from cities where the existing laws were applied to rural areas or unregulated cities. Many landlords attempted to exploit the lack of regulation and charged overpriced rents, affecting the British themselves. Additionally, there emerged an increasing need for legislation that would be nationwide and not left to the discretion of each city [41] Thus, in 1940, a Rent Restriction Ordinance came into effect, placing the entire country under a regulatory regime that froze rents and significantly restricted the freedom of landlords to evict tenants from their apartments [42].

2.3. Case Study 3: The 1954 Tenants Protection Act

The regulatory regime imposed in 1940 was implemented under the distinguished circumstances of World War II. However, it remained intact for many years. With the establishment of the state of Israel in May 1948, the 1940 rent control legislation was adopted to the letter [43]. It was only in 1954 that new legislation was enacted, replacing the Mandatory laws and updating rents for the first time since 1940 [44]

The aftermath of the regulatory regime was already apparent prior to 1948. While tenants throughout the country enjoyed the protection of the law, the regulation had some severe social and economic outcomes. However, the unique historical circumstances of Israel's formative years radicalized the effects of the rent regulation: Israel's independence war, security challenges, economic hardship, rampant inflation, and above all—massive waves of immigration that flooded Israel upon its founding [45–47]. Along with the extended period of regulation, these circumstances intensified the repercussions of regulation.

The first was the financial ruin of landlords, who were de facto deprived of their property rights [48]. Amongst them was a considerable group of elderly people who had relied on their now-regulated properties to provide an adequate income in their old age, but their expectations failed [49] (p. 34).

Another effect was the emergence of an extensive black market, as under the protection of the law, tenants had demanded substantial amounts of money for their consent to vacate the apartment in their possession [49] (p. 31).

A further result of the regulation was the deterioration of relations between tenants and landlords. Bad blood, friction, and legal quarrels became ever more widespread while damaging the social fabric [49] (pp. 34–35). Last but not least on this list of repercussions was the deterioration of many buildings, whose owners could no longer afford their maintenance [25] (p. 72).

However, despite this long list of severe repercussions, the regulation regime remained intact for fourteen years and was altered only in 1954. The decision to annul the Mandatory regulatory arrangement was influenced by several factors that coalesced in the early 1950s. The first was a new economic policy declared in 1952, ending inflationary government funding and annulling the austerity regime that had existed since 1949 [49–51]. A second factor that impacted the shift was a transformation in the sphere of housing, including housing solutions that did not require ownership of the apartments, the establishment of development towns, and large-scale construction activity in the periphery and the neighborhoods of major cities [52]. A third factor worth mentioning was the gradual shift in public discourse regarding landlords and growing resentment towards tenants. [49] (p. 42) Despite their attempts to discard this image, the landlords were traditionally associated with the bourgeoisie, whereas the tenants were regarded as the working class. In time, however, the tenants began to be perceived not as a weak sector in need of the law's protection but rather as an exploitative group that indecently used the regulatory laws to deprive the landlords of their properties. With the passing of time, more and more tenants became financially established yet continued to reside in rented apartments, some of which were large residencies in central areas of the city, while paying imperceptible rent. This practice came under increasing criticism and was occasionally described as immoral: "A particular set of tenants that constitutes an obstacle and a disgrace to us all has established itself . . . those who legislated the law, who prevented landlords from raising rents, neither believed nor imagined that we should arrive at such a magnitude of exploitation . . . this has exceeded all moral dimensions . . . this phenomenon has generated a layer of sharks in our community . . ." [53].

The regulatory reform was, therefore, embedded in a broad socio–political context. A series of factors had made relative contributions to the feasibility of a change in the rent control policy. However, practical actions were taken only when political agents that supported a reform came into power and were in a position to promote it.

In late 1952, a party named "the General Zionists" rose to power. This party was based on unifying various groups and organizations, including the Federation of Landlords [54,55]. Its public representative had demonstrated significant support for the landlords' cause throughout the years [56,57]. It was a liberal party with a distinctive liberal agenda that promoted the concepts of free markets, an open economy, and individual property.

In the 1951 elections, the general Zionist ran under the slogan: "Let us live in this country!" Their platform and campaign represented the economic and class interests of a broad middle-class public, including the landlords' sector that had grown wary of the centrally planned economy and the economic hardship of Israel's formative years. In the elections held on 30 July 1951, the "general Zionists" won 20 seats, almost tripling their parliamentary representation. However, for a range of reasons, the coalition negotiations between MapaI and the general Zionists broke down, and initially, Mapal did not become a partner in Israel's third government. On 19 December 1952, the fourth Israeli government was established, in which the General Zionist Party constituted a major partner. This political development, whereby a party that championed the landlords' cause became a

senior partner in the coalition, gave the landlords the political representation and influence they lacked before.

As it joined the government, the General Zionist Party led to reform in the rental market. Member of the Knesset (henceforth: MK), Nahum Het, one of the party's leaders, was nominated as a member of the parliament's legislation committee. From that position, he pushed toward establishing a special sub-committee that would draft a reform in the regulatory legislation of the rental market [58]. MK Het was nominated as the chair of this Committee.

After decades of fruitless efforts, ineffective protests, and unproductive public campaigns, the doors of influence were opened to the landlords. The sub-committee became the arena in which the new reform was shaped. Representations of the private sector and the landlords, in particular, were constantly in touch with Chairman Het, presenting their case, demands, and vision of the reform [59–61].

Additionally, after 14 years of regulation, in 1954, the Israeli parliament passed the Tenant Protection Law, which abolished the 1940 ordinance and facilitated the raising of rents for the first time since 1940 [45]. In presenting the law, Minister of Justice Rosen expressed his hope that the new legislation would "make a modest contribution to restoring harmony between landlords and tenants" [62]. Moreover, although there were other economic factors that contributed to the implementation of a reform in the regulation regime—the political influence of the General Zionists was a key factor in these developments.

3. Discussion and Conclusions

The landlords' and tenants' organizations, whose actions lie at the heart of this study, are part and parcel of the broader social phenomenon of community organizations. Scholarship in the fields indicates a series of characteristics for such organizations: they are embedded in a community and composed of ordinary citizens, usually with no resources [63,64]. These organizations tend to surface as a response to a particular conflict that needs solving. Accordingly, "they may disappear when their signature problem is not present as a community concern only to reappear when a new crisis arises" [64] (p. 2).

The landlords' and tenants' organizations displayed in this study distinctly suit this paradigm. As I have demonstrated, landlords' and tenants' organizations appeared for the first time in the small neighborhood of Tel Aviv. The organizations were composed of residents with a mutual goal who joined forces to protect their interests in the face of various crises and transitions. In this respect, the organizations' activity is a mirror image of the crises and transitions that the country endured, as their activity peaked around these landmarks. The three case studies presented in this study reflect these peaks. Thus, the catalyst for the events described in the first case study was World War I and the occupation of Palestine by the British, which led to a massive influx of immigrants and steep rent hikes. The second case study deals with the events following the rise of the Nazi Party in Germany, which led to massive waves of Jewish Immigrants, pushing up rents and creating a housing shortage. The third case study reflects on the singular historical circumstances of Israel's formative years: a total war, a difficult security situation, economic hardship, rampant inflation, and massive waves of immigration. The actions taken by the tenants' and landlords' organizations can therefore be detected in times of crises and transitions that impact rents. At the same time, in between these peaks—their activity petered out.

The tenants' and landlords' organizations shared two categories of action. The first was representation. The organizations considered themselves representatives of their group's interests. They have written letters, articulated their claims, appeared in front of official committees, appealed to policymakers, and interacted with both municipal and national authorities. The second shared characteristic is channeling the member's voices into the public domain by taking the series of actions I have described. Kabalo and Rozin articulate these forms of action as repetitive patterns that implement people's right to be heard [65,66].

From a social capital perspective, the study demonstrates the ways horizontal and vertical ties between members of social networks provide impact and mobilize influence in times of crisis. As articulated by Aldrich, the focus of such studies is not on how government activities alter social networks but rather on how social capital affects public policies [13] (p. 48). On a theoretical level, the cases of tenants' and landlords' organizations represent all three types of social capital. Bonding social capital was the base upon which community organizations were founded. The community organizations established between 1910–1915 in Tel Aviv constitute a distinctive example. Both tenants' and landlords' organizations materialized as a result of the Tel Aviv Council's decision to grant the landlords in the neighborhood excessive rights. This decision was the catalyst for the formation of landlords' and tenants' organizations aiming to act in each party's interests.

The immense development of Israel since the 1920s had changed the scale of the disputes between landlords and tenants, but not their nature and substance. By the early 1950s, most towns, big or small, had their own tenants' and landlords' organizations, which represented their interests both on a local and national level. These organizations materialized in each town based on bonding social capital. However, at this point, a second type of social capital, namely bridging social capital, had emerged. What used to be a struggle between two groups in a small community had now become a nationwide network of community organizations, all working towards the same end: maintaining the rent control regime in the case of the tenants or pursuing its annulment in the case of the landlords. Having said that, and although both bonding social capital and bridging social capital are well represented in the characteristics of the organizations, the dominant type of social capital was linking social capital.

4. The Impact of Linking Social Capital

As I explained above, linking social capital represents vertical connections between individuals and decision-makers, authorities, and other power positions [13] (p. 48). The analysis of the tenants' and landlords' impact on the rent control policy throughout the years displays a direct link between their successes and failures and between their levels of social capital. As I described in the first case study, between 1910–1919, both tenants' and landlords' organizations were invested in the attempt to influence municipal and national policymakers. In the first stage, both parties pressured the Tel Aviv council to take their side of the dispute and get involved in the rental market. Their efforts eventually led to the establishment of the "Conciliatory Committee of the Tel Aviv Council," a community tribunal comprised of the representatives of the organizations. However, as the tenants' numerical weight grew larger and the rent crept higher, the tenants' pressures on the Tel Aviv Council to abandon its neutral position and lean toward their position—became ever more effective. In mid-1919, their struggle came to fruition as the council made a formal decision to regulate rents. As no operative measures were taken following this decision, the tenants' organization abandoned the municipal domain, turning their efforts directly to the British government. Their actions led to the enactment of the 1919 rent control law. The new government's policy reflected the effective lobbying of the Tenants' Committee and the Tel Aviv Council after the tenants had managed to alter its position. It also reflects a complete implementation of the tenants' narrative. From a theoretical perspective, the actions taken by the tenants' organizations demonstrate the effectiveness and impact of linking social capital. The organization had managed to lead an effective community struggle, to promote its cause and fulfill the interests of its members. Not only did it manage to impact the formation of a regulatory regime on a national level, but it also shaped it.

The impact of linking social capital is well demonstrated in the second case study as well. In the face of a nationwide housing crisis erupting after 1933, the issue of rent control spread from Tel Aviv to other cities. The utilization of social capital demonstrated in the former decade by the tenants' organization in Tel Aviv was applied again, this time by tenants' organizations in other cities as well. In 1933, the British administration found itself inundated with appeals made by tenants' organizations in Haifa, Jaffa, and

Tel Aviv, demanding regulation of the rental market. These appeals led to the formation of an official government committee that thoroughly inquired into the local organizations' complaints. The Committee's conclusions were adopted by the British government and implemented in the 1934 ordinance, which set a limit on rents. The pattern demonstrated in 1919 repeated itself, as the tenants' influence was not limited merely to the enactment of the law but extended to the letter of the law as well. In this respect, the 1934 Act is yet another example of linking social capital and its impact. The local organizations had led a fierce and successful struggle that had generated and shaped government policy to meet the community's needs and ends. The toolkit that was demonstrated in 1919 was again proven effective, as lobbying and involvement in national politics led to the shaping of a nationwide regulatory regime.

The critical impact of linking social capital is also evident in the third case study, as landlords gained access to policymakers and managed to sway government policy to their benefit. The population of the established settlements and small businessmen, of which the landlords formed a part, had not gained substantial political influence during the period of pre-state Jewish society [67]. Moreover, unlike the tenants, they were not connected to the dominant political party during that period—Mapai. This socialist party, founded in 1930, became Israel's ruling party in 1948. While the tenants were part and parcel of the ruling party, leaning with all their political weight on their representatives, the landlords lacked that type of connection and influence. The gap in the political influence between these two groups was well described by a parliament member from the "General Zionists" party, which was committed to the landlords' cause: "I would like to remind him [the minister of justice—Author's comment] how often various delegations of landlords have stood before him; how often he has promised them to consider their demands and consoled them [by telling them] that everything would come right, although nothing has been conducted" [68]. A further important element in this respect is Mapai's support for the tenants' ideological claims. While the political–juridical discourse over property rights, the realization of individual economic interests, and the free market were marginal at best, notions of egalitarian distribution of resources served the general good. More specifically, the provision of accommodations for recent immigrants was paramount [69–71]. This discourse impacted the perception of landlords' rights to their property [72]. This state of affairs continued well after Israel was founded.

A change emerged in 1952 with the rise to the power of "The General Zionists," a liberal party that was a unification of several organizations, including the Federation of Landlords. From a social capital perspective, this was a landmark in the landlords' struggle, as they could finally connect with policymakers and gain political influence. The landlords utilized their linking social capital: they prompted a reform in the rent control policy, led to the establishment of a parliamentary sub-committee that drafted one, and finally led to its implementation through their representatives.

The case studies presented in this article portray social capital as a decisive factor in the success or failure of landlords and tenants to promote their group interests and impact rent control policy throughout the years. Linking social capital was mobilized by both sides to significant political influence. It was utilized by the organizations as their main strategy and constituted a dominant instrument in their toolkit. In this respect, this is a story of success: the successful attempts of tenants to come together, organize, and act while facing crises; the successful attempts of both groups to connect to policymakers and through them to achieve their goals. However, while these case studies demonstrate the positive results of social capital, they also demonstrate its cost [13] (p. 13) [16,17].

Scholarship in the field has identified more than several positive effects that derive from the higher level of social capital but also exposed its drawbacks. The crux of the argument is that social capital, particularly on higher levels, can help certain groups while at the same time hurting others with fewer social resources [18,19]. This inherent paradox is well demonstrated in the case study presented in this article. As two groups are competing over the same resource, the triumph of one group comes at the direct expense of the

other [4]. This paradigm is particularly apparent between 1948–1954. As the tenants' organizations enjoyed the advantages of linking social capital and were able to impact government policy regarding rent control while maximizing their economic interests, the landlords endured economic hardship. The other side of the tenants' success—maintaining a regulatory regime that granted them far-reaching rights to their rented apartments for many years—undermined the landlords' rights to their properties.

This last point brings me to the implications of this historical study for contemporary rent control policies. Although the case studies analyzed in this study focus on specific events embedded in the unique history of Israel, they also enable a broader and more comparative perspective. The crucial and overriding importance of housing in general and rental in particular to people's lives and the many attempts made worldwide to regulate the rental market underlines the importance of building a reservoir of academic knowledge that may be of service to scholars and policy shapers. In this respect, this study touches upon fundamental issues: class stratification, distribution of resources, and the tension between the proprietorial rights of the individual and the public interest. Furthermore, this study reflects on previous regulatory arrangements' shortcomings and difficulties. These are principled conclusions, constituting parameters and considerations that should be considered when shaping contemporary policies. Analyzing the Israeli legislative model of rent control and its ramifications can contribute to academic, professional, and public discourse in this critical domain. The historic regulatory model generated many economic and social distortions, an understanding of which has important implications for policy formation. Historical studies analyzing regulatory regimes and their implications can therefore contribute to establishing a scholarly infrastructure that could help draw a road map for formulating just and efficient, up-to-date models for rent control.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: Not applicable.

Conflicts of Interest: The author declares no conflict of interests.

References

1. Stake, R.E. *Multiple Case Study Analysis*; The Guilford Press: New York, NY, USA, 2006.
2. Yin, R.K. *Case Study Research: Design and Methods*, 3rd ed.; Sage: London, UK, 2003.
3. Hirsch, P.M.; Levin, Z. Umbrella Advocates Versus Validity Police: A Life-Cycle Model. *Organ. Sci. J. Inst. Manag. Sci.* **1999**, *10*, 199–212. [CrossRef]
4. Foley, M.W.; Edwards, B. The Paradox of Civil Society. *J. Democr.* **1996**, *7*, 38–52. [CrossRef]
5. Putnam, R.D. *Making Democracy Work: Civic Traditions in Modern Italy*; Princeton University Press: Princeton, NJ, USA, 1993.
6. Putnam, R.D. *Bowling Alone*; Simon Schuster: New York, NY, USA, 2000.
7. Manning, P. Exploiting the social fabric of networks: A social capital analysis of historical financial frauds. *Manag. Organ. Hist.* **2018**, *13*, 191–211. [CrossRef]
8. Bourdieu, P. Forms of capital. In *Handbook of Theory and Research for the Sociology of Education*; Richardson, J., Ed.; Greenwood Press: Westport, CT, USA, 1986; pp. 241–260.
9. Coleman, J. *Foundations of Social Theory*; Harvard University Press: Cambridge, MA, USA, 1990.
10. Lin, N. A Network theory of social capital. In *The Handbook of Social Capital*; Castiglione, D., van Deth, J.W., Wolleb, G., Eds.; Oxford University Press: New York, NY, USA, 2008; pp. 50–69.
11. Woolcock, M. Social capital in theory and practice: Reducing poverty by building partner-ships between states, markets and civil society. In *Social Capital and Poverty Reduction: Which Role for Civil Society Organizations and the State?* UNESCO: Paris, France, 2002; pp. 20–44.
12. Schuller, T.; Baron, S.; Field, J. Social capital: A review and a critique. In *Social Capital: Critical Perspectives*; Baron, S., Field, J., Schuller, T., Eds.; Oxford University Press: Oxford, UK, 2000; pp. 1–38.
13. Aldrich, D.P. *Building Resilience: Social Capital in Post-Disaster Recovery*; University of Chicago Press: Chicago, IL, USA, 2012.
14. Aldrich, D.P. *The Importance of Social Capital in Building Community Resilience in Rethinking Resilience, Adaptation and Transformation in a Time of Change*; Yan, W., Galloway, W., Eds.; Springer International Publishing: Berlin/Heidelberg, Germany, 2017; p. 359.

15. Szreter, S.; Woolcock, M. Health by Association? Social Capital, Social Theory, and the Political Economy of Public Health. *Int. J. Epidemiol.* **2004**, *33*, 650–667. [CrossRef] [PubMed]
16. Olson, M. *The Logic of Collective Action: Public Goods and the Theory of Groups*; Harvard University Press: Cambridge, MA, USA, 1965.
17. Chamlee-Wright, E. *The Cultural and Political Economy of Recovery: Social Learning in a Post-Disaster Environment*; Routledge: New York, NY, USA, 2010.
18. Aldrich, D.P.; Crook, K. Strong Civil Society as a Double-Edged Sword: Siting. Trailers in Post-Katrina New Orleans. *Political Res. Q.* **2008**, *61*, 378–389. [CrossRef]
19. Szreter, S. The State of Social Capital: Bringing Back in Power, Politics, and History. *Theory Soc.* **2002**, *31*, 573–621. [CrossRef]
20. Gurevich, D.; Gertz, A.; Bachi, R. *The Jewish Population of Palestine: Immigration, Demographic Structure and Natural Growth*; The Jewish Agency: Jerusalem, Israel, 1944.
21. Gorny, J. Changes in the Social and Political Structure of the Second Aliyah between 1904 and 1940. In *Zionism: Studies in the History of the Zionist Movement and of the Jewish Community in Palestine*; Caspi, D., Yogev, G., Eds.; Taylor & Francis, Ltd.: Tel-Aviv, Israel, 1975; pp. 49–101.
22. Alroey, G. *Research in Jewish Demography and Identity*; Lederhendler, E., Rebhun, U., Eds.; Academic Studies Press: Boston, MA, USA, 2015; pp. 16–45.
23. Druyanov, A. *The Book of Tel Aviv*; Tel Aviv Municipality: Tel-Aviv, Israel, 1935; pp. 159–163.
24. Mark, M. Institutional historiography of rent tribunals, 1910–1954. *Law Soc. Cult.* **2022**, *5*, 47–84. (In Hebrew)
25. Malchi, E. *The History of the Law of Palestine: An Introduction to the Law of Israel*; Dinim: Tel Aviv, Israel, 1953; p. 175.
26. Ben Porat, A. *The Bourgeoisie: The History of the Israeli Bourgeois*; Magnes Press: Jerusalem, Israel, 1999.
27. Lissak, M. *The Elite in the Palestine Yishuv during the Mandate Period*; Am Oved: Tel Aviv, Israel, 1981.
28. Yefet-Bialik, S. Tenent's protection 1910–1940: Law, Society and politics in the early days of Tel-Aviv. Master's Thesis, Tel Aviv University, Tel Aviv, Israel, 2007; pp. 27–34.
29. Shamir, R. *The Colonies of Law: Colonialism, Zionism and Law on Early Mandate Palestine*; Cambridge University Press: Cambridge, UK, 2000; pp. 55–70.
30. De Vries, D. The National Construction of a Workers' Moral Community: Labor's Informal Justice in Early Mandate Palestine. In *The History of Law in a Multi-Culture Society: Israel 1917–1967*; Harris, R., Kedar, A., Lahav, P., Likhovski, A., Eds.; Ashgate/Dartmouth: Aldershot/Hants, UK, 2002.
31. Lissak, M. Occupational Structure, Occupational Mobility and Status Symbols in the New Yishuv 1918–1948. *Stud. Zion. Yishuv State Isr.* **1994**, *4*, 326.
32. Rent Ordinance no. 121, 1919.
33. Shavit, Y.; Bigger, G. *The History of Tel Aviv*; Ramot Publishing: Tel Aviv, Israel, 2001.
34. The Report of the Rents Inquiry Committee, Palestine Gazette No. 430 (26.3.1934). p. 255. Available online: https://findit.library.yale.edu/catalog/digcoll:2845212 (accessed on 22 June 2023).
35. The Landlords and Tenants (Ejection and Rent Restriction) Ordinance 1934, Palestine Gazette no.434, sup.2. p. 293. Available online: https://findit.library.yale.edu/catalog/digcoll:2845212 (accessed on 22 June 2023).
36. Tel-Aviv Archive 10-05-008; The Protocol of the Fifth Tel-Aviv City Council (3.12.1933).
37. ISA M-209/7 Letter from the Landlords' Association to the High Commissioner (22.3.1935). Available online: https://www.archives.gov.il/archives/Archive/0b07170680032179/File/0b07170680754bc1 (accessed on 22 June 2023).
38. ISA M-209/7 Meeting Summary of the Tenants and Neighbors' Association to the Southern County Commissioner (1.2.1935). Available online: https://www.archives.gov.il/archives/Archive/0b07170680032179/File/0b07170680754bc1 (accessed on 22 June 2023).
39. ISA M-5005/1. Available online: https://www.archives.gov.il/archives/Archive/0b07170680032179/File/0b0717068080cca5 (accessed on 22 June 2023).
40. ISA, M-208/24. Available online: https://www.archives.gov.il/archives/Archive/0b07170680032179/File/0b07170680778fd8 (accessed on 22 June 2023).
41. Draft: An Ordinance to Prevent Profiteering in the Rent of Dwelling-Houses, PG 1049, Supp. 2, October 10, 1940, 1057. Available online: https://findit.library.yale.edu/catalog/digcoll:2845212 (accessed on 22 June 2023).
42. Rent Restriction (Dwelling-Houses) Ordinance, 1940, PG 1065 Supp. 2, December 20, 1940, 230. Available online: https://findit.library.yale.edu/catalog/digcoll:2845212 (accessed on 22 June 2023).
43. Clause 11 of the Law and Administration Ordinance-1948 Stipulates that the Law in Force in Palestine on May 14, 1948, Would Continue to Be Valid. Available online: https://main.knesset.gov.il/activity/legislation/laws/pages/LawSecondary.aspx?lawitemid=2002291 (accessed on 22 June 2023).
44. The Tenants' Protection Law, 5014–1954. Available online: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://fs.knesset.gov.il/2/law/2_lsr_211796.PDF (accessed on 22 June 2023).
45. Gross, N. (Ed.) Economic policy in Israel, 1948–1951: The problems of reappraisal. In *Not by the Spirit Alone: Studies in the Economic History of Palestine and Israel*; Magnes: Jerusalem, Israel, 1999; pp. 325–341.
46. Gross, N. Israel's economy. In *The First Decade, 1948–1958*; Zameret, Z., Yablonka, H., Eds.; Yad Ben-Zvi: Jerusalem, Israel, 1997; pp. 137–150.

47. Rozin, O. *Duty and Love: Individual and Collective in 1950s Israel*; Am Oved: Tel Aviv, Israel, 2008.
48. Mark, M. Just ring twice: Law and society under the rent control regime in Israel, 1948–1954. *J. Isr. Hist. Politics Soc. Cult.* **2013**, *32*, 29–50. [CrossRef]
49. Rozin, O. Israel and the Right to Travel Abroad, 1948–1961. *Isr. Stud.* **2010**, *15*, 147–176. [CrossRef]
50. Horowitz, D. *The Heart of Events*; Massada: Ramat Gan, Israel, 1975.
51. Halevy, N.; Kalinov-Malul, R. *The Economic Development of Israel*; Akademon: Jerusalem, Israel, 1968.
52. Patenkin, D. *The Israel Economy: The First Decade*; Falk Project for Economic Research in Israel: Jerusalem, Israel, 1960.
53. MK David Hacohen, DK 14 (1953): 1821.
54. Gross, N. Free Enterprise Vis-à-vis the Planned Market. *Ski. Hodshit* **1986**, *33*, 70–79.
55. Porrtugali, M.; Goldstein, J.; Gruweis-Kovalsky, O. *The Liberal Party in Israel: Its Inception, activity, and Triumph*; Teper Publisher: Ganei-Tikva, Israel, 2020.
56. DK 5 (1950) 1505, 1509.
57. DK 3 (1950): 191 (1950).
58. The Sub-Committee for the Reform in the Tenants' Protection Law.
59. ISA, k–73/28, A Letter from the Chairman of the Landlords' National Association to MK N. Het (12.2.1954). Available online: https://www.archives.gov.il/archives/Archive/0b0717068001a3a7/File/0b07170680b402c8 (accessed on 22 June 2023).
60. ISA, k–73/28, A Letter from the Manufacturers Association of Jerusalem to MK N. Het (29.12.1953). Available online: https://www.archives.gov.il/archives/Archive/0b0717068001a3a7/File/0b07170680b402c8 (accessed on 22 June 2023).
61. ISA, k–73/28, A Letter from the General Association of Merchants in Israel to MK N. Het (5/2/1954). Available online: https://www.archives.gov.il/archives/Archive/0b0717068001a3a7/File/0b07170680b402c8 (accessed on 22 June 2023).
62. DK 14 (1953): 1818–19.
63. Cnaan, R.; Milofsky, C.; Hunter, A. Introduction: Creating a Frame for Understanding Local Organizations. In *Handbook of Community Movements and Local Organizations*; Cnaan, R.A., Milofsky, C., Eds.; Springer: New York, NY, USA, 2008; pp. 1–19.
64. Milofsky, C. Structure and process in community self-help organizations. In *Community Organizations: Studies in Resource Mobi-lization and Exchange*; Milofsky, C., Ed.; Oxford University Press: New York, NY, USA, 1988; pp. 183–216.
65. Kabalo, P. *Israeli Community Action: Living through the War of Independence*; Indiana University Press: Bloomington, IN, USA, 2020; pp. 292–294.
66. Rozin, O. *A Home for All Jews: Citizenship, Rights and National Identity in the New Israeli State*; Brandeis University Press: Walthman, MA, USA, 2016; pp. 378–383.
67. Ben-Uzi, Y. Let us Live in this country! The General Zionist Party, 1949–1952. *Cathedra* **2008**, *127*, 141–168.
68. DK 5 (1950): 1515.
69. Shapira, Y. *The Democracy in Israel*; Massada: Ramat Gan, Israel, 1977.
70. Bareli, A. *Mapai in the Early Independence, 1948–1953*; Yad Ben-Zvi: Jerusalem, Israel, 2007.
71. Eisenstadt, S.N. *The Transformations of Israeli Society*; Magnes: Jerusalem, Israel, 1989.
72. DK 14 (1953): 1821.

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of MDPI and/or the editor(s). MDPI and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.