Introduction

Critics of urban and regional planning argue that planning is geared mainly to regulate and manage the small, incremental types of change typical of most cities, towns, and regions. Indeed, most of the academic and professional literature for the guidance of planners is targeted to everyday situations. But what of unexpected, large-scale changes? Can planning also then be of use? Will the theories and kit of tools available to urban, regional, or national planners be effective in a major crisis?

Purpose and rationale

My interest in the role of planning in a time of crisis did not arise “out of the blue”. It stemmed from a craving to understand the unique story of a major crisis in Israel, in order to learn from it how better to deal with a future crisis and to educe useful lessons for planners working in other countries and in other contexts. The crisis was generated by the unexpected and massive influx of immigrants to Israel that started in 1990, stabilized in 1992-3, and challenged the basic tenets of existing planning and public policy for the entire decade. I attempt to analyze the ways in which professional planners and high level political leaders represented the crisis and responded to it.

The Israeli saga is one of the more distinct large-scale "laboratories" of recent times which allows for the study of a major crisis situation in a democratic polity and developed economy where the crisis is not a product of war or of a natural disaster. Crises brought about by disasters have been the dominant focus for public-policy researchers interested in studying decision making in times of crisis and uncertainty. But disasters are quite different from “positive” crises in terms of the expected planning and legal response. When disasters occur, drastic emergency legal powers come into force along with rules of conduct that cannot teach us much about non-emergency situations. Planners should learn how to prepare for and deal not only with disasters, but also with crises that may hold positive opportunities for cities and regions.

The immigrant-absorption crisis in Israel is an especially convenient case study because it enables one to observe planners' responses "before", "during", and “after” the crisis – vantage points that other major national crises rarely offer. The relatively short and well-bounded period of time when the crisis was at its peak enables me to examine how the crisis unfolded in “real time”, as well as some of its outputs and likely outcomes as they appeared by 1999. Readers are invited to draw lessons or insights that could be applicable to less encompassing crises that might occur in their planning environment.

My personal experience in doing this research was unlike any other I have experienced hitherto. Sensing that I was immersed in something that might be important for planners and which might never to be repeated in its magnitude, I found myself taking notes profusely and collecting material. But at the time, I had no hypotheses or theory to explain what was occurring. For that I needed some distance. After the crisis ebbed in 1993, I sat down to review the large set of materials that I had collected in real-time, and to write the first round of my analysis. This analysis included an interpretation of the phases of the crisis, planners’ responses to them, and the
roles planners played. More time had to pass before I could reasonably assess some of the outcomes and impacts of the crisis on planners and planning. This book is the result of these two rounds of analysis.

As I unfold the story of how Israeli planners and decision-makers coped with the mass-immigration challenge, I shall not hide my feelings of excitement at having had the opportunity to observe and participate in a once-in-a-planner’s-lifetime event.

**Information base**

The information for this book comes from a variety of sources and research methods. Much of the information on the decision-making during the crisis was obtained through the participant-observer technique. I was personally involved in some of the national and local decision forums that were set up to deal with the crisis, participated in the conferences of professionals that were convened to search for solutions, and had conversations in real-time with leading planners and decision-makers. In addition, I was involved in the two national planning initiatives that took place during the crisis (as a member of the steering committee of National Plan 31, and as an active team member of Project “Israel 2020”). Needless to say, the circumstance that a single researcher would have personal knowledge of major aspects of national-level planning as well as of some aspects of local planning is a luxury that only a small country such as Israel could provide.

To supplement the first-hand information, I relied on various official publications and media reports. In addition, a series of ex-post interviews were conducted with key national-level and local-level decision-makers and planners during 1994-1996. They were asked to provide a retrospective – though close-to-events – view of decision-making during the height of the crisis, and to compare it with the periods of time before and after. The time that had elapsed between the crisis and the interviews was short enough to allow for reasonably accurate recollection, yet it was long enough to allow for some initial assessment and evaluation of outcomes.

My own assessment of the outcomes, as they manifest themselves 9 years after the crisis began, is based on statistical information published by the Israel Bureau of Statistics and the Ministry of Housing. I have also used published research and reports in the mass media on various aspects of immigrant absorption and have drawn on the experience gained from my continued involvement in planning decision bodies.

While focusing mostly on the national level, this book also deals with local-level responses to the crisis. Two case studies were selected - Carmiel and Nazareth Illit – towns the Galilee, Israel’s northern region (see the map in Chapter 4). These towns had some of the highest immigrant-intake rates in the country, relative to population size. They had a population of 20-30,000 before the crisis, and grew by more than 50% within a few years through immigrant intake. Both welcomed new immigrants, saying “yes” to growth. I gathered the information through a set of interviews with local politicians, planners, and administrators.

The purpose of the case studies was to see how local elected officials and citizens reacted to the avalanche of new immigrants who landed on their doorstep every day and night during the height of the crisis. How did the local planners view the goals and value-dilemmas posed by the unexpected challenge? How did this challenge fit their vision of their town’s future? I was particularly interested in how planners and other personnel handled the uncertainties, the burdens, and the potential conflicts with the central government that this new situation presented. The
local planners in these two towns exhibited different responses in their handling of the crisis and, for the most part, in their reactions to the central-government initiatives.

**A Preview**

A solid grounding in theory is necessary if this book is to fulfill its goals. I therefore devote Part I to a review of the theoretical underpinnings of the study of crises and how they influence decision-making. This part opens with a chapter that establishes the extent of immigration to Israel during 1990-1992 and compares it to immigration rates in other advanced-economy countries in order to argue that so large an immigrant intake constitutes a potential crisis and has wide repercussions. The second chapter scans the theoretical basis for analyzing crises and asks two questions: What are the attributes of crisis situations, and what do planning theorists tell us about the capacity of planning to handle crises? The third chapter applies the list of attributes to the crisis under study.

Part II draws the “base line” of land-use planning, land policy, and housing policy in Israel on the eve of the crisis. In order to assess the changes in process and outcomes that the crisis produced, it is necessary to understand Israel’s land policy, statutory planning system, and housing policy. Chapter 4 presents an introduction to Israel’s land and housing policies, and Chapter 5 is an introduction to the land-use planning and development control system.

Part III, with its seven chapters (6-12), is the heart of the book. It analyzes the government decision-making process during the crisis, as it unfolded at the national level, with occasional reference to the local level. The emphasis is on the housing and urban-development decisions. In order to understand this process, I first develop a theoretical framework, formed inductively rather than through deduction from theory, to serve as our scaffolding for analyzing the phases that the crisis actually went through. This framework identifies five phases of decision making during the crisis, and looks at the modes of planning and decision-making at each phase. I then take a deeper view of how each of the phases unfolded, devoting a chapter to each (and an extra chapter to the outcomes of crisis-time action). Each chapter asks: What were the perceptions of the crisis at each stage? What were the dilemmas facing decision-makers? What roles did planners play? What were the actions taken?

Part IV (Chapter 13) is devoted to the local-level responses to the crisis as they emerge from the two case studies – Carmiel and Nazareth Illit. In this part I take a second look at the five-phase model – this time, from the local perspective. How did each of the five phases appear from this perspective? The space limitations of this book constrain me to recount the story of the local-level reactions to the crisis in less detail than that of the national level.

In the final Part V, I draw the theoretical and practical conclusions from this case study. What can planners in other countries and contexts learn from our story? How does planning in a time of crisis differ from planning in non-crisis situations? Do these differences enhance our understanding of planning and planners? What kinds of ethical conflicts might crisis situations bring up for planners? How could they cope with these dilemmas? And finally the conundrum that motivated this entire enterprise: Can planning be useful in times of crises, whether in preparing for them, or in handling them while they are occurring? The book ends with a description of the current efforts at national and local level planning in Israel and ask what lessons have been learnt for the next crisis.
Notes


2 Official sources that present or discuss decisions in real time or close to real time include Knesset deliberations, the reports of the State's Comptroller General, internal documents of government ministries, and Cabinet decisions. Information on trends and impacts on the national level comes from quarterly reports published by the Ministry of Finance, the Ministry of Construction and Housing, and other government reports. Ex-post evaluation by decision-makers on the national level is based on some written information (which is extremely scarce) and on selected interviews with key decision-makers, carried out in 1994-5. Information on decisions and impacts at the local level is based on a research project carried out in real time, in 1991-1992 with the assistance of Ms. Laurie Goldman. I supplemented this research with follow-up interviews and data from local-government sources in 1994, 1995 and 1996.

3 During 1990 and 1991 I was asked by the Jewish Agency to join a think-tank team charged with the task of developing a strategy for to help local authorities cope with accelerated growth. Our case studies included Carmiel and Nazareth Illit. At that time, my research assistant and I met with a wide range of officials. In 1995 I conducted a set of post-crisis interviews. In Carmiel I interviewed Hanna Koren - the City Manager, the City Engineer and his deputy, the City Architect. In Nazareth Illit I interviewed Edna Rodrich, the Deputy Mayor, Mordechai Koren, the City Engineer, and Mr. Toval Milgrom, the head of the Jewish Agency Local Economic Development Unit that operates jointly with the city of Nazareth Illit.
PART I

Theories about Planning during Crises
Chapter 1:

Mass Immigration and Rapid Urban Growth as Crisis Situations

Consider the following scenario: You are a senior planner with the U.S. federal government, in the department of Housing and Urban Development. You wake up one morning to learn from the news broadcasts that due to a foreign policy change or an imminent catastrophe somewhere in the world, your country is to open its gates to 12 million refugees immediately, and will take in 50-70 million people in 3-5 years. This is equivalent to or higher than the entire population of a large European country such as France, Spain, or Italy. You wonder: How can the government develop policies to ensure adequate management of this avalanche? What could be the impacts on society and its resources? How can cities, towns, and neighborhoods align themselves?

As a planner, you say to yourself: A grand challenge for planning! The opportunity our profession has been looking for! But when you rush to dig up your planning theory notes and books in search of models and techniques, you begin to wonder: Can planning help in a time of crisis?

This U.S. morning-news scenario illustrates the magnitude of the crisis that Israeli planners and decision-makers faced. Starting in November 1989, and intensifying in early 1990, Israeli planners who turned on their radios heard about an imminent change in policy of the Soviet government toward its Jewish citizens. As international conditions changed, the doors of the USSR were opened for emigration. In retrospect we know that within three years, 500,000 immigrants were added to Israel’s 1989 population of 4.5 million, and by 2000 more than 1,000,000 will have arrived (see Figure 1.1). But projections in 1990 oscillated. At first they expected more modest numbers than those that were, in fact, to arrive, but soon they swung to the other extreme and expected much higher numbers. Uncertainty was the name of the game. The impacts on almost every aspect of society and the economy were expected to be considerable – but what these would be was not known.

The challenges were to supply the housing, physical infrastructure, social, educational, and health services necessary to absorb the sudden influx of immigrants, and to increase employment opportunities. A crisis of this magnitude was rare in peacetime in any Western country.

Many crisis situations are negative - natural disasters such as floods, earthquakes, hurricanes, or major fires; social upheavals such as inner-city riots; economic crises, such as the closure of a major plant in a small town; or wars. The policy and management literature on crises tends to focus, almost exclusively, on such negative crises, with natural disasters receiving the most attention. Since they are almost certain to occur somewhere, sometime, and when they do they may sink lives and investments, it is rational to develop plans for facing such situations in order to minimize their damages.
But crises in cities, regions, or nations may also be positive events - situations that hold vast opportunities but are replete with uncertainty and turbulence. Examples are the reunification of Germany, mass immigration to Israel, or a large, lucrative plant's decision to locate in a small town along with hundreds of employee families.

Many crises may be classified as "mixed" situations, for they present a grand opportunity in the eyes of some, but also the threat of great damage, should public policy fail to supply appropriate answers. A good example of a “mixed crisis” on both the national and the local levels is the collapse of the Soviet Union, which has immense impacts on all spheres of life in that country and in neighboring states. Some of its impacts have been positive, with grand opportunities unleashed for individuals, businesses, and governments, but some have been negative, with the increase in crime, the reduction of personal economic and social security, and the introduction of major uncertainties in many spheres of public and private life. Another example might be a sudden rise in illegal immigration that impacts both negatively and positively on a nation or a region. And finally, there is the more commonplace example of the influx of new residents to a particular city or region, an influx that "growth management" tools have been unsuccessful in controlling. Many local residents may see such a migration as a threat, even though this influx also brings with it many positive effects.

**Why are crises interesting to planners?**

In countries with a post-industrial economy, situations of turbulence and uncertainty are no longer rare (Rosenthal and Kouzmin, 1997). An innovation may last only a few months to be replaced by a competitive one elsewhere in the world; instant information can move markets and populations; national and international alignments change at an accelerated pace; high-risk
technologies are prevalent, and national and international organizational structures have become increasingly complex. Households, cities, regions, private and public organizations must all contend with the rising likelihood of having to face a crisis. As two researchers into crisis management have put it:

“In today’s world, it is no longer a question of whether a major crisis will strike any organization; it is only a matter of when, which type, and how” (Mitroff and Pearson 1993: xiv;).

But to date, theorists of public planning (as distinct from theorists of corporate management) have devoted little attention to the role of planning in times of crises. Of those who have, most doubt that there are recognized planning approaches for handling crises, or that planning can be of much help - a point to which we shall return in Chapter 2.

During crises, dilemmas in planning take on a sharpened edge and expose major issues that may be on a “back burner” in non-crisis situations. The study of crises therefore holds important lessons for planning. Planners and public policy-makers should be interested in knowing whether there are tools to guide situations of uncertainty and turbulence, or whether crises are indeed accompanied by "planning failure". How do crises affect planning - do they challenge its validity or, conversely, strengthen it? Do crisis situations require types of planning that are inherently different from planning in non-crisis situations? What roles can professional planners play vis-a-vis other actors in the process? Will they be shunted aside as irrelevant, or will their skills be in high demand? Members of the planning profession, recognizing that crisis situations are likely to place dilemmas of heightened ethical conflict at their doorstep, might be interested in how planners who have been faced with a crisis have handled such tough conflicts.

The academic purpose for undertaking this research is to add to the sparse research on the role of public planning in times of crisis. The mass-immigration crisis in Israel has turned out to be a large-scale laboratory for studying the response of planners and decision-makers to positive crises. By analyzing the modes of response of decision makers and planners to the crisis situation, following its various phases, and looking at some of its outcomes, I hope to be able to draw lessons that can enhance our understanding of planning practice in situations of crisis. The more practical purpose is to help agencies prepare for crisis situations, both “negative” and “positive”, and especially, to encourage public agencies to view crises as rare opportunities for positive change.

**Mass immigration as a potential crisis: a cross-national view**

Mass immigration from the less-affluent to the more-affluent countries is a world-wide phenomenon. As Sassen (1994, 1998: Chapter 2) and Hall (1996) argue, the intake of immigrants is most frequent from neighboring, less-affluent countries (such as east-European to west-European countries, and South-American to North-American countries). There is also much intake from countries that bear some political or ethnic kinship to the receiving country (such as former-colonial Algeria to France, and East European Germans repatriated into the united Germany). Immigration trends respond quickly to political and economic changes; for example, a few years after the collapse of the East Block, economic and political disparities among the formerly-socialist countries have led many Ukrainians, relying on both linguistic kinship and shared past-political experiences\(^1\), to seek greater security in Poland.

Had immigration patterns been a reflection only of the demand to emigrate and the capacity to pay for the trip, we might have seen population movements of hundreds of millions across borders in search of a better life. But most industrialized (or post-industrialized) countries have
placed tight administrative caps on immigration, seeking to regulate the number of immigrants and their socio-economic status, age, health, and ethnic composition. Through such controls, these countries hope to avoid the perceived turbulence of an uncontrolled influx of immigrants.

Table 1.1 Rates of Immigration in Nine Advanced-Economy Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Population</th>
<th>Natural growth rate (%)</th>
<th>Number of immigrants</th>
<th>Annual Immigration as Percent of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1992</td>
<td>248,709,000</td>
<td>0.74%</td>
<td>973,977</td>
<td>0.39%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>265,179,000</td>
<td>0.60%</td>
<td>915,900</td>
<td>0.35%</td>
</tr>
<tr>
<td>Canada</td>
<td>1992</td>
<td>25,309,000</td>
<td>0.72%</td>
<td>252,537</td>
<td>1.00%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>29,963,631</td>
<td>0.53%</td>
<td>212,077 (1995)</td>
<td>0.72% (1995)</td>
</tr>
<tr>
<td>Australia</td>
<td>1992</td>
<td>15,602,000</td>
<td>0.80%</td>
<td>107,390</td>
<td>0.69%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>18,289,000</td>
<td>0.73%</td>
<td>207,370 (1994)</td>
<td>1.16% (1994)</td>
</tr>
<tr>
<td>France</td>
<td>1992</td>
<td>56,556,000</td>
<td>0.39%</td>
<td>1,315,952</td>
<td>2.30%</td>
</tr>
<tr>
<td>(immig. Without Algeria)</td>
<td>1992</td>
<td>56,556,000</td>
<td></td>
<td>43,939</td>
<td>0.08%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>58,375,000</td>
<td>0.34%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UK</td>
<td>1992</td>
<td>55,678,000</td>
<td>0.25%</td>
<td>216,000</td>
<td>0.39%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>58,801,500</td>
<td>0.16%</td>
<td>272,000</td>
<td>0.46%</td>
</tr>
<tr>
<td>Germany</td>
<td>1991</td>
<td>80,274,000</td>
<td>-0.10%</td>
<td>1,182,927</td>
<td>1.47%</td>
</tr>
<tr>
<td></td>
<td>1992</td>
<td>80,974,000</td>
<td>-0.09%</td>
<td>1,489,449</td>
<td>1.84%</td>
</tr>
<tr>
<td></td>
<td>1993</td>
<td>81,338,000</td>
<td>-0.13%</td>
<td>1,268,004</td>
<td>1.56%</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td>81,817,499</td>
<td>-0.14%</td>
<td>1,096,048</td>
<td>1.34%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1992</td>
<td>15,184,000</td>
<td>0.44%</td>
<td>120,240</td>
<td>0.79%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>15,517,000</td>
<td>(1993) 0.38%</td>
<td>(1993) 119,200</td>
<td>0.77%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1992</td>
<td>8,692,000</td>
<td>0.30%</td>
<td>45,348</td>
<td>0.52%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>8,844,499</td>
<td>0.02%</td>
<td>39,895</td>
<td>0.45%</td>
</tr>
<tr>
<td>Israel***</td>
<td>1988</td>
<td>4,407,000</td>
<td>1.60%</td>
<td>13,034</td>
<td>0.30%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>4,477,000</td>
<td>1.60%</td>
<td>24,050</td>
<td>0.54%</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>4,560,000</td>
<td>1.60%</td>
<td>199,516</td>
<td>4.38%</td>
</tr>
<tr>
<td></td>
<td>1991</td>
<td>4,822,000</td>
<td>1.51%</td>
<td>176,100</td>
<td>3.65%</td>
</tr>
<tr>
<td></td>
<td>1992</td>
<td>5,059,000</td>
<td>1.51%</td>
<td>77,057</td>
<td>1.52%</td>
</tr>
<tr>
<td></td>
<td>1993</td>
<td>5,196,000</td>
<td>1.50%</td>
<td>76,805</td>
<td>1.48%</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td>5,328,000</td>
<td>1.50%</td>
<td>79,844</td>
<td>1.50%</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td>5,472,000</td>
<td>1.50%</td>
<td>76,361</td>
<td>1.40%</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>5,795,000</td>
<td>1.54%</td>
<td>75,000</td>
<td>1.29%</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>5,900,000</td>
<td>1.57%</td>
<td>56,095</td>
<td>1.0%</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>6,041,400</td>
<td>1.50%</td>
<td>56,700</td>
<td>0.96%</td>
</tr>
<tr>
<td></td>
<td>1999 (est.)</td>
<td>6,200,000</td>
<td></td>
<td>70,000</td>
<td>1.16%</td>
</tr>
</tbody>
</table>

Sources:

Let us look at some comparative numbers (see Table 1.1): In a typical year such as 1996, the USA - a country of some 265 million people in 50 states - took in approximately 900,000 immigrants. This represents an addition of only 0.35% to its total population, slightly down from 0.4% in 1992. Canada which in the past has had a more open-door policy toward immigrants compared with most other advanced-economy countries (1.00% in 1992), has been reducing its intake rate to 0.7% in 1995 (212,000 immigrants). The UK’s 1996 rate was 0.46, similar to its 1992 rate, allowing in 272,000 immigrants. Sweden allowed in some 40,000 immigrants in 1996, adding 0.5% to its population, a rate almost identical to its 1992 rate. The Netherlands was willing to absorb more than most other European countries - 0.77%. If we exclude Israel, Germany, and France, to be discussed as special cases, the country with a consistently high rate of immigration is Australia, which is still willing to take in immigrants. In 1994 they accounted for a 1.2% population growth rate.

From these numbers, one can deduce that most advanced-economy countries have sought to protect themselves from mass immigration, as well as from the crises that might ensue were the intake to reflect demand. However, immigration in reasonable numbers usually creates positive economic and cultural change, especially if it is politically and socially desired (Carmon 1996: 12).

Recognizing this, a few advanced-economy countries have from time to time adopted a policy of a more generous immigrant intake. Some countries like the U.S.A., Canada and Australia have in the past done so for economic-development reasons. Canada and Australia still maintain this policy, albeit on a smaller scale than before. Others have taken in large numbers of immigrants for political reasons. An example is France, which in 1992 had Europe’s highest percent of population increase because of immigration–2.4%-. This reflected its political and cultural links with North Africa. By contrast, France’s immigrant intake from countries with which it has no special relationship is low. Among advanced-economy nations, few have an ideologically driven immigration policy. Germany and Israel are the outstanding examples.

Since the collapse of the Berlin wall and unification, Germany has had a policy of repatriating “ethnic Germans”, in addition to its reluctant intake of a trickle of immigrant workers. These ethnic Germans were citizens of the former East Block countries, the so-called Aussiedler immigrants (and are not to be confused with the residents of the former East Germany; Jones and Wild 1992). In 1991 this policy added 1.5% to Germany’s population, in 1992 a record 1.8%, and in 1995 it tapered down to 1.3% (see Table 1.1).

Israel, of all Western countries, is unique in its consistent open door policy toward specific types of immigrants (see below). However, as we shall see in Chapter 3, even though this policy has always been on the books, in 1989 no one expected mass immigration. It began in early 1990. Israel was to take in the largest number of immigrants relative to population size compared with any other advanced-economy country. In 1990 the population increased by 4.4% and in 1991 by 3.7%. In subsequent years the rate declined, to only 1.0% in 1997, but has increased somewhat in 1999. Another immigration wave is not unthinkable.

When comparing the impact of mass immigration on Israel and Germany, and indeed, in comparing Israel with any other advanced-economy country, one should take into account the relative size of the population, the economy, the average individual wealth and the available land resources. (In Chapter 4 I present these indicators for twelve countries.) If we focus on the Germany-Israel comparison, we see that in 1990 Israel had about 1/15 of Germany’s population , Israel’s GNP per person was about half of Germany’s, and the lowest of all the countries in the table. The size of Israel’s economy was approximately 3% of Germany’s and the lowest in the
table. The only ostensibly similar datum between Israel and several other European countries including Germany is population density. But in the future Israel will become the most densely inhabited country among the group because its natural growth rate, excluding immigration, is much higher than any other advanced-economy democratic country. Furthermore, the comparison should perhaps discount Israel’s stark Negev desert which takes up over 50% of the land area, and which has no equivalent in Germany or any other European country.

The story of mass immigration to an advanced-economy country may not remain unique to Israel. Experts estimate that the political, economic, and military upheaval in the former Soviet countries might yet force upon Western European and other advanced-economy countries large influxes of immigrants from many countries. The phasing out of international borders among the European Union countries has made immigration control much more difficult for them, so that illegal immigration has become a major political issue (The Economist, April 4, 1998:39-40). The experience of Israel may thus become relevant to more and more countries.

**Israel's immigration policy**

Because of its history and that of the Jewish people, Israel has had a unique immigration policy. Since the country’s establishment in 1948, the law and practice have been that the country must be ready and willing to take in any Jewish person or family-member (up to the third generation) who wishes to come to Israel. This ideologically buttressed policy, viewed by many as the country’s *raison d'être*, holds that Israel should open its gates to any eligible person, regardless of health, age, or economic status. Through this policy Israel has willingly placed itself in situations of potential crisis. This happened in Israel’s formative years (1949 –1955), when the population increased 4-fold and again in 1989. Then, public policy and social norms among Israel’s Jewish citizens - 81% of the population in 1989 - recognized this influx of immigrants as a “positive catastrophe”, not a negative one.

This immigration policy is spelled out in two laws, which have remained almost unchanged. The 1950 Law of Return, one of Israel’s early laws, grants any Jewish person the right to immigrate at any time (to become an *oleh*), regardless of health, economic conditions, or profession. The Law of Return defines a Jewish person as the son or daughter of a Jewish mother who has not converted to another faith, or as any person who has converted to Judaism. The Law of Return, as amended in 1970, grants the right to immigrate to Israel and receive automatic citizenship to any family member of a Jewish person up to the third generation: that is, to a spouse, child, or grandchild of a Jewish person, whether or not that person has immigrated, and even if that person has died. It is estimated that between 25%, and 30 % of those who immigrated from the USSR in the 1990s are not Jewish according to the definition in the Law of Return, and that this rate has recently increased.

The 1952 Citizenship Law grants citizenship to anyone who has entered Israel as an *oleh* or has entered as a tourist but is eligible to be an *oleh*. In parallel to the Law of Return, the right to automatic citizenship is granted to any non-Jewish family member as defined above. Symbolically, until 1980 Israeli law was so favorable to immigrants that it curiously defined the rights of those born in Israel to be the rights of immigrants, rather than the converse (see Rubinstein, 1996: 877-893).

While in international comparative terms Israeli immigration law and policy is extremely open toward the specific group described above, it is very restrictive toward others. This
policy which has been in force since the State’s establishment, reflects its longstanding goal of maintaining the country’s scarce land and water resources so that it could serve as a haven for Jewish refugees, should there be a resurgence of Anti-Semitism anywhere in the world. As might be expected, Israel’s immigration policy is an integral part of the Middle East Conflict. Israel’s Arab citizens, who constituted 19% of its citizenry on the eve of the crisis, generally do not support this open-door policy towards Jewish immigrants.

It is important to understand Israel’s open-gate policy in order to appreciate the degree of uncertainty about the number of potential immigrants that prevailed in the 1990 crisis. In the Soviet Union, many Jews, responding to decades of stark anti-Semitism, preferred to keep their Jewish identity secret or in low profile, and to be registered as Russians. The rate of intermarriage was also high. Thus, as long as the Soviet Union existed, the number of potential immigrants was highly uncertain. And even if the information about the number of Jews had been available, it would have been difficult to estimate how many of the Jews and their non-Jewish family members wished to immigrate to Israel.

Starting in November 1989, Israel’s policy toward immigration – almost dormant since the mid-sixties – was put to the test. Estimates of the torrential immigration wave rose almost with each newscast, reaching an official estimate of 1.5 million newcomers over the next 4-5 years; some even cited two million. For a while, these estimates seemed to materialize: In 1990 alone, 200,000 immigrants arrived. Being the least affluent and the smallest among the group of countries in Table 1.1 (half the area of the Netherlands), Israel was facing a challenge of a magnitude no Western country had ever faced in peace time.

**Mass immigration and rapid urban growth**

When national policy in industrialized countries says “yes” to mass immigration, this inevitably also means saying “yes” to accelerated urban growth. Some cities and towns can be expected to grow rapidly. New immigrants usually settle in urban areas, where there are greater opportunities for employment and a better economic life - the goals that usually drove their decision to immigrate (Hall 1996). For example, the rise in intake of immigrants in Germany in recent years has led to a high rate of growth in cities such as Frankfurt (Friedmann and Lehrer, 1997).

While in recent history most of the world’s more affluent countries have not faced an immigration crisis on the national level, in many there is a domestic equivalent that may be no less pertinent to our analysis. Called “rapid growth areas,” particular cities or regions may face an influx of migrants from other parts of the country, who seek better employment, housing, or a better climate in which to retire. Growth rates may then be similar to the growth rates brought about by Israel’s mass-immigration wave. In the U.S., the “sun-belt” region is the best known example of this phenomenon. Planners and policy-makers in these regions have had to contend with the challenge of accelerated growth and its impacts on housing availability and prices, social services, education facilities, infrastructure, and the environment.

Rapid urban growth - even when generated by local migrants - is often seen as a recipe for social conflict. It is no surprise that in the USA, the term “growth management” is sometimes used as a cover for a policy of social exclusion. This term refers to planning-based policies adopted by cities and towns to control the extent, type, and timing of development. Such a policy is justified by some voters and decision-makers as intended to protect the property values of existing residents, or to restrict the entry of poorer people who might become a burden on social services and strain the town’s financial base (Downs, 1973; Stein, 1993; Nelson 1996; Haar, 1996;
Danielsen, Lang, and Fulton, 1999). In order to mitigate such exclusionary trends, several U.S. states have adopted a promising antidote -- “inclusionary housing” policies (Mallach, 1984; Calavita, Grimes, and Mallach, 1997; Nelson, 1996).

Where urban growth is due to immigrants from overseas – immigrants with another language and culture - the burden on social, educational, and employment services is probably heavier than when growth is due to local migrants. Local governments and the original residents will have to bear the real burden of the national-level policy. It is they who will have to cope with increased competition for housing, rising prices, increased pressure on education, health, and social services, and possibly, with the need to raise local taxes. The original residents may react by raising the moat and excluding the newcomers, or they may welcome the change.

**A Tale of Two Towns**

Two case-studies illustrate the modes of local-level responses to the crisis. The towns of Carmiel and Nazareth Illit, located in Israel’s northern Galilee area, both took in immigrants at some of the highest rates in the country, relative to population size. These two local governments and their residents said a clear “yes” to growth and went to great lengths to welcome the massive flow of new immigrants into their midst. Indeed, it was local government and small-town residents such as those of Carmiel and Nazareth Illit who were most directly impacted by the crisis. Chapter 13 reports on the different ways in which the decision-makers and planners in each of the towns responded to the crisis and managed the avalanche of immigrants.
Notes

1 On the immigration side, this trend also includes Russians and on the receiving side, it includes several other countries of the more successful formerly-socialist countries. This phenomenon has made the front page of the Wall Street Journal (September 25, 1997 - “Waves of Immigrants Taps Rapid Growth in Central Europe” by Matthew Kaminski).

2 In Table 4.1 the year 1990 does not appear for countries other than Israel, but since their growth rates are low, one can easily extrapolate to draw the conclusion we present.

3 Since inter-marriage between Jews and non-Jews in the former USSR has been high for quite some time, many of the immigrants who were to arrive during the crisis - say 25-30% -- were not Jewish according to Jewish-religious law; for example, they may have been the sons and daughters of a Jewish father or grandfather.

4 Most Arab citizens of Israel who, on the even of the crisis, constituted some 19% of Israel’s population did not share this view. Israel has a substantial minority of citizens of Arab nationality, mostly Moslem, some Christian. In 1999 they numbered 1.2 million. These are full citizens of the State of Israel and should not be confused with the 2.5 million or-so residents of the West Bank, Gaza, and the Golan Heights -- areas Israel occupied in 1967. The latter are not citizens of Israel, nor are these areas legally part of Israel. The peace talks between Israel and the Palestinian Authority have gradually transferred jurisdiction over most of this population (although not yet most of the land). The peace talks with Syria that gained momentum after the change of government in 1999 are expected to transfer jurisdiction over the Golan Heights as well (where there is a small Druz population).

5 The famous and contentious “who is a Jew” issue stems from this clause in the law. The Orthodox religious groups in Israel would like the law to state that conversion to Judaism will be recognized only if it is carried out according to strictly orthodox Rabbinical law. More liberal groups within Israel and among most Jewish communities abroad, would like the law to remain as is, because currently the absence of any specification means that conversion to Judaism by a Conservative or Reform rabbi should also be recognized by the Law of the Return. The Ministry of Interior, in charge of implementing this law, has usually been assigned to a minister who represents one of the orthodox coalition partners, and it is therefore not surprising that the conversion issue is often brought before the High Court of Justice by persons who contest the Minister’s administrative interpretation of the law.

6 Intermarriage between Jews and non-Jews in the former USSR has been high for quite some time, estimated by a leading demographer of the Jewish population to have reached 55% or higher by 1989 (DellaPergola, 1995; 1996: 166-7). The proportion between the “core” Jewish population and the “expanded” Jewish population (that includes family members) was 1:2 in the USSR (ibid.: 170). Thus many of the immigrants who arrived during the crisis - estimated at 25-30% -- were not Jewish according to Jewish-religious law, for example, they may have been the sons and daughters of a Jewish father or grandfather, non-Jewish spouses, or parents or children of a Jewish person.
Chapter 2:

Planning Theories and the Attributes of Crisis Problems

In order to analyze the manner in which planners and decision-makers handled the situation of mass immigration and rapid urban growth in Israel, I need to establish the special attributes of crisis situations, and how these differ from non-crisis situations. I then ask what - if at all - do planning theories tell us about how planners may be able to handle crisis situations. Chapter 3 analyzes this mass immigrant influx and absorption in order to see whether it did indeed have the attributes of a crisis, and if so, what these were.

Definitions of crises

The distinction between crisis and non-crisis situations may be intuitively clear to anyone actually facing a crisis, but researchers into public policy and corporate management do not all agree and have proposed different definitions. Two sets of definitions are the most useful for the present analysis. The first set comes from corporate management theory, where the treatment of crises has drawn considerable attention and spawned a significant body of literature. The second set comes from the public-policy (and urban-planning) literature, where, as Jaman and Kouzmin (1994) note, crisis research is a new area, which needs more attention.¹

Two leading researchers in corporate management, Pauchant and Mitroff (1992:12), define a crisis thus:

“...a crisis [is] a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core.”

In their view, a crisis situation requires at least two conditions:

...“first, the whole system needs to be affected to the point of being physically disturbed in its entirety; second, the basic assumptions of the members of that system need to be challenged to the point where they are forced either to realize the faulty foundation of these assumptions, or to develop defense mechanisms against these assumptions” (Pauchant and Mitroff, 1992: 12)²

Thus, Pauchant and Mitroff distinguish between crises and other emergency situations. They list four such situations: incident, conflict, accident, and crisis. These are placed along a two-by-two framework, with “system area” on one side, and “system level” on the other side (see Table 2.1). Since they hold that a crisis situation is one where the entire system is affected, not only a subsystem, the mass immigration situation in Israel would not have merited the title of “crisis” had it affected only - say - housing. The matrix indicates that in a crisis, the “symbolic level” as
well as the physical is involved. By this, I assume, the authors mean that not only the physical and budgetary resources are challenged but also the goals, norms, and values that the corporation represents.

Table 2.1. Definition of Terms in Crisis Management (according to Pauchant and Mitroff, 1992: 3).

<table>
<thead>
<tr>
<th>System Area</th>
<th>System Level</th>
<th>Subsystem</th>
<th>Whole System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>Incident</td>
<td>Accident</td>
<td></td>
</tr>
<tr>
<td>Symbolic</td>
<td>Conflict</td>
<td>Crisis</td>
<td></td>
</tr>
</tbody>
</table>

The second set of definitions comes from the public-policy and public-administration areas. The classic definition, based on foreign affairs research, is by Hermann:

“A crisis is a situation that threatens high-priority goals for the decision-making unit, restricts the amount of time available for response before the decision is transformed and surprises the members of the decision-making unit by its occurrence” (Hermann 1972: 13).

In this definition there are three elements: a perceived threat to highly valued goals; severely shortened decision time, with a perception that delay will entail major costs or damages; and surprise, meaning that the decision makers are unaware that a crisis situation is looming. Hermann is careful to distinguish between surprise and lack of planning. Billings, Milburn, and Schaalman (1980) develop Hermann’s definition further, emphasizing the subjective, perceived dimension of each of the three elements which Hermann has noted.

In this research we are interested not just in the attributes of crisis, but especially in their influence on modes of public planning and decision-making. Important- but all too-rare - contributions to this type of analysis have been made by Bryson (1981), by ‘t Hart, Rosenthal, and Kouzmin, (1993) and by Rosenthal and Kouzmin (1997). Bryson proposes the following definition:

“...a crisis occurs when a system is required or expected to handle a situation for which existing resources, procedures, laws, structures, and/or mechanisms, ... are inadequate.”

This definition is well oriented to public-policy decisions in its emphasis on the legal and procedural contexts in which the particular organization or decision is embedded because it might indeed require a change in existing laws, procedures, institutional structures, and resources. It also stresses the elements of uncertainty and dearth of knowledge about appropriate solutions.
Rosenthal and Kouzmin (1997: 280), adopting a definition proposed earlier by Rosenthal, ‘t Hart, and Charles (1989: 10), see a crisis as:

“... a serious threat to the basic structure or the fundamental values and norms of a social system, which – under time pressure and highly uncertain circumstances – necessitates making critical decisions.”

In focusing on the impacts crises have on decision-making, the latter two definitions are especially appropriate as a starting point for our research into the manner in which the Israeli crisis altered the modes of making decisions in planning.

**Crisis and disasters: are they one and the same?**


The view of crises as negative characterizes not only the public-policy and planning fields but also corporate management, where the theory of crisis management has captured much attention. Pauchant and Mitroff (1992: 28) and Mitroff and Pearson (1993: 18-19), propose a classification of crises by clusters or types. They list external economic attacks, external information attacks, megadamage, occupational health and diseases, terrorism, sabotage, executive kidnapping, sexual harassment, and many other “goodies”. These authors make the effort to list in detail over 100 situations of crisis or accidents that might turn into full-fledged crises (Pauchant and Mitroff, 1992: 26; Mitroff and Pearson 1993: 33). Yet, nowhere do they consider crises as positive opportunities. A major change to the entire system, one that involves the symbolic level, and that happens unexpectedly, may just turn out to have positive results and be desired by the corporation’s decision-makers or stakeholders.

Disasters can be, and should be, distinguished from the more encompassing concept of crisis. One of the pioneers of social-science research into disasters, Charles Fritz, defines disaster thus:

“... an event, concentrated in time and space, in which a society, or a relatively self-sufficient subset of society, undergoes severe danger and incurs such losses to its members and physical appurtenances that the social structure is disrupted and the fulfillment of all or some of the essential functions of the society is prevented.” (Fritz, 1961, cited in Steele, 1996).

While this definition does resemble the definitions of crisis cited above, it also includes a major difference - the perception of a great danger and loss.

Disasters are distinct from situations of “positive” crises. Their relationships to goals and values differ and there are important operational differences. When a disaster occurs there are often life-threatening situations which may also threaten the basic law and order and the
legitimacy of the socio-political system (Rosenthal and Kouzmin, 1997). In the case of corporations, “life threat” can be read as a threat to the very existence of the corporation. And in the public domain, emergency powers may come into force by law or administrative order that may change administrative and public behavior in a way that would not, and usually could not, occur in non-disaster crises. Where disaster-mitigation planning is practiced, such rules and regulations are prepared in advance (Kartez and Lindell 1987; Godschalk et al 1999).

There are several exceptions to the general silence on crisis situations seen as positive opportunities. Not surprisingly, more balanced analysis is presented, mostly by authors from the public-planning and policy analysis areas. The classic contribution, which we shall encounter in greater detail later in this chapter, is by Braybrooke and Lindblom (1963:61) who classify crises as situations of high change and low understanding. In that category they include not only wars and revolutions, but also “grand opportunities”.

Another planning theorist who does not see crises as necessarily negative is Bryson (1981). His definition of crises was quoted above. Indeed, he focuses on crises as opportunities for achieving desired change, and several of the concepts he proposes will help us in our analysis. Rosenthal and Kouzmin (1997), who concentrate on the impact of crises on decision-making, also note that crises may provide opportunities for desired change, depending on one’s perspective. Christensen (1985) uses the term “chaos” to describe the most extreme type of situation that planners may face, but leaves the substantive characteristics neutral, not necessarily referring to disasters. I shall apply her theoretical constructs to our “positive” crisis.

**Attributes of crisis situations as planning problems**

Our survey of definitions indicates that researchers in the fields of public-policy, planning, and corporate management do not agree on the attributes that characterize crisis situations. For our purposes, there is no need to choose among the various definitions. Instead, I propose to draw from the literature as full a range of attributes of crisis situations as possible. My list includes seven attributes of crises: a high degree of uncertainty and surprise, a high degree of change and turbulence, high risks and threats, system-wide and complex effects of anticipated impacts, a low degree of knowledge about solutions, a challenge to the symbolic level and to the social consensus, and finally, urgency because of the high cost of delay.

Table 2.2 elaborates on this list, presenting each attribute alongside the names of authors who have adopted it to describe crisis situations. Some of these concepts have been mentioned above; others will appear later in this or subsequent chapters. In Chapter 3, I apply this set of attributes to the analysis of the situation of mass immigration to Israel. Looking at each attribute in turn, I ask, to what degree the mass-immigration challenge exhibited the characteristics of a crisis situation.
### Table 2.2. Attributes of Crisis Problems and Literature Sources that Mention Them

- **uncertainty; dependence on exogenous variables**
  - Dror (1986; distinguishes among four types of uncertainty); Friend and Hickling (1987); Douglas and Wildavsky (1982 - "knowledge" about the phenomenon); Braybrooke and Lindblom (1963 - "understanding" - about the phenomenon); Hermann (1972 - “surprise”); Billings, Milburn, and Schaalman (1980); Rosenthal and Kouzmin (1997).

- **degree of change**
  - Braybrooke and Lindblom (1963); Jarman and Kouzmin (1994a - “turbulence”)

- **magnitude of risks**
  - Rescher (1983 - classical risk theory); Douglas and Wildavsky (1982 - on the subjective and cultural and political views of risk); March and Shapira (1992 - on the subjective attitudes to risk-taking)

- **system-wide and complexity anticipated impacts**

- **knowledge about solutions**
  - Braybrooke and Lindblom (1963 - "understanding" - about solutions); Christensen (1985 - "little known or unknown technologies"); Bryson (1981 - inadequate existing mechanisms, resources)

- **degree of consensus about goals**
  - Douglas and Wildavsky (1982); Christensen (1985); Hermann (1972); Billings, Milburn, and Schaalman (1980); Pauchant and Mitroff (1992 - “symbolic area”)

- **urgency; high cost to delay**
  - Not frequently mentioned in the literature, Exceptions are: Hermann (1972); Millings, Millburn, and Schaalman (1980); Rosenthal and Kouzmin (1997).
Can planning help in times of crises?

Having defined crises and their attributes, I now examine how planning theorists regard the role of planning in times of crises. First I summarize the literature about disasters or ‘negative crises’, which is only indirectly related to the present research; and then I examine the body of knowledge that planners recognize as “planning theory” that addresses all types of problems that may be the subject of planning.

Planning and disaster mitigation

The literature on the public-policy aspects of disasters identifies four different stages: preparation, response, recovery, and mitigation (Godschalk et al 1999, chapter 1). In her survey of the literature, Steele (1996) notes that most of the effort has been devoted to forecasting the occurrence of disasters and to the routine preparedness of the traditional emergency services. She argues that much less attention has been given to planning ahead for mitigation on the basis of systematic analysis of the mid- and long-term consequences of past disasters. Godschalk et al. (1999, chapter 1) make a similar point about the inadequacy of planning for mitigation. They argue that the 1988 federal legislation, which conditions the receipt of federal disaster assistance upon the preparation of specific mitigation plans, has not been adequately implemented and monitored. Burby et al (1999) show that federal subsidies for insurance, generous disaster relief, and subsidies for hazard control measures reduce the risk to local governments as well as to private builders, thus discouraging good land-use planning and self-protective action. Furthermore, these subsidies paradoxically encouraged more intensive development so as to justify investments in costly, but subsidized, structural controls.

Steele is optimistic, that analysis of the complex repercussions of past disasters will encourage forward planning for mitigation of future disasters. She does not explore why such planning has been weak in the past, what the institutional conditions for its successful operation are, and what roles planners will likely play in decision-making. Godschalk et al. after in-depth analysis of several case studies, conclude with a set of “ethical guidelines” designed to help decision makers with the difficult task of preparing mitigation plans. Burby et al (1999) propose a series of steps to strengthen appropriate local land-use planning that mitigates the risks of damage, while reducing the spurious effects of the federal subsidies programs.

Researchers in corporate management are even more optimistic about the prospects for planning for crisis mitigation. This optimism is expressed in the very titles of some important authors in this field: “Transforming the Crisis-Prone Organization” (Pauchant and Mitroff 1992), “Crisis Ma: A Diagnostic Guide for Improving Your Organization’s Crisis-Preparedness” (Mitroff and Pearson, 1993), and “From crisis Prone to Crisis Prepared: A Framework for Crisis Management” (Pearson and Mitroff, 1993).

The authors outline a wide ranging set of actions which corporations should take. These actions pertain to four levels of perception and action: the individual psychological dimension, the collective beliefs and rationalizations prevalent in the organization, the organizational infrastructure designated to deal with crisis management, and the plans and procedures for crisis management (Pauchant and Mitroff, 1992: 49-51). For each of these levels, the authors provide a set of guidelines and ideas, such as how to avoid the “ostrich complex” on the individual-psychology level (at p. 79), how to identify faulty rationalizations about crises on the collective-beliefs level (31 types are listed on p.86), how to restructure the organization and to establish a special Crisis Management Unit as part of the “ideal” structure (pp. 109-118), and finally, how do...
draw strategic plans for the worst case, while taking a holistic approach, challenging existing assumptions, and involving all stakeholders (pp. 126-144).

Kartez and Lindell (1987) are much less optimistic about the likely success of installing and instilling disaster preparedness and planning. Whereas the Mitroff team proposed the concept of a “diagnostic guide”, Kartez and Lindell’s excellent article can be tagged an “agnostic guide”. They analyze the actual effectiveness of pre-planning for disaster. Their findings show that most local and state government agencies in the USA do have disaster-emergency plans in place. These tend to have a routine, military-like style and focus largely on law enforcement and on the coordination and operation of traditional emergency services.

Unlike the optimism exhibited by Steele and the Mitroff team, the core of Kartez and Lindell’s 1987 paper analyzes the reasons for the weakness of planning for disaster mitigation in the USA: “Local disaster planning takes place in a complex, multi-agency environment. Many obstacles hinder it and few incentives promote it prior to a major disaster”. A primary reason is that much of the disaster-planning task should revolve around improving coordination among agencies, but this is difficult because of the low status that disaster planning usually holds within the organization. Another obstacle is the widely varying perceptions among disciplines and professions, each of which sees the disaster problem from its own perspective. Other stumbling blocks are the psychological barriers to effective learning from past experiences that stem from the human tendency to extrapolate from everyday experience to major emergencies. Although the 1988 federal legislation has likely brought about some improvement in disaster preparedness, Kartez and Lindell’s core argument still holds, as the findings of Godschalk et al (1999) and Burby et al (1999) indicate.

Kartez and Lindell analyze the empirical effectiveness of disaster planning among local authorities in terms of three sets of variables: the degree of experience with disasters in the past; the degree of attention devoted to planning strategies; and the degree of implementation of emergency-preparedness practices. Their findings at first seem to be optimistic about the role of planning. They report that localities with low-experience and high-planning scores have adopted almost as many good preparedness practices as localities with high experience but low planning. However, Kartez and Lindell qualify this optimism by noting that the average effect of enhanced planning was to introduce only one additional good practice. Even localities with the most experience with disasters where people have suffered great dangers and perhaps major losses of life and property are likely to adopt only half of the good practices recommended. The authors rightly call these findings a “dismal reality” and propose an approach for improving disaster planning.

The body of literature that describes and analyses the modes of decision-making during a crisis – the focus of this book - is even thinner than the literature about disaster pre-planning. Bryson’s (1981) contribution still stands almost alone. He proposes a theoretical perspective about the differences that crisis-time decision-making is likely to exhibit in comparison with non-crisis times, and provides a set of hypotheses about the possible effects on institutional and decision modes. Bryson points out that many of these differences can be used as positive opportunities for effecting desired changes.

**Frameworks of approaches to planning by problem type**

What do planning theories tell us about how planning should handle crisis-type problems as distinct from other types of problems? Surprisingly little. Indeed, in recent years we have seen
an unprecedented effort to compile readers in planning theory. Yet, none of the compendiums includes even a single essay specifically dealing with crises (Stein, Ed., 1995; and Mandelbaum, Mazza, and Burchell, Eds., 1996; cf. Campbell and Fainstein, Eds6., 1996).)

Most of the theoretical approaches in the usual "kit of tools" of planners do not provide direction on how to distinguish between situations of "life as usual", and crisis situations. This observation holds for most planning approaches, whether procedural, such as the rational-comprehensive, incremental, mix-scanning, or strategic approaches; or social-progressive and pragmatic, such as the advocacy, transactive learning, communicative, critical, or radical "guerrilla-in-the bureaucracy" approaches.

Indeed, most of these approaches to planning implicitly assume a relatively stable system where a modest change is sought, and where there is ample time to perform the typical planning tasks of analyzing, scanning, modeling, advocating, mediating, coordinating, improving communication, and collaborating. But the task of proposing planning solutions in a relatively stable system may differ significantly from the task of developing solutions to problems in a major crisis where uncertainty is high, the needs are urgent, the necessary change is large-scale, the risks are high, the planned system is in turbulence, and the usual modes of communication and coordination are strained.

The planning and public policy literature has offered several frameworks, often called “contingency frameworks” (Jarman and Kouzmin 1994a), that do help us to match a suitable planning approach to different types of problem-situations. Several theorists have divided up the universe of types of problems which planners tackle, by using some of the attributes noted in table 2.2, such as degree of uncertainty, change, knowledge, complexity, risk, and consent. Each theorist proposes a set of suggested planning approaches that best fit each type of problem or planning situation. When the Israeli crisis broke and I began my search for guidance from planning theory about how the crisis might be handled, I thought that I would find such guidance in one of these models.

Four models are recognized as influential contributions to planning theory and policy science, and so I have chosen to survey them in detail. I include a fifth mode because it is a more recent synthesis of some other approaches. The five models are by Braybrooke and Lindblom (1963), Cartwright (1973), Douglas and Wildavsky (1982), Christensen (1985), and Jarman and Kouzmin (1994a).

Crises as “fourth quadrant” problems

Tables 2.3 through 2.8 present the frameworks offered by these five sets of authors. Each of the five frameworks is based on two variables and divides the universe of types of problems into four "ideal type" categories. In all five frameworks, crisis-like situations are assigned to the fourth quadrant, so I shall call them “fourth-quadrant problems”. It is striking that three of the five frameworks relegate the fourth quadrant-type problems to a realm outside planning, or beyond the current state of understanding. The other two frameworks, by Christensen and by Jarman and Kouzmin, are more optimistic, but offer only qualified, highly contingent, guidelines.

Table 2.3: Approaches to planning by problem type according to Braybrooke and Lindblom (1963).
Braybrooke and Lindblom's diagram (Table 2.3) has become a classic. These authors distinguish among planning problems by degree of understanding and degree of change. In the fourth quadrant, they classify problems where large change is sought, while the degree of understanding is low. For our purposes, Braybrooke and Lindblom's framework is very relevant because in their fourth quadrant they list not only wars, revolutions, and crisis, but also "grand opportunities" - a designation which Israel's decision makers and most of the population would associate with the immigrant-absorption crisis. However, regarding the appropriate type of analytical method for handling this kind of problem, Braybrooke and Lindblom say - "not formalized or well understood".

![High Understanding and Low Understanding Diagram]

**High Understanding**

<table>
<thead>
<tr>
<th>Quadrant 1</th>
<th>Quadrant 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental Change</td>
<td>Large Change</td>
</tr>
<tr>
<td>Some administrative and &quot;technical&quot; decision-making</td>
<td>Revolutionary and utopian decision-making</td>
</tr>
<tr>
<td>Analytical method: synoptic</td>
<td>Analytical method: none</td>
</tr>
</tbody>
</table>

**Low Understanding**

<table>
<thead>
<tr>
<th>Quadrant 3</th>
<th>Quadrant 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental politics</td>
<td>Wars, revolutions, crises and grand opportunities</td>
</tr>
<tr>
<td>Analytical method: disjointed incrementalism (among others)</td>
<td>Analytical method: not formalized or well understood</td>
</tr>
</tbody>
</table>

Table 2.4: A typology of problems according to Cartwright, 1973

<table>
<thead>
<tr>
<th>Number of Variables</th>
<th>Nature of Variables</th>
<th>Calculable</th>
<th>Incalculable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specified</td>
<td></td>
<td>1 simple problems</td>
<td>3 Complex problem</td>
</tr>
<tr>
<td>Unspecified</td>
<td></td>
<td>2 Compound problem</td>
<td>4 Metaproblem</td>
</tr>
</tbody>
</table>

The second classical diagram is by Cartwright (Table 2.4). His framework approaches uncertainty from the point of view of degree of knowledge about the problems. He places "nature of variables" on one side, and "number of variables" on the other. He calls his fourth-quadrant types of problems "metaproblems" (a term that has entered planning-talk and is reminiscent of Rittel and Webber's (1973) famous "wicked problems") Cartwright is the only one who designates a particular planning approach to fourth-quadrant problems, the "disjointed and incremental" approach..
However, this approach is clearly inapplicable to crises such as the one under discussion, but where else in the framework could they fit? Incrementalism is based on small, adaptive, ameliorative, trial and error decisions (Lindblom, 1959). Imagine waiting for incrementalism to house hundreds of thousands of immigrants! Thus in planning for the crisis in our case study, there simply was no time for relying on incrementalism. As Rosenthal and Kouzmin (1997: 294) have put it, “muddling through [is] incompatible with a dramatic deterioration of the ‘normal’ state of affairs”. So in fact, Cartwright does not provide us with the appropriate planning approach for handling a crisis.

The third contribution, by Douglas and Wildavsky (1982), aims to distinguish among degrees of risk in handling problems (Table 2.5). The first three quadrants deal with risk problems of a technical, agreement, or information nature. Assessment of risk is especially difficult where problems of the fourth quadrant are concerned because these are characterized both by uncertain knowledge and by an absence of agreement about their definition and solution. The authors doubt the existence of a planning or policy-analysis solution which can be recommended. The glaring question mark they have placed in their fourth quadrant says it all.

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Certain</th>
<th>Uncertain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consent</td>
<td>Problem: technical</td>
<td>Problem: Information</td>
</tr>
<tr>
<td></td>
<td>Solution: calculation</td>
<td>Solution: research</td>
</tr>
<tr>
<td>Contested</td>
<td>Problem: (dis) agreement</td>
<td>Problem: knowledge and consent</td>
</tr>
<tr>
<td>Complete</td>
<td>Solution: coercion or discussion</td>
<td>Solution: ?</td>
</tr>
</tbody>
</table>

Table 2.5: A typology of problems and solutions according to Douglas and Wildavsky (1982)

The fourth framework is by Jarman and Kouzmin (1994a) (Table 2.6). They draw upon two earlier schemes, well known in the public-policy field, and link them together. The first scheme is by Emery and Trist (1965). It distinguishes among four types of interorganizational environments in terms of degree of uncertainty, noting four states: Placid-random, placid-clustered, disturbed-reactive, and turbulent. Note again that the fourth quadrant is where a crisis situation would fit. The second scheme which they incorporate is by Thompson (1967). It refers to four types of decision-making processes which are (presumably) appropriate to each of the four environmental states: Calculation, judgment, compromise, and inspiration. Jarman and Kouzmin assign the fourth-quadrant term, Inspiration, to – yes -- crisis situations!

<table>
<thead>
<tr>
<th>Decision-making process</th>
<th>Environmental States</th>
<th>Decision-making pattern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1: Calculation</td>
<td>Placid-Random</td>
<td>Algorithm</td>
</tr>
<tr>
<td>Type 2: Judgement</td>
<td>Placid-Clustered</td>
<td>Opportunity-Cost</td>
</tr>
</tbody>
</table>
Table 2.6: Contingent crisis decision-making patterns according to Jarman and Kouzmin (1994a)

Jarman and Kouzmin connect the two schemes into a three-dimensional table one, adding the missing dimension that characterizes the decision criteria. Thus, for Quadrant 1 problems, where there is a Placid-Random environment combined with the Calculation decision mode, the appropriate decision criterion is Algorithm - an engineering-type solution that leaves little room for discretion. For Quadrant 2 problems, where the environment is Placid-Clustered and the decision process is Judgmental, the appropriate criterion is Opportunity-Cost (which is better known in planning-theory terminology as rational decision-making, though not necessarily comprehensive). For Quadrant 3 problems, where the environment is “Disturbed-Reactive” and the decision-making mode is Compromise, the appropriate criterion is “Muddling Through”. And finally, in the fourth quadrant, the environment is turbulent, the decision process is Inspiration, and the appropriate decision criterion is, indeed, Crisis.

I admit that I found Jarman and Kouzmin’s argument quite hard to follow. In trying to be overly compact, they have allowed their paper to lapse over many of the connective links in the argument: They place “Crisis” under the third column titled “decision-making pattern” (by which they seem to mean, decision-making criterion, as distinct from “decision-making process” in their first column). But crisis is not a parallel concept to the other items under that third column – algorithm, opportunity cost and muddling through - all of which are indeed decision modes or criteria. Perhaps the authors should have made a switch among their columns: Inspiration should have been included under “decision-making pattern”, while Crisis should have been included under Decision-making process, the first column rather than under the third column.

While Jarman and Kouzmin do attempt to suggest a heuristic model of how to deal with crisis problems, offering some concepts similar to Christensen’s framework to be discussed next, they do so with less clarity than does Christensen. I see the major contribution of their article in the linkage made between Inspiration and Crisis. However, while the notion that inspiration is a decision-making process that characterizes crises is indeed inspiring, it is also quite frustrating: Can planners make an appointment with the muse, and indeed, can they do so while a crisis is raging? Inspiration is hardly a reliable mode for public planning. So in effect, Jarman and Kouzmin, despite their elaborate model, leave crisis situations outside the realm of public planning. We are again left with a big question mark in the fourth quadrant.

Goal

<table>
<thead>
<tr>
<th>Technology</th>
<th>Goal</th>
<th>( A ) Programming</th>
<th>( C ) Bargaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>( A ) Programming</td>
<td>Predictability</td>
<td>( C ) Bargaining</td>
<td>Accommodation of</td>
</tr>
</tbody>
</table>

25
Table 2.7: Prototypes of planning problems and expectations of government – Christensen, 1985.

I have found the fifth framework by Christensen (1985) to be the most useful as a source of theoretical insights for analyzing the case study (Table 2.7). In an article titled "Coping with Uncertainty in Planning", she proposes two dimensions for distinguishing among problem types: Degree of goal agreement and degree of knowledge about the "technology" (i.e., means, strategies) for solving the problems. The fourth quadrant is where crisis situations might fall: there is little agreement among goals and the solutions are unknown. Christensen names this quadrant -- "Chaos". In another diagram (Table 2.8) she presents a set of roles that planners might adopt for problems falling within each of the four quadrants. Many contemporary approaches to planning, whether process-oriented or social-progressive, are shown to be relevant to quadrants A, B and C, but not directly to quadrant D. However, unlike the other theorists and frameworks surveyed, Christensen does not give up on this quadrant. Rather, she devotes the rest of her article to a discussion of how planners typically handle the more "severe" kinds of uncertainty. For problems verging on chaos, Christensen notes the importance of a charismatic leader and defines the planners' role as "problem-finder" or problem-definer:

"The situation calls for a charismatic leader... to create a public sense of confidence. Regrettably, charisma is hard to learn. Consequently, the task of creating some form of order must be pared to the still-gargantuan challenge of problem finding. Conditions of uncertainty about both means and ends demand that the planner articulate the issue. The way the problem is formulated must be compelling enough and intelligible enough to provide some stable motivation for attempts at resolution." (at p. 68).

<table>
<thead>
<tr>
<th>Known</th>
<th>- Equity</th>
<th>- Accountability</th>
<th>- Efficiency</th>
<th>- Effectiveness</th>
<th>multiple preferences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknown</td>
<td>B</td>
<td>Experimentation</td>
<td>- Innovation</td>
<td>- Responsiveness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>Chaos</td>
<td>- (charismatic leader)</td>
<td>- Problem-finder</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.7: Prototypes of planning problems and expectations of government – Christensen, 1985.

<table>
<thead>
<tr>
<th>Goal</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Technology</th>
<th>Agreed</th>
<th>Not agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Known</td>
<td>A</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>- Programmer</td>
<td>- Advocate</td>
</tr>
<tr>
<td></td>
<td>- Standardizer</td>
<td>- Participation Promoter</td>
</tr>
<tr>
<td></td>
<td>- Rule-Setter</td>
<td>- Facilitator</td>
</tr>
<tr>
<td></td>
<td>- Regulator</td>
<td>- Mediator</td>
</tr>
<tr>
<td></td>
<td>- Scheduler</td>
<td>- Constitution-Writer</td>
</tr>
<tr>
<td></td>
<td>- Optimizer</td>
<td>- Bargainer</td>
</tr>
<tr>
<td></td>
<td>- Analyst</td>
<td></td>
</tr>
</tbody>
</table>
Table 2.8: Planning roles categorized by planning conditions according to Christensen (1985)

<table>
<thead>
<tr>
<th>Unknown</th>
<th>B</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Administrator</td>
<td>(Charismatic Leader)</td>
</tr>
<tr>
<td></td>
<td>- Pragmatist</td>
<td>- Problem-Finder</td>
</tr>
<tr>
<td></td>
<td>- Adjuster</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Researcher</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Experimenter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Innovator</td>
<td></td>
</tr>
</tbody>
</table>

Christensen's central thesis is that planners need not give up when chaos strikes; they may be able to redefine the problem so as to "move" it to a more solution-prone quadrant. They might attempt to transpose the definition of the problem from quadrants B and C to quadrant A, where criteria for success can be articulated, and from chaos-ridden Quadrant D to B and C. In this way, they will find refuge from the difficulties of handling disagreements about goals or from the burden of insufficient technical knowledge. While at times it is not clear whether Christensen adequately distinguishes between the descriptive aspects of her theory (planners act this way in practice) and the normative ones (under certain circumstances, planners should reformulate the problem), her argument could usefully pertain to both these levels.

For planners who may face Quadrant-Four-type problems, Christensen's framework offers an optimistic view of being able to help in managing crises. Her framework, supplemented with other concepts from the literature surveyed, is applied in Part III. It is useful for understanding the rather complex and at times overwhelming set of decisions made during the crisis and how planners coped with them.

Before analyzing our case study, I must prove that the mass-immigration situation did indeed have the characteristics of a bona fide crisis according to the attributes of crises outlined in Table 2.2. Chapter 3 is devoted to this task.
Notes


2 These two authors base their definition on a list of other definitions by researchers in the corporate management and organization theory areas: Nystrom and Starbuck, 1984, who propose the notion of “a threat to the organization’s own survival”, Fink, Beak, and Taddeo, 1971, who speak of “threat to the system in its entirety”, and Tushman, Newman, and Romalli, 1986, who see crisis as a “frame-breaker”. Cited in Pauchant and Mitroff, 1992: 12.

3 This definition contains some elements, such as surprise, that are common also to the definition of a “focusing event” proposed by Birkland (1997: 22). But the latter lacks several other characteristics of crises noted in this and other definitions, such as a system-wide effect or threat, involvement of the symbolic level, inadequacy of existing resources, and involvement of high-priority goals.

4 Another view of crises is provided by Jarman and Kouzmin (1994a) who see crises as situations where the environmental conditions are turbulent, as against the more placid conditions of non-crisis situations which are, at worst, “disturbed-reactive”.

5 For an example of the latter see Ritchie, 1977.

6 The Campbell and Fainstein (Eds., 1996) reader does contain one chapter with the word “crisis” in its title – by Fisher. However, the essay deals mostly with risk assessment rather than with crises.

7 For a survey of these or other approaches see Alexander, 1992, Chapter 4, Benveniste 1989: Chapter 3; Campbell and Fainstein, 1996: 1-14, and Healey, 1997: 7-71.

8 In the above summary of Jarman and Kouzmin’s model, I have found it necessary to assume more logical links than the article actually offers clearly. In doing so, I have become convinced that the authors’ argument contains an important flaw.

9 They recommend the transfer of a Crisis situation to the Algorithm criterion or at times, to the Opportunity-Cost criterion (but they do not adequately point out the rationale, the implications, and the dangers as Christensen aptly does); they also briefly mention the role of a charismatic leader, without systematic explanation.

5 While Christensen does not explicitly draw lines of movement from quadrant D, her discussion and examples indicate that her argument applies to the fourth quadrant as well, implying that planners encountering problems verging on chaos, will try to translate these into problems of quadrants B or C, and then, in turn, might try to reduce these to quadrant-A problems.
Chapter 3

The Attributes of Crises as Applied to Israel’s Mass Immigration Challenge

In Chapter 2 I asked: Why are crisis situations different from all other types of problems? After reviewing several definitions of crises offered by theorists of public policy and corporate management, I listed seven attributes that differentiate crisis from non-crisis situations. Table 2.2 presents each attribute in detail, together with the names of authors who have referred to it. In this chapter, I shall analyze the characteristics of Israel’s mass-immigration situation in terms of each one of these attributes in order to establish that the situation was, indeed, a crisis. The following box summarizes the list of attributes:

A Summary of the Seven Attributes of Crisis Situations

- high degree of uncertainty and dependency on exogenous variables (“surprise”)
- high degree of change (“turbulence”)
- high magnitude of risks and perceived threats
- system-wide and complex anticipated impacts
- low degree of knowledge and understanding; existing solutions inadequate
- challenge to the “symbolic” level; low degree of goal consensus
- urgency; high cost to delay.

Uncertainty and dependence on exogenous variables

Some more theoretical concepts

Most types of planning problems present planners with some degree of uncertainty. It is built into the definition of planning as the antithesis of determinism. Table 2.2 shows that many, perhaps most, of the theorists surveyed, consider a high level of uncertainty to be one of the key
attributes of crises.¹ Some, like Hermann (1972) in his classic definition of crisis, call such uncertainty “surprise”².

To understand the nature of crises, one should draw a distinction between situations that fall within the "usual" degrees of uncertainty that characterize even routine planning problems, and situations of very high uncertainty. Not all planning literature that discusses uncertainty is useful from our point of view. Many analysts dwarf the concept of uncertainty by applying it to any planning situation without drawing adequate distinctions.

Friend and Hickling (1987) devote much of their book Planning Under Pressure to uncertainty, distinguishing among three key types of uncertainties in planning: UE - uncertainties about the working environment, meaning the behavior of the system or phenomenon which is the object of planning; UV - uncertainties about guiding values; and UR - uncertainties about related decisions by other agencies or actors. But the authors' explanation of these categories hints that, in their view, the concept of "uncertainty" applies to many, if not most, planning situations. Like Benveniste in his comprehensive book on planning (1989), they too draw no distinction among different degrees of uncertainty. In fact, Friend and Hickling rely on examples from regular local land-use planning tasks while Benveniste cites routine managerial or micro-planning decisions. Of the three types of uncertainty defined by Friend and Hickling, the primary one for our purposes is the first – the degree of uncertainty about the very phenomenon of mass immigration.

Dror, one of the leading theorists in policy science, warns against the tendency to trivialize the concept of uncertainty. He reserves that term to describe situations where probabilities cannot be assigned, rather than to describe any situation where the future is not certain (Dror 1986). Rightly chastising "traditional planners" for ignoring even the rudimentary approaches to mapping uncertainty (at p. 25), Dror suggests that planners should learn to use two sets of distinctions: quantitative versus qualitative uncertainties, and "soft" versus "hard" uncertainties. Quantitative uncertainty characterizes a situation "where the alternative possible futures of relevant phenomena are known, but their probability distribution is unknown". Qualitative uncertainty characterizes a situation where "the very shape of possible futures is not known". Soft uncertainty applies to situations where the dynamics behave in some orderly, albeit complex way. Uncertainty then results from the lack of a method for good prediction rather than from structural features of the system. Whereas hard uncertainty is built into the dynamics of the phenomenon that behaves in a chaotic and indeterminate way.

When quantitative and qualitative uncertainties about the problem become very high, and when “hard” uncertainties are added, the task of planning should be viewed as quite different from routine planning (at p. 26). One may then say that a crisis is at hand.

Application to the Israeli crisis

Since Israel has a long-standing ideological commitment to serving as a haven for Jews in distress anywhere in the world, it has willingly exposed itself to the vagaries of uncertainty about Jewish immigration and shifting events in the international arena. This commitment, however, did not help to soften the sharp edges of uncertainty regarding the mass immigration wave.

I argue that the exit of Jews from the USSR to Israel, starting in November 1989, eschewed prediction, exhibiting the kind of uncertainty that, in Dror’s terms, was not only quantitative, but also qualitative. This argument needs proof. In retrospect, it may seem surprising that the mass immigration came as such a surprise. Didn’t everyone know about Israel’s commitment to take
in Jewish refugees and immigrants at all times (Chapter 1)? Didn’t everyone know that there was a large number of Jews and family members in the USSR, estimated at 2 million? And wasn’t everyone aware that the civil-rights and economic conditions in the USSR were deteriorating? For years prior to 1989, there had been public protest in Western countries against the Soviet authorities with the theme of “Let my people go”. So, you might ask, why did the change in USSR policy and the subsequent mass immigration come as such a total surprise?

These hindsight observations notwithstanding, mass immigration to Israel was not, and probably could not have been, predicted even by those most closely involved with promoting the exodus. In 1994 I interviewed Mr. Arnon Mentber, the then director general of the immigration department of the Jewish Agency. Even for him and his colleagues – the decision-makers who were most closely involved in the international and diplomatic immigration scene and who had access to the best and earliest sources of information – the exit of Jews from the USSR at that particular time came as a surprise on three counts: direction, timing, and magnitude. This surprise pertained both to the inception of the immigration wave and to its quantitative contours as it progressed. This is what Mr. Mentber told me:

The direction of immigration was a surprise because up to late 1989, most Soviet Jews who managed to exit elected to go to Western countries other than Israel. Throughout the eighties, the number of those choosing Israel had been small, reaching a rather embarrassing low of 5% in 1989. Officially, the emigrants were allowed to leave the USSR specifically for Israel, under the concept of repatriation. But during their processing stay in Austrian and Italian transit areas, most were allowed to “change their minds” and chose to emigrate to the USA or in smaller numbers to several other countries.

But toward the end of 1989, US policy changed, for reasons outlined below. As a result, most potential immigrants changed their destinations. The Soviet Jews’ change of direction could not have been anticipated, because until that time the Soviet media had deliberately disseminated disinformation about life in Israel. No one could know how many Soviet Jews, given Israel as their only effective option for immigration, would in fact choose to emigrate. How many would prefer to continue tolerating life in the USSR in the hope that it would improve, or to await another opportunity to immigrate to the USA?

The timing of the change of direction was a surprise as well. It had to do with the underlying trends that led to the final collapse of the Soviet Union – an event that has already become a symbol of the difficulty of anticipating world political developments. When mass immigration to Israel began in late 1989, the USSR had not yet collapsed dramatically. In accordance with President Gorbachev’s Perestroika policy, the regime was slowly relaxing its grip on its citizens. But this process was slow, and its impacts uncertain.

In retrospect, we know that the change began when, in mid-1989, the Soviets allowed Jewish emigrants to leave in ever-growing numbers. US immigration officials and Jewish-American leaders realized that if most of these emigrants were allowed into the USA, they would fill most of the 120,000 quota of refugees of all nationalities that the US accepted annually. There were also doubts whether the local Jewish communities in the USA, who had till then borne the brunt of the absorption of the smaller numbers of Soviet-Jewish immigrants, would want to be swamped by a large number of immigrants from a very different culture. The conclusion of all sides was that Israel was better able to handle the absorption of mass immigration of Soviet Jews. As a result, the US immigration authorities cut the number of visas granted to persons in the transit areas who used Israel as their pretext for leaving. By the latter half of 1989, US
immigration policy granted entry only to the relatively small number Jewish immigrants who had received their visas while still in the USSR.

You might ask: Could the timing of this change of policy not have been anticipated? The answer is – probably not. In the USA, the “freedom of choice of destination” for Soviet-Jewish immigrants had been controversial for many years. But apparently, no one, not even the Director General of the immigration department of the Jewish agency, had prior knowledge of whether or when a policy change would occur.

The magnitude of demand for immigration to Israel was also uncertain. This was due to several factors: First, exogenous variables such as the erratic nature of political events in the USSR and the political-security situation in the Middle East caused turbulence in the number of immigrants leaving the USSR and later the CIS. Second, the true number of Jews and family members in the USSR was uncertain because, after decades of anti-Semitism and restrictions on cultural and social identity, some Jews chose not to register officially as Jews. The number of non-Jewish family members eligible to immigrate to Israel was also unknown (Sicron 1998). Third, it was difficult to gauge how many Jews and family members would be interested in leaving the USSR (subsequently the CIS). Potential immigrants tended to react to immediate changes in the local economic and security conditions of both the CIS and Israel (Sicron 1998). And fourth, during the first part of the crisis, until the USSR re-established diplomatic relations and air links with Israel, there was uncertainty about the logistical capacity to transport large numbers to Israel and to obtain the permission of European countries for the land-bound routes.

The state of initial endemic uncertainty continued. No one predicted that the immigration wave would subside in 1992, and no one knows whether or when events in this volatile part of the world might set in motion another wave. For example, the resurgence of anti-Semitism in some of the former-Soviet areas has led some experts to anticipate renewed mass immigration. In 1999 the number of immigrants has indeed risen somewhat. Since there is now more information coming in and out of CIS, the degree of uncertainty has lessened.

A personal anecdote

Some personal recollections may illustrate how great was the degree of uncertainty. In Mid-October, 1989 I attended an international planning seminar in the Soviet Union. The onerous Soviet regime was still intact, although Perestroika was having some fledgling, and still highly distrusted, effects. The economy was at an all-time low. There was literally nothing to buy in most of Moscow’s or Leningrad’s stores – for example, the shoe racks in all the stores were empty. At this time, the first Israeli delegation arrived in Moscow, still holding pre-consular status since the Soviets did not yet agree to re-establish diplomatic relations. By coincidence, the conference organizers had booked a hotel room for me on the same floor as the delegation. I had no idea that I was witnessing historic change in the making.

Even to a visitor, it was clear that something was brewing within the Jewish population. In random encounters with a few Jewish people during my free time from the seminar, I was asked many hesitant questions about life in Israel. I was told that in the previous month, Soviet television had broadcast its first reporter-story about everyday life in Israel, showing street life in shops and cafes in Tel Aviv and Jerusalem. After decades of disinformation this new view of life in Israel was having an enormous effect. I happened to drive by the long queues of Jewish wishful-immigrants who were still queuing at the American embassy. Like me, they too were ignorant of the American change of policy.
In mid-October 1989, members of the small Israeli delegation whom I met in the hallway told me that they had begun to issue visas through the good offices of the Dutch ambassador. They said nothing about a mass wave of immigrants, probably because they too did not know it was coming. Within a fortnight of my return to Israel, the demand for immigration accelerated to such unanticipated proportions that the story of a forthcoming wave of immigrants was broadcast for the first time on the Israeli media. However, as we shall see in Part II, the estimates were much, much, smaller than the reality.

**The erratic numbers**

In the early months of 1990, the demand was so large that the only limiting factors became the number of consular representatives allowed in Moscow, their maximal daily output, and the capacity of the means of transport. Once these constraints were eased, the number of visas issued, as represented in Figure 3.1, became the major tool for providing a modicum of "advanced notice". However, the illusion of certainty, which grew in the period of accelerated demand when up to 28,000 visas were issued in a single month (July 1990), proved to be short-lived. Demand declined in late 1991 and 1992, after the breakdown of the Soviet Union, when potential immigrants decided not to leave. They may have hoped for better conditions in the CIS or assessed prospective economic conditions in Israel as problematic.

*Figure 3.1 about here*

The number of visas issued was not a sufficient indicator of the numbers that actually decided to exercise their right to immigrate. Figure 3.2 presents the erratic contours of the mass migration wave and high quantitative uncertainty. The high vulnerability of the immigration rate to exogenous, international factors is illustrated by the two peaks in Figure 3.2, which are the immediate result of the Gulf War: There were 37,000 immigrants just before the war, and

*Figure 3.1: Number of visas (thousands) issued to formerly-USSR citizens, by month*
8000 in February 1992, when the scud missiles were landing on Israeli cities. The numbers picked up once the war was over. Other exogenous events that occurred in the USSR and the CIS and could in no way be anticipated also had a marked effect. In addition, in April 1991, just after the Gulf War, Israelis were moved by the sight of some 20,000 Ethiopian Jews airlifted from their war-torn and starvation-prone country in a highly secret operation. Given all these uncertain exogenous events, official government forecasts found it difficult to come to grips with the quantitative uncertainty that characterized the immigration wave.

Since early 1992, there has been a deceptive sense of greater predictability. But an estimated 500,000 persons already hold pre-visa status and have not yet decided to activate it. This makes predictability as illusory as before. Moreover, the total number of Jews and non-Jewish family members (who also have the right to immigrate to Israel and receive citizenship - see Chapter 1), is estimated to be as high as 1.5 million; many are poor or old. Their decision to emigrate probably depends on the highly unstable economic situation in the various CIS states, and on the precarious conditions of Jews residing in areas where civil wars are raging or where there are overt expressions of anti-Semitism. The degree of success of the economic reforms in the former USSR, the degree of success in crime control, and, of course, the information the new immigrants send home about their experiences with life in Israel are all factors influencing the decision to immigrate to Israel.

Figure 3.2 Number of Immigrants to Israel per Month 1990-1992

Source: Ministry of Construction and Housing, June 1992. Monthly Data

Degree of change: Establishing the Base Line of Israel on the Eve of the Crisis
The second attribute of a crisis situation is the degree of change. Braybrooke and Lindblom (1963: 66-71) note that an important variable in selecting an appropriate planning approach is the degree of change required or sought. Although all planning is about change (or containment of pressures for change), crises involve especially large changes (see also Jarman and Kouzmin, 1994a, and Dror 1986).

In order to assess the degree of change that the challenge of mass-immigrant absorption was to bring about, we must first establish the "base line" from which change diverted. On the eve of the immigration wave, Israel was in an especially placid – even stagnant – period. At that particular point in Israel's social, economic, and cultural history, a large immigration wave would clearly entail a major change of course.

By the early 1980's Israel had successfully extracted itself from the developing-country mode of the 1950's and 1960's. Its GDP per person was gradually approaching a European level, albeit on the lower end and Israel was entering a phase more akin to other advanced-economy countries - a phase I'd like to call "steady-state Israel". Since the mid-1980s, the immigration rate had been at an all-time low averaging some 12,000 annually, thus barely offsetting out-migration by Israelis. This was a new situation with which the country had to come to grips not only demographically but also ideologically. Figure 1.1 in Chapter 1 shows the low rates of immigration in the 1980’s as compared with the rates during the crisis years. Note too that the post-crisis rates, though low compared with the crisis-time rates, were still some 5-7 times higher than in pre-crisis years.

The following story will illustrate the difficulties that public policymakers experienced in changing their decades-long "mindset" in order to deal with the new steady-state of the 1980s. This story also illustrates vividly how the authorities failed to foresee the mass immigration wave.

In 1987-88 the immigration rate was so low that -- with no premonition of what was to come -- the Ministry of Immigrant Absorption decided to close its "immigrant absorption centers", and proposed instead an innovative concept tagged "direct immigrant absorption". The absorption centers had for decades been the centerpiece of immigrant-absorption policy (Leshem 1998: 45-47). Their purpose had been to serve as language learning centers and as temporary housing for a few months. Public criticism was mounting that these centers often became the permanent abode of the less mobile immigrants. The new, direct-absorption policy reflected the assumption of most experts, that in the foreseeable years there would be no immigration of Jewish refugees from poor countries (the USSR), and that only a trickle of immigrants from affluent countries such as South Africa or France could be expected. Absorption policy, they argued, must tailor itself to the life styles of these people who were usually relatively well off and highly skilled, and most of whom did not want or need the absorption centers. The new policy gave the immigrants housing-rental grants immediately upon arrival, and expected them to make their own individual decisions about when to take the Hebrew-language courses provided by the state, where to live, and what housing unit to rent or buy.

Ironically, the new policy of direct absorption, born during placid times and intended for low immigration levels, was to prove a life saver for meeting the crisis of mass immigration from the USSR.

The 1980's in Israel were a period of inward focus: urban-revitalization projects rather than massive new developments; accelerated social integration among ethnic groups; and steps toward greater economic and political equality between Israel’s Jewish majority and its Arab minority. There were also initial steps toward government decentralization in a previously highly-
centralized and government-heavy country (Alterman 2000a), growing public participation and interest-group influence (Churchman 1990, Yishai 1991), and initial steps to privatize government-owned corporations and outsource public services. That decade also witnessed the gradual dismantling of some of the country's most venerated symbols. Among these were the world-renowned cooperative rural communities (kibbutzim and moshavim) which had begun a process of economic and social restructuring (see also Chapter 4).

Many sectors of Israeli society and the economy were impacted by the crisis. Of these, the changes in the housing industry are directly relevant to our study. Prior to the crisis, the county's "steady state" was expressed by a stabilization of housing starts at some 20,000 new units annually, of which a meager 4,000 were public-sector housing. These numbers contrasted starkly with the approximately 70,000 units constructed annually in the 1960's and 1970's, when the public-sector's share was 60-70%. This meant, however, that by the late 1980's, much of the highly skilled manpower had left the construction industry, and its productivity rate had declined markedly. Average construction time per unit had climbed to 24 months and had become the butt of jokes about inefficiency. Thus, during the crisis, one of the weakest and least industrialized sectors of the economy was asked to bear much of the brunt of the immigrant-absorption policy.

Another ironic twist, albeit a fortuitous one, was that the Ministry of Construction and Housing, which until the late 1970s was the lead spending agency in housing policy, urban planning, and infrastructure development, had not yet fully adjusted to its new role as a lean policy-oriented bureau. On the eve of the crisis, the Ministry of Housing was an organization in search of a role.

The trends of stability in the 1980s meant that when the immigrants started pouring in, the change would be quite drastic. And yet, the degree of change was not perceived to be as radical and the impacts as large-scale and frightening as they might have been in another country. There were two reasons for this. First, the collective memory of past immigrant-absorption experiences was still quite vivid. The last large mass-migration wave occurred in the mid-1960s from North Africa, and was followed in the mid-1970's by a smaller wave from the USSR. Second, state institutions for making decisions about such a "positive catastrophe" had not yet been dismantled. They had been partially emptied of their original functions, but they were still in a fully operative condition, and happy to make a "comeback". The list of such institutions is long, and includes not only the Ministry of Construction and Housing, but also the Jewish Agency and its sub-organizations, the Ministry of Immigrant Absorption, and several other agencies with central decision-making powers (Leshem 1998). Although during the 1980's, the land-use planning and regulation agencies had also slowly and reluctantly began to decentralize, they were easily able to revert back to their old modes. For a detailed description of these agencies see Chapter 5.

Magnitude of Risks

Although not directly mentioned by any of the five planning typologies surveyed in Chapter 2, high risk is an important attribute of crisis situations (review Table 2.2). During the immigration crisis, the high degree of uncertainty coupled with the magnitude of change meant that decision-makers had to deal with major risks.

What do we know about how decision-makers handle situations of high risk? According to classical theories, risk evaluation and management are governed by the idea of rational choice.
among courses of action (Rescher, 1983). Risk is defined as the "chancing of negativity, loss or harm as it is perceived by the 'risk taker or risk facer'"; alternatively, 'inverted risk' is defined as the chance of foregoing some good opportunity. Decision-makers are assumed to prefer those alternatives in which the variance of possible outcomes is lowest and the expected values are highest. The rational decision-maker is assumed to prefer smaller risks to larger ones, where other factors are equal (Arrow, 1963). However, empirical research into the actual practices of corporate decision-makers reveals that the rational calculation of probabilities and variance is very rare. Decision-makers are much less risk-averse than was once assumed. They tend to be most risk seeking when possible outcomes are very poor and more risk-averting when possible outcomes are good. The focus is not on the range of possible outcomes but on the threat of a very poor outcome, or the fear of losing a great opportunity (March and Shapira, 1992).

If decision-makers in the Israeli crisis were to act as some classical risk theorists expected of "rational" decision makers, they would have listed all possible alternative scenarios or strategies, determined the possible outcomes of each, calculated the probability of each outcome, the expected value of each for the various stakeholders, and the best possible combination of low risk and high potential. A look at how decisions were made during the crisis (see Part III) shows that Israeli decision-makers did not act as “rational” decision-makers. They apparently were not alone.

The ample critique of classical risk theory presents a picture that is more in keeping with our findings. (Wildavsky and Dake, 1990; De Rodes 1994). Critics argue that most human decision-makers – whether of the corporate or public-sector - do not approximate the rational risk-taker. Some theorists offer a “personality theory” of risk according to which some people are “risk takers” and others are “risk avoiders”. Others offer a social, political, or cultural theory of risk-taking (Wildavsky and Dake 1990; Douglas and Wildavsky 1982).

In their book titled Risk and Culture (1982), Douglas and Wildavsky present criticism of classical risk theory. They demystify the notion of risk, transposing it from the realm of personality types or of operations research to the realm of social values and socio-political structure. They argue that risk-taking is not a question of calculus, but of social priorities and value perspectives. No social group or public decision making body can rationally take all risks into consideration and still continue to exist and function. In Douglas and Wildavsky's words - "If a whole society starts to adapt to general uncertainty, its future will be stripped of anticipated returns" (at p. 86). Each society, or organization, in effect selects its own set of events to define as risks. Another useful observation proposed by Wildavsky and Douglas concerns the different attitudes to risk that decision makers at the "center" are likely to take, as compared with decision-makers at the "border", meaning the political or organizational periphery. Generally, the center is complacent and reassuring, whereas the periphery is alarmed (pp. 83-125). Slovic (1987) adds that people will accept higher risks when the activities that create such risks are perceived as highly beneficial (cited in De Rodes, 1994).

The theories of March and Shapira, Wildavsky and Douglas, Wildavsky and Dake, and Slovic are useful in explaining the behavior of the Israeli decision-makers and planners during the crisis. If we apply these perspectives to the Israeli crisis we would, a priori, not expect decision-makers in Israel to lay out the full range of alternatives and select the less risky. According to the benefit theory (Slovic, 1987) we could hypothesize that since immigrant-absorption was viewed as a highly beneficial action, decision-makers would be more willing to take risks than if it were perceived as a threat. Decision-makers in the Israeli case probably defined the risk assessment of immigrant intake differently from decision-makers in some other countries. Rather than viewing
the risk as the immigrant intake itself, they viewed the risk as the danger of failing in immigrant absorption and losing a grand opportunity. The center-periphery theory (Douglas and Wildavsky, 1982) is also useful in making sense of the decision-making modes during the mass-immigration crisis in Israel.

System-wide and Complex Anticipated Impacts

The fourth attribute of crisis problems has to do with the span and complexity of anticipated impacts. As we saw in Chapter 2, Pauchant and Mitroff (1992) place system-wide change as one of the defining components of crises. Of the five theoretical frameworks linking problem types with planning approaches, Cartwright’s (1973) is the most explicit about viewing the degree of complexity of problems as relevant to the choice of an appropriate planning approach. I interpreted his "nature and number of variables" as pertaining to degree of complexity.

The immigration crisis was on such an unprecedented scale that almost every area of Israeli society and economy was in some degree impacted (as noted under “degree of change” above). The span of impacts included, not only the more obvious, such as housing markers and unemployment rates, but also most social and education services. The school system had to accommodate Russian speaking youth in large numbers (Horowitz, 1998). The health services had to extend care for a population with a higher rate of morbidity and higher average age than the general Israeli population12. And the social services suddenly had to provide support for a huge class of poor families and single persons suffering from culture shock. (Habib et al 1998).

The anticipated impacts of mass immigration that became the focus of public policy include impacts on the economy, on housing densities and prices, on towns and cities, on roads and transportation, and on the vulnerable natural environment. Other impacts that could be anticipated did not become the focus of public decisions. These impacts pertained to the socio-political scene. They included the country’s ethnic composition, the relationship between Jews of European origin and Jews of North African and Mid-East origin; the strained relations between the larger secular portion of Israeli society and the smaller but increasingly powerful religious-orthodox sector; the problematic relations between the Jewish Israeli population and the Arab Israeli minority; and not least – the effect on the longstanding doves-hawks impasse in party politics. Today, the repercussions of these impacts are being played out in many interesting social and political ways. I note some of these in Part IV when I survey the outcomes of immigrant absorption.

Knowledge about Solutions

Planning problems can also be classified in terms of whether there is available knowledge to solve them. Three of the five typologies of planning problems discussed in Chapter 2 view this variable as important: Braybrooke and Lindblom's (1965) model uses "high understanding" and "low understanding" as one of its two dimensions. I read this as having two meanings – one that was discussed above under “uncertainty”, and a second referring to degree of understanding about instruments for solving the problem. Crisis situations are on the low-understanding side. Christensen (1985) dedicates one of the two dimensions in her framework to "technology", meaning degree of knowledge about means of intervention. Jarman and Kouzmin (1994a) differentiate among their four types of “decision patterns” in terms of knowledge about means and goals; crisis situations are ones where there is knowledge neither about goals nor about means (at p. 122).
How can one classify the degree of knowledge about how to cope with Israel's mass immigration crisis? Ostensibly, Israel stands out as one of the countries with the richest experience in immigrant absorption, having successfully taken in large waves of immigrants in the 1950s and 1960s, during its early years of statehood. Indeed, social scientists have studied the earlier Israeli experience quite extensively for the benefit of other countries (e.g. Bar Yosef, 1968). However, this extensive experience turned out to be of very limited use in the 1990s because the circumstances of the country and the expectations of the immigrants were very different. The consensus of 1990 held that in absorbing the current wave, decision-makers should make it a point not to repeat the strategies used in the early years.

During the 1950s and 1960s, Israel, a poor, newly established country that had just emerged from a traumatic war, employed extensive direct government action and a centralized economy in order to absorb the immigrants. They were housed first in government-built tent or tin-shack camps, and later in tiny public housing. During their first years, many of the new immigrants worked in centrally created jobs (such as public works). By contrast, most of the new immigrants of the 1990s immigrated to Israel precisely because they expected to enjoy a western-type economy and standard of living. The same time, the government's leverage for direct action became much more limited than it had been in the 1950s. New solutions had to be developed.

**Degree of Consensus about Goals**

A low consensus about goals is another attribute that some authors link to crisis situations. Douglas and Wildavsky (1982) and Christensen (1985) view problems where there is little consensus about goals as more difficult to solve than problems where there is general agreement. Since there was a strong consensus in support of immigrant absorption, one can say that this is the only attribute of crisis situations that the Israeli mass-immigration did not have.

However, theorists disagree about the importance of consensus in crisis problems. Some authors (reviewed by Rosenthal and Kouzmin 1997) argue that in some crisis situations, such as disasters there is a strong consensus about the goals. In the Israeli case, the readiness to absorb any and all Jewish refugees and eligible non-Jewish family members has been part of the raison d'être of the country since its establishment. In late 1989, some 30 years after they had last been activated, these goals were again put to the test.

The level of consensus within Israel’s Jewish majority proved to be very high. Unlike most other democracies, where the policy toward immigrants is a hotly debated issue, in Israel there was almost no public debate about the goal of mass immigration. Despite the many deep ideological transitions that Israel had undergone since the previous wave of mass immigration, there were hardly any criticisms or doubts expressed about absorption by politicians, the media, policymakers or opinion leaders. Some decision-makers feared that there would be opposition from the country’s poorer Jewish citizens – the large group of people who had immigrated to Israel in the 1950s and 1960s from North African and other Arab countries. But for the most part, the general consensus encompassed these groups as well. Indeed, it turned out that many of Israel's lower-income citizens who resided in poorer neighborhoods and “development towns”, became the "absorbing" neighbors who, at least in the early stages, gave a helping hand to new immigrants seeking inexpensive rental housing.

This consensus did not include most of Israel's Arab citizens, who in 1989 comprised 18% of the total population and in 1999 comprised 20%. They generally saw mass immigration of Jews as an indirect threat to them, whether through greater competition for jobs, or for land resources.
One of the differences between the immigration wave of the 1990s and the ones in the fifties and sixties was that Israeli Arabs now enjoyed greater political empowerment. Because of differential birth rates, they also constituted a higher proportion of the population. Arab-language newspapers, statements of Arab politicians and surveys of public opinion, showed considerable criticism of the absorption policy. However, this minority opinion and the lingering under-representation of Arab citizens in loci of power did not sway decisions.

Debate commenced only later, and was directed at the means, not the goals. The consensus held even though not all the anticipated impacts were positive. The immigrants from the USSR were nearly all poor since no hard currency was allowed out of the USSR. They had a higher rate of morbidity and their average age was higher than the Israeli population. They thus placed a greater than proportionate burden on the social services. In their first year, all the new immigrants received monetary support from public budgets for living expenses, housing rent, language training, and tuition for higher education (for three years). This support was gradually phased out into the general social services. A large proportion of working-age immigrants also received unemployment compensation. All immigrants were also eligible for generous, subsidized housing-purchase loans.

Thus while there was general agreement within the country's Jewish majority about the goal of commitment to unconditional and unlimited acceptance of immigrants and a commitment to their successful absorption, there was considerable disagreement about operational objectives and means: How should the immigrants be absorbed, under what priorities, with what resources, and at what locations? So, if asked to give a score to degree of goal consensus, I would rank it high on ideologically based goals, but low on operational objectives.

Urgency and High Costs to Delay

A perception of urgency is often the dominant characteristic of a crisis situation yet, strangely, planning literature is almost silent about it. None of the five frameworks surveyed in Chapter 2 grants the honor of being one of the dimensions that differentiates among planning problems and their appropriate approaches. Some public-policy analysts do view time as an important variable (see Table 2.2), but in general, neglect of the issue is more striking than its treatment.

The one aspect of time with which planning literature is concerned is the desirable time-range for planning. Long-standing debates have tried to resolve the tension between the goal of orienting planning to the long range, and the constraints of public decision-making that often keep it focused on the short and middle-range. A survey of planning literature that a doctoral student and I conducted showed that theorists are almost oblivious to the issue of the time it takes to prepare plans and policy recommendations. By contrast, in times of crisis, it is precisely this dimension of time that becomes one of the major forces shaping both the manner of decision-making and its content. In our story, time will indeed be of the essence.

Conclusion

In this chapter I sought to show that the mass-immigration crisis did indeed exhibit six of the seven attributes of crisis situations even though it was a “positive crisis” rather than a disaster, to which most theories of crises are addressed. In Part III I unfold the decision process in the “eye of the storm”, and ask: How did Israeli planners and decision-makers cope with the crisis? I focus on policymaking regarding urban development, land policy, and housing. But first, a
detailed introduction is necessary to Israel’s urban planning, land, housing, and development control systems.

Notes

1 Degree of uncertainty is recognized by the authors of the five frameworks surveyed in chapter 2, as one of the key variables for distinguishing among planning problems. Douglas and Wildavsky (1981) and Braybrooke and Lindblom address uncertainty directly, looking at it from the point of view of "knowledge" and "understanding" about the phenomenon at hand (knowledge about possible solutions will be discussed separately). The author of a third framework - Christensen (1985) - titles her entire article “Coping with Uncertainty”, but discusses this concept in terms of two other operative dimensions to be dealt with below. Jarman and Kouzmin (1994) mention degree of uncertainty as rising from Type 1 to Type 4 of their decision types (at p. 123).

2 Surprise is also assumed to be an attribute of “focusing events”. Compare Birkland 1997:22.

3 Personal interview with Mr. Arnon Mentber, who was appointed Director General of the immigration department the Jewish Agency in early 1989. The interview was held in May 1994, while he was still in office.

4 Ibid.

5 The Dutch ambassador, who has published his memoirs of this period, notes that a physical limit at that initial time was the physical stress on his arm’s muscles! (Interview with Mentber, ibid.).

6 One anecdote may serve to illustrate the unusual dependence on exogenous, extra-national affairs. You may recall that in August of 1991 there was an attempted coup against then-President Gorbachev. I recall how, for Israeli planners, mayors, and academics like me, the two short days when the coup was feared a success became much more than a newscast about events in a far-away country. These two days bore very real, domestic implications as politicians, planners, and even potential homebuyers were concerned about the possibility that the coup would curtail immigration at a time when the estimates of immigration size - and the ensuing massive investments in housing - were at their apex. What would be the implications of the coup on housing prices, investments, and the economy in general? While this was a dramatic event with a quick ending (and a "happy one" at that), events such as these are continually generated on the turbulent international scene that surrounds the former Soviet Union and East Europe.

7 This means that they had a "request" status, but did not submit an application for a visa.

8 This figure is attributed to the Jewish Joint Distribution Committee and other international Jewish organization working with refugees. Cited by Eliahu Selpeter, Haaretz daily newspaper story, October 21, 1997.

9 Before Apartheid in South Africa was abolished, there was great uncertainty and tension in the country, and some of its Jewish population, who did not want to identify with Apartheid, were leaving for various countries.

10 I say manpower consciously because, unfortunately, there were – and still are – virtually no women in the construction labor force in Israel.
The Jewish Agency is an international organization of the Jewish people (parallel to, say, the USAID) that has been working since World War II as a refugees and development agency, particularly focusing on settling Jewish refugees and on rural development in Israel.

This reflects the low standard of living in the USSR, poor health services, poor environmental conditions, the Chernobyl radiation effects, and a lower average birth rate than in Israel.

Some Israeli-Arab politicians question these goals in terms of the character of Israel as a Jewish state. Ultra-religious Jewish politicians strongly object to the broad definition in the Law of the Return of eligible non-Jewish family members. But at the time, the points of view of these two groups were visible mostly in their own sectorial newspapers and other media, and hardly found their way into the widely-read or heard Hebrew-language newspapers, radio or television (However toward the end of the 1990s, the Religious-Orthodox point of view increasingly challenged the liberal definition of eligible non-Jewish family members, and there was some talk of changing the Law of the Return, but that idea was strongly resisted by the non-Orthodox majority).

Part of the disapproval reflected the perennial fear of a resumption of land expropriation that had occurred in the country's early decades, but in fact had almost ceased since 1976.

While the literature describing the earlier mass immigration waves speak of full consensus, one should not assume that the Arab population of that time (constituting a significantly smaller percentage of the total population than in the 1990s) acquiesced. Rather, its opinions had as yet little public visibility.
PART II

Land Policy, Housing, and Planning in Israel on the Eve of the Crisis
Chapter 4

Introduction to Israel’s Land, Housing, and Urban Policies

In order to understand the constraints and achievements of the massive effort to house, employ, and provide public services to new immigrants during the 1990-1992 crisis, it is useful to take a deeper view of Israel on the eve of the crisis. Those aspects most pertinent to this book are land policy and the housing system (discussed in this chapter), and land use planning and the control of agricultural-land conversions (discussed in Chapter 5). Through this presentation I seek two ends: to provide essential basic information for understanding the changes that crisis-time decisions were to make, and to reinforce my thesis, that there was little preparedness in planning for mass immigration, despite Israel’s long-standing commitment to an open-door policy for immigrant absorption.

In this chapter, and throughout this book (unless stated otherwise), I shall be discussing the laws and policies that were in force in Israel proper, within its international borders (without the occupied parts of the West Bank and the Gaza Strip). Indeed, the story of managing the immigration crisis took place largely in Israel proper. Figure 4.1 shows Israel’s map and key cities. Both case studies are located in the Galilee region. The location of Nazareth (and Nazareth Illit) is marked on the map. Carmiel is located a dozen kilometers further north.

Israeli Housing and Urban Development from a Cross-National Perspective

Table 1.1 presents several indicators comparing Israel with eight other Western countries. Recall that Israel's population was, on the eve of the crisis in 1989, 4.5 million people, of whom 18% were Arab citizens. Table 4.1 presents several more indicators about the economy and the availability of land, and compares these across 10 countries. Israel’s economy may today be counted among the advanced economies, but when compared to other Western countries, it is among the least affluent. Table 4.2 presents more detailed data on Israel.

On the eve of the crisis in 1989, Israel’s gross domestic product per person was $9,800. If we take 1991 - the mid-year of the crisis period of 1990-1992 - we see that although the GDP per person had risen to $11,000, it was still much lower than the equivalent indicator for the USA, Canada, and most west-European countries. There, the GDP per person was in the range of $20,000 or higher. By the late 1990’s, however, Israel’s economy was a Western European level, though still at its lower end. In comparison with some south-European countries, and certainly with East European and Third World countries, Israel’s GNP per person was relatively high even on the eve of the crisis, and higher yet after it ebbed. Its economy had, by the early 1990’s, emerged from reliance on the export of agricultural products, Dead Sea-based minerals, and textiles – industries that had characterized the country in its formative decades – to an economy based mainly on the export of high-tech and other knowledge-based industries.
Fig. 4.1 Map of Israel.

Source: US Government.
Table 4.1  Selected Demographic, Economic, and Physical Indicators in 10 Advanced-Economy Countries, 2000

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Births per woman</th>
<th>Population annual growth rate (%)</th>
<th>GNP per capita (US $) adjusted for Purchase Power Parity (1999 estimates)</th>
<th>Human Development Index (rank in the world 1999)**</th>
<th>Surface area (sq. km)*</th>
<th>Population Density (residents per sq. km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>265,179,000</td>
<td>2.06</td>
<td>0.91 %</td>
<td>33,900</td>
<td>3</td>
<td>9,629,091</td>
<td>28</td>
</tr>
<tr>
<td>France</td>
<td>59,329,700</td>
<td>1.75</td>
<td>0.38 %</td>
<td>23,300</td>
<td>12</td>
<td>547,030</td>
<td>108</td>
</tr>
<tr>
<td>UK</td>
<td>59,511,700</td>
<td>1.74</td>
<td>0.25 %</td>
<td>21,800</td>
<td>10</td>
<td>244,820</td>
<td>243</td>
</tr>
<tr>
<td>Germany</td>
<td>82,797,400</td>
<td>1.38</td>
<td>0.29 %</td>
<td>22,700</td>
<td>14</td>
<td>357,021</td>
<td>232</td>
</tr>
<tr>
<td>Netherlands</td>
<td>15,892,200</td>
<td>1.64</td>
<td>0.57 %</td>
<td>23,100</td>
<td>8</td>
<td>41,532</td>
<td>383</td>
</tr>
<tr>
<td>Denmark</td>
<td>5,336,400</td>
<td>1.73</td>
<td>0.31 %</td>
<td>23,800</td>
<td>15</td>
<td>43,094</td>
<td>124</td>
</tr>
<tr>
<td>Sweden</td>
<td>8,873,100</td>
<td>1.53</td>
<td>0.02 %</td>
<td>20,700</td>
<td>6</td>
<td>449,964</td>
<td>20</td>
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<tr>
<td>Ireland</td>
<td>3,797,300</td>
<td>1.91</td>
<td>1.16 %</td>
<td>20,300</td>
<td>18</td>
<td>70,283</td>
<td>54</td>
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<tr>
<td>Japan</td>
<td>126,550,000</td>
<td>1.41</td>
<td>0.18 %</td>
<td>23,400</td>
<td>9</td>
<td>377,835</td>
<td>335</td>
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<tr>
<td>Israel</td>
<td>6,200,000*</td>
<td>2.60</td>
<td>1.67 %</td>
<td>18,300</td>
<td>23</td>
<td>20,770</td>
<td>294</td>
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</tbody>
</table>

Table 4.2  FOCUS ON ISRAEL

<table>
<thead>
<tr>
<th>year</th>
<th>Population</th>
<th>Average household size</th>
<th>GNP per capita (US $ current prices)</th>
<th>surface area (sq. km)*</th>
<th>Density (residents per sq. km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>4,406,500</td>
<td>3.61</td>
<td>9,434</td>
<td>21,946</td>
<td>201</td>
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<tr>
<td>1989</td>
<td>4,476,800</td>
<td>3.62</td>
<td>9,778</td>
<td>&quot;</td>
<td>204</td>
</tr>
<tr>
<td>1990</td>
<td>4,559,600</td>
<td>3.64</td>
<td>10,989</td>
<td>&quot;</td>
<td>208</td>
</tr>
<tr>
<td>1991</td>
<td>4,821,700</td>
<td>3.68</td>
<td>11,962</td>
<td>&quot;</td>
<td>220</td>
</tr>
<tr>
<td>1992</td>
<td>5,058,800</td>
<td>3.66</td>
<td>12,805</td>
<td>&quot;</td>
<td>231</td>
</tr>
<tr>
<td>1993</td>
<td>5,195,900</td>
<td>3.62</td>
<td>12,376</td>
<td>&quot;</td>
<td>237</td>
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<tr>
<td>1994</td>
<td>5,327,600</td>
<td>3.58</td>
<td>13,743</td>
<td>&quot;</td>
<td>243</td>
</tr>
<tr>
<td>1995</td>
<td>5,471,500</td>
<td>3.56</td>
<td>15,660</td>
<td>&quot;</td>
<td>249</td>
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<tr>
<td>1996</td>
<td>5,795,400</td>
<td>3.54</td>
<td>16,750</td>
<td>&quot;</td>
<td>264</td>
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<tr>
<td>1997</td>
<td>5,900,000</td>
<td>3.51</td>
<td>&quot;</td>
<td>&quot;</td>
<td>269</td>
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<tr>
<td>1998</td>
<td>6,041,400</td>
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</tr>
<tr>
<td>1999</td>
<td>6,200,000</td>
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Sources:
* Israel Statistical Yearbook 2000
Land Reserves and Regional Policies

In a small and densely inhabited country such as Israel, with limited resources of land for development, absorption of mass immigration raises the question of the availability of space. Israel is indeed a very small country, with an area of 20,501 sq. km. (7915 sq. miles) - equivalent to the area of several counties in the USA. Its population is 92% urban - among the highest in the world (compare with 74% in the USA, 77% in Canada, 89% in Britain, 84% in Sweden, and 89% in the Netherlands). Israel’s population density, at 208 persons per sq. km in 1989 on the eve of mass immigration, was already much higher than the population densities in the USA, Canada, and most, but not all, European countries. Furthermore, since over 50% of Israel's land area is in the inhospitable Negev desert, the effective density in the country's center and north, where 90% of the population reside, is much higher than the Netherlands - Europe's most densely settled country where no desert has recently been sighted.

Compared with the USA and Canada, Israeli cities and towns were quite compact in 1989, more like cities and towns in Europe. In the latter 1980’s, most Israelis were living in medium- and occasionally high-density apartment buildings, mostly condominiums. Until the 1980’s, urban areas had few “ground-attached” housing (Israeli professional jargon for single or double-family low-rise houses). This mode of living was reserved for rural areas. However, in the years just preceding the mass-immigration crisis, consumer demand on the upmarket side shifted to new construction of “ground-attached” housing in towns and cities, and by the late 80’s it held a hefty 40% share of annual housing starts. The 1980’s also saw the construction of Israel’s first land-gobbling shopping malls on the outskirts of urban areas.

Thus instead of a policy of careful stewardship of land reserves, which one might expect in a small country with a growing economy, a strong natural growth rate, and a policy of “open gates” toward potential immigrants, we find paradoxically a policy of allowing new land-consuming uses. Clearly, then, the concern with land as a depletable resource was not very strong on the eve of the crisis. and, planning preparedness for mass immigration was extremely low, as shown in the next chapter.

Why was projected land scarcity not a major issue before the crisis? Why was planning preparedness so low? The reasons lie not only in the mind-set of “steady state Israel”, but also in the planning goals into which Israeli planners and policymakers were locked since Israel’s inception (see Shachar’s poignant 1993 analysis).

Israel’s national-planning goals were rooted in the agenda of nation building and territorial stabilization. This was understandable in a country which, in the years following the 1948 War of Independence, was seeking to establish its legitimate standing within its international borders, some of which were (and still are) officially only “armistice lines” in international law. This geo-political agenda yielded a strong urban and regional planning focus on “population distribution”, which led to a policy of constructing new towns and new villages distributed as widely as possible along Israel’s borders and throughout, so as to create a “Jewish presence” in most areas of the country. Especially salient for this goal was the northern Galilee area where there would otherwise have been a majority of Arab-Israeli citizens, and the sparsely inhabited Negev Desert in the south, where it was important to prove that this large and inhospitable area was also an integral part of the country.
The population distribution goal was reinforced by the traditional ideological emphasis on rural development as a utopian form of living, to symbolize the return of the Jewish people to the Holy Land and to agriculture. This ideology led to the establishment of several hundred cooperative or communal rural settlements widely distributed within Israel. They were the focus of considerable attention from planners and received generous land, water, and budget allocations. This pro-rural policy was at odds with the reality that the vast majority of residents have always preferred to live in urban areas (Alterman and Hill, 1986).

However, the exigencies of housing masses of immigrant refugees in the 1950’s and 1960’s led planners to shift some attention to urban areas. The resultant policy was the establishment of some 30 new (“development”) towns in various parts of the country, many in outlying areas. These were perceived as halfway compromises with the rural ideology. In the late 1950’s and 1960’s, large-scale new neighborhoods were also built on the outskirts of cities, where immigrant transit camps had been located in the early 1950’s.

These neighborhoods were, mostly constructed by government or other public agencies on public, national land. As in many other countries (Alterman and Cars 1991), the housing of that time was characterized by uniform blocks of apartments designed by central-government architects, with little regard for consumer diversity, and with little attention to the differing landscapes. A new town in the green hills of the Galilee might be planned at a density similar to a neighborhood in Tel Aviv.

The population-distribution mindset persevered into the 1980s; indeed, it was still alive and kicking hard during the first year or two of the crisis. One can only conclude that policymakers and planners were so locked into the previous goals, that they did not digest the meaning of the sharp changes that had occurred over the two previous decades, during which Israel turned from a developing to an advanced-economy country. Since the country’s political-military strength had been well established through the 1967 and 1973 wars, policymakers should have considered relaxing the population distribution goal.
Israel’s Land Policies in a Nutshell

Another important part of the puzzle for understanding how Israeli planners and policymakers coped with the crisis has to do with land tenure: Who would control the access to land reserves for the massive new construction needed during the crisis?

Israel presents an interesting - probably unique - mix of public ownership and private action in land development and housing (Alterman 1999). An estimated 93 percent of Israel's total land area is publicly owned. With municipal land banking almost unheard of in Israel, reflecting the legal and financial weakness of local authorities, the State or quasi-state authorities own almost all public land. It is administered by the Israel Lands Administration, which must usually use leasehold tenure because legal authority to sell land in freehold is extremely limited.

However, private land has always played a much more significant role than its proportion implies. This is due to the nature of the remaining 7 percent of the land, and to the Lands Administration's policies about the release of public land for development. Much of the private land is located in metropolitan areas, where most of Israel's population and businesses are concentrated or in Arab urbanized villages where there is a high population growth rate. By 1990, most of the private land reserves within existing urban areas had been built up. Although there were some privately owned land reserves on the outskirts of towns and cities in the highly pressured Central District, these were all classified as agricultural. Otherwise, most of Israel's limited land reserves were and still are publicly owned, and must be de-classified from their agricultural-land status (also embedded within the leasehold contracts) in order to be eligible for development (see Alterman 1997a).

Throughout Israel's history, most major development initiatives by government or other public or private bodies had been carried out on public land: in development towns, metropolitan areas, and in communal and cooperative villages (kibbutzim and moshavim). Indeed, in 1989, well over half of Israel's households were residing on public land, and most new housing units were also being built on public land.

The Lands Administration policy for releasing land has, gradually and incrementally, made the leasehold system more akin to a freehold system (Alterman 1999b). The Administration leases land through a 49-year renewable lease either to public bodies or to private developers. In the market place leased land behaves much like private land. The secret to understanding what might seem a mysterious mix of public and private rights in the Israeli land and housing systems lies in the terms of the leasehold agreements and in the conditions by which the Lands Administration released undeveloped land for development.
The leases in urban areas had initially been slated for 49 years but in practice these have been renewable, and gradually, their formal status has been changed, retroactively as well, so that leaseholders can expect to stay in this status for practically unlimited generations. In most cases, the leases do not restrict the leaseholder’s right to sell the housing unit (i.e., the lease) to any number of future buyers at any time, even if the seller had in the past received a subsidized loan. The goal is to allow mobility and it is assumed that households will use the income from the sale to purchase another unit elsewhere. Older leases used to stipulate that selling the leasehold right required the consent of the Lands Administration. This involved payment of a fee for the unearned increment. While this condition still holds for some types of older leases, it has gradually been phased out. Thus, for the housing consumer, there is little practical difference between housing constructed on public land or private land.

The policies about public land meant that a new immigrant family receiving a subsidized mortgage for buying a leasehold apartment on public land would not be jeopardized or “branded” in the housing market, provided the location was in an area with reasonable resale potential.

How does public land behave from the point of view of the developer? In the decade prior to the crisis, the Lands Administration had almost ceased its previous practice of allocating public land to public bodies at a non-market "chart price". Increasingly, public agencies were required to pay the full-assessed value of the leasehold. Since the late 1970’s, the Lands Administration had been using a new type of leasehold contract for most urban-sector leases: The value of the leasehold for its life’s duration would be assessed up-front, and paid in full in advance by the lessee or the developer. This may be an Israeli invention in leasehold formats. The result of this is that the developers are anxious to sell the leaseholds for the apartments they are constructing as condominiums quickly, even before the units are on the ground. The assessed value of leased land for the developer who competes in a tender for Lands Administration land is almost identical to the price of private land.

Land costs in areas of strong demand in Israel were high even on the eve of the crisis, equivalent to costs in major European cities, and higher than in most U.S. towns. This meant that unless the pricing policy of public land were changed, new housing built for new immigrants would include a land cost of some 25%-50% of the final price, depending on location. Of course, in development towns and peripheral areas, the value of land was lower, not because it was public, but because the area was less desirable.

In our story of how the crisis unfolded, public land policy plays a leading role. On the eve of the crisis, as today, almost all of the country's land reserves were in the hands of the Lands Administration. So naturally, land policy was viewed as one of the major levers for meeting the challenge of supplying mass housing and for coping with accelerated urban development. Public land could potentially provide a variety of tools for locating, targeting, subsidizing, and stimulating development according to public policy. Indeed, the issues surrounding public land became both important and controversial during the crisis, as we shall see from Chapters 7 onwards.

**Introduction to the Housing System**

More information on the housing system will help us understand the dilemmas that arose and the decisions that were taken during the crisis.
The housing production process presents yet another picture of the special private-public mix that characterizes Israel. During the State's first 20 or 25 years, until the mid-1970's, the overwhelming majority of housing starts - between 80% in the 1950's, and 65% in the early 1970's - were classified as "public". These figures include not only housing constructed directly by the Ministry of Housing, which we shall call “state-constructed housing”. They also include housing planned in broad brush by the Ministry of Housing on public land, then constructed with non-government funds by various quasi-public bodies and NGO’s such as the National Trade Union (the Histadrut), the Jewish Agency for Israel, and associations related to ideological or religious movements. These agencies used to receive substantial subsidies in land and financing. In Israel, this second type of housing is called "public-program housing", and it is not like “public housing” in the American sense where only the very poor, a virtually captive population is served. The European term, “social housing” is closer to the mark. Most of these units end up as resident-owned or more precisely, resident-leased.

Since the previous wave of immigration in the mid-1960's, total housing production had declined in quantity, from more than 70 thousand units annually in Israel’s first two decades when the population was much smaller, and waves of penniless immigrants were arriving, to some 20 thousand units annually in the 1980’s. In the decade and a half preceding the crisis, the Israeli housing process had been moving strongly towards privatization. The share of social housing in the public sector - "public-program housing" – nose-dived to 4000 in the late 1980's. State-built housing was totally phased out. This meant a virtual pullout from any social housing construction in metropolitan areas. Instead, social housing was directed to development towns, to distressed neighborhoods, and to the Jewish settlements in the occupied West Bank.

As land policy underwent quasi-privatization, the types of housing allowed for purchase changed too. During the country’s initial decades, eligible families had to purchase (=lease) a housing unit built by one of the approved public agencies in order to qualify for aid. Since the mid-1970’s, the subsidized mortgages could be used to purchase any housing on the open market.

Israel’s social housing policy has always encouraged ownership or long-term leasehold of apartments or homes by residents and new immigrants alike. Few units have ever been built specifically for rental. Rental public housing, currently about 6% of the housing stock, had always been intended for only the very poor or new immigrants like the elderly who could not be expected to join the housing market. The high cost of capital in Israel has meant that it has never been economically viable for private developers to construct rental housing and there have been no effective public policies to encourage it. Most of the population has thus had little choice but to purchase or, usually, to long-term-lease its own housing unit. Rental housing is available irregularly, when individual owners wish to rent out their private unit on the open market, usually because they are temporarily out of the country, or have moved to another town.

Paradoxically, on the eve of the crisis, the government housing companies that manage public rental housing adopted a policy of privatizing as many public housing units as possible. They developed innovative policies for encouraging residents living in rented public housing units to purchase the apartment they lived in. By the late 1980's over 70% of Israeli households owned an apartment or house of their own whether as freehold or long-term leasehold. The rest resided either in public or private temporary rental housing.

In the 1950’s, public-sector apartments were modest, 28 to 32-sq. m. per family and many families were large. As the economy improved, the average size of publicly constructed housing
increased, reaching 86 sq. m. in the late 1980's. However, as fast as the size and standard of public-sector housing rose, those constructed by the private sector rose even more, reaching 140 sq. m. (!) in the late 1980's (Carmon 1989: 8-9). On the eve of the immigration crisis, housing standards had risen so much, that the share of smaller new units constructed was very small. Before the crisis, this statistic was a source of pride for housing planners. It became problematic when the crisis broke. Consumers’ architectural preferences had also become more sophisticated.

How does housing finance work? Many lower and middle-income Israeli families start off with some government aid toward the purchase (i.e., long-term lease) of their first apartment. The eligible categories have stayed more or less the same throughout the years. They include newly-weds, families living in overcrowded conditions; immigrant households, older bachelors (under more stringent conditions), and families who do not own any apartment and who may be renting a unit.

The different meanings attributed to “homeless” in Israel and the USA is a good indicator of differences in social values and public policy regarding housing. In Israeli housing-bureaucracy parlance, the literal translation for families who cannot afford to purchase (or longterm lease) a housing unit and must rent one is “families without a home” – that is, homeless. In the USA, this term is reserved for those without any shelter. On the eve of the crisis, homelessness in the American sense hardly existed (when referring to those few who may live on the streets, Israelis use the term “homeless” in the English language, adopted into Hebrew). How then was there virtually no homelessness? Perhaps because homelessness was not, and still is not, socially tolerated, at least not for families with children. It is the task of the officers of the Ministry of Housing and the Ministry of Welfare to find a so-called “housing solution” for such families, either through public rental housing or through a rental allowance to be used on the open market.

The mortgage system also merits an explanation. The terms of the government-initiated mortgages are structured progressively so as to grant a higher subsidy on the basis of the needs of eligible households. For young couples, there is a point system based on indicators of standard of living and deprivation of the young couple and especially of the couple's parents. This system reflects the social expectation that parents and grandparents help out with housing for the start-up family - and when they can, they usually do. For other types of families, there is a separate point system based on income, number of children, and current degree of crowding. The government-assured mortgages provide a somewhat lower interest rate than that on the open market, and may be used to purchase any new or second-hand apartment anywhere in the country.

The mortgage structure also has a geographic component that reflects the country's long-standing policy favoring population dispersal away from the Tel-Aviv-Haifa coastline and the central areas. People who reside in or want to move to “development towns” can get a mortgage on better terms, and usually also a loan which becomes a grant if the household remains in that town for a number of years. Before the crisis, the price levels in these peripheral areas enabled most families to afford a housing unit provided they were willing to live there. The problem was that employment opportunities were scarcer in these peripheral areas, despite decades of a persistent government policy to subsidize industries. However, Israel’s small size meant that residents of most peripheral towns were only 1 or 2 hours away from the Tel Aviv metropolitan hub.

The problems of the peripheral areas were especially severe on the eve of the crisis. Unemployment was at its highest level since the country’s early years. The attractive grants therefore did not bring very many households to the development towns, and in the 1980s, some
were even losing population – a trend previously unknown. In fact, during the month or two preceding the crisis there was a Ministry of Housing initiative to do the “unthinkable” for Israel – to tear down some vacant public-sector apartments in development towns because of low demand.

Although this mortgage system might seem to the reader a very attractive housing policy, it is problematic because the level of subsidy relative to housing prices is not high enough to ensure affordability except in the peripheral “priority areas”. Relative to the average income, housing prices were - and are - high. For most startup households, the subsidized mortgage covers less than half the housing unit price. Immigrants, however, have always been eligible for preferred terms in mortgages, to compensate for the fact that they usually do not have an economically established family to rely on, and do not own any real estate in Israel. The policy aims to allow immigrants to join the housing market at a point similar to - or even better than - most Israeli startup households. As long as immigrants could earn an average family income, they could usually afford the monthly mortgage charge.

The potential private-rental housing stock

In the absence of any commercially constructed rental housing, most rental units (except for the small public housing sector mentioned above) are put on the market by individual homeowners (mostly condominium-apartments). The potential rental stock is thus highly dispersed and erratic. On the eve of the crisis there were four major routes through which a housing unit might enter the rental market:

☐ **An investment unit**: The unit might initially have been purchased as an investment and not occupied by the owner. Not all these units were rented out before the crisis, and if rented, would usually have been rented on a short-term basis. Before the immigration crisis, rental prices in most Israeli cities were so low, that some second-apartment owners did not rent out their units to avoid the burden of housing maintenance costs. For some, the investment was mainly a protection for their capital in (then) highly inflationary Israel.

☐ **Originally owner-occupied by a mobile household**: The unit may have been purchased as the family home, but the need for mobility may have led the household to offer it for rent and use the income to rent another housing unit elsewhere. This practice is not as popular in Israel as might be expected. The private rental market is sporadic and dispersed so that a rental unit may not be available at the chosen location. More importantly, private rental contracts tend to be short-term, and thus tenants are likely to have to move every year or two. And, as noted, Israeli households usually prefer to own a unit rather than to rent one. They view the payment of rent as wasted resources, which could be used for paying a mortgage. So, a household on the move will usually wish to sell its first apartment as soon as it has found an acceptable location and buy a new one.

☐ **Converted to office or commercial use**: This unit may initially have been purchased as a housing unit, but with time the neighborhood changed. It became more lucrative to rent it out for office or commercial use. Such units were often converted de facto but not de jure, and no legal permit for non-conforming use was ever acquired. Rental units of this type were probably quite numerous in city center areas of the major cities, but no one knew their number. Unlike the single-year contracts customary in the rental market, offices or commercial uses often have long term contracts. Here the interests of both sides often meet.
The owner no longer views the unit as attractive for housing, while the commercial enterprise does not prefer ownership over rental for it can deduct rent as an expense. However, if rental for housing use were to be more lucrative than for commercial use, such units might re-enter the housing rental stock.

- **Left vacant in a deteriorated area:** The unit is located in a deteriorated neighborhood or commercial area. It may be left vacant, underused, or boarded up because of low demand, low rental income, or because of the need for high investment in rehabilitation.

Before the crisis, no official body was charged with monitoring the routes through which housing units entered the rental market. Thus there was no reliable information on the size of the housing stock potentially available for rental on the private market.

**Implications for Policymaking during the Crisis**

The characteristics of the Israeli housing system that prevailed before the crisis influenced the housing strategy that planners developed during the crisis.

The memories of the housing policies of the 1950’s and 1960’s haunted the planners who attempted to cope with the mass-immigration crisis in the early 1990’s. The sad lesson in Israel, as in most other countries, was that most of the neighborhoods in distress included in Project Renewal (Alterman, 1991, Carmon, 1989) were the creation of public policies and public construction and bore the stamp of central-government control. In addition, consumer expectations about the standards of design, size, and neighborhood planning of housing in both the private and public sectors had become more sophisticated. These expectations were to be major factors in the story of why the housing program initiated during the crisis was developed as it was.

The privatization trends and reduction of government involvement that preceded the crisis as well as the awareness of the problems of the earlier housing policies created a situation whereby the central government could no longer politically afford to reactivate its housing policies of the 50s and 60s and their centralized modes of operation. The appropriate degree of central government involvement in the crisis became one of the tough dilemmas facing planners in the first phases of the crisis, when they were desperately searching for keys to activate the housing industry so as to assure that new housing would be available for the influx of immigrants.

Finally, the special characteristics of the Israeli private rental market outlined above meant that no one knew the number of units available for rental, their location, size distribution, condition, and price range. This elusive market came to play a major mitigating role during the crisis.
Notes


2 Here Table 4.1 may be misleading because it happens to include several higher-density European countries.

3 To present the full picture one should remember that the vast majority of Israelis were (and still are) living in apartment buildings. Furthermore, the ground-attached housing, though regarded as very low-density for Israeli urban areas, was typically planned at 12 units to the net acre, which in the USA and Canada would be regarded as rather high densities.

4 A reminder: I am referring to the international-law status of the borders of Israel proper, without the areas occupied in the 1967 war.

5 The only case when the conditions of the loan specify a minimum time of occupancy by the leaseholder before he or she has right to sell the lease is when a standing loan of hefty size has been granted – usually in towns on the periphery.


7. The latest available statistic is 70%. However, one can assume that this statistic is probably somewhat higher today, reflecting the policies encouraging purchase from the public housing companies, as well as the rising standard of living and the desire of most families to own equity.
Chapter 5

Introduction to Land Use Planning and Development Control

Even before the crisis, Israel's planning and development control system was highly centralized and rigid. It encompassed most of the powers any planner might wish for, in order to implement central-government policy and coordinate the actions of the government ministries. Yet, on the eve of the crisis there was little forward planning for accelerated development. There were few land reserves with approved plans for development in major cities and towns. Those outlying development towns that did have such reserves were the targets of the population distribution ideology (Chapter 4). There was no comprehensive national development planning, but rather a series of sectoral national plans. To understand how this situation came about in a country which had a decade or two earlier still viewed itself as a nation abuilding and which had ample legal planning powers, one must take a deeper look at the statutory planning system and the decision modes related to it.

The Land Use Planning System

On the eve of the crisis – as today – Israel had a centralized land-use planning system. The Israel Planning and Building Law\(^2\) of 1965 controlled and still controls, albeit with minor amendments, all planning and development. Figure 5.1 presents the institutional format. Almost every significant planning decision, big or small, at the local level, requires the approval of the District Planning and Building Commission composed of representatives of central-government ministries. The Minister of the Interior has extensive oversight powers. At least on paper, the system calls for a coordinated hierarchy of plans, from the national, through the district, down to the local levels. Every action of construction or demolition, small or big, requires a building permit, and there are no exceptions.

The 1965 law replaced the legislation introduced by the British in 1922 and 1936 during their Mandate over Palestine, which had remained in force after the establishment of Israel in 1948.\(^3\) The 1965 law kept intact most of the local-planning attributes of the pre-state legislation, and added several important changes. Until 1965, planning controls did not apply to government bodies. The 1965 law required all government jurisdictions - central, district, or local - as well as defense-related land uses (which have special procedures in the law) to abide by its regulations and procedures. Thus, any construction by the Ministry of Housing, the Public Works Department, and other government agencies, had to follow the same procedure as the private developer. By the 1990 crisis, the norm that government-initiated development should follow the same control process as private development had become well entrenched. The unsuccessful attempt to change that norm at the height of the crisis is one of the stories that will be told in Part III.
Fig. 5.1 Institutional structure under the Israel Planning and Building Law of 1965

- The Cabinet

- The Minister of the Interior
  (In December 1999 the Cabinet decided to establish a National Planning Authority under the Prime Minister's Office. This decision requires Knesset legislation, and it is not clear there will be a majority in support)

- National Planning and Building Board

- Commission for the Preservation of Agricultural Land and Open Space

- Coastline Waters Commission

- Appeals committee

- District Planning and Building Commissions (6)

- Local Planning and Building Commissions (approx. 100)

- Local Building-Permits Authority
The 1965 law added national planning and placed it above the two existing tiers - the local level and the district level. The result was a three-tier edifice of planning institutions and a parallel set of plans, in a system that combined centralized, top-down planning with bottom-up initiative. Lower-level plans had to be strictly consistent with all higher-level plans (see Figure 5.2). Since the 1965 law is still in effect after the crisis, I shall use the present tense when referring to it.

The top tier consists of national plans prepared by the National Planning Board. Although the legislators may have envisaged that the entire country would be covered by a single, comprehensive national plan, no such plan existed on the eve of the crisis. Instead, there were some 30 sectoral plans, each dealing with a subject-area deemed to have national importance. These included roads, airports, railroads, parks, forests, and many LULU’s (locally unwanted land uses) such as cemeteries, power stations, garbage disposal sites, etc.

National plans are prepared by the National Planning Board and approved by the Cabinet. Once approved, they have legal force. The importance attributed to these plans by the 1965 legislators is indicated by the fact that, unlike the lower types of plans, the public has no right to submit objections to national plans and there is no requirement for a public hearing. All lower-level plans - district plans, local outline plans, and detailed plans - must be fully consistent with the national plans; otherwise, they would be illegal. Although the rationale of some of the plans may initially have been to promote development, in practice, since these plans are statutory documents best geared to serve a regulative role, their usual effect is restrictive. Any large-scale development would likely encounter one or more national plans with which it would have to contend. It is therefore not surprising that during the crisis, the role of the existing national-level plans became a problem that needed overcoming.

The national population distribution policy discussed in the previous chapter was one of the most persistent policies of national planning. It had existed since the inception of the State of Israel, even before there was statutory authority for the preparation of statutory national-level plans. The statutory National Plan for Population Distribution, prepared soon after the Planning and Building Law created the national level of statutory plans and updated occasionally, had been one of the major tools for achieving population distribution. The National Plan for Population Distribution set a quantitative population cap or goal for each town or village. The rationale for the cap was not the American-style “growth management”, but rather, the population distribution policy. Thus a lower-than-estimated growth cap was placed on towns and cities in the central area, and an overly optimistic growth goal was usually placed on towns and cities in the peripheries.

The effectiveness of the National Plan for Population Distribution was lower for existing built-up areas, and higher for areas of new development. The population caps placed on existing towns had only a marginal effect since the plan was not geared to control incremental infill. Thus while no major city halted its population intake because of this plan, it did have some effect in controlling the construction of major new development, and was most effective in regulating the establishment of new towns or villages. A new town would not be allowed unless its site was pre-indicated in the national plan or the plan has been amended accordingly.

Thus, if during the crisis, government authorities had wanted to use the growth momentum to build new neighborhoods or whole towns beyond what had been envisaged in the national plan, they would have had to apply to the National Planning Board for an amendment. Alternatively,
they could have introduced legislation to downgrade the status of the national-level plans themselves.

**Figure 5.2: The hierarchy of statutory plans to which a building-permit must conform**

Fig. 3: The hierarchy of statutory plans in Israel with which a building permit must accord
On the second tier are the District Plans to be prepared for each of Israel’s six statutory administrative districts. The function of these plans is to translate the national plans to the district level, and to coordinate among local plans. District Plans have always been of less importance than either the national plans or the local plans, perhaps because they are sandwiched in-between these two levels. During the crisis, too, they played a role mostly as derivatives of the two other levels.

At the lower level are mandatory local outline plans and optional detailed plans. These are the main instruments for regulating development, and any new housing construction, private or public, must be anchored in at least one of them. These types of plans, which usually grant (or restrict) development rights, provide legally binding directives on land use, bulk, height, design guidelines, and environmental mitigation. American readers may view outline plans as a merger between comprehensive plans and zoning regulations, and detailed plans as a merger between subdivision regulations and site plans or Planned Unit Developments. Continental European readers will recognize Israeli outline and detailed plans as similar to planning schemes common in their respective countries; while British readers can view outline plans as similar to pre-1947 British Local Schemes.

The ostensibly mandatory language of the law may have led one to assume that local outline plans would have been prepared for each municipal area in its entirety, but in fact, few local authorities have prepared such comprehensive plans. The law has been interpreted to mean that it is necessary to have some approved plan in order to grant development permits, not necessarily a comprehensive one. The real-life situation is that instead of original citywide plans, most local authorities have a quilt of countless amendments to some older partial outline plan. In older cities, the original plan was usually prepared under the British before 1948, while in new towns it was prepared by the Ministry of Housing in the 1950’s or 60’s, when the town was established. As the law envisaged them, detailed plans were expected to be fully consistent with the comprehensive outline plan, providing greater detail for the various sites as they come up for development, and enabling building permits to be issued. Since new comprehensive outline plans were hardly ever prepared, most development was governed by numerous site-specific amendments to older outline plans. Amendment plans usually incorporated the function of the detailed plan so as to enable building permit to be issued.

The result was that in the Israeli planning system, local plans could be characterized as “the tail wagging the dog” (Alterman 1980). This was true on the eve of the crisis, and since then there has been only a partial improvement. Most plans are still not prepared in advance, as the legislators had envisaged, but only for particular development initiatives. Moreover, since plan-making and approval took a notoriously long time, the double-tier planning process meant that, by the time a building permit was issued, both the outline and the detailed plan following it, would have been obsolete. This reality left little room for long-range, comprehensive planning on the local level. And indeed, on the eve of the crisis, most Israeli cities and towns – aside from a few smaller, outlying development towns - had virtually no approved plans for large-scale expansion and had few land reserves that were not designated as agricultural.

Development Control and Agricultural Land Preservation

Israel has one of the most stringent agricultural land protection policies in the world. Since, on the eve of the crisis, most of the open land was classified as agricultural, we should take a look at this policy and the institutions that implement it. Agricultural land preservation in Israel has several
formidable layers, each intended to protect farmland from conversion for development. Cumulatively, these layers constitute a wall of legal-fiscal instruments unparalleled in any other country (for a cross-national analysis see Alterman 1997a). As might be expected, such a reinforced wall would become an obstacle during the mass-immigration crisis and would become a target for change. Let us take a close look at each of these layers.

The first and ostensibly most intransigent layer is embedded in Israel’s public land ownership and long-standing policies in the rural sector. Recall that the majority (some 93%) of Israel’s total land area is public. In this context it is important to stress that Israel’s land-use law, unlike that of many other countries, applies equally to private and to government-owned land.

Communal and cooperative village associations (kibbutzim and moshavim) – the backbone and major part of Israeli agricultural production and rural living – are all sited on public land. In each rural community, a battery of 3-4 contracts (long-term leases or renewable rental contracts) applies to each tract of land: the first sets the obligations of the individual household toward the Lands Administration; the second sets the obligations of each household to the association; the third deals with the obligations of the association to the Lands Administration; and sometimes there is also a fourth contract between the association and the Jewish Agency. The latter is the quasi-government organization that, in addition to its role in immigration, also provides rural planning and agricultural training support to all of Israel’s agricultural villages. Each and every one of these contracts has a clause that designates the land for agricultural or related uses only, and that stipulates that any change to non-agricultural use requires the permission of the planning authorities as well as the approval of the Lands Administration.

Until the crisis, the only land conversions allowed were within the boundaries of each village, and these were restricted to industrial and commercial uses intended to supplement the declining income from farming. It was virtually unthinkable that any cooperative or communal villages would entertain the thought of building a new neighborhood for non-members within its boundary.

The result of the agricultural land preservation policies was that the agricultural land reserves of the entire country – i.e. almost all land reserves - were locked into this citadel of conversion controls. Even if some policymakers entertained the thought of releasing some of the agricultural land held by the communal villages, there was little they could do about it. This was not only because of the policy favoring agricultural land preservation but also because no mechanism existed for compensating the village community members for the potential development value of the land. It was unrealistic to expect rural communities that, given the size of Israel, were often located close to urban areas, to simply give up the land they had cultivated for decades under difficult security and economic conditions.

The second layer of agricultural land preservation is related to the annexation powers of local authorities. As in Britain and the Netherlands, and unlike many American local governments, local authorities in Israel have no independent powers of annexation or self-incorporation. These are vested with the Minister of the Interior. The minister – who is also responsible for the Commission for the Preservation of Agricultural Land (see below) – may use farmland preservation as a consideration in allowing or rejecting municipal-boundary changes. In fact, before the crisis, boundary expansions were infrequent, and the ministers used to drag out decisions on boundary expansion requests for many years. Local authorities did not count on boundary extension as a practical, predictable solution for growth – and in “steady state Israel” of
the 1980’s there was not too much need. However, when the crisis broke, the issue of the boundaries of urban areas and the slow process by which these were changed became a key problem.

The third layer of control of farmland conversion potentially lies in the plan-making and development-control powers under Israel's 1965 Planning and Building Law. That law singles out the protection of agricultural land as a particular objective of all plans at the local, district, and national levels, noting that designations of land uses should be determined "with regard to the use of agricultural land.” But the legislators probably foresaw that in a fast-development country with high urban-expansion pressures, it would not be enough to simply list agricultural land as a preferred purpose. They went on to establish a fourth and ostensibly most formidable layer of protection through a special mechanism and a dedicated institution under the Planning and Building Law.

The law designates Schedule 1 as a special set of regulations for controlled farmland conversions. The Schedule is a farmland conservationist’s dream. It sets up an all-powerful 11-member "Commission for the Preservation of Agricultural Land" (CPAL) (see Figure 5.1) composed of representatives of central government bureaus, such as agriculture and housing, and the Lands Administration, as well as representatives of the agricultural sector. The representative of the Minister of the Interior serves as the chairperson. The CPAL is indeed a powerful and highly stationed committee. It is highest in the hierarchy of planning agencies, alongside the National Planning and Building board. In fact, the CPAL is even more powerful because any National Board decision that impinges on agricultural land requires the approval of the CPAL.

Note also that in Israel, since both private and government development come under the same regulations, all government-initiated development also requires the approval of the CPAL. This became an issue during the crisis. One could even argue that the Commission stands above the Cabinet: Even though the Planning and Building Law vests the cabinet with the power to give final approval to national-level plans, whenever a plan touches agricultural land, it must first be approved by the CPAL. Appeals against the decisions of the CPAL can be submitted to a five-person Objections Committee, which is appointed by the National Planning and Building Board. It often overrides rejection decisions of the CPAL (Alterman and Rosenstein, 1992)

The law specifies that conversions of agricultural land can only be made in accordance with the provisions of the First Schedule, which relates to the approval of any land use plan or building permit on agricultural land. Thus, the law covers every possible avenue for permitting development on farmland, whether privately or publicly initiated. Plans at all levels, including district plans and national plans, come under the jurisdiction of the First Schedule. Beyond these multiple layers of control comes another fact that magnifies their restrictive implications. In 1968 the CPAL mapped out all of the country's land reserves, except the desert area. Almost all areas in the county that did not happen to have pre-existing building rights were declared agricultural, whether or not they were in agricultural use or even suitable for agriculture. This declaration occasionally included even areas within city boundaries.

Given this system of controls against farmland conversion, alongside the dearth of land reserves designated for development, it is no surprise that during the crisis, the farmland protection system became a target for criticism. The battery of farmland protection tools was viewed as an obstacle to the capacity to build new housing and other services for a large population influx.
Implications for crisis-time decisions

Even before the crisis, the Planning and Building Law and the planning system under it had come under severe criticism. The criticism centered on the multi-layered approval process and the rampant delays caused by grossly understaffed planning agencies. Statutory planning had back-burner priority in public interest and in budgets. It was regarded as chronically lethargic, and it came to symbolize a bureaucratic and unnecessary impediment to economic development. Not surprisingly, when the immigration crisis broke, the single major target for legislative change was the Planning and Building Law and the planning system. The story of how this happened and what dilemmas it created for planners occupies a central position in Part III.

Among the national plans that attracted criticism was the National Plan for Population Distribution. One senior-level planner, Sophia Eldor⁶, who was the head of the urban-planning department in the Ministry of Housing, blames the planners of the National Plan for Population Distribution for making a “colossal error” in calculating the needs of Israeli towns. She asserts that by focusing on population-growth estimates, they were oblivious to the fact that growth in floor-area consumption per person for housing, industries, public services, and commerce was on a much steeper curve than population growth. Eldor argues that this error led to a gross underestimation of the number of housing units, public services, and land reserves necessary even in normal-growth times, and has led to an abysmal failure in preparing for the crisis. It is therefore no surprise that during the crisis, the National Plan for Population Distribution was viewed by policymakers as an impediment that had to be pushed aside or re-formed.

A third important target for crisis-time policymaking was the system of agricultural-land control. Three aspects were targeted for change: the veto powers of the CPAL, the need to declassify some of the land reserves hitherto classified as agricultural but not necessarily in actual agricultural use; and the clauses in the leasehold or rental contracts that pertained to farmland conversion.
Notes

1. For more detail on the statutory planning system and its operation prior to the crisis see: Alexander, Alterman, Law Yone, 1983; Alterman and Hill, 1986. For an updated view see Alterman 2000a.

2. Note that according to international law, this law, like all domestic legislation, applies to Israel in its pre-1967 borders and has no jurisdiction over areas held in occupation.

3. Laws of the State of Israel, 1965 (available in English).

4. This point was brought out in an interview with Sophia Eldor, head of the Urban Planning Department of the Ministry of Construction and Housing, in September 1995. The interview was intended to give a crisis-retrospective view.

5. Under Israeli law, as interpreted by the courts, no compensation is due for the act of declaring land agricultural. However, extensive compensation rights do exist where approval of a new plan or amendment reduces development rights (Alterman and Naim, 1992).

6. Based on the interview with Sophia Eldor, head of the Urban Planning Department of the Ministry of Construction and Housing (September 1995).
PART III

Phases and Modes of Policy Response to the Crisis
Chapter 6

The framework

In Part I argued that the influx of immigrants from the Soviet Union that began in early 1990 should be classified as a crisis situation. It thus falls within the fourth quadrant of each of the theoretical frameworks proposed by theorists to match planning approaches to problem types. Problems falling within these quadrants are generally regarded by planning theorists as being beyond the instructive wisdom of the kit-of-theory-tools that planners have developed. Given this pessimistic view, I set out to examine the roles policymakers and planners played during the Israeli immigrant-absorption crisis, as it evolved through time. How did they handle the massive housing needs of the immigrants? How did they address the urban and regional development issues?

The Five Phases of Policy Response to the Crisis

As Rosenthal and Kouzmin (1997) note, despite the increase in empirical research on crises, only a few concepts have been offered to date, and the body of theory is scant.¹ This is clearly illustrated by our survey in Chapter 2. We found only a few useful concepts, and many question marks about the capacity of planning to handle crisis situations. This pessimism was so consistent among the four-by-four frameworks surveyed, that I tagged crisis situations as “fourth-quadrant problems”. A few contributions, such as Christensen’s, did offer concepts that I have found useful and will apply below, but none were able to provide a comprehensive framework for understanding the role of planning and public policy in handling a crisis situation.

Having no ready-made theoretical prism to instruct my analysis, I adopted an inductive approach. On the basis of the evidence I had gathered about the decisions of planners and policymakers over time, I identified five phases in which the policymaking process evolved.

I shall tag the five phases: shock, focusing, action, planning, and post-crisis management, as summarized in Table 6.1. I also assigned a descriptive subtitle to each of the phases. The right side of the table presents the major modes of policy response. Note that the phases indicate modes of response rather than discrete time sequences. They merge into one another and overlap. Furthermore, their specific time lines might differ from agency to agency. No specific dates are therefore indicated in the table, but approximate anchor dates are noted in the detailed discussion that follows.
### Table 6.1: The Phases and Modes of Policy Response to the Crisis

<table>
<thead>
<tr>
<th>Phases and Their Characteristics</th>
<th>Modes of Policy Response</th>
</tr>
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<tbody>
<tr>
<td><strong>PHASE I – SHOCK</strong>&lt;br&gt;&quot;A quest for understanding&quot;&lt;br&gt;- institutional numbness&lt;br&gt;- incredulity&lt;br&gt;- scurrying for solutions</td>
<td><strong>Delay and underestimation</strong> while searching to dispel uncertainty&lt;br&gt;<strong>Deflection</strong> of institutional blame&lt;br&gt;<strong>Denial</strong> of crisis implications and Attempted reliance on existing institutions</td>
</tr>
<tr>
<td><strong>PHASE II - FOCUSING</strong>&lt;br&gt;&quot;In search of the critical path&quot;&lt;br&gt;- sense of overriding urgency&lt;br&gt;- joint sense of mission&lt;br&gt;- quest for alignment</td>
<td><strong>Problem definition</strong> and identification of the lead issue&lt;br&gt;<strong>Problem reduction</strong> and identification of the &quot;critical path&quot;&lt;br&gt;<strong>Coordination and information-gathering</strong> (along the critical path only)&lt;br&gt;<strong>Harnessing cooperation</strong> and the good will of conflicting interests&lt;br&gt;<strong>Encouraging innovative policymaking</strong> and slaughtering &quot;sacred cows&quot;</td>
</tr>
<tr>
<td><strong>PHASE III - ACTION</strong>&lt;br&gt;&quot;Time is more than money&quot;&lt;br&gt;- implementation imperatives</td>
<td><strong>Imbuing a sense of urgency</strong>&lt;br&gt;&quot;The Race with the ‘Burning Ball’&quot; for legal authority&lt;br&gt;<strong>Centralization</strong>&lt;br&gt;&quot;Plan Only as Necessary&quot; (short range)&lt;br&gt;&quot;Act Now, Plan Later&quot;&lt;br&gt;&quot;Maximize Quantity and Minimize Time&quot;&lt;br&gt;&quot;Pile On Ancillary Goals&quot;</td>
</tr>
<tr>
<td><strong>PHASE IV - PLANNING</strong>&lt;br&gt;&quot;Beyond the critical path&quot;&lt;br&gt;- getting recognition for planning&lt;br&gt;- broadening public debate</td>
<td><strong>Middle-range planning;</strong>&lt;br&gt;<strong>Long-range strategic planning;</strong>&lt;br&gt;<strong>Expanded interagency coordination</strong> (beyond the 'critical path')&lt;br&gt;<strong>Reemergence of public participation</strong> and negotiation with interest groups&lt;br&gt;<strong>Toleration of goal slippage</strong></td>
</tr>
<tr>
<td><strong>PHASE V - POST-CRISIS MANAGEMENT</strong>&lt;br&gt;&quot;Opportunity for macro change&quot;</td>
<td><strong>Evaluation and self-criticism</strong>&lt;br&gt;Harnessing opportunities for legal-institutional change&lt;br&gt;Innovative solutions for mitigating Damage&lt;br&gt;Macro-policy rethinking&lt;br&gt;Planning for a future 'positive catastrophe'</td>
</tr>
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</table>
A preview of the five phases

Each of the five phases will be analyzed in a separate chapter (plus a twin chapter to the Action phase, devoted to the main outputs). A preview may be useful.

“Shock” is the term that best describes the reaction of decision-makers in all government agencies during the first phase of the crisis. The subtitle, “a quest for understanding” indicates their search to dispel some of the uncertainty, caused by the institutional numbness and inaction, disbelief, and an unsystematic scurrying for solutions. The modes of policy response in this phase are the “three D’s” - Delay of action, Deflection of blame, and Denial of the magnitude of the crisis. The result was that policymakers resorted to existing institutions.

The second phase is “Focusing”. Policymakers and planners searched for the ‘critical path’: How could they make sense of the complexity of the numerous problems? What were the leading problems? This phase was characterized by a sense of overriding urgency, coupled with a sense of a joint mission. The decision-makers of all the agencies shared a quest for mutual alignment along a common path. This phase led to the crystallization of a short-range action strategy. Five operative modes of response characterized it, as noted in Table 6.1. These include problem definition and reduction so as to simplify complexity, coordination and information gathering to deal with the lead issues only, harnessing the cooperation and good will of conflicting interests, and finally - innovation in policymaking and the recognition of an opportunity to slaughter some “sacred cows”.

“Action” is what every decision-maker wanted because delay was seen as enormously costly. But Action came only in the third phase, after the shock and focusing stages had passed. In the Action phase, planners and decision-makers tried to imbue all the actors with a sense of urgency. As Table 6.1 shows, they used seven imperatives to stimulate implementation. During the race for legal authority, the runners passed the “hot potato” of delay from one to the other. The result of the legislation was greater centralization of power. Planners, who were required to show quick results, focused on action, and engaged in planning only for the short range. The contents of policies emphasized quantity of output and speed, rather than quality. The bandwagon of crisis-time policymaking and action was so successful, that interested policymakers tried to ‘pile on’ ancillary goals. The main outputs Action - the types and numbers of housing starts - will be discussed in a subsequent chapter.

“Planning” – middle and long-range planning – arrived only in the fourth phase. Planners were instrumental in getting decision-makers to recognize the importance of planning in a time of crisis. For the first time, broader public debate was heard about the appropriate policy reactions to the crisis. The modes of policymaking in this stage, in addition to middle and long-range planning, included expanded interagency coordination, the re-emergence of public participation and negotiation as legitimate modes of decision-making, and a tolerance of some ‘goal slippage’ away from the initial crisis-management goals.

The final phase - post-crisis management - came after the crisis ebbed. Grand opportunities to introduce macro change in policy characterized the early part of this stage. Planners and policymakers had opportunities for harnessing the crisis and its aftermath to create legal and institutional change and even, to carry out a macro policy rethink. They were also called upon to offer innovative solutions to mitigate the damage of Action-phase decisions. The million-dollar question with which I shall end the discussion of the fifth stage is: Did Israeli planners learn...
from this crisis how to plan so as to mitigate the impact of the next crisis? Given Israel’s geopolitical and demographic circumstances, another crisis is sure to come.

The following chapters tell the story of how the crisis evolved through each of the five phases.

**Phases and modes at the local-government level**

In developing the framework of phases and modes of policymaking, my focus was largely on planning and policymaking at the national level. The case studies of Carmiel and Nazareth Illit show that the five phases can also be applied to the analysis of the response to the crisis at the local level. However, their timing, intensity, and especially the modes of response differ significantly from the national level. Chapter 13 presents these findings.

The local level opens a new vantagepoint for viewing the role of planning in the face of crisis. Unfortunately, a detailed account is beyond the scope of this book. Although I present only two case studies, these offer enough variety to illustrate a major point: The reactions of decision-makers and planners in the two towns were similar in some phases and on some issues, but in others they differed significantly. This difference indicates that even during the crisis, there was room for planners to maneuver in their roles and strategies vis à vis the central-government action.
Notes

1 Finding the existing frameworks inadequate, Rosenthal and Kouzmin (1997) propose their own framework for understanding the contingent roles of public policy in treating crises. However, their framework does not go much beyond a rather general classification of types of crises (such as local, regional, or national).
Chapter 7

Phase I: Shock

This chapter unfolds the story of the first phase of the crisis: Shock. My hypothesis is that this phase and the one to follow—Focusing—are unique to the context of crises, as distinct from other types of problem contexts.

"A Quest for Understanding"

For several critical months, beginning in October-November 1989, when early conjectures about a change in USSR immigration policies became concrete, until some time in the winter of 1990, the system could best be characterized as being in a state of shock. The first Knesset (Parliament) debate about rumors of an immigration wave took place as early as April 5, 1989. But the discussion did little to assuage the feelings of helplessness and the criticism of inaction within the cabinet and government departments (Knesset Proceedings 1989, 21 (Hebrew)). When, in the fall of 1989 it became clear that a flood of immigrants was on its way and that the crisis was imminent there was incredulity, a quest for reduced uncertainty, and a sense of scurrying around for solutions without a clear strategy.

During this initial phase, Shock, there were three major modes of policy response—the “three D’s”—delay, deflection, and denial. Delay and underestimation occurred while the decision-makers searched to dispel uncertainty. There was deflection of institutional blame for not being prepared for the crisis. And there was denial of the implications of the crisis, alongside an attempt to rely on existing modes of operation.

Modes of Response

Delay and underestimation while searching to dispel uncertainty

Documents from the initial months of the crisis contain statements justifying delay, such as "once the size of the wave is clarified, we can proceed with policymaking". They show a yearning to take a peak behind the curtain of uncertainty.1 Hickling and Friend (1987: 10-15) tell us that planners can handle uncertainty about the working environment by doing more research. But, as we saw in Chapter 3, in this crisis, uncertainty was endemic or "hard", in Dror's terms (1986). It could not be clarified through any research: Surveys on the intentions of Soviet Jews to immigrate were unthinkable and even dangerous in the Soviet Union. No one even knew how many Jews and their family members lived in the former USSR.

It is not surprising that decision-makers found it difficult to come to grips with the actual
numbers. For some years before and even in the months preceding the crisis they had been told by respected demographers that mass immigration to Israel was highly unlikely.

The modes of delay and underestimation are well illustrated by the decision-making regarding the national budget. When the wave first began in late 1989, official forecasts on which the Ministry of Finance had based its proposals for the 1990 national budget grossly underestimated it. As early as April 1989 the same body that approves the national budget – the Knesset - debated the rumors about immigration, yet the budget it had approved for 1989 assumed the low level of immigration typical of "steady-state Israel" of the 1980s. No amendment was proposed to that budget during 1989.

The 1990 national budget submitted to the Knesset in January 1990 was prepared as a response to the expected mass-immigration wave, but it was based on an estimate of only 40,000 immigrants for the entire year. Only in April 1990 did the Ministry of Finance prepare an update, which was approved by the government in May. Even here its estimate of 100,000 immigrants for 1990 was too low. The cabinet added a reserve budget for 50,000 more, but the total number of immigrants in 1990 was 200,000. The Israeli pre-diplomatic office in Moscow was not able to keep up with the escalating demand for visas.

Not only public-sector economists had trouble providing forecasts for the forthcoming budget. At a symposium held in March 1990 in a crisis atmosphere, a group of the country’s leading economists from government, academia, and the private sector presented a budget analysis based on the assumption that 100,000 immigrants would be arriving in total in the coming 2-3 years. With time, the tendency to underestimate declined. The forecast of 170,000 immigrants that Finance used for the 1991 budget turned out to be very close to the actual number who arrived that year, indicating either an effective learning process or a streak of luck. The tendency for gross underestimated during the Shock stage turned into gross over-estimation during Focusing. The Ministry of Immigrant Absorption projected 400,000 for 1991. The 1992 budget grossly over-estimated the expected number of immigrants setting it at 200,000, whereas only some 80,000 arrived. Note, however, that even 80,000 was six-fold more than the pre-crisis numbers.

**Deflection of institutional blame for unpreparedness**

As noted in Chapter 3, in 1989, despite Israel's long-term commitment to providing a haven for any Jewish person or family member, there was no contingency plan should the USSR allow its estimated 2 million Jews to leave. And as we saw in chapters 4 and 5, despite the extensive public holdings of land and the centralized powers of planning, urban and regional plans seldom included significant vacant land reserves unlocked from agricultural designation and approved for development. The Population Dispersal Policy had the opposite effect – it placed caps on major additional development in the major cities and towns in the country’s central areas, where jobs were available. Developable land reserves existed in only a few towns, but most were located in the peripheral areas, where there has always been a scarcity of jobs.

A strategic plan that the Ministry of Immigrant Absorption had prepared several years before the crisis for the contingency of accelerated immigration proved to be almost useless. It was based on very small numeric estimates of immigrants and on unimplementable tools. I, for one, had never heard of it before doing this research. I therefore assume that most national, district, and local planning bodies had never heard of the plan either, neither before nor during the crisis. The plan cited a reserve of 10,000 public housing units, but most of these turned out to need rehabilitation. This feeble plan was the major document with which the cabinet minister in
charge of immigrant absorption tried to reassure a concerned Knesset in the April 1989 debate, as rumors about increasing immigration began to circulate.

Aware that they were unprepared for the crisis either with information or with plans, and under intensive criticism by the media, the Knesset, and the State Comptroller, policymakers in Phase 1 were busy deflecting blame from one agency to another. For example, a policy document titled "Alignment of the Ministry of Absorption for Absorbing 400,000 New Immigrants in 1991" (Dec. 1990; Hebrew) explicitly and unabashedly blames other agencies.

On the cabinet level, the major exchange of blame was between the Minister of Finance and the Minister of Housing, irrespective of which politicians held these portfolios, and which parties they belonged to. This blame-game came across clearly in the media and in some official documents. In the initial stages of the crisis, these two ministers belonged to opposite sides in the National Unity Government led by the Likud. Labor's Shimon Peres was Minister of Finance, and Likud's David Levy was Minister of Housing. The Minister of Absorption, Rabbi Peretz and the Minister of the Interior, Rabbi Derri, both of whom represented small religious parties, were also involved in blame deflection. In March 1990, after the National Unity government came apart through a Knesset non-confidence vote unrelated to immigration, the Likud remained as the only major party in the coalition. Cabinet reshuffling brought in Yitzhak Modai as Minister of Finance and Ariel Sharon as Minister of Housing - both of Likud - and both played key roles during the major part of the crisis.

The disagreements about immigration-absorption policy among politicians did not generally follow the party-political ideological debates that normally dictate much of the rather intensive Israeli political scene. That is because the major issue that splits most Israeli voters along party lines pertained then, as today, to issues surrounding the prospects of peace, the future of the occupied territories, and the appropriate role of religion within Israel. The disagreements about absorption policy were determined more to the terms of the ministerial portfolio rather than to any deep-seated political or social ideologies. Similarly, the broad public debate about the immigration crisis did not divide along party lines. It concentrated on ancillary questions of tactics rather than on major strategic or ideological issues.

The professional level too experienced some shock and numbness, but with a difference. The shock was visible in the emergency atmosphere of the first crisis-related conference of any professional group dealing with land, housing, or urban development, convened as early as January 1990 and organized by the Israel Association for Environmental Planning. The chief planners of all the relevant government offices participated.

Each of the chief planners expressed a genuine professional concern and desire for action but complained that the other officers had not yet gotten any action underway. The planners of the Ministry of Housing and of the Ministry of the Interior blamed the Israel Lands Administration for not having enough public land on the shelf, ready for release for development. The planners of Housing and the Lands Administration blamed the planners at the Ministry of Interior for their notoriously time-consuming and over-bureaucratized development-permission process. And the planners from Interior and the Lands Administration blamed the planners from Housing for failing to prepare a stock of reserve housing, whether already built-up or, at least, planned in detail, in a “ready to go” stage. Yet, the stage of shock and blame-deflection was considerably shorter among the professional planners than among the politicians.
Denial and attempted reliance on existing modes

False optimism was a common reaction among planners and other decision-makers. They wished to assuage concerns and argued that their existing institutional arrangements and policies would be able to handle the challenge adequately if only they were given greater budgets and greater leeway for action and if only the other players would stop being stumbling blocks.

This reaction was also apparent in the January emergency conference of planning professionals. The head planner of the Ministry of Housing optimistically cited an existing housing stock of 10,000 vacant public housing units and private condominium units, and recommended that these be offered for rent as an immediate solution. However, it turned out that many of these were in neglected, sometimes partially vacant buildings, others needed extensive and costly repairs, and a smaller proportion had been illegally occupied and would be difficult to evacuate. The senior planner of the Ministry of the Interior argued: “Not to worry – there are tens of thousands of potential additional housing units within approved or nearly-approved plans - some on public land, others on private land. The Ministry of Housing and the private developers should stop complaining and pull up their sleeves to begin construction!” In fact, however, most of these potential units had been on paper for years but were not implementable because of various hurdles such as complicated land ownership, inadequate accessibility or services, and controversy on environmental issues. The head planner of the Lands Administration stated that his agency had enough land reserves for release. If only the planning process were more speedy and legal solutions were found for vested rights, there would be no problem in meeting the housing and urban-development needs brought about by the crisis. Of course, that was wishful thinking since the planning system was not about to change without major intervention.

While politicians and professionals were still immersed in delay, denial, and deflection of blame, immigrants were arriving in ever-increasing numbers, usually at night because Israel's only international airport could not accommodate them by day. Each passing month set a new record (recall the graphs in Chapter 3). The pre-diplomatic delegation that first arrived in Moscow in October 1989, signaling the change, was allowed to increase its minimal staff in early 1990 in order to handle the overwhelming demand for visas. International agreements to allow direct flights to Israel were signed later in 1990.

It appears to me that the professionals of the Jewish Agency and the Ministry of Absorption who were in charge of supplying the personal and social service to the immigrants, suffered less from shock than their counterparts in the land, housing and urban planning areas. The social and personal services functioned from the start, only suffering long queues. This difference in policymakers’ reactions may reflect the fact that immigrant absorption was these agencies’ major task. And even though their services had been on a slow-burner prior to the crisis, they still knew how to implement them.

But the Immigrant Absorption Centers had been abolished on the eve of the crisis and so there was no housing policy for new immigrants. How should a new immigrant be expected to find a place of residence? There was to be no guiding hand from the government. This non-policy was a result of the direct absorption policy adopted only a few months before the mass immigration wave and was rooted in the changing philosophy of government action in Steady-State Israel, as explained in Chapters 3 and 4. The direct-absorption policy seemed a wonderful idea so long as the number of immigrants was low and so long as most had relatives in Israel. But it became a nightmare when thousands of families who had no relatives in the country arrived at the ports each month with no idea of where to go.
Information on vacant housing or the potential rental housing stock was scant, for reasons explained in Chapter 5. No government bureau was in charge of collecting systematic data about vacant rental units in the private sector. The Ministry of Housing had not yet redefined its role as in charge of housing policy rather than housing construction (on the eve of the crisis it was on the verge of such a redefinition). Instead, it was still locked into its previous function of producing new housing and running the small stock of rental public housing. The Lands Administration saw its role as the custodian of the publicly owned land reserves and as an administrator of leasehold rights. It did not see its role as being in charge of the built-up housing, even though, under Israeli law, owners of the ground also owns the built-up fixtures. Even the Israel Bureau of Statistics – an independent agency known for its impartiality and precision - had never developed a database regarding the occupancy status of housing units (owner-occupied or privately rented). It collected information only on new housing starts at various stages of construction. Nor was there any economic incentive to report rental transactions, so the size, distribution, and character of the potential pool of rental units remained unknown.

Paradoxically, this absence of a policy and lack of information turned out to be one of the major blessings of the crisis. As we shall see, the “clandestine” housing stock took all planners and decision-makers by surprise. Unanticipated market forces filled in for the government's lack of preparation and initial inaction.
Notes


5. The State Comptroller’s scathing criticism was included in almost every one of the Annual Reports during the crisis and subsequently. See Office of the State Comptroller, Annual Reports, 1990, 1991 (Hebrew).

6. Rabbi Peretz left the political scene shortly after the crisis, but Rabbi Derri continued to be one of the central figures in Israeli politics. Although he no longer serves as a cabinet minister (due to charges of fraud against him), he continues to be the informal leader of the Shas party - an orthodox religious party of North African Jews, which is a political force of growing importance in Israel. Unlike some other orthodox parties, Shas is moderate on the Arab-Israeli front.

7. Modaii passed away in summer 1998 after being in private business for several years. Sharon served as Minister of Foreign Affairs and Minister of National Infrastructure under Netanyahu’s Likud government until June 1999 when Labor was elected into power.

8. In Israel, the term “left” is assigned to the more dovish and liberal side, and “right” to the more hawkish side, which is, usually, also more conservative on religious affairs. Left and right in Israel are only remotely related to issues of socio-economic policy that are the classic “left” and “right” in most countries. Ironically, in Israel, blue-collar and poor voters support the right much more than the better-educated and higher-income voters.

9. For an explanation of the housing system see Chapter 4.

10. These included transport, immigration processing, payment of housing-rental and living allowances, enrollment in Hebrew-language courses, and some job retraining courses supplied by the Ministry of Labor and Welfare.

11. Leshem (1998) offers a detailed discussion of these services.
Chapter 8

Phase II: Focusing

The Emergence of Housing as Lead Issue

Around March of 1990, policymakers concerned with housing and urban policy pulled out of the phase of shock and began to focus on a strategy for handling the crisis. This phase proved to be critical in directing public and professional attention to what political leaders saw as the heart of the problem and the critical areas for government action.

“In search of the critical path”

The Focusing phase was characterized by the development of a joint sense of shared mission, and a quest for collaboration and mutual alignment. Policy response modes included: problem definition - identification of the lead issue; problem reduction and identification of the 'critical path'; coordination and information gathering; harnessing the good will of conflicting interests; and setting the stage for innovative policymaking.

Modes of Response

Problem definition: identification of the lead issue

In order to pass from the state of Shock to Action, someone had to translate the state of all-engulfing crisis in which almost all areas of public policy were immersed, into a problem that could be conceptualized and managed by public policy. As Christensen (1985) anticipated in her framework reviewed in Chapter 2, a key ingredient at this stage was leadership, much of which was proved by Ariel Sharon.

When Ariel Sharon became Minister of Construction and Housing in March 1990 he brought with him his notorious no-nonsense, military-style and his reputation as a "can do" implementor. He used his high visibility in the media to raise expectations that he would be able to whip the government into action. As the Chair of the Inter-Ministerial Coordinating Committee for Immigrant Absorption, he took upon himself the responsibility for managing the crisis. Sharon even succeeded in moving the powerful Lands Administration to the Ministry of Housing from the Ministry of Agriculture, where it had (ideologically) been placed since its establishment by a 1960 law. The political leadership was able to rely on the majority consensus that believed mass immigration to be a good thing. Public opinion expected the government to do as good a job as possible of absorbing the immigrants, and expected the nation to devote considerable resources to this purpose, even at the cost of some hardship.

Once the locus of power had been established, the need for focusing became acute. Which of the many complex needs of the immigrants and the far-reaching impacts on the economy and
society, should be identified as the key issues: Would it be housing, employment, higher education or social integration? It was probably Sharon's leadership that was instrumental in assigning to housing the overriding prominence that it would come to hold during the crisis, both within Israel and in international perception.

Could the lead issue have been otherwise? Theoretically, yes, but only in a society with a different set of social priorities than Israel had at that time. Another society might, for example, have viewed immigration as primarily an economic challenge, and would then have focused on creating jobs by stimulating large-scale public and private investments. Under that kind of policy, housing would not be viewed as a major public-policy priority, and immigrants would be expected to manage on their own, often residing in makeshift or crowded accommodation, until such time as market forces would gear up to supply the rising demand. The issue of "economics first" or "housing first" dominated the debate on the appropriate tactics of absorption.

This debate was usually personified as the constant and often bitter disagreement between Ariel Sharon as Minister of Housing and Yitzhak Modaii as Minister of Finance. Modaii argued that an obsession with optimizing housing supply would draw away national and private investments from economic development. This would lead to a high rate of unemployment and disillusion among work-conscious Soviet immigrants, many of whom might have preferred more employment opportunities to better housing. Modaii and most of the professionals in the Ministry of Finance held that unless enough jobs were created, the "grand opportunity" brought by this wave of immigrants, many of whom were highly skilled but penniless, would be wasted. After all, they argued, this was a very special kind of immigration in terms of human resources. One third of all work-age immigrants from the former USSR were engineers or scientists. Within two years, they added 180% to Israel's engineers and scientists and 65% to the number of medical doctors, joining a virtually saturated market (Ministry of Finance, July, 1992).

Furthermore, Modaii feared that potential immigrants still deliberating whether to come to Israel would be put off by negative reports about employment opportunities, and might choose to remain in the USSR despite the hardships there. In retrospect, Modaii proved to be partly right.

Alternative leading issues could also have been stressed. Immigration might have been viewed as a problem of higher education, since a shortage of places was discernable even before the crisis. The immigrants, whose rate of university education was much higher than the Israeli average, would expect their children to be able to gain higher education in Israel. Alternatively, the crisis might have been viewed as primarily a social issue. Many social commentators expected large-scale clashes between immigrants and Israelis sparked by economic-competition or ethnic differences. Happily, these did not materialize to any significant extent. It was housing that became the lead issue and it consumed the major portion of the national budget earmarked for immigrant absorption, and much of the attention of key policymakers and the media.

Sharon did not invent the housing focus; it was already generally accepted public expectation before he became Minister of Housing. The focus on housing reflected a widely shared scale of values: In Israel, the spectacle of homeless families forced to sleep in the streets was not politically or socially palatable. Indeed, homelessness was virtually nonexistent in any social sector before the crisis - not even in the formative 1950's, when the earlier waves of mass immigration arrived. Sharon was acutely aware that public opinion would view the sight of a homeless family as a sign of his office's gross failure. By winter 1990, many Israelis were keenly aware of the recurring rental raises by private apartment owners, as the flow of new immigrant families armed with relatively generous first-year rental allowance hit the finite housing market. Sharon knew that, if housing construction did not begin soon, homelessness
would hit not only new immigrants, but also longtime Israeli citizens who would be priced out of the market.

That immigrants should find housing in inner-city slums or live in crowded conditions, sharing a housing unit, was not even considered a policy option in Israel. In many other advanced-economy countries, the familiar reality is that immigrants reside in very poor housing, yet most policymakers do not regard this as a problem requiring government intervention. None of the many documents I have seen mentioned this option as a public-policy alternative. The assumption of policymakers during the crisis was that it was the government’s role to ensure adequate housing for all. Although economists in Finance and elsewhere argued that the private construction industry would, in time, respond to the steep rise in demand without any government stimulation, they too could not estimate how long this would take. The goal of public policy was the absorption of immigrants into mainstream society as quickly as possible. Housing was viewed as a quasi-public good which the government was obligated to make available to the immigrants as soon as possible after their arrival.

Because of the nature of new housing construction, this social service became fiscally and physically visible: One could easily see whether new housing units were coming up, and one could count the output and the cost with relative ease. Social services, by contrast, were much less visible to the public eye. The government generously entitled immigrants to all social services on at least an equal basis as longtime citizens, including Israel’s high-level health care, free education from pre-school to high school, free job retraining, and social and income support (Leshem 1998). Some services were provided uniquely to new immigrants, such as free university education and free language learning. Yet there was little public discussion at the national level about whether social services for immigrants should receive higher or lower priority and budgets. The Ministry of Finance, wishing to use this grand opportunity to cut down on slack resources and enhance efficiency in the public services, delayed the allocation of additional budgets to service agencies and local authorities, until they were convinced that the service personnel and budgets could no longer cope. The general public felt the impact of the extra load on these social services through longer queues. In some localities, including Nazareth Illit, one of our case studies, people complained of crowded classes in schools and overburdened health services during 1990. But this competition eased off fairly quickly.

And what of the "economics first" argument? It so happened that shortly before the crisis Israeli public opinion had, for the first time in decades, learned to swallow a rate of 9% unemployed. This was recognized as the price of the great success in curbing hyperinflation a year or two earlier. So, in 1990, as the wave of immigrants grew, the government was able to risk inaction on the employment front. The unemployment rate reached 11.5% that year and temporarily affected not only new immigrants of whom some 33% were unemployed during their first year or two, but also Israelis of all social classes. A Minister of Housing would prefer to be jointly responsible for rising unemployment as a member of cabinet, rather than being personally accountable for the creation of homelessness.

**Problem reduction and identification of the "critical path"**

Ariel Sharon’s success in focusing attention on housing as the lead issue had the effect of problem reduction. He translated an otherwise complex "meta-problem" which would have been difficult for planners to handle (Cartwright, 1973) into a tractable though by no means tame one. Recall that in Christensen’s (1985) model, planning problems are classified into four quadrants. The effect of problem reduction was to move the problem from Quadrant D, where
there are no known planning methods and where Chaos rules, to other quadrants that are more amenable to planning and action. The focus on housing helped to translate the problem so that it could later be moved not only to Quadrants B and C, but through them, further on to Quadrant A. There, problems are prone to rational analysis and to quantifiable outputs. Sharon and other Cabinet members, as political leaders, were able to show the public visible measures of success in a relatively short time.

The politicians had additional good reasons for their choice: A new job in a basic sector takes several years to mature and requires an investment of some $400,000 to $500,000. Furthermore, there is no assured body of knowledge for successful government stimulation of the employment market, whereas the technology for creating a new housing unit is well known. It required an initial investment of only some $80,000, and could be visibly on the ground in a relatively short time.

It was necessary to estimate the number of housing units to be constructed. In summer 1990, the more conservative estimates of expected immigration ran at 1-1.5 million within 5 years – 200,000-300,000 immigrants per year. Some estimated even more. Assuming that the private housing construction industry which had been able to produce some 20,000 units annually on the eve of the crisis would not be capable of increasing its output quickly enough, planners estimated that the public sector would have to produce at least 70,000 more units annually. Recall that the public-sector production had declined to 5000 units annually on the eve of the crisis. In making this calculation, Housing’s planners assumed that each immigrant family would occupy a separate housing unit, and that the average family sizes would be 2.3 persons (as compared with 3.5 in the Jewish sector in Israel prior to the crisis).

Thus, housing production became the "critical path" - the overwhelming organizing factor for policymaking around which many other decisions were to align themselves during the crisis. If my interpretation is right, this also explains why Sharon rarely convened the Interministerial Absorption Coordinating Committee of which he was chair. He had little use for coordination among bureaus that were not on the critical path, as he perceived it.

**Coordination and Information-Gathering (along the critical path only)**

While it was the politicians who may have played the key role in problem definition and reduction, it was the planners and other professionals who led the way in the operational aspects during the Focusing phase.

This crisis was a grand opportunity for the country's small group of key planners who headed the planning departments of the relevant ministries. As we saw in Chapter 5, their bureaus had shifted away from the policymaking centers and large budgets they used to have in previous decades. Now that housing and land availability came into the limelight once again, these planners had an opportunity to play important roles.

These planners spearheaded data collection, innovative coordination, and initial policymaking. As early as January 1990, while other arms of government were still in shock and no procedures for policymaking had yet been set up, four head planners of key government bureaus took the initiative. They met informally, sometimes at night in their private homes. They included the experienced heads of the planning departments of Housing (Sophia Eldor), Interior (Jonathan Golani), and the Lands Administration (Dan Stav). These three – often joined by and Dina Rachewsky of Interior, second to Golani - had often interacted on ongoing planning issues. This
small group was joined by an “outsider” - a representative of the powerful Ministry of Finance. No representatives of other relevant social or economic ministries, not even Absorption or Environment, were included.

Fueled by a sense of emergency and joint purpose, these four in effect set up an informal action group that coordinated collaboration among their four offices, previously criticized for their disjointed action (Hill 1986). Their main task was the collection of an information base to enable new housing construction: Were there land sites available for immediate development, with approved, ready to go plans? Were there enough infrastructure capacity and public services? This collaborative effort was commendable. Once the government effectively adopted the critical-path of housing, it fit government policy like a glove. But the need for urgent information gathering highlighted the poor state of basic information in each of the four bureaus, due to past inertia and to low budgets for planning and related information.

The four planning directors also exercised some normative judgment. The group, except for the representative of Finance, shared Israel's long-standing and hitherto consensual planning doctrine of "population distribution" described in Chapter 4 (Shachar 1971, 1993; Alterman and Mosseri, 1993). It sought to dampen development pressures in the economic magnet of the Tel Aviv and Central regions and to prefer the Galilee in the north and the Negev in the south.

Harnessing cooperation and the good will of conflicting interests.

The Head Engineer of the Ministry of Housing, Uri Shoshani, was charged with getting the mammoth housing production process going. Knowing that his office would need the support of all stakeholders in the development industry he introduced another innovation. Beginning in April 1990, he assembled an ad hoc forum that included private developers, development professionals, central government and local government representatives as well as two representatives from academia (of which I was one). Such a forum had not been convened before, certainly not since the 1950s. It became a national think tank of sorts. All participants volunteered their time, and the sense of a joint mission united them.

This forum placed the head engineer in the roles of facilitator of communication and mediator among conflicting interests to enhance what Benveniste (1989) has called "the multiplier effect," harnessing the support and positive momentum essential for getting a plan off the ground. The forum smoothed the way for intensive negotiations among government professionals and the developers. Note, though, that while this coordinative forum was broader than the planning directors' group, it too was strictly limited to stakeholders directly involved in housing issues. No attempt was made to involve representatives of the ministries of education, industry, health, or absorption. Even representatives of Finance were excluded from the forum, probably because they did not share the view about the primacy of housings.

Encouraging innovative policymaking

Phase II sowed the seeds of the innovative programs for housing production that came to fruition in the Action phase. The planners and policymakers became experimenters and facilitated innovation. The Head Engineer and the planners on his staff brought before the forum the tough dilemmas face by the government:
Should the government resort to direct construction of public housing, or should it harness to the extent possible the financial and production capacities of the private sector? Recall from Chapter 4, that direct public-budget housing constructed by government had declined to a fraction of the housing starts. Even "public-program housing" (i.e., housing planned by government, built on public land with private capital, and usually for market-rate sale), had declined to some 18% of housing starts.

Should there be extensive reliance on temporary housing that can be built quickly with public funds, or should resources be directed to permanent housing, even at the risk of having to use interim emergency shelter facilities?

If temporary housing were necessary, should it be concentrated in large sites, or should it be dispersed? Could temporary housing be planned and designed to minimize its long-term negative effects and enable the transition to permanent housing?

Should the government opt for neighborhoods designed specifically for new immigrants, or should it opt for a social mixture of new immigrants and Israelis? The latter option would mean that the general stock of new housing should be increased. To be marketable, the standard of such housing would have to be higher than housing designated for new immigrants only, thus requiring a greater investment of public funds.

In the selection of locations for the new housing, should the opportunity of mass immigration be used to boost the long-standing policy of population dispersal to the peripheral regions, or should employment opportunities at the country’s central region be the ruling consideration?

Phase II was the time when entrenched "sacred cow" policies received major blows. In their April 1990 plan, the Ministry of Finance economists were the first to address the dilemma of population dispersal versus jobs. For the first time in Israel’s history, a government body recommended a departure from the policy of population dispersal by halting any new incentives for development in the periphery. The Ministry of Finance’s recommendation was not adopted at that time. Its document was also the first to suggest relaxation of the hitherto “untouchable” policy of agricultural land conservation. As noted in Chapter 5, that policy had for decades been a major stumbling block before both public and private developers who proposed the conversion of agricultural land for development on a large scale, especially in the country’s central areas where demand was concentrated. This Ministry of Finance document was also the first to state the need for new land-use planning legislation to streamline the processes of plan approval (re zoning) and building permits.

The cabinet adopted Finance’s recommendations in May 1990, at last clearing the way for Phase III – Action.
Notes

1. Americans will recall that the Israeli government – at that time led by Likud - asked the USA to guarantee the money Israel borrowed on the international market to finance the costs of immigrant absorption. The US government linked its willingness to underwrite the Loans Guarantee program to a declaration by the Likud government that it would not encourage construction of housing for new immigrants on the occupied West Bank. The program was accompanied by a system of monitoring housing starts.

2. However, not all of these professionals had western-equivalent levels of training and specializations.

3. The high rate of university education among Soviet Jews and family members can been explained by the fact that higher education was one of the few avenues for social mobility open to them in the Soviet Union.

4. See, for example, a report about the housing conditions of immigrants in New York City (Schill, Friedman, and Rosenbaum, 1998).


6. In 1989, when the immigration wave was undreamed of, there was great public outrage when Shimon Peres' deputy in the Ministry of Finance, Dr. Yossi Beilin told the public that it should get used to a 9% unemployment level. His bosses denied this and reprimanded him, since such a level was previously unacceptable in Israel and was regarded as an indicator of the failure of public policy.

7. Data published by the Ministry of Finance, July 1992. The unemployment figure for immigrants is conservative because many were not employed in their fields, especially the professionals and scientists.

8. As a member of that team, I suggested several times that representatives of other ministries be invited to enable the forum to deal more comprehensively with immigrant-absorption issues pertaining to urban development and services in the broader sense, but I never received an answer. In retrospect, I offer the above explanation.
Chapter 9:

Phase III: Action

Formulating the Large-Scale Housing Program

In the months that followed the Cabinet's May 1990 decisions, things began to roll very quickly. By November of 1990 (while about 170,000 immigrants had already arrived), all the elements of the formula for Action were finally in place. The target was to produce 70,000 public-sector units annually – a 14 fold increase in public-sector housing production over the rate in the late 1980s. In this chapter, I describe how the formula was conceived, what were its elements, and how it was made to work.

"Time Is More than Money"

Although the May 1990 cabinet meeting gave the green light, a detailed housing program still had to be developed. Time was critical. Most policymakers agreed that despite the crisis needs, it would be foolish to return to the direct government construction of the 1950s and 60s. At the same time, most policymakers, except perhaps some orthodox economists in the Ministry of Finance or academia, also felt that it was unrealistic to leave the production of housing to market forces unaided by government intervention. The preferred policy was a midway compromise – the “public-program housing” policy, which had in the 1980s declined to about 20% of housing starts – about 4,000 units annually. As discussed in Chapter 4, this policy refers to housing constructed with private developers’ funds, but on public land and with the help of some subsidies toward infrastructure. Through public planning and urban design, the government determines the location, timing, and affordability of such units.

But the keys to igniting the recalcitrant engine of the housing industry were still missing. The planning-approval process was notoriously slow, often taking years to approve even a routine rezoning. An unprecedented number of large tracts of land had to be made available quickly and in a very small and densely populated country. With the "homelessness clock" ticking louder and louder, time became more than money. At this stage one can identify seven policy response modes that are reminiscent of Bardach's classic (1978) implementation-game imperatives. I shall call them Imbuing a sense of urgency; The Race with the ‘burning ball’ of Legal Authority; Centralization of decision making; Plan Only As Necessary; Act Now, Plan Later; Maximize Quantity and Minimize Time; and Pile-on Ancillary Goals.
**Modes of Response**

**Imbuing a sense of urgency**

The Action phase was characterized by an overwhelming sense of urgency which political leaders and professional planners, themselves motivated by a great sense of commitment, injected into the decision making process. The feeling that time had been lost and action must be taken quickly and on a large, effective scale permeated most government offices, affected the Knesset, and influenced other decision-making bodies.

The ad-hoc housing committee established in the early months of the crisis will serve as our window for observing the modes of decision making. As summer 1990 arrived with no sign of any increase in housing starts, the sense of urgency - nay, emergency - grew thick. In an atmosphere somewhat reminiscent of a War Room, the Head Engineer, Uri Shoshani, often red-eyed, working late nights and clearly conscious of his heavy responsibility, imbued the decision making process with a sense of urgency. He would begin every meeting with an analysis of the worsening situation. Reporting dramatically on "the alignment of our forces", he would cite the latest working projection used by his office. For example, my notes for the August 1990 meeting say that as many as 400,000-600,000 were expected in 1991 alone! Then he would compare these figures with the growing housing gap. Assuming, as most experts did, that private market rental housing would have been almost exhausted by that time, he reported on an emergency plan to temporarily house thousands of families in schools, hotels, community centers, and even army camps. We know now that this plan was not needed. Shoshani ask the members of the forum to generate ideas for the saving formula that would prod the developers into responding to the anticipated demand.

Meanwhile, in the summer of 1990 the relentless tick of the homelessness clock received what seemed at the time to be an ominous amplifier. There was a sharp rise in demand for rental housing on the private market. Rents – quite low before the crisis – escalated rapidly. Many Israeli families in various parts of the country could not afford the increasing rents and their leases, generally short term, were terminated. The first protest against this situation came from the town of Carmiel, one of our case studies. A young Israeli family who had enjoyed the town’s low rent level (it is located away from the country’s center) and high quality of services and environment, was unable to pay the newly increased rent and could not find alternative housing. In protest, the family pitched a tent in one of the town’s public parks and set up home in it. This act spread like wildfire to all parts of the country, and within weeks became known as the “Tents Movement”. Dozens of families in many towns moved into tents pitched in public gardens and playgrounds – the small green or paved public spaces that are all-too-scarce in Israeli cities. Joined by some new immigrants, they at one point numbered several hundred.

For decision makers, and the Head Engineer, the Great Fear was that these families would still be in tents when winter came (some rain and temperatures of + 2-20 C). Hindsight tells us that this was a passing crisis, and that government agencies found "housing solutions" for each family with a real need. Despite increasing demand, the phenomenon of mass homelessness was not repeated during the crisis. However, in summer 1990, the socially unacceptable scenario of children and the elderly living in tents or on city streets, became a powerful force that provided a "virtual reality" simulation of what might happen if the financial-administrative-legal formula for generating housing were not found very quickly.
With no new construction, where, you may ask, did the immigrants of 1990-1 live? If we look ahead at events we can unravel the mystery. As more and more immigrants came in, two unanticipated market factors worked to confound planners’ pessimistic assumptions about the absorptive capacity of the private rental housing market. The first factor lay on the supply side: Tens of thousands more apartments than any one had estimated became available on the private rental market. As described in detail in Chapter 4, these additional units were probably being held as second-apartment equity and kept quasi-vacant in residential areas, or had been converted to non-residential use in inner city areas or poor neighborhoods. It now became profitable to rent them out for housing.

The second factor lay on the demand side: In their projections and calculations planners had assumed that families would reside in separate units, as has been the norm in Israel for decades. However the immigrants themselves provided the housing solution. Faced with rising rents, families chose to pool their rental allowances and share apartments. Later, when they purchased their own homes, families lived in separate units.

So, the initial estimate of no more than 10,000 vacant units nation-wide – an estimate that included both rental and for-sale units - happily turned out to be very far off the mark. The housing market behaved like the legendary tiny oil pitcher in the "miracle of Hanukah" which contained enough oil to light the Greek-occupied Temple menorah for only one day, yet it kept the menorah burning for eight days! The decision-makers, however, did not know about the clandestine vacant housing reserve as the Action phase began.

"The race with the burning ball": Obtaining legal authority to shortcut land-use planning regulations

One of the more dramatic stories that illustrates the sense of urgency was the race in June 1990 between the Minister of Housing, and the Minister of Interior. Neither wanted to be caught holding the “hot potato” of stalled construction (the “burning ball” is the local, soccer-game equivalent of the “hot potato”). The major stumbling block at this stage was the lengthy approval procedures for plans and permits. So, in late May 1990, Shoshani reported to the ad-hoc group that Minister Sharon had instructed his staff to prepare the legal basis for bypassing the statutory planning system through the use of Emergency Executive Powers which do not need Knesset approval.

The emergency regulations were to exempt a specified number of state-constructed housing units from the Planning and Building Law. They would thus bypass the planning agencies, proceed without a building permit, and be exempt from some construction, safety, and even security standards. Note that unlike the legal situation in the USA, where federal and state governments do not need local-government permission for their construction initiatives, in Israel, since the 1965 Planning and Building Law, government-initiated construction must follow the same procedures as private construction. Sharon's initiative was clearly disliked by most Israeli planners. I have no information about the private views of the Ministry of Housing planners and of the Head Engineer, but publicly, they all cooperated with the emergency-powers strategy and promoted it as essential to meet the emergency situation. The regulations were issued on July 2, 1990, and were intended for large-scale construction, but because of the general criticism, the first set of regulations was limited to 3000 units of pre-fabricated housing.

The emergency regulations were distasteful to the Minister of the Interior, Rabbi Arie Derii. Because the land-use planning administration under his office would then be perceived as
impotent, or worse – as an impediment to the national effort. So, parallel to Sharon's initiative, Rabbi Derii tossed the “burning ball” away from his team and back to Housing. He instructed the senior planners and legal advisors on his staff to speedily draw up alternative, non-emergency legislation that would drastically cut land-use planning and building-permitting procedures for crisis-time construction. This, he hoped, would reduce the time for plan approval and the issuance of building permits while maintaining the rationale of a planning system. It would also eliminate the need for emergency regulations.

In June 1990, the race between the two ministers reached the Knesset floor. Sharon’s emergency regulations, only requiring “deposit” before the Knesset, were ready to go. By contrast, the new planning law proposed by the Minister of the Interior required the regular legislative process by the Knesset, including prior approval by the relevant parliamentary committee. With a sense of urgency, the Knesset Committee for Interior and Environmental Affairs convened to review the new bill. Sharon’s justification for issuing the emergency regulations was that the Knesset deliberations, as was their wont, would take a long time. But the crisis atmosphere proved so powerful that it drastically altered the pulse of parliamentary decision making.

During the subcommittee meetings, which I attended as a pro-bono advisor, Interior's planners and legal advisors argued that the drawn-out procedures required by the existing planning law did not meet crisis-time needs. They warned that the alternative to their proposal was Sharon's emergency legislation. They also knew well that the Knesset members disliked the emergency regulations because these circumvent the Knesset. The new law, they argued, was the least of the two evils.

Despite the many concerns of Knesset members and of interest groups about the new law, it went through the entire legislative process – committee approval and three parliamentary readings - within the record time of one week. Wishing to limit the damage that the streamlining legislation might do, the Knesset legislated the new law as an Interim Law, and limited its life span to two years with an option for extension. It became effective in late June.

**The major elements of the new law:**

The Interim Law’s jurisdiction covered any proposed development of at least 200 housing units - public or private – as well as ancillary public and commercial services. It also covered plans to extend an existing industrial area. Six Housing Construction Commissions (HCC’s) were created, one for each district. They were composed of 6 representatives of the key Central Government ministries: Interior (2), Housing, the Lands Administration, Transportation, and the Commission for the Preservation of Agricultural Land, as well as 3 representatives of the local authority. The status of the local representatives was as ad hoc members who would only join the commission when a plan under their jurisdiction would come up for approval.

The major rationale of the 1990 Planning and Building Procedures (Interim) Law was to cut time approval time. The law therefore drastically cut citizen review and objection time from two or three months to a period of only 20 days, including weekends and holidays. It severely limited the time allocated for scrutiny by the planning support staff and for deliberations by the Committees. The law instituted a series of procedures whereby plans would receive approval by default, if no rejection decision has been made within a specified (short) time period.

As a byproduct of the desire to streamline the plan approval process, the interim law challenged the logic of consistency and hierarchy within the planning system. It weakened the planning
authority vested in the local level, which, as we saw in Chapter 5, had always been rather limited. Ostensibly set up as combined local-district bodies that could bypass the local-government level, the six new Commissions functioned more like organs of the central government than a mid-way body. Since only the mayor and his appointees were members of the HCCs, the local elected opposition had no access to them.

The Interim Law also set out to weaken the power of national-level plans and of the National Planning and Building Board. It challenged the logic of the entire hierarchy of national, district, and local plans in two ways: It eroded the powers of the national Commission for the Preservation of Agricultural Land, and placed some limits on the authority of the National Planning Board. These major changes merit a closer look.

The reduction in the powers of the CPAL was dramatic. Under the regular law, proposed development on declared agricultural land would have required the review and approval of the CPAL (see Chapter 5). The Interim Law brought the CPAL “down” by making its representative a regular member of each Housing Construction Commissions and by authorizing the new Housing Construction Commissions to review all plans, even those impinging on agricultural land. The only privileged status of the CPAL representative was that he or she could call in particular plans for the CPAL’s direct review. As might be expected, however, in the new atmosphere and the dynamics of HCC deliberations, that power was used only in exceptional cases. For most plans, the HCCs therefore provided single-stop decisions.

The new law also impinged on the powers of the National Planning Board and national plans. The HCCs were authorized to approve development that did not accord with a district plan, without requiring the approval of the National Planning Board which, under the regular law, is authorized to approve district plans or amendments to them. The new commissions were even authorized to approve development that contradicted existing national plans. But in such cases, the National Board was allowed 20 days in which to approve or reject the proposed plan. This meant that the Board had to be extremely alert. The new law placed a default assumption of approval if a decision were not reached in time. There was one interesting exception to the capacity of the new commissions to override national plans: The law stipulates that “a national plan for immigrant absorption” which, once prepared, would be fully binding on all Housing Commission decisions. Only the National Board was authorized to approve a variance or an amendment to that plan. When the Interim Planning Law was enacted in June 1990, that plan did not yet exist. The story of how this exceptional national-plan initiative came up is one of the center pieces of the next chapter where the Planning phase is unfolded.

Although the 1965 Planning and Building Law was not abolished and continued to operate side by side with the Interim Law, the latter was to dominate the Israeli land-use planning scene for the next 4 years. It shaped much of Israel's built-up environment, and served as a precedent for any new planning legislation to be proposed in the coming years.

How did the professional planners working for the central-government agencies react to the new law? Despite the limitations that the new law placed on citizen participation, on planning scrutiny, and on consistency with national-level plans, planners in the ministries of Interior and Housing used their professional skills and authority to facilitate the law’s implementation. They prepared explanatory documents and held training sessions for local and district planners. They used their senior standing vis a vis district and local planners to appease opposition to the new law. During the crisis, they argued that the new law was necessary and appropriate in order to meet the urgent needs of housing production. Compared with the emergency regulations, they
argued, the new law was the least of two evils, for it kept intact a reasonable amount of planning oversight and citizen participation rights.

Meanwhile, the Minister of Housing did not easily relinquish his proposed emergency powers. In theory, the two legal tracks might have existed side by side indefinitely. However, two weeks after the Interim Law was enacted, on July 17, 1990, the High Court of Justice heard a petition from a concerned Knesset member (Avraham Poraz\(^4\)), and declared the emergency regulations void. Giving the Minister of Housing three weeks to phase out the Emergency Regulations, the High Court ruled that a minister has the legal authority to resort to emergency powers only for matters not adequately covered by Knesset laws. In this case, an appropriate legislative solution (the Interim Law) had been provided\(^5\). Many policymakers and planners within and outside government circles welcomed the High Court decision. Many had been unhappy about the constitutional and practical impacts of resorting to emergency legislation in such a crisis. After all, the immigration crisis was not like a natural disaster or a war, the kinds of situations for which emergency regulations were primarily set up.

**Application of the new law:**

The race continued within the new Housing Commissions themselves. The Ministry of Housing planners doubted that the new commissions would be set up fast enough and would speedily approve a large number of plans. But the professionals of the Ministry of the Interior were eager to show that the new commissions could function effectively. In a matter of days, the head of the National Planning Administration at Interior and his department heads did what they had seemed unable to do for decades. They managed to pump vibrant life-blood into the ailing regulative planning system. Before the crisis, planning departments at all levels were grossly understaffed and under-budgeted (by any international comparative indicators). The all-powerful Ministry of Finance consistently objected to any significant increases. But now Interior’s senior planners succeeded in getting a several-fold increase in professional slots for the planning commissions – not only the six new ones, but also the 6 existing District Commissions and the national Planning Administration.

Planners working for Housing quickly submitted scores of plans to the new commissions, and were surprised by their speed. Within a little over one year, 350,000 housing units, in both the public and the private sectors, had been processed. To get a sense of scale of the numbers, note that the total housing stock in Israel on the eve of the crisis was approximately 1.25 million. Had all the units approved been built (that is never the case), they would have added 27% to the country’s total housing stock accumulated over decades. The Ministry of the Interior won this race!

**Centralization and Erosion of Public Participation**

The central government reacted to the crisis by centralizing decision making powers and attempting to limit public participation\(^6\). This was a regression from the unofficial but consistent process of *de facto* decentralization and greater citizen influence that had occurred in the 1980s. This centralization policy was expressed in several ways.

The Interim Law centralized planning powers even more than the regular planning law which, by international standards, was already among the most centralized in the democratic world (Alterman 2000b). It not only bypassed the local planning commissions, but also and granted a majority to central-government representatives on the new Housing Commissions. The local level received a “slap in the face” through the “warm seat” principle by which its representatives
could join the HCCs only as *ad hoc* members when plans pertaining to their city were being considered. This partly deprived local governments of their coalition-building potential and give-and-take powers with other members of the commissions. Citizens who wished to be heard regarding a proposed new development would have to contend with the draconian cut in the allotted time for organizing and preparing a serious objection. Within this new legal-institutional structure, local political leaders or planners who wanted to contest central-government policies would have to recruit all their assertiveness and ingenuity.

The large-scale housing blitz carried great impacts, but it was the local initiatives that could turn them in a negative or positive direction. Centralization was expressed not only in the procedural changes but concretely in the implementation arena. Since there was no tradition of municipal housing, the Ministry of Housing called the shots for the entire public-program housing construction. If not resisted by an astute local authority, the Ministry would specify the number of housing starts for each municipality, prepare site plans, and issue Requests for Proposals for architects and builders. Although local authorities maintained their exclusive legal powers to issue building permits, both the Planning and Building Law and the Interim law obliged them to issue such permits if the proposed development fully fits the approved plan. The city engineer, however, still had the power to negotiate construction and design details as well as require the fulfillment of various conditions by the developers. Our two local case studies show that at this juncture, significant differences emerged among local planners, differences that reflected the strategy, conviction, and ingenuity of both planners and elected politicians. These differences significantly influenced the quality of the housing outputs.

**Plan Only as Necessary (short-range)**

Despite the irreversible mega-impacts, during the Action phase there was little initiative to undertake strategic, long-range or even middle-range planning before commencing massive housing production. Yes, a great deal of planning was nevertheless initiated at this stage. How else could one locate, plan, design, and build, so much housing, infrastructure and public services? But decision-makers were eager to stay as closely as possible to the critical path. Therefore, planning at this phase was short-range.

One of the more important short-range planning tasks came in the wake of the August 1990 Cabinet meeting. The Cabinet ordered the Israel Lands Administration to re-classify 9000 hectares (22500 acres) of agricultural land, of which 6000 hectares were to be in the central area. This was an unprecedented large amount in land-tight Israel. Before it could act, the Lands Administration needed the approval of the CPAL. So with little time for in-depth analysis, the tiny planning staff of the CPAL was obliged to scan the maps for classified agricultural land that could be released for development. At the same time they did their best to minimize negative impacts on open space.

Another short-range planning task was to find public land reserves that were vacant and quickly developable. Basing themselves on the early initiative of the Group of Four planning directors whom we met in Phase II, planners at the Lands Administration and the Ministry of Housing scanned the country for available tracts of land. Their target was to accommodate housing construction for 300-500 thousand new units quickly and on a cost-effective scale. In Israel's land-tenure pattern, as described in Chapter 4, these conditions effectively ruled out reliance on private land since vacant large tracts were few. The availability of public land thus became the leading guiding force in siting new public-program housing.
Act Now, Plan Later

Some of the dilemmas – and paradoxes – of planning and planners at this stage are exemplified by the story of the National Plan for Temporary Housing. The National Planning Board chaired by the Minister of the Interior commissioned this plan. Its goal was to provide design, environmental and social-policy guidelines and regulations according to which the Ministry of Housing would site the caravan (mobile home) sites. But at the same time Housing was very busy planning and building such sites for the thousands of mobile homes imported from overseas.

Thus by the time the National Plan was approved, in June 1991, most of the sites for "caravans" had already been staked-out through the initiative of Housing, and many “caravans” had actually been installed – some through the “emergency regulations” and without building permits. In several cases, these sites were located in high-pollution areas on the outskirts of cities because large tracts of vacant land in public ownership were available there, and because local authorities were less opposed to locating them there than in more attractive areas. Thus, the plan was approved after most of the horses had run out of the stable. For this reason it was sharply criticized by the Israel Comptroller General. Rather than offering a strategic national policy for the location of “caravan” sites, the main function of the statutory plan turned out to be tactical and partial. It helped to override local-government and citizen opposition for those sites where the ministry of housing had not already done so. For sites where construction had already begun by means of the emergency regulations (or perhaps extra-legaly), the new plan provided planning authorities with a basis for issuing building permits ex post, thus legalizing the planning status of the site. Only for new sites did the plan provide local authorities with stricter design and infrastructure criteria for issuing building permits (Comptroller General Annual Report, 1992: 238).

The Action phase also saw some cases of blatant illegal "shortcuts". As the Comptroller General reports (1992:213), during 1990 and even 1991, there were cases in which the Ministry of Housing proceeded with land clearance and infrastructure construction for government-built "emergency housing" (permanent, not mobile housing) without first obtaining building permits. Most of these housing starts received approval by the Housing Commissions ex post, thus “legalizing” them.

Maximize Quantity and Minimize Production Time (Without Jeopardizing Quality):

The housing production program had clear, quantifiable goals: To maximize quantity and minimize production time, while yet ensuring a reasonable quality of housing. In the spring of 1990, when the official estimate of new immigrants was 1 to 1.5 million within 3-5 years. Lets recall the numbers: Planners in Housing estimated that the public-program-housing sector would have to increase its production rate 14-fold, from the pre-crisis rate of some 5000 units to 70,000 units annually. These would be added to the 15-20,000 units supplied by the private sector in a typical pre-crisis year. But the “saving formula” for getting the developers off the fence still had to be found.

The Components of the Housing Program

By the spring and summer of 1990 things had begun to move rapidly. Planners and policymakers in the Ministry of Housing finally developed a program that, they believed, would
enable the construction industry to build the needed amount of housing. Their program strategy was a compromise between two views: that large-scale direct government-constructed housing was the right solution, and that government should limit its role to regulation and the provision of approved sites on public land, while the private sector should carry out the construction with private capital according to market demand.

The compromise solution called for a relatively small number of several thousand units to be built through direct government construction, to commence as early as possible. The major part of the housing starts were to be built with private capital but with government incentives and subsidies. This type of strategy was not new – it was similar to the “public-program” housing described in Chapter 4. What was new was the highly fortified formula of subsidies developed for this crisis – a formula very different from anything that had existed before.

**The government-constructed housing**

The direct government-constructed housing was of two types: Temporary sites for mobile homes (“caravans”) and permanent but hopefully, rapidly constructed and modestly priced low-rise housing (“emergency housing”).

The Minister of Housing, Sharon, wanted to import 60,000 mobile home units because he feared that permanent housing construction would take too long and thousands of families would not have any “housing solution”. The Ministry of Finance, fearing a gross waste of national resources, wanted to minimize the number. The compromise was that 27,000 units were imported from several countries, after a worldwide tender. Planners from the Ministry of Housing found vacant sites each of which could accommodate several hundreds or thousands of caravans.

The second component of government-constructed housing was 12,000 “emergency housing” units. These were to be permanent but small (45-60 sq. m) units, which would be low rise (“ground-attached” in Israeli planning jargon) and would allow for expansion in the future either laterally or through a second floor. These units would be located on sites that could accommodate a few hundred, at a density of about 16 to the net acre. These were to be constructed only in development towns, especially in the peripheral areas – the Galilee and the southern area. The construction was to be inexpensive and with few frills.

**The incentives formula for the public-program-private-capital apartment housing**

The Ministry of Housing’s planners and the developers spent months bargaining over the incentive package. The developers held back action, and were tough negotiators. Finally, in late summer and fall 1990, Sharon convinced the Cabinet to override Finance’s opposition to a more generous package of incentives. The developers won.

The package of incentives was composed of five main elements:

- **Bonuses for speed and innovation in construction modes:** This incentive offered very generous bonuses to stimulate the speed of construction. These could reach $15,000 if a unit were completed within 7 months or less. Bonuses for longer time periods were also generous. The goal of so drastic a reduction in construction time seemed fantastic at the time, given that in 1989, average unit-completion time had reached 33 months in the public-program sector and a still-unreasonable 20 months in the private sector. This bonus level meant that builders of apartment buildings (typically 24 or 36 units) could cash in a hefty bonanza if they speeded up
construction considerably. Developers were encouraged to use advanced and innovative modes of construction such as prefabricated technology. Paradoxically, those few factories that had manufactured prefabricated units, such as Module Beton in Carmiel, had phased out their production on the eve of the crisis. The government encouraged them to reopen. The bonus program was at first applied countrywide at the same level, but in 1991 a differentiation was instituted so that builders in the central parts of the country, where demand was high, would receive partial bonuses only.

- **Allocation of public land:** The second type of incentive called for the allocation of public land to developers at no cost. This policy was applied equally in most parts of the country excepting the high-demand central region where subsidies were at "only" half-price. Since land prices there were much higher than in the periphery, the value of this bonus was very significant. In late 1991, this policy was abolished for the coastal area, as evidence corroborated initial expert opinion that in a "sellers' market" subsidies accrue to the developers and are not passed on to the immigrants or other consumers (Shefer et al., 1992). This opinion – so clear to anyone with a basic knowledge of economics – was initially ignored by Minister Sharon and the Israel Lands Administration, which he headed. It was as if he and his advisers had been blinded by the desperate desire to get developers moving.

- **Infrastructure costs covered:** This incentive did not draw as much attention as the other two. The Ministry of Housing offered to cover virtually all developers’ infrastructure costs—roads, sewerage, public services. This incentive proved to bring with it some negative impacts since planning for infrastructure and public services became more centralized. This meant that the local authority had little control over the timing and quality of public services and that there was greater dissociation than usual between the developers’ role of producing housing, and the role of the public bodies in assuring a timely supply of public services.

- **The buy-up commitment:** This subsidy was perhaps the most significant. The developers wanted it the most, and the government was very reluctant to grant it. The developers were concerned that they would need to commit huge resources in the face of great uncertainty. They argued that to increase production capacity dramatically, they would have had to invest large sums in new equipment, import manpower, train local labor, and absorb financing costs. Yet, the immigrants might suddenly stop coming or will not have enough income to obtain financing for mortgages. The developers thus demanded that the government commit itself to buying up all unsold units. The Ministries of Housing and Finance tried to negotiate a 70% or an 80% buy-up commitment. But in Nov. 1990 the government surrendered, and agreed to buy up all units that developers did not succeed in selling within a specified period of time, and to pay the developers 100% of the agreed-upon value of each unit. However, in the high-demand central region, the government committed itself to buying up “only” 50% of the units. A price ceiling of approximately $80,000 was set for an apartment. This served two purposes: It ensured that the new housing would be "affordable", and it saved on public funds should the government have to activate its buy-up commitment.

- **No restrictions on the “status” of the potential buyers:** This incentive was a notable departure from the traditional policy of public-program housing in which the housing was specifically designated for new immigrants and other earmarked households such as young couples. Since the purpose of the crisis-time program was to increase the total housing stock, it was decided that the units could be sold to anyone. This policy also served the planning goal that
social segregation and neighborhood deterioration be avoided, and the developers’ goal of opening the market to anyone who could pay.

The incentive program was to apply countrywide, to all local authorities and all sites on public land that the government slated for public-program housing. Despite the ostensible uniformity, the price ceiling was not always maintained, as the Comptroller General noted in her 1992 Report. Some astute local authorities were able to negotiate minor variations in the program, so that it fit better with their local policies, as I shall show in Chapter 13 when discussing Carmiel and Nazareth Illit.

Tax exemption to encourage the private-rental market:

The only incentive provided during the crisis to the private housing market was an exemption from the 10% income tax that applied before the crisis to private rentals. This initiative, proposed jointly by Housing and Finance, was enacted in 1990. As noted in Chapter 4, in the virtual absence of housing constructed for rent, the individual ad-hoc rental market provides the major rental stock in Israel. Many economics and planners credit this exemption with the great increase in rental housing stock during the crisis, but I have my doubts because much of the individual rental income was never reported either before the crisis or during it.

Without jeopardizing quality

Government architects and planners in the Ministry of Housing and in the Housing Construction Commissions under Interior became watchdogs to ensure that the goal of quantity would not unduly compromise the goal of quality. Since the program was founded on market forces – though with high subsidies – many, but not all, developers had an interest in ensuring adequate quality. This was the procedure: The Ministry of Housing designed the general site plan; the developer who won the tender commissioned an architect to do a specific detailed design according to Ministry standards and guidelines.

The developers took into account that the apartments could be sold on a condominium basis to any purchasers, not necessarily new immigrants. Thus despite the government’s buy-up commitment, many developers were hoping for some market-rate buyers, since they knew well that if there were market demand, they would be able to pocket much of the government subsidy without passing it on to the consumer. Many, though not all, developers were therefore interested in sound design and consumer-attractiveness.

Pile-on ancillary goals

As the Action phase unfolded, two additional goals were piled onto the successful bandwagon of the "critical-path" goal of maximal housing production: the longstanding goal of population distribution to the northern and southern peripheries within Israel proper, and, on a lesser scale, Likud's ideological agenda of enhancing Jewish settlement in the occupied West Bank. Minister Sharon was an articulate proponent of both goals, but it is my guess that his leadership was more directly instrumental in pushing for the second goal. After all, the population distribution goal – a "sacred cow" that had been only temporarily weakened had many other proponents.

The second ancillary goal – increasing the number of Jewish settlers in the occupied West Bank, was partially responsible for the perception prevalent abroad that associated immigrant absorption strongly with West-Bank settlement. In fact, during the height of the crisis the West
Bank share of immigrant absorption was almost negligible. It did increase in subsequent years as more immigrant families bought permanent housing and were attracted by the inexpensive prices in the West Bank settlements.

The long-established national goal of population distribution had many supporters among planners and policymakers in the government. They argued that it would be a grave mistake to miss this opportunity - possibly the last one in Israel's history - to boost areas that were still peripheral, but should not be so, in such a tiny country. A larger population in these areas would justify investments in better infrastructure. They also noted the environmental costs of encouraging more development in the already-dense and gridlocked central region. So, despite the guidelines against population distribution provided by the officers of the Ministry of Finance and adopted by the Cabinet, the housing-production program included elements that operated to stimulate population distribution. Higher incentives were provided in the north and south than in the central region: higher land, infrastructure, and public-service subsidies, and - most critically, the 100% government buy-up commitment for unsold units. In the central region these were approximately half. Furthermore, the geographic allocation of public-program units proposed by Housing and the Lands Administration strongly reflected the population-distribution philosophy: Almost all of the large tracts of land were located in the Galilee in the north or in the Negev desert in the south. In the central, dense region of the country only two cities had significant tracts of vacant land – Ashdod south of Tel Aviv (depicted in Figure 10.3) and Natanya, north of Tel Aviv. However, we shall probably never be able to disentangle the extent to which these allocations were driven by the population dispersal goal, from the extent to which they reflected land-availability constraints.

The result of this geographic dispersal of housing construction was a growing disparity between immigrant preferences of where to live and the location of units subsidized or directly constructed by the government. Whereas 45% of the immigrants elected to live in the central district in the first two years of the immigration wave, only 22% of the public-program units were constructed there. If one takes into account that there already was a housing shortage in these areas, the poor fit is exacerbated. By contrast, 29% of the units were constructed in the Negev region which already had vacant housing on the eve of the immigrant influx yet only 14% of the immigrants chose that region as their first home. The Galilee area where our local-government case studies are located, was popular as a first home to an astounding 33% of the immigrants who enjoyed the inexpensive housing, green views, and cooler weather. Jobs, however, were scarce. In the short run, this disparity between the initial location choices of the immigrants and the locus of the newly built housing units obliged the government to activate the buy-up commitment, so that it became the owner of some 40,000 units, mostly in peripheral areas (Ministry of Finance, July 1992: 52).

The traditional population-distribution goal also had a geo-political aspect – an aspect that has always played some part in that policy (Yiftachel 1992) but had declined in importance during the crisis. Minister Sharon did want to use the opportunity of immigration to enhance what he saw as the desirable geo-demographic balance between Jewish and Arab citizens within those regions in Israel proper where there was a large Arab-Israeli population. This goal was one of the considerations that led Minister Sharon and the Ministry of Housing to propose several new towns and ex-urban communities on the Israeli side of the West Bank border (the “green line”), and in those parts of the Galilee, where Israeli Arabs were in the majority. Most of these new towns became controversial on ecological and infrastructure grounds among planners of the Ministries of Interior and Environment, as well as among the “green” NGOs. Some of the
proposed new towns were later withdrawn - at least temporarily - as a result of such opposition and the new slate of national plans (see Chapter 11).

A more clear-cut geo-political goal which Minister Sharon and his political associates tried to pile onto the immigration-crisis bandwagon was embodied in several highly-controversial proposals for new housing enclaves for Jewish residents in Arab sections of East Jerusalem. These plans were submitted to the Housing Construction Commission of the Jerusalem District in June 1992, on the eve of the 1992 elections, just as the number of new immigrants had declined. The Mayor of Jerusalem, Teddy Kollek, and his chief city planner did not support these politically volatile proposals. Had these plans been submitted under the regular Planning and Building Law process, the City would not have cleared them. However, the Likud government, through the Ministry of Housing, submitted these plans to the district HCC so as to bypass the municipality of Jerusalem. This East Jerusalem initiative was finally halted through a petition submitted to the High Court of Justice. The appellants (of whom I was one) questioned the use the authority granted by the Interim Law to validate complicated housing proposals unrelated to the goal of increasing the housing supply to meet the crisis. That appeal led the Attorney General to issue new guidelines to the Housing Construction Commissions, in which he instructed them to refrain from using the Interim Law powers in cases where the goals related only tangentially to housing production.

The most overt geo-political goal that was partially piled onto the crisis was the enhancement of Jewish West Bank settlements. Although only 0.8% of the immigrants chose to live in the West Bank during the height of the crisis, this issue was to color the entire immigrant-absorption effort in international perception. The Likud government, at Sharon’s initiative, added 8% to the public-program housing described above, and allocated it to the West Bank area. Information published subsequently under the Labor government using a more transparent breakdown of the data showed a steady increase under the Likud in the share of new public-program housing starts in the West Bank. In the more attractive-located West Bank areas close to Tel Aviv and Jerusalem, the share of housing starts grew from 3% in 1990, to 6% in 1991, and 19% in 1992.

As governments in Israel changed, the share of housing starts for Jews on the West Bank oscillated, reflecting changing political ideologies. The Labor government elected in July 1992 froze new construction in the West Bank, including many of the units that Sharon's office had in the pipeline. The Likud government that returned to power in 1996 thawed the freeze, but with the comeback to power of Labor in June 1999 and the resumption of the peace talks with the Palestinians, construction for Israelis in the West Bank is no longer a government priority. Paradoxically, while the actual number of immigrants who resided in the West Bank was quite small, the attempt by the Likud to use the immigrant momentum to further this internally and internationally controversial political goal led many outside Israel to equate the entire humanitarian immigrant housing effort with this policy. When the crisis broke out, the West Bank settlement policy weakened Israel's capacity to borrow favorably in the international financial markets, until the Oslo peace accords signed in September 1993 changed international attitudes toward Israel.

The modes of response at the Action stage were very intensive and the outputs extensive. Long term planning came only later.
Notes

1. Hotels and some other public facilities were used for immigrant housing following the emergency airlift of some 20,000 Ethiopian Jews in April 1991. That policy was applied not so much because of the unavailability of regular housing, but because the direct absorption policy was assumed to be unsuitable for this population which was largely unfamiliar with a modern economy and administration.

2. Source for Knesset full house debate: *Knesset Proceedings*, Vol. 16, nos. 33 and 34. Information for the sub-committee on Internal and Environmental Affairs is based on the author's participant-observation of that meeting.

3. If an industrial-site plan were concerned, representatives of the Ministry of Commerce and Industry and of the Ministry of the Environment would also be members. However, industrial plans turned out to be a small minority of the plans submitted to the new Housing Commissions.

4. Avraham Poraz, an attorney who had formerly been a legal advisor for planning commissions can be counted among the few Knesset members interested in planning law and procedures.

5. H.C.2994/90 Avraham Poraz (member of Knesset) vs. The Government of Israel, Minister of Construction and Housing, and Minister of Interior. *Piskei Din* 44(3), 317 [Hebrew]

6. There were some, but not many, voices of criticism, for example, Alterman, 1990.

7. The Comptroller General in her 1992 report (pp. 286-288) criticizes the Commission for the Preservation of Agricultural Land for not providing the Lands Administration with enough planning guidelines for determining priorities in the conversion of agricultural land. The Comptroller would have liked to see criteria to minimize the impact on viable agriculture, minimize costs to government (compensation to farmers), maximize access to infrastructure, and ride on socio-economic changes in certain types of rural cooperative villages that have gradually been phasing out as viable agriculture-based communities.

8. Based on communication with Sophia Eldor, director of the Urban Planning Department, Ministry of Housing, 1991.

9. Information based on discussions at the meetings of the Head Engineer's forum in latter 1990.

10. Another of Israel's recurrent commissions on encouraging private construction for rental housing failed to find the saving formula.

11. I had the opportunity of hearing Minister Sharon express his policy and philosophy in person, at a meeting in his office in the summer of 1991. While he impressed me by his intimate knowledge of every region in Israel and his concern for the environment, he clearly prioritized the goal of using the new development spree to reinforce a Jewish presence in regions within Israel where there was a majority of Arab residents.


15. I am not quite sure whether the 0.8 figure, still based on a Likud-period publication, refers to the same geographic boundaries as the data on housing starts published under the Labor government. In the past, the Ministry of Housing, wishing to obscure the information on construction on the West Bank, may have used its own definition of districts. In this way, information on the Central or Jerusalem districts – which usually refer to Israel proper - may have included adjacent portions of the West Bank. The Oct. 1992 report published by Housing under Rabin’s Labor government reliably points out the share of housing s in the West Bank.

16. Ministry of Construction and Housing, Oct. 1992: Table A8
Chapter 10

The Outputs of Action: Housing Production

This chapter presents the outputs of the large-scale housing program and the extent to which the objectives of the housing program outlined in Chapter 9 have been reached. I shall first introduce the types and designs of housing constructed, and will then turn to the quantitative aspects addressed by the incentives program.

The types and designs of housing constructed

Most, but not all, components of the program also proved to be reasonably successful in terms of qualitative outcomes. Let’s take a look at each component.

The direct-government constructed units (mobile homes and emergency housing)

Speed was the main – perhaps the only - justification for component of direct government-financed construction. But both the temporary caravans and the permanent emergency housing took longer than expected to complete, sometimes longer than the public-program housing constructed through private capital. The Cabinet, stalemated between the conflicting recommendations of Housing and Finance regarding the number and type of mobile units to be imported, ordered them only in August and December 1990. Ironically, the construction time and cost of the mobile units turned out to be higher in some cases than the permanent emergency housing. Some of these units were installed only in 1992! (Comptroller General, 1992).

Mobile home sites

The mobile housing ("caravan") sites were the most-resisted and least successful element of the program in the eyes of all stakeholders – the immigrants, local authorities, and government planners. The Minister of Housing himself sometimes had to use his clout and powers of persuasion to overcome local opposition, and at times he failed. Those units sited in urban areas were often placed on the fringes in large clumps of hundreds or thousands, at densities of 30-40 units per acre, with inadequate public services and climate protection. Figure10.1 shows one such large site at the southern edge of the city of Haifa where several thousands of units were located.
As many planners and local authorities had warned, these sites quickly became physically, environmentally, and socially problematic. By 1993, many units were unoccupied, and only the very poor immigrants remained there. Most former USSR immigrants declined the offer to rent these units at very low rentals because they feared that they would lose the better opportunity of a subsidy for permanent housing. However, these units have played a major role in the absorption of 15,000 Ethiopian Jews airlifted in April 1991 in an over-night mission from extreme economic and security hardships. The government provided the Ethiopians with mobile homes from which they were gradually offered to move to permanent housing. Government planners viewed the unused units as an emergency reserve for some yet-unknown wave of immigration or airlift of endangered refugees.

“Emergency housing”

The government-constructed permanent “emergency housing” was less problematic (Figure 10.2). Local authorities usually resisted these sites less strongly than the “caravan” sites. Local politicians and planners knew well that in Israel, where land values are high and where people value small gardens, any low-rise housing, small and basic though it be, has the potential of becoming self-upgraded in the future. The size and quality of construction were intended to be very basic so as to lower costs. These issues were the subjects of negotiation by some local authorities that were assertive enough to resist central-government dicta.

Emergency housing was intended to be only a minority of the crisis-time housing starts. In Israel any low-rise housing is viewed as low density (compared with apartment housing) and public planning policy during the crisis was to use land with reasonable intensity.
One can conclude that, paradoxically, those parts of the program over which the government ostensibly had most control, the mobile homes and “emergency” sites, were the least effective in meeting the imperatives of minimizing time and maximizing quantity. By contrast, the components of the program designed to stimulate the private market were quite effective, as described next.

Figure 10.2 “Emergency housing”– small, low-rise row units, built with direct government funds at Or Akiva, a poor development town in the country’s central area. Each building contains four small units, three of which are visible in the picture.

The public-program (privately constructed) apartment housing

In contrast with the temporary housing, the major part of the housing program relied on stimulating the private market and was quite successful in both quality and quantity.

It produced apartment housing of generally reasonable or even good quality. Since the architectural design of the buildings was left to the individual developers and many architects were involved, the result was a great variety of designs, both within each town, and even more so, across the country (a few of numerous types are depicted in Figures 10.3, 10.4 and 10.5). The structure of the incentives program described in Chapter 9 assumed that the developers would for the most part intend to sell the housing units on the open market (as condominiums) and thus would place attention on quality. This worked reasonably well in most towns.
In their efforts to encourage speed, the planners in the Ministry of Housing also encourage the use of “innovative” construction methods such as precast construction of various types. Such methods were not popular among some consumers who claimed that the “finish” of these structures was often imperfect. There were many cases of threatened or actual legal action by condominium purchasers against the developers who were required to fix the deficiencies. By the mid-1990s, this problem was no longer on the public agenda.
Figure 10.4 Public-program housing (condominiums) in the town of Or Akiva; 6 floors. One of numerous design types. Stucco (“non-rigid” finish). Picture taken in February 1999.
**Degree of effectiveness of the incentives program**

**Rate of housing production**

In terms of quantity, the program of incentives proved to be extremely effective. Within a period of about 20 months the program succeeded in increasing public-sector housing production 10-fold, generating housing starts of some 100,000 units, thus keeping to the target of public-sector production of 70,000 units annually. Annual housing production more than quadrupled (see Figure 10.6), producing 83,000 units in 1991 alone, of which 61,000 were in the public program. The incentives formula would probably have gone on to triple or quadruple this number of housing starts had it not been called off in 1992, when immigration suddenly declined and housing production exceeded demand. The Labor government elected in June 1992 soon called off the special-incentives program.

In subsequent years, as Figure 10.6 shows, the rate of public-sector construction declined sharply, while private-sector housing construction rose only modestly. But by the mid-1990s, there was once again a shortage of housing units, which led to a sharp hike in housing prices.

The subsidy that temporarily brought about the most controversial results was the buy-up commitment. Events proved that both the pessimistic developers and the concerned Ministry of Finance were right in their fears: When immigration suddenly declined in 1992, the government had to buy up tens of thousands of unpurchased units in many parts of the country (some 40,000 units). This was due not so much to the decline in demand, but to the timing of the production.
Numerically, there was no excess of housing units if one assumed that each immigrant family would occupy a housing unit. The total housing stock of the country was not increased beyond potential demand. But the planners did not take into account that many immigrant families would postpone the decision on permanent housing until their employment prospects improved. In 1992 the unemployment rate among the immigrants was still high. Their salaries tended to be low, and the subsidized mortgages were not updated to parallel the general rise in housing prices. However, with time, supply and demand adjusted themselves. By 1994, almost all the units bought up through the government commitment, had been resold to both immigrants and non-immigrants.

\textit{Figs.10.6 – 10.2 dispersed among the following pages}

\textbf{The speed-up incentives}

The speed-up incentive component of the program proved to be immensely successful: The average construction time in the public-program sector plummeted to 11.5 months in 1992, while the construction time in the private sector remained more or less the same (see Figure10.7). This comparison indicates that the speed-up was the direct result of the public incentives program, rather than general market forces or the steep rise in demand.

Figure10.6 Number of housing units constructed - private and public sectors

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{public_private_construction_starts.png}
\caption{Public and Private Construction Starts quarterly Figures}
\end{figure}

\textit{Sources for Figures 10.6 -10.9 – Ministry of Construction and Housing, “Monthly Information” – published each month (Hebrew)}
For a short time this success was marred by delays in infrastructure provision. These occurred partly because the bonuses were designed without any reference to the completion of the public services, and partly because the Ministry of Housing, having promised full financing for infrastructure and services, ran out of money. As can be seen from Figure 10.8, the crisis-time construction program led to a general skewing toward housing, while the relative proportion of non-housing construction (both public and private-sector) lagged behind. For several months in late 1991 and early 1992, the media repeatedly pointed out the sights of new neighborhoods inaccessible to the buyers because roads and electricity - not to mention kindergartens and other facilities - were not ready (Comptroller General, 1992). But resident and local-government pressures pressed led the central government to speed up infrastructure construction, and Finance gradually released the necessary funds. In most neighborhoods, the lag in public-services construction was closed within a year or two. Market forces also made up for the lag of non-housing construction, as can be seen from Figure 10.8. In some cases, however, the lag persevered until the end of the decade, and a special “make-up” item still appeared annually in the budget of the Ministry of Housing during the 1990s.

**Ensuring affordability**

The policy of ensuring "affordability" was quite successful as well. As Figure 10.9 shows, the share of smaller units grew substantially compared with 1990, while the share of large units, which had increased to unreasonable proportions in the late 1980s - plummeted. In the crisis-time program, developers were encouraged to avoid construction of luxury apartments through the combination of two policies. A price cap was placed whenever the buy-up commitment had to be activated, and at the same time, sale prices on the open market were not controlled because
the planners knew that government intervention of this type would lead to the emergence of a black market. Most units thus turned out to be "affordable" at the mid-price level relative to the housing stock in that locality.

When the crisis-time housing program was called off toward the end of the 1992, market forces resumed their rule over housing-unit sizes. The average size of housing units rose once again. Some of this rise reflected demand, but my hypothesis is that much of it was, and still is, policy-led. Many local-government policies have latent exclusionary policies (on socio-economic rather than ethnic grounds). Interestingly, this issue has not yet surfaced as a planning or public-agenda issue. A first, and sporadically, outcry occurred by the Developers’ Association in 1999. They argued that there is a large market demand for smaller (1 and 2-bedroom) apartments, but that local outline plans and policies inhibit them from building such apartments⁵. Socially exclusionary tendencies are often expressed through local outline and site plans that set a floor for housing-unit (apartment) sizes. Housing produced during the crisis can thus be credited with adding a large number of units that were smaller, and more affordable, than the market and local-government policies would have likely produced otherwise.
Figure 10.8 Construction starts by land use – monthly average in thousands of square meters

Figure 10.9 the percentage of housing units constructed, by size

1 = large size  2 = medium size  3 = small size
The “trickle-down” policy and the extent of housing ownership by the immigrants

The housing program largely relied on the “trickle down” process. As noted in previous chapters, the policymakers’ goal was not just to increase the general housing stock so as to avoid homelessness; they hoped that the majority of immigrant households would be able to become homeowners (usually meaning apartment owners) just like the general population. Like other eligible population groups, the new immigrants were allowed to use their government-subsidized mortgages toward the purchase of any housing unit of their choice (see Chapter 4). So, one indicator of the degree of success of the housing program is the utilization of government-subsidized mortgages.6

Figure 10.10 shows that immigrant households represented a sizeable proportion of the households that utilized government-subsidized mortgages. Comparison of the graph of annual number of immigrants with Figure 10.10 shows that the immigrants typically delayed their housing purchase by 2-4 years until they had regular employment and could afford to pay back the mortgage. Thus, the bulge in 1993 reflects the mass immigration of 1990 and 1991. The relatively constant and significant numbers in subsequent years, despite the decline in number of immigrants, indicate that the purchase of apartment units by the new immigrants persevered despite the vicissitudes in housing prices.

Figure 10.10  Number of eligible households that have taken out a government-supported mortgage
An even better indicator of the general success of the crisis-time housing program is the cumulative percentage of immigrants who have become housing-unit owners, as seen in Table 10.1. By September 1999, 73% of the immigrant households that arrived during the 1990s had already purchased their own housing unit, despite the hike in housing prices that occurred until 1996. Remarkably, this figure is about the same as the equivalent figure for the total Israeli population! The picture becomes even more impressive if the immigrants are classified by year of arrival in Israel. Extrapolation from Table 10.1 leads to the conclusion that the new immigrants may achieve an even higher home-ownership rate than the total Israeli population. Of those immigrant households who arrived in 1990, a hefty 91% have already purchased their home, and of those who arrived in the massive wave of 1990 and 1991, 88% and 81%, respectively, have bought a housing unit. Even among the immigrants who arrived in 1996, about half had managed to buy a housing unit by 1999 – that is, within 3 years. These figures also provide a reasonable indication of the reasonable success of the rate of employment and economic integration.

Table 10.1 Percentage of immigrant households that by September 1999 have bought a housing unit, by year of immigration

<table>
<thead>
<tr>
<th>Year of Immigration</th>
<th>Percentage of Immigrant Households Who Have Bought a Housing Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>All years</td>
<td>70%</td>
</tr>
<tr>
<td>1989</td>
<td>91%</td>
</tr>
<tr>
<td>1990</td>
<td>88%</td>
</tr>
<tr>
<td>1991</td>
<td>81%</td>
</tr>
<tr>
<td>1992</td>
<td>77%</td>
</tr>
<tr>
<td>1993</td>
<td>76%</td>
</tr>
<tr>
<td>1994</td>
<td>69%</td>
</tr>
<tr>
<td>1995</td>
<td>63%</td>
</tr>
<tr>
<td>1996</td>
<td>49%</td>
</tr>
<tr>
<td>1997</td>
<td>32%</td>
</tr>
<tr>
<td>1998</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Ministry of Construction and Housing, Monthly Data, October 1999: xxxvii
Notes

1. But this criticism is too harsh, since the planners could not know in the spring and summer of 1990 when they proposed emergency and mobile housing, that their own future program of speeding-up construction through the private sector would be so successful.

2. They should have anticipated that the temporary housing sites would encounter considerable local opposition and delays, since they had been warned of this possibility (Alterman, 1990.)


5 There is no information base on this issue. To the best of my knowledge, I have initiated the first research on this issue in 1999. This research will look at the role of latent of overt exclusionary policies among local governments as effected by means of statutory local plans and variance decisions that determining minimum housing sizes. (Alterman and Litvak, in preparation)

6 Of course, I am by no means claiming that the production rate of the housing program is the only variable that explains the rate of purchase of housing units by the immigrants; obviously, many other variables may have also influenced this trend, including housing prices and employment opportunities.

7 The most up to date information was provided by the spokesman of the Minister of Housing in the national newspaper Globes, October 13, 1999: 59 (Hebrew). I have reached a similar figure by adding up the monthly information on mortgage clients among the immigrants published by the Ministry.
Chapter 11

Phase IV: Planning

Toward the end of the first year of the crisis, in late 1990, while the Action phase was still going strong, the crisis spawned an unprecedented flurry of middle and long-range plans. Such enthusiasm had not been seen in Israel on either the national or local levels since the heydays of planning in the 1950s and 1960s when it was an important tool for nation building. National-level spatial planning of the scale that ensued is rare from an international comparative perspective as well (Alterman 2000b).

**PLANNING: "Beyond the Critical Path"**

The impressive middle and long-range planning initiatives of Phase IV contrasted strongly with the short-range role of planning during the critical months of Action. It brought with it a new level of support and legitimacy for planning. Phase IV also saw the re-emergence of public debate about the land-use policy related to housing production – a debate that had been almost silent during the earlier phases of the crisis. The motto for this phase is "beyond the critical path": Although the crisis was still “going strong”, the critical-path vision was becoming more relaxed, and some policymakers began to contemplate other policy areas and other planning goals.

Five policy response modes characterized this phase: **Middle-range planning; strategic planning; expanded coordination; toleration of goal slippage; re-emergence of public participation and negotiation with interest groups.** After I analyze each of these crisis-influenced response modes, I shall conclude with the question: Is the planning momentum likely to persevere?

**Modes of Response:**

**Middle-Range National Planning**

Dismayed by the knowledge that the physical and social landscape of the country would be permanently altered and not always for the better through short-range planning and action, some planners recognized the opportunity that the crisis offered for initiating long and middle-range national planning. We saw in Chapter 5 that, although Israel – unlike many other Western countries - still retained the institutional paraphernalia for national planning set up during the country’s formative decades, actual day-to-day planning had become piecemeal and disjointed (Alexander, Alterman, Law Yone, 1982). The budgets and personpower allocated to the Ministry of the Interior for planning had withered to a ludicrously low level. Not since the 1950s had there been a serious attempt at countrywide multi-sectoral spatial planning.

In Phase II - Focusing and Phase III - Action, while decision-makers were still scurrying for solutions and implementing them fervently along the critical path, leading planners seized the grand opportunity for the “comeback” of long and middle-range planning. The head of the National Planning Unit at the Ministry of the Interior, Architect Dina Rachevsky, sensed "a thirst
for planning guidance". In an internal memo to the Minister of the Interior, Rabbi Derri, she stated:

"For the first time since the establishment of the State, the Ministry of the Interior is facing an exceptional challenge and the opportunity to lead in [national] comprehensive planning and land-use alignment for the absorption of mass immigration." [Internal memo dated May 20, 1990; translated from the Hebrew by R.A.].

The director’s first step was to convince her seniors at the Ministry of Interior of the importance of preparing a special statutory national plan for immigrant absorption that would be middle-range and would be prepared with great speed so as to answer the needs of the crisis. Her idea – innovative and daring – was so timely and effective that the bill of the crisis-time Interim Planning Procedures Law (see Chapter 9) referred to a national plan for immigrant absorption and gave it a privileged standing, even though at the time the bill was enacted into law the plan had not yet been prepared!

With the help of the top tier of the Ministry of the Interior, Rachevsky persuaded the all-powerful “referees” of the Ministry of Finance to approve a budget for the preparation of the plan. To finance the national plan, she audaciously asked for a planning budget 6-fold the size of her department's entire annual pre-crisis planning budget. In December 1990 the National Planning Board – the statutory body authorized to initiate the plan – decided to issue an RFP for National Plan Number 31 for Immigrant Absorption and Development. The terms of reference of that plan were the broadest ever authorized by the National Planning Board. It was in effect a comprehensive land-use plan for the entire country that would cover major policy areas pertaining to urban and rural development and open-space preservation for the short and middle range. Regulative planning – they hoped – would no longer have to trail after the initiatives of the Ministry of Housing, the Lands Administration, and other government agencies. The plan’s proponents hoped that by grounding planning guidelines in a binding national statutory plan with privileged standing, regulative planning would at last take the lead in shaping policy.

The planning office that won the tender quickly assembled a 30-person planning team that included not only land-use and infrastructure planners, but also economists, demographers, and social planners. Their task was to undertake a national plan for the coming 5 years (to 1997). It was intended as a binding higher-order plan for those land areas that had not yet come under the incremental hand of the Housing Construction Commissions during the Action phase and as a binding guide for any future amendments to these site plans.

The plan’s terms of reference to integrate land-use, environmental, transportation and economic development as well as social policies greatly expanded the hitherto accepted scope of what might be approved under the Planning and Building Law. The team worked intensively and produced the first draft document in six months, at the end of 1991. It was innovative not only in its comprehensive terms of reference and its subject span, but also in the format of the body that oversaw the process. I shall describe this when I discuss interagency coordination.

The plan received clearance from the National Planning Board in 1992, in record time. But in order to carry statutory force as a national plan, it required the approval of the Cabinet itself. Here, however, the enthusiasm and energy that had propelled this plan-making process weakened. Recall that the Cabinet represented not only those ministries who supported the plan (Interior, Environment, and Agriculture), but also powerful forces (Housing, Finance, and the Lands Administration) which were much less enthusiastic about any regulation that would
restrict development decisions. The plan came up for Cabinet approval only in 1993. The story of its approval became a tongue-in-cheek joke among planners: it is said that the plan was approved “unanimously” - i.e., by the Minister of the Interior (the only minister present). Unlike his colleagues he did not leave the meeting to attend to more pressing business. But after cabinet approval, “unanimously” or not, the plan became legally binding on all planning and building bodies and decisions. All other national plans, district plans, local plans, detailed plans, and building permits, would have to be consistent with it. Recall that the Housing Construction Committees had to be consistent with the new plan, as was specifically stated in the 1990 Planning and Building Procedures (Interim) Act.

The plans’ major instruments for achieving a balance between accelerated growth and open-space preservation were the population caps it placed on ex-urban development and the priority it gave to the development of the major cities and to urban infill. Under Plan 31 the population caps were more flexible than they had been under the longstanding National Plan for Population Distribution and went together with an innovative policy of open space preservation in the “rural spaces”. This was a new term coined by Plan 31 to indicate a more realistic and up-to-date policy for open space preservation than the rigid instrument of “agricultural land preservation” which had in part become a misnomer (see Chapters 4 and 5). Requests for variance or amendments to the plan would be handled by a sophisticated mechanism of amendments and updates instituted by the new plan. This mechanism was to be controlled directly by a special subcommittee of the National Planning and Building Board.

Plan 31 became the most important planning document to guide land-use planning and development in Israel for the next 5 years. (Since it was a statutory plan, it did not apply to the West Bank and the Gaza Strip.) The plan’s most important effect was probably the restraint it succeeded in placing over the development appetites of the Ministry of Housing and private developers who had jumped on its band wagon.

To some extent, Plan 31 began to play a role as a policy tool even during the “trigger-happy” Action stage, before its official approval. The new plan had an immediate influence in controlling the Ministry of Housing proposals for several environmentally and socially controversial new towns. Were it not for the policy debates during the preparation of Plan 31, the crisis-time development appetite might have endangered most of the open space reserves still existing in this small and densely populated country. Since the development-oriented mindset did not subside after the crisis abated, Plan 31 was to continue to play an important role. Given its development-dampening role, it is no wonder that Plan 31 was anathema to the powerful development interests.

The planning process of Plan 31 brought public-professional exposure to national planning and growth-management issues to a degree that they had never received before. Although in the 1950s there may have been more national planning, it was viewed as a tool of government control and was hardly transparent to the public. Thus the equivalent national-planning process in the early 1990s demonstrates that Israel had changed considerably since that time, despite the re-centralization brought about by the crisis, the preparation of Plan 31 was accompanied by the most lively and open public-professional (mostly professional) debate about national planning ever. Plan 31 was to herald a new era for the processes of planning in Israel.

One of the issues that the plan brought to the forefront of heated professional debate was the desirability of continuing the long-entrenched national population-distribution policy away from the center of the country into the north and south. The team's recommendations were a
compromise. On the one hand, it accepted the thesis that economists from Finance had already begun to instill during the Focusing stage, when it became possible to slaughter sacred cows. The team recommended that during the plan's first period, economic considerations be maximized, and the development effort be directed to the country's central areas. In this way, opportunities for investors and for employment would be maximized and investments would yield efficient benefits. But on the other hand, the team did not turn its back entirely on the population distribution policy, recommending that in the “second phase”, the outlying areas be targeted for enhanced development. However, since the plan’s life was for 5 years only, the “second phase” was to come _apres le deluge_ (National Planning Board, 1992).

**Strategic Long-Range National Planning**

The most ambitious planning initiative in Israel's history, and one of the most ambitious national planning enterprises among democratic advanced-economy countries (Alterman 2000b). The idea was conceived in 1989, several months before the crisis broke out, by Adam Mazor, one of Israel’s best-known architect-planners. The planning enterprise was launched by the Israel Association of Architects and Planners and the Technion – Israel Institute of Technology, where Mazor also served as a professor. The project – called “Israel 2020: A Master Plan for Israel in the 21st Century” found no financial support at that time. No government agency was interested enough to provide funding, nor were research institutes. Were it not for the crisis, the project would probably have remained a modest voluntary, rather “academic” effort by a small group of professionals and academics outside government who were willing to volunteer their time and make do with minimal resources. In those days land-use planning was not held in very high esteem and did not engage general public interest.

But as thousands of immigrants poured in, and Action along the critical-path was about to visibly change the country’s landscape, Mazor sensed the opportunity to convince the government of the efficacy of long-range national-level planning. He convinced the senior planning directors of the various government planning agencies to support his initiative. These senior planners were the same small group of planners who were our heroes in the Focusing phase: Jonathan Golani of Interior (Rachevsky’s superior), Sophia Eldor of Housing, and Dan Stav of the Lands Administration. It was they who had shaken themselves out of the Shock phase quite early and had taken upon themselves to unofficially begin some short-range planning.

Mazor found ready ears when he spoke of the need for long-range comprehensive planning in Israel’s special situation. He presented an argument that had never been made before. He reminded all that the land resources of Israel were limited, and that the country was already one of the more densely inhabited in the world. In Israel, he said, unlike in any other Western country, these constraints occur in combination with the highest natural population-growth rate in any advanced-economy country and a willingness to take in mass immigration. This unique combination, he argued, would lead to unbearable environmental, economic, and social conditions if the land resources were not planned with a long-range, comprehensive view. Only thus could some open spaces be preserved and urban development and infrastructure be rationalized for the benefit of future generations. This argument became the backbone of the Israel 2020 project and was soon absorbed as the basic tenet – almost the ‘Commandment’ – held by most planners in Israel.
The senior planners of Interior approached the National Planning Board to give its blessing to the long term planning enterprise. It was to commence officially in 1991, in parallel with the statutory middle-range Plan 31, but it would have Israel's long-range future as its horizon. The decision of the National Board was unprecedented. This was not to be a statutory plan, not even a government-commissioned one. So, even more than the Board’s decision to commission Plan 31, the National Planning Board's decision to launch "Israel 2020" reflected an unusual recognition of the “net” importance of a long-range, integrated national plan. The Board’s declaration carries additional weight if one recalls that it is composed of representatives of every relevant government ministry and agency.

Obviously, Mazor’s convincing arguments alone would not have sufficed, were it not for his excellent skills in amassing and maintaining support. He succeeded in creating a momentum of support for planning never seen before in the country’s history and my guess is, never to be seen again. By 1992-3, most government agencies related to planning in the broad sense as well as several quasi-public agencies had asked to come on board "Israel 2020" and serve on its steering committee. Most agencies also supported the planning process financially. The momentum of support was so great, that Mazor was able to reject some bodies he thought were only representing narrow stakeholder interests. He also thought it undesirable to involve non-governmental interest groups, such as the “greens” and he did not encourage the involvement of developers. This aspect of Mazor's approach was criticized by some of the Israel 2020 team members, including this author and was fairly included as part of the project's methodological report.

Mazor at first conceived the plan in traditional terms as a land-use, physical plan to be undertaken through a rational planning process. But through the multi-disciplinary input of several of its team members, the plan innovatively evolved into a policies plan that also incorporated elements of the strategic planning approach (Alterman, 1992; Bryson, 1988; Bryson and Einsweiller, 1988). While still oriented to the long range, the plan also took into consideration multi-group stakeholder interests and other implementation parameters. The idea was to think strategically about alternative scenarios for the country's long-range future, during and after mass immigration. The planning process orchestrated by Mazor included the development of four fully fleshed-out alternatives. The “business as usual” alternative was based on a projection of existing trends with no major intervention; the “environmental” alternative stressed open-space preservation and minimization of pollutants; the “social planning” alternative focused on the goal of minimizing conflicts among social groups and allowing self-expression for the various ethnic and religious groups; and the “economic-industrial” alternative attempted to optimize conditions for economic development and the growth of the GDP. The sophisticated evaluation method developed for this project sieved out the highest-value elements from each of the four alternatives, and led to a preferred combined alternative (Mazor and Sverdlov, 1997).

The subject-span of this ambitious project included almost every sphere of public policy that directly or indirectly impinges on spatial development: land use, the environment, the economy, social and demographic issues, water, agriculture, transportation, infrastructure, education, institutional and legal structures, relations with the world’s Jewish communities, and even security issues. The multi-disciplinary team numbered 250 professionals. They covered many areas of professional specialization and were dispersed in various bureaus – academic, governmental, and private consultants. The management core, based at the Technion, was much smaller and the project relied on the willingness of leading academics at several universities to devote much unbudgeted time to it.
Perhaps the greatest “political” achievement of the Israel 2020 planning enterprise was the fact that, during its 7 years of operation, it survived three changes of government, and received the continuing financial and steering support of each. The project began in 1989 during the National Unity Government in which the two major parties took turns at the Prime Minister’s helm. The project continued during the Likud-led period in the early 1990s. The June 1992 elections that brought Rabin’s Labor-led government into power also brought in a more planning-friendly government and the heralds of peace in the Middle East. The project also survived the 1996 elections that brought Likud back into power with Netanyahu at the helm, an economic recession that set in, and the prospects of peace that eroded quickly.

This remarkable immunity from the stormy weather of party politics was due not only to Mazor's professional prestige and his skills in “selling” planning as a useful enterprise, but also to the political skills of the leading government planners in the various ministries who served on the Managing Committee. They were high-level professionals who had developed excellent survival skills for their day-to-day work. They used their personal-professional prestige and persuasiveness to sell and resell the idea of the national plan to each new decision-maker and to shelter the project from raw party-political controversy. Were this planning enterprise undertaken in another Western country, the achievement of maintaining party-political immunity might not have been as impressive. But in Israel, located as it is in the volatile Middle East, a planning enterprise such as “Israel 2020” deals with issues that are politically very sensitive and which impinge on the security concerns of every family. That is because land-use planning impinges directly on the geo-political and security issues around which Israeli society is politically split.

Project Israel 2020, despite its academic home and partially extra-governmental character, was by no means “a-political”. It did not shun politically charged issues such as the geographic and social distribution of Jewish and Arab residents of Israel, or the relations between the Ultra Orthodox Jews and the rest of society, but it also did not highlight them. Even though the project was mostly carried out when Likud governments were in power, it adopted as its basic premise that Israel would find a way to live in peace with its neighbors. For me, as a member of the project’s management team, one of its most exciting moments came immediately after the news of the Oslo Peace Accords, in the summer of 1993. The team enthusiastically convened and drew up a think-tank volume – the first of its kind-- about the implications of peace for Israel’s future land use, environment, transportation, economic development, as well as for Jewish-Arab relations.

In the Israeli context, commonplace elements of plan making, such as simple demographic projections and urban-development policies may become politically volatile issues if they are perceived as touching upon Jewish-Arab relations or security issues. The project’s leader tried to draw upon middle-of-the-road concepts. Thus the project dealt with demographic projections of Jews and Arabs in an “ethnically blind” way. It also devoted a special volume to Arabs in Israel that looked at their needs and potential for development from their perspective. The project’s recommendations regarding urban development dealt equally with the largely Jewish and largely Arab cities and towns. “Israel 2020” was probably the first national plan, albeit a non-official one, that did not adopt the control-biased stand towards the Arab sector of most previous official plans. Thus, for example, the project recommended that the triangle area defined by Haifa, Carmiel (mostly Jewish cities) and the Nazareth conurbation (mostly Arab), be viewed as a single metropolitan area, drawing on mutual specializations and benefits.
These examples might easily have irritated the raw nerves of the party-political rift between doves and hawks. (Recall the geopolitical debates that came up in the Action phase). Yet, during most of its 7 years, the 2020 planning project was not subjected to party-political
criticism. Only once, in late 1998, after the project had been completed and given wide public exposure, a small right-leaning newspaper published an article that criticizes the plan on the senior teams' ostensibly "left leaning" - meaning dovish - views about the future of the occupied territories and Jewish-Arab relations within Israel. All other press coverage in all the major dailies - including the criticisms of the plan - never touched upon the party-political and geopolitical debates relevant to the plan.

The set of over 30 volumes produced by this project during its seven years of operation constitutes a national think-tank. It covers in a systematic manner public policy issues never before placed back-to-back. The final report in 16 volumes was published in 1997 (in printed form as well on a CD-ROM). Although the plan was not intended to become statutorily binding, it was presented before the National Planning Board in 1997. Searching for a means of moving the plan from the extra-governmental sphere to the official public domain, Mazor adopted my recommendation to the team, and initiated a special forum in which the plan was presented to the President of Israel in a ceremony held at the Technion in January 1998 (Alterman, 1997b).

The Israel 2020 plan has had considerable influence as a policy document. The project raised the planning and public policy discourse in Israel to a new plateau. It provided a set of concepts and a new language spoken today as matter-of-course not only by professional planners, but also by other professionals and by politicians at both the national and local levels. The Israel 2020 plan also provided its users with a sophisticated database and has set a high standard for planning methodologies.

Although Israel 2020 was not intended as an official document and certainly not as a legally binding one, its success encouraged Rachefsky at the Planning Administration in Interior to commission the preparation of a long-range national statutory plan – National Plan Number 35 – the first-ever long-range comprehensive land-use and development plan to cover the entire country. The project team that won the highly competitive tender in 1998, abided by the terms of reference and adopted many (but not all) of Israel 2020's basic tenets, and developing these in greater detail while adding new concepts and methods. Plan 35 is expected to come for approval before the National Planning Board before the end of 1999 and then for cabinet's approval.

**Long-range district and local planning**

The crisis also gave a boost to the preparation or updating of the legally required six District Outline Plans. Before the crisis, these plans – under the administrative responsibility of the Ministry of the Interior - had been neglected and out of date. In the Haifa district there had never been a district outline plan. The Planning Administration set out to redress this situation in 1992, tendering out the preparation of these plans district by district, and by 1999 a new or thoroughly updated plan had been prepared for most districts and some have even received National Board approval. Not only their preparation, but also their cumbersome statutory approval process, seems to have been accelerated.

The Ministry of the Interior also initiated a new type of plan– a Metropolitan Plan for each of the country’s major metropolitan areas. Although these plans were not statutory, they were linked with the statutory district plans. Were it not for the boost that the crisis gave to long-range planning, such initiatives would probably not have occurred for a good many years into the 21st century.
Even local planning benefited from the crisis. Starting in 1992, municipal (non-statutory) strategic planning - unknown before the crisis and suspected by mayors - gradually gained momentum. By 1999 several towns, among them Nazareth Illit, and Carmiel, our two case studies, as well as neighboring Arab Nazareth, completed such plans, while benefiting from the cost-participation offered by Interior. But from a 1999 perspective – and one that also emerges from our case studies - it turns out that the boost to local planning came more slowly and unevenly than the remarkable boost to national-level planning.

**Expanded Inter-Agency Coordination**

We saw how in the Focusing and Action phases, planners and decision-makers tended to limit coordination strictly to the critical-path agencies. Traditionally, national-planning efforts had usually been sectoral and financed by a single interested agency. However, in the Planning phase, planners used the crisis to expand inter-agency coordination into hitherto disjointed areas. This came through clearly in National Plan 31 and the Israel 2020 Project. The structure of the steering committee of National Plan 31 went beyond any previous precedent for coordination among government bureaus. It included active input not only from the “classic” land-use planning agencies. The informal collaboration with Finance during the Focusing phase became institutionalized in National Plan 31. Moreover, in view of the breadth and urgency of that plan, Rachevsky and her colleagues at the Ministry of the Interior invited representatives of almost every relevant social, economic, and infrastructure government agency even some NGO’s, to serve on the Steering Committee. Having most stakeholders represented around the table was a strategy that not only speeded up the planning process, but was also instrumental in getting the plan approved and implemented. However, the effectiveness of the co-optation tactic ebbed in the implementation process, as the strong pro-development government interests stepped up their criticism of Plan 31. The format of the steering committee was an important precedent in Israel’s planning procedures, and it was to become a model for most future national and district plans.

Inter-agency coordination reached its peak in the Israel 2020 project. It brought together a wider-yet span of representatives of government and quasi-government agencies than had ever before had the opportunity of collaborating on any public-policy agenda. The project's financing too was a feat of interagency linkage: Mazor convinced a broad slate of government and quasi-government agencies to collaborate in joint financing, thereby setting a precedent that is likely to spin off other collaborative projects.

**The Re-emergence of Public Participation and Interest-Group Negotiation**

During the Action phase, planners, decision-makers and legislators did all in their power to keep public participation to the barest minimum acceptable in peacetime legislation in a democratic society. As may be recalled, the Interim Law originally reduced objection time to 20 days, counting all weekends and holidays. But by 1992, responding to growing criticism from both environmental and pro-development interests, planners and lawyers at Interior proposed that the Interim Law be amended so as to allow 30 days' notice (still considerably less than under the "normal" law). The Knesset legislated the amendment.

As we saw, during the Focusing and Action phases, planners led innovative negotiations with interest groups. But these were kept close to the circle of actors necessary for moving production along the critical path. As the crisis evolved, environmental issues became especially acute. The massive scale construction began to intrude severely on Israel's limited green spaces and natural environment. The environmental interest groups did not sit still. During the Planning phase,
government planners found that the national consensus on the desirability of immigrant absorption no longer gave them immunity from groups contesting specific development plans.

The environmental groups themselves went through something equivalent to the Shock phase. They too found it necessary to rethink and reformulate entrenched notions. For example, the Society for the Protection of Nature, Israel's leading non-governmental environmental organization comprising thousands of members, discovered that it had to rethink its basic tenets. During the previous decade, believing that "small is beautiful", the Society had effectively lobbied and protested against high densities and high rise development. The Israel 2020 project and the facts on the ground drove home the point about the scarcity of land, and the Society found itself having to argue that "dense is beautiful". At the height of the Action phase the Society began to organize public and professional opinion against several of Housing's proposals for new towns, and found it presenting arguments opposite to what it had been making just a few months earlier.9

The Ministry of the Environment, which had been effectively kept out of key decision-making during the Focusing and Action Phases, resurfaced as a significant force during the Planning phase. In coalition with the Society, the Ministry succeeded in convincing the statutory planning bodies to alter or reject several of the more environmentally questionable plans proposed by Housing. Instead, they were persuaded to opt for infill or higher-density expansion of the existing cities.10 One of the most publicized victories won by the Ministry of the Environment in coalition with the Society was a promise exacted from Minister Sharon that Israel's last large natural sand dune (located in the city of Ashdod, south of Tel Aviv) would be preserved. He instructed the planners at Housing to roll back a plan for some 8,000 public-program housing units located in one of the most attractive sites - near the country's center, in a port town with many employment opportunities. This story brought to the surface the frequently inherent conflict between the immigrant-absorption goal and the environmental-conservation goals - a conflict smoothed over in the earlier phases of the crisis.

The Planning phase also saw the reluctant re-establishment of some of the pre-crisis negotiation modes between central government planners and municipalities. Centralization, instituted in so many ways during the height of the Action phase in 1991, unofficially loosened up slightly during the Planning phase. In late 1991 and in 1992, several local authorities discovered that if they presented strong arguments against a proposed public-program neighborhood, they could successfully withstand central-government pressures, alter elements of the plan or even convince Housing to take it back, as our two case studies show, differentially (see Chapter 13).

Toleration of Goal Slippage

During the Action phase, we saw how two ancillary goals were piled onto the critical-path of the housing effort. Although the central government added these goals consciously, it also attempted to keep other diversions away so as not to derail the large-scale housing enterprise. During the Planning phase, however, such diversions were no longer fully under control. Derailing and "goal slippage" began, as the tug-of-war of contending interests regained its effects on public policy, as theorists describe regarding non-crisis times (Benveniste, 1989; Palumbo and Harder, 1980).

By the time the Planning phase arrived, groups outside the central government were widely using the Interim Law to exploit the immigrant-absorption bandwagon to further their own needs. Private developers, landowners, and municipalities quickly learned how to benefit from the
"trickle down housing" theory. That was the theory behind the rationale for the new law which, you will recall, applied to any new housing construction of 200 units or more, whether initiated by a public or private body. Once the dust of the Action stage had settled, it turned out that a substantial portion of the units approved by the Housing Commissions were in plans proposed by the private-sector (Brahya, 1992). Furthermore, due to a vagueness purposely left in the legislation regarding what constitutes 200 housing units, there were cases in which existing housing or even housing in non-contiguous areas were counted together so as to legally fulfill the requirement of 200 units.

Because the Interim Law bypassed the local elected council and involved only the mayor and the city engineer, interested parties were able to make use of the Interim Law process to gain approval for plans that had been stalemated because of disagreements with the local authority or opposition from the local public. Examples include several controversial urban renewal areas in Tel Aviv that had never been able to garner the required majority for approval. Other examples of the “bandwagon” effect were plans for luxury housing that had little relevance for the immigrants, not even through the “trickle down” process. Interestingly, the Interim Law process was also quickly discovered by the mayors and planners in Arab-sector towns who seized the opportunity to avail themselves of the shortcut procedures. This enabled them to bypass the internal conflicts among local (Arab) landowners that frequently halted plan approval.

The use of the Interim Law for ancillary purposes became more restrained after the Attorney General issued guidelines for the application of the law. These guidelines recommended that the Interim Law should not be used where no linkage can be shown to increasing the general housing supply, or where plan implementation is expected to be so complex that there would be little gain in time. The fact that these guidelines were issued only after most of the horses had run out of the stable contributed to the growing criticism of the Interim Law.

**The future of planning in Israel: Will the momentum persevere?**

Let us turn the movie back, and attempt to recreate Israel’s recent planning history in a scenario without the mass-immigration crisis. What would national-level planning have looked like? Would it have been strengthened, or would it have withered away? Israel had been undergoing general trends of decentralization, deregulation and privatization, similar to most other Western countries. Planning institutions, laws, and professional norms were caught between these conflicting trends of privatization and national regulation and control.

I would conjecture that, were it not for the mass-immigration crisis which tended to recentralize decision-making powers, integrated national-level planning in Israel would likely have continued its slow decline for some years more, in favor of more market-led development approved “bottom-up”. At the same time, however, the instruments of national planning would probably not have been officially dismantled, and would have remained in diminished format – mostly on the sectoral level – to reflect Israel’s special needs. These stem from Israel’s high population density, high natural growth rate (relative to other advanced-economy countries), commitment to immigrant intake, and economic growth. Mass-immigration provided a great service: it advanced the clock of the next crisis that would have come 7-10 years later – a crisis caused by sprawling development, threatened environment and water, collapsing infrastructure, disappearing green spaces, and as a consequence, decline in quality of life and possibly also in economic development. At that time, without effective, integrated national-level planning, everyone would have paid the price.
The mass-immigration crisis contributed to changing this trend, bringing national and district planning into a prominence it had never had before, not even during the country’s formative years, the heydays of centralized, consensus-generated national planning. The crisis, which brought about highly accelerated development and pressured land and other resources, brought home to decision-makers the usefulness of planning. The crisis provided astute planners with the opportunity to argue their case to willing ears, and to get decent budgets for planning enterprises.

At first glance, the new planning defies the major tenets of planning theory in recent decades: It is centralized, it is comprehensive, and it is long-range. But a closer look shows that the new planning is of a new mode: It is more participatory and more transparent than was customary in Israel before (though it is less participatory than in some other western countries). It can no longer rely on a socio-political consensus but rather reflects the outcome of a conflict-mediation process, often a litigious one. The new national planning is not a playback of the planning of the 1950s. It is much reformed and reflects the changes that have occurred in planning thought internationally as well as the enormous changes that have occurred in Israeli society and polity.

As land-use planning issues have grown in saliency and prominence, so have the conflicts surrounding them. Will the new plans be implementable as Israel’s social and political fabric becomes more and more strained, and as land-use and development issues are becoming increasingly enmeshed with the country’s deep-seated social and political controversies? Will the new plans be effective despite the fact that the country is consistently extending its trends of privatization and decentralization? Plan 35 – Israel’s first national plan that is both comprehensive and long range – could also turn out to be the last of the large-scale planning enterprises. One thing is certain: Land-use planning is unlikely to return to the dusty corner of neglect that it occupied not very long ago. In the future, land-use planning on all levels will continue to be prominent in the public eye, will draw upon high level professionals, and will have to deal with more and more controversial questions, engendering hot public debates.
Notes

1. This is a summary of her strategy for planners in 1991 as she expressed it in public presentations and in private conversation with me in "real time". The budget information to follow is from the same source.

2. Led by Architects Raphael and Edna Lehrman of Tel Aviv who hired a large team of planners and consultants to cover all the aspects of the plan.

3. A conception accepted by many, but not by me. I wrote a law-review article in the 1980s showing that even without amending the Planning and Building Law, plans prepared under it did not have to be restricted to physical, land-use planning and could deal with broader policies and be flexible (Alterman 1981; Hebrew).

4. Otherwise they would not have been in the positions they held at the time of the crisis nor would they have retained their positions.

5. This was also the first national planning effort in which an Arab planner was a member of the team, specializing in the needs of Israel’s Arab sector. Tokenism at its best?

6. National Plan 35’s planning team is headed by a well-known architect-planner, Shamai Assif, and by Professor Arie Shachar of the Department of Geography, Hebrew University, Jerusalem. Its internet site is: www.TAMA35.org.il

7. Examples of towns that started such planning processes in 1992 are Carmiel, Upper Nazareth, and Afuleh. The Joint Distribution Committee, Israel office and the Jewish Agency Planning and Development department were looking at ways of encouraging local strategic planning. (Alterman and Goldman, 1992)

8. The "deposit for review" time before the crisis, under the regular law, was 2-3 months, and was often extended in practice. Although under the Interim Law, publication rules were not altered (publication in a daily newspaper; individual notices were never required under Israeli law in cases of rezoning), the considerably shortened time period for submitting objects made it difficult to get information. Because the Interim Law instituted automatic approval if no objections were lodged, insufficient information was often critical.

9. Sources based on participant-observation: At the time of the crisis I was a member of the Board of Directors of the Society. Other sources - conversations with planners in real time and media reports.

10. Criticism was directed at projects such as the proposed expansion of the town of Beth Shemesh in the Jerusalem foothills (seen as gobbling up too much land), or at the series of low and medium-density new towns proposed by Sharon along the Israeli side of the West Bank parallel to the coast. These were seen as spreading development from the Greater Tel Aviv area to the east thus impinging on a major aquifer.

11. In a petition to the High Court of Justice, neighbors requested that a plan for a mobile housing site planned by Housing be overturned because there were two non-contiguous sites which together amounted to only 200 units. The High Court ruled that this interpretation of the law is reasonable. H.C. 1125/91, Marco Litman vs. Central District Housing Commission et al. Delivered June 24, 1991.
Chapter 12

Phase V: Post-Crisis Management

It turned out that the crisis was shorter-lived than anticipated. Instead of 1-1.5 million who were expected to arrive within 3-5 years (a 22-33% addition to the pre-crisis population), some 500,000 arrived in three years (a 12% increment). As conditions in the former Soviet Union began to stabilize in 1992, the immigration rate in 1993-1999 tapered down to a much lower annual rate - about 60-80,000 a year. While this was still 6 or 7 times the pre-crisis rates, it was nowhere near the numbers at the height of the crisis. A million immigrants did arrive – but within 10 years, rather than three.

While the crisis subsided by 1992, it left many trails of problems. This chapter reports on the modes of decision making after 1992. It also surveys briefly some of the broader outcomes and impacts, as they appeared by 1999.

"Opportunities for Macro-Change"

By 1993, the results of the housing-production onslaught were visible everywhere. The policy formula developed during the Action phase led to the delivery of some 100,000 "affordable" housing units mostly in condominium apartments. These were generally built to a good standard, despite the speeding-up incentives. In some towns, especially the smaller ones such as Carmiel and Nazareth Illit, entire new neighborhoods sprang up, thoroughly changing the physical and social landscape of these towns. The construction blitz added a stock of medium-sized and smaller apartments to Israel's housing market, which had been rare among housing starts in the previous decade.

But the very success of producing a large stock of good housing and in record time also produced the visible evidence of a partial planning failure. Thousands of housing units in outlying development towns were unoccupied because of the unexpected decline in immigration, the high unemployment rate among the immigrants during their first years in Israel, and the added goal of population dispersal. The government therefore had to commit large public funds to fulfilling its commitment to the developers and buying up some 40,000 units. Although with time, demand adjusted to the location of supply, during 1992-3 there was reason for worry since the goal of supplying every immigrant family with its own housing unit was not yet being met, and many families were still doubling up.

Ironically, in some cases, the government found itself committed to buying up units in which it had invested large bonuses but which were faulty because developers had taken shortcuts in construction. These apartments, which had to be guarded against vandalism or illegal occupancy while vacant, were testimony to the price of crisis-time action. Furthermore, the emphasis on getting housing units quickly on the ground frequently led to a delay or a compromise in the supply of infrastructure and social services. The “innovative construction” techniques such as partial prefabrication, which were also encouraged, sometimes caused minor structural or
finishing-detail problems. In 1992-3 these problems received considerable attention in the media and “earned“ chastisement from the Comptroller General in her Annual Report. The public services generally followed within a year or two, after the central government had tried to clarify the web of inter-bureau financing responsibilities.

The post-crisis phase offered great opportunities for wedging-in change. These opportunities, however, were closed shortly after the crisis. Five distinct modes of public-policy response are identified: Evaluation and self-criticism; innovative solutions for mitigating negative impacts; harnessing opportunities for legal-institutional change; macro-policy re-thinking; and planning for a future crisis.

**Modes of Response**

**Evaluation and Self-Criticism**

During the height of the crisis, planners representing critical-path government institutions did not publicly express self-criticism; on the contrary, they put their weight behind the government's program. The crisis period did not allow time for experimental mechanisms to test policy and except for quantitative monitoring, the government planners did not build in any ex-post evaluation research. Planners in the Ministry of the Environment prepared the only in-government written criticism of the new law in the Action and early Planning phases. Toward the end of 1991 they were the first government officials to openly argue that the special housing commissions were no longer needed because by then an ample stock of plans for housing units had been approved. They were also the first government officials to argue what was later to become axiomatic not only among planners but also among politicians, journalists, and other groups: that in their haste to approve public and private plans, the commissions were unduly compromising good planning and environmental quality (Alterman and Prengler 1998). Among the hundreds of thousands of housing units for which plans had been approved, several thousand lacked adequate sewerage capacity (Brahya, 1992; Brahya and Levy 1992). The report by the planners in Environment was sharply criticized by the Director General of Housing and less vociferously by senior planners from Interior who were not yet ready to make their growing internal self-criticism public.

But as the crisis waned and the Interim Planning Law approached its expiration date of June 1992, senior planners in Interior – who had advocated the law and invested their personal prestige to “sell” it - began to express doubts about its continued use. They joined their colleagues from Environment in questioning the need to extend the law. Their superiors, the ministers, however, followed the cabinet’s decision supporting its extension. Ironically, planners and other officials from Housing, who in May-June 1990 had opposed the Interim Law, preferring emergency legislation, now strongly supported its extension. Under a compromise, the Knesset extended the law until December 1992. In subsequent months, planners in Interior, Environment, the National Parks and Nature Reserves Authorities, as well as some planners and elected officials in local authorities, openly criticized the continuation of the crisis-time legislation. They argued that there was already an excess of approved units, and that the shortcuts in procedures were causing more harm than good. Planners from Housing, the Lands Administration, and Finance continued to support the law, as did their superiors.

The growing disagreement between some planners and their elected or appointed superiors came to a head at the end of 1992. The National Planning Board, with which the government must
consult before proposing any planning legislation to the Knesset, was asked to approve the extension of the Interim Law for a second time, until June 1993. The Board deadlocked in October 1992, and in December it voted against extending the law. In an ironic and legally interesting twist, some of those voting against extension were senior planners in government bureaus to whom their ministers had delegated their seats on the Board. The Cabinet did not accept the Board's recommendation. A bill to extend the law for another 10 months was put before the Knesset and approved.

**Innovative Solutions for Mitigating Negative Impacts**

The crisis-time policies to accelerate housing construction and reduce its cost described in Chapters 8 and 9 served as a laboratory for experimentation with new housing and urban-development policies – a “window to innovation”. Some of the thinking was geared to mitigating the few direct negative outcomes of crisis-time housing and urban development. I shall discuss two such examples: How to handle over-built permanent housing in the peripheral areas; and how to phase out the mobile home sites.

Another type of innovative thinking was related to one of the broader impacts of the crisis – the steep rise in housing prices and the intimations of a forthcoming shortage of available land. The crisis-time “window” to innovation – soon to shut – enabled to spin off some of the crisis-time policies into housing and land-policy in order to mitigate fears in the post-crisis years.

**Handling the over-built permanent housing units and the buy-up commitment**

The buy-up commitment made to developers in the Action stage obligated the government to buy-up tens of thousands of housing units in peripheral areas such as the Galilee (Nazareth Illit) and the Negev where there was no short-range market for them. Government planners and policymakers in Finance and Housing looked for innovative policies to mitigate the damage – both financial and urban. At first, this large stock of generally well-built housing led government planners and outside consultants to spin off a whole slate of innovative ideas for experimenting with new forms of housing financing, tenure, and maintenance. They hoped to create a larger and more regular rental, or rent-to-purchase housing stock and reduce up-front costs to the immigrant consumers. Some ideas focused on entrepreneurs, others directly on the consumers (Alterman and Gouldman 1992). But policymakers in the government, especially in Finance, were less interested in experimenting with new tenure types. They wanted to find ways to cut government’s large losses incurred by the buy-up costs and the incentives pocketed by the developers. These policymakers also wanted to avoid continued public management of a huge stock of vacant housing which, in some towns, numbered hundreds, even thousands of units.

The policy adopted, though less innovative than some of the proposals, turned out to be quite effective. The Ministry of Housing kept some of the housing stock as essential replenishment for the public-housing (rental) stock that had been exhausted through allocation to needy new immigrants and eligible Israeli families. Most of the units were transferred to government corporations, which were instructed to sell off the housing stock for cash as soon as possible. These corporations offered the units on the open market for very attractive prices.

By 1994-5 most of the for-sale units had been sold, usually at below market prices. By that time, too, housing prices had escalated considerably from the pre-crisis price levels. The stock of inexpensive housing thus became a sought-after commodity. Many lower-middle and middle-income Israelis grabbed the opportunity to obtain better housing at a low price. Upper-middle
income households bought housing units as investments and thus replenished the all-important private rental housing stock that had been all but exhausted. Some immigrants managed to purchase apartment units at much better prices than were initially asked. Growing job opportunities and greater mobility through car purchases led more and more immigrants to purchase apartments in their second and third years. This pattern of new immigrant demand adjusted to the location of inexpensive housing. Thus, within 2-3 years most of the vacant housing in the peripheral areas had been occupied.

Handling the temporary mobile-home sites:

In 1990, when the thousands of mobile homes were imported as emergency housing, few planners or local elected officials believed Housing’s promise that, unlike the transit camps of the late 40s and early 50s, this “emergency housing” would be removed within five years. The large mobile-home sites were located on the peripheries of towns and cities most of whose leaders proved to be astute watchdogs over the implementation of the phasing-out promise. Although the 5-year commitment by the ministers in charged was not always kept, by the late 1990s most units had either been removed or were boarded-up (as in Figure 10.1, taken in Jan.1999).

Despite efforts to keep these sites well managed, they quickly became physical eyesores and social wounds. The units were tiny, unattractive, poorly insulated from heat and cold and located in sites where the bleakness was not alleviated by architects’ attempts at some landscaping (see Figure 12.2). These sites were intended as temporary housing for the Soviet immigrants who initially comprised a good portion of the residents. However, after the smaller wave of immigrants arrived from Ethiopia in 1991, these mobile home sites became visible expressions of the differences in socio-economic mobility between the two groups. Many of the sites quickly became almost all-Ethiopian as the Soviet families moved out and up. This outcome is not due to discriminatory action by the government; on the contrary – the rental support and mortgages offered to Ethiopian immigrants were more generous than those offered to the ex-Soviet immigrants. But the latter generally had a much higher level of education and earning potential. They also were government-savvy, having learned how to survive within the onerous regime of their home country. Many used their status as occupiers of mobile homes that the government wanted to phase out, as bargaining cards to get the best possible “housing solutions”. The housing administrators and social workers in each mobile home site negotiated with each family individually about their move to permanent housing.

Today, there are still some holdouts dotted among the boarded-up units, but they are rarely Russian immigrants (Figures 12.1 and 12.2) The units serve as temporary homes for single young adults, mostly Ethiopian, but also for some Israeli-born students participating in an integrative social project. The removed units have either been discarded or bought for reuse as annex housing in rural communities, sport sites, youth hostels, or – more controversially – temporary housing for new Jewish settlers on the West Bank.
Figure 12.1. Last “Holdouts” in the large “caravan” site south of Haifa (Jan. 1999). Thousands of units have already been removed or boarded up.

Figure 12.2. The “main boulevard” in the large caravan site south of Haifa hides a sad place with mostly boarded-up caravans and a few remaining occupants. The real-estate sign indicates the forthcoming use as part of a large commercial area. (Taken January 1999).
Some astute municipalities, such as the City of Haifa mentioned in Chapter 10, had the foresight to develop in advance plans for the post-crisis use of the mobile-home sites. Haifa’s opposition to the large mobile-home site on its southern boundary was unabashed even when the emergency atmosphere was at its thickest. Haifa appealed to the High Court of Justice against the government, citing anticipated negative impacts. The out-of-court settlement stipulated that once the caravans were removed, the Minister of the Interior would approve annexation of the site to Haifa. Figure 12.2 shows the central “avenue” of the caravan site, still partly occupied, but with a large real estate sign announcing a future shopping center.

_A search for innovative ways to dampen high housing prices_

One of the more long-lasting aftereffects of the crisis was the steep rise in housing prices in most parts of the country, until the recession that began in 1997 restrained it. Although the crisis gave the economy a major boost and salaries rose along with the GDP, housing purchase prices rose even faster – by over 60% between 1990 and 1995. Politicians across the party board became concerned – I would say, compulsively concerned – with the need to stabilize or even lower housing prices. Restraining the high cost of housing by boosting housing production became, for some decision-makers, the new leading issue in post-crisis times.

However, there was far less consensus among planners and the general public about the importance of this lead issue than about housing production during the crisis. Planners in Interior, Environment and the various “green” government and non-government organizations quickly realized that making housing prices the lead issue meant granting _carte blanche_ for the unrestrained conversion of agricultural land to housing. On the other hand, planners in Housing, the Lands Administration and Finance were joined by the Prime Minister’s Office in arguing that converted agricultural land is developable within a reasonable period of time, while urban regeneration or infill makes development more uncertain and, if at all, long-range.

This debate dominated most major plans and planning-related issues in post-crisis times and will probably continue to do so on the national and regional level for the foreseeable future.

During the post-crisis phase, those concerned with housing prices as the lead issue used the post-crisis “window of innovation” to experiment with new ideas for restraining housing prices. Most of these ideas had roots in the organizational or substantive housing-production package of policies applied during the crisis.

Among the new ideas were:

- **Organizational Innovations**: The establishment of a standing “Cabinet Committee for Speeding up Construction” and its counter-part on the Directors General level of the relevant bureaus. These coordinative mechanisms are reminiscent of the Immigrant Absorption Coordinative Committees that operated during the crisis but less publicly visible.

- **Monitoring**: The Prime Minister’s Office, which during the crisis developed a monitoring unit to oversee the “production” of approved plans by the Housing Construction Commissions, did not dismantle this unit. Instead, it expanded its interest to include housing production and housing prices in general. In the post-crisis phase, the PM’s office established itself as a major player among planning-related institutions, usually supporting...
the pro-development stance of Housing, the Lands Administration, and Finance, and opposing the conservationist stance of Interior, Environment, and at times, Agriculture.

- Proposed Legislation: The crisis-time Interim Planning Law and its Housing Construction Commissions, although destined to be phased out (see below), became a popular model for those bureaus and interest groups concerned with accelerating housing production. Every few months there was another Cabinet decision calling for the Minister of the Interior to reintroduce legislation similar to the Interim Law but such initiative never took off the ground.

- Experimentation with New Affordable Housing Policies: Two innovative experiments were launched in the post-crisis phase. Both ideas were first aired in the think-tank committee that operated during the Shock and Focusing phases under the leadership of the Chief Engineer of the Ministry of Housing, but they were not implemented during the crisis itself.

1. “Build Your Own Condominium” sought to lower housing costs by separating out the land component from the construction component. In the USA this is a well-known tool for achieving affordable housing, such as when the land is held by a trust. But in Israel this idea was new and ran against the philosophy of real estate law. During the mid-1990s, several such projects were implemented on a small scale. Under this program, the Lands Administration registers the leasehold for the portion of the land on which the apartment building stands, directly in the name of the eligible household, and is thus able to subsidize the land component for eligible households by giving a percent discount of the appraised value. If the family resides in the apartment for a set number of years, it may sell the apartment on the open market and pocket the profit. The purpose of this arrangement is to enable mobility and upgrading. The cost of construction net of the land is paid directly to the developer thus also saving on the many applicable taxes. Faithful to the well-established goal of social integration, this policy called for mixed-income housing, so that within the same apartment block there would also be a large number of unsubsidized, market-rate condominium units. This policy was effective in reducing housing prices but has been terminated because it was severely criticized by the Comptroller General. It has inherently regressive social-distributive effects that are due to the great disparity in land values among regions in Israel so that the value of the subsidy is much higher in the central area than in the periphery.

2. “Price for the resident”. Instead of the usual tender set out by the Ministry of Housing whereby it is obliged to seek out the highest bid for land among competing developers, the new project tenders the lowest final-product price offered by the developers. A developer proposes the price for which he/she would sell the completed apartment units to eligible households and would have to abide by this price. This project has been operating on a small scale, and has the potential for expansion.

New policies for more intensive utilization of land resources

One of the major impacts on planning directly attributable to the crisis is the sharp change of course in attitudes to the land resources. In Chapter 4 I showed how pre-crisis Israeli planning doctrine called for population distribution, new towns and new villages. Although agricultural land was conserved, the pro-development forces and the distribution ideology often overpowered the conservationists. Even the “greens” used to object to “overly high” urban densities, which were in fact not very high. They stressed the micro environmental quality but were oblivious to the macro implications for the land resource. Mazor in the Israel 2020 project was the first to demonstrate what would happen if this trend were to continue unrestrained - a rapid depletion of the open spaces in high-density Israel!
We saw how, as early as the Shock stage, planners began to look for available land for building and realized how scarce it was. They realized too that considerable agricultural land would have to be consumed. Indeed, the government instructed the Lands Administration and the Commission for the Preservation of Agricultural Land to convert large amounts of agricultural land, especially in the central areas, even though open spaces were already scarce there. The huge increment of development in all parts of the country and the visible depletion of agricultural land achieved what would have otherwise taken a generation of environmental education. It demonstrated in a real-life model what would happen if such a pace of open space conversion were to be extrapolated to the future.

This new awareness brought about a slate of policies to encourage more intensive use of built up land and to preserve agricultural land. Here are a few of the many policies not all of which have been implemented (a full list in Alterman 1997):

- To phase down the approval of plans for low-rise housing - single, double or even row.
- To specify minimum net densities, not only maximum ones.
- To place better control over the conversion of agricultural land to development, preferring locations that immediately adjoin existing urban areas.
- To identify the legal, fiscal and planning impediments to the re-use of urban residential built up areas and to provide incentives for redevelopment in higher densities.

In the post-crisis phase, this new awareness was absorbed by planning bodies and found expression in a variety of plans and other instruments. For the first time, this issue also began to capture the interest of the general public. A new public debate ensued about the social-justice questions associated with the conflict between the growing personal preference for a small home in a rural-like environment (in small Israel, adjacent to a city!) and the public longterm interest in land conservation. Figure 12.3 is an example of an article – one of many - in a leading daily national newspaper.

Figure 12.3 A newspaper article titled: “Dense-up Without Us” about the need to conserve open space by intensifying urban development. Haaretz newspaper.
To sum up: the post-crisis provided opportunities for innovation that gave a major shake up to old planning conceptions, and added some fresh ideas to the toolbox of planners and policymakers. The national elections in May 1999 renewed interest in the issue of housing prices, and several candidates for the Knesset who aspired to the post of Minister of Housing, put together platforms that repackage some of these post-crisis innovations.

Harnessing Opportunities for Legal-Institutional Change

What had seemed impossible to achieve in decades, became a "natural" output of the post-crisis phase – or so it appeared! Israel's planning legislation had become a symbol of fossilized and unnecessary bureaucracy and a target of attack from many quarters. Yet there was not the slimmest chance that the bureaucrats and legislators, always preoccupied with Israel’s major political agendas of war and peace, ethnic and religious issues, etc., would be willing to devote the extensive legislative time necessary to prepare a new law. Shortly before the crisis, in 1988, the Knesset enacted an extensive, but largely technical amendment (“amendment 26”), which had taken 10 years to prepare and approve (Alterman 1989). The crisis demonstrated the importance of speedy planning procedures, while the decisions made in the Action phase demonstrated the costs of skimpy planning. The crisis also showed that it was possible to legislate and install new legal-institutional structures - the Interim Law - with virtually no transition time or major costs.

Hence, government planners, with Interior leading the way, were able to convince the previously skeptical decision-makers that a new planning law was necessary for post-crisis times. The new law, they argued, could benefit from the lessons learnt in the large-scale laboratory experiment with the Interim Law. The National Planning Board unanimously recommended to the cabinet that a new law be prepared, and it adopted this recommendation in December 1992, as part of the compromise package that extended the Interim Law for another year. Interior was given 10 months to come up with a new law.

A special team was set up in 1992 to draft this new law. It was headed by the chief attorney of Interior, Yehezkel Levy, and included three representatives of the Architects and Planners' Union. They worked without public or even professional exposure. But as the crisis normalized, the opportunities for instituting change in general, and a new planning law in particular, began to close.

The Levy Team called for some decentralization and for a more flexible type of master (“outline”) plan. The team sought to introduce two long-overdue changes in the planning law:

- In cases where there is an approved comprehensive outline plan, detailed plans could be approved directly by the municipal council, without District Commission – i.e., central government – oversight.

- Outline plans would be transformed from their rather detailed, blueprint style, to a more flexible style that would not be regarded as directly granting development rights.

These changes were long overdue. However, most decision-makers had never recognized the intrinsic value of such proposals as a means for improving the quality of governance or of planning. Knowing full well the government politicians and the legislators overriding interest in speeding up the plan-approval and building-permit system, the Levy team tried to “sell” its draft bill to them by emphasizing its effectiveness as a means to this end.
The team was right, but too late: Their argument was insufficient to push these major conceptual changes through. The “window of opportunity” created by the crisis had begun to close, and the interest of the elected officials was waning. Some government planners became reluctant to initiate any major changes to the planning law. The draft bill was watered down considerably before it was submitted as a Government Bill to the Knesset. The legislative process watered it down even more.

The legislative process took two more years, and it was finally approved in mid 1995 as Amendment 43 to the Planning and Building Law, not as a new law. The closed-door approach of the Levy Committee was not repeated. The crisis can be directly credited with the relatively open, participatory approach adopted by the Knesset. Recall the heightened interest in planning legislation that the great controversy about the Interim Law versus Emergency Legislation had generated in 1992 and the unprecedented exposure that the new generation of crisis-time national plans had received. The legislative process for Amendment 43 also generated much public interest and representatives of major interest groups were invited to the weekly deliberations of the Knesset Committee for the Interior and Environmental Affairs.

The amendment, though the most extensive ever to be made to the 1965 Planning and Building Law, turned out to be another attempt, albeit more thorough and extensive, to streamline the plan-approval and building permitting process by changing various procedural elements. Of the two major principles in the draft bill, only a watered-down degree of decentralization remained. The local planning commissions are authorized to approve only amendment plans that institute certain types of minor variations in the previous zoning. However, the Minister of the Interior may still call them in if he deems it necessary. Even this modest change should be entirely credited to the crisis; otherwise, it would probably not have arrived on the Knesset table for another decade. This is the greatest step towards decentralization taken so far in Israeli planning law and is used extensively by astute municipalities and developers.

The Interim Law was extended three more times since 1992 for one-year periods each time. But every time, the Knesset expressed its dismay at having to ratify the extension, indicating a growing recognition that in post-crisis times, the costs of the Interim Law outweighed its benefits. The Interim Law finally expired in mid-1995, a few months before Amendment 43 received Knesset approval. The “void” that representatives of Housing, Finance, and the Lands Administration had warned of, did not occur. After all, the “regular” law continued to be valid throughout the crisis and beyond. Furthermore, a transitional clause in Amendment 43 stated that any plans already submitted to the Housing Commissions would continue to be handled by them. In 1999 there were still some plans, hearings, and court appeals being carried out under the Interim Law. May one conclude that “crisis-times laws die hard”?

While the original Interim Law did sunset, its role as a precedent – both positive and negative – continues. Whenever the cabinet, a particular minister, or some interest group identifies a planning need that it deems to be urgent, it proposes that a special law be enacted, similar to the Interim Law. “Accelerated tracks” or “planning bypasses” are popular for favored type of development. In addition to the Cabinet’s repeated decisions to propose such a bill to accelerate housing supply, an Interim Law-like format has been suggested for airports, industrial sites in peripheral areas, and in 1999, for tourist facilities for the millions of anticipated pilgrims in New Year 2000. Fortunately, none of these hasty initiatives, intended as instant remedies for inadequate planning, have gone forth. However, in October 1999 Cabinet accepted the Prime Minister’s proposal that his Office would take over the entire national and district-level planning functions from Interior. One rationale for the
transfer was to speed up the planning system, especially for nationally important projects. I predict that some form of crisis-like streamlining legislation will be soon proposed.

**Opportunity for Macro-Policy Rethinking**

Lindblom (1955) has taught us that policies are usually altered incrementally and adaptively, and that they rarely get off the well-worn tracks of each agency. Braybrooke and Lindblom (1963), on the other hand, tell us that “fourth quadrant” problems (as I called crisis-like situations in Chapter 2), may hold the promise of “grand opportunities”. The post-crisis period brought about a rare opportunity for a more thorough national rethinking about trade-offs and priorities. The post-crisis phase happened to coincide with a change of government after the national elections of June 1992 (where the “Russian vote” characterized by a very large floating vote, broke the longstanding near-tie between the two major parties and helped to bring in Labor). A combination of three factors produced opportunities for macro-policy rethinking: The crisis-time “window for innovation” was still partially open in the post-crisis phase. The new government was eager to prove itself after 15 years away from power. And a little later, in August-September 1993 came the revolutionary news of The Oslo Peace Accords with the Palestinians that provided grand economic and political opportunities.

The incoming Labor government headed by Yitzhak Rabin was highly critical of the excess housing production and was eager to point out Likud’s mistakes. Housing had captured much of the non-entitlement resources during the crisis. The new government decided to sharply cut virtually all public-program-housing contracts, sometimes even at the cost of compensating developers. The cessation of construction also had a political goal for the new peace-propelling government: to stop (“dry up”) the piggybacked construction of housing on the West Bank.

The new government declared that it would shift priorities to the economy. Although the economy had grown during the crisis years by an internationally enviable 6% a year, during the post-crisis phase there was still high unemployment among the immigrants. What should be the government's role in stimulating the economy? Unlike housing, accepted in Israel as a social service merit public intervention, a return to government involvement in the economy as in the 1970s and earlier in the economy was strongly discouraged by Finance and many others. The compromise was to stimulate the economy by giving a strong boost to long-overdue infrastructure projects for highways, railways, and airports. The shift of priorities was visible on the ground within a year or two: Major highways and interchanges, long-neglected by the Likud governments, were upgraded. Environmental projects received public funds. Even the long-neglected rail system received a boost, which though modest was nevertheless its largest since pre-State British Mandate times.

However, by 1994 it had become clear that stopping the housing program within Israel proper was an overreaction based on shortsighted estimates. A shortage of tens of thousands of units was created, especially in the central high-demand areas where there had not been any overbuilding, and even in some peripheral towns such as Carmiel. The private market – on which Finance had proposed to rely during the crisis, did not deliver enough housing even in the post-crisis period.

This dramatic shift in priorities would probably have been impossible were it not for the crisis. The fact that during the crisis, the economy had expanded significantly through large-scale public and private investments enabled the government to shift public investments to new goals without visibly increasing public expenditures. The impact of this shift in priorities becomes
clear when it is compared with the reversal of direction after June 1996 when Likud headed by Benjamin Netanyahu returned to power (here too, the “Russian vote” tilted the balance between the two party-blocks, this time in the other direction). Public investments in infrastructure were greatly reduced. Some of the funds were shifted back into West Bank Jewish settlements. The economy also declined, partly because the peace process was brought to a standstill.

Planning for a Future Crisis?

Planners had been caught unprepared for mass immigration. The crisis showed the government the need for contingency planning. Therefore one of the major tasks of National Plan 31 was to build in some pre-crisis planning. The planners recommended that at any given time, there be a reservoir of approved plans for 120,000 housing units. In 1993 the cabinet instructed the Lands Administration, to maintain land reserves in a ready-for-tender stage – i.e., with approved plans, especially in the central region. During the crisis the Lands Administration had been caught with an inadequate supply of land for immediate release. Nevertheless, this directive, though oft reiterated, was not implemented, and a housing shortage ensued soon after the government terminated crisis-time contracts. The problem of escalating housing costs, discussed above, became a visible expression of the continuing mismatch between land supply and demand.

The Cabinet’s directive to maintain a large ready-to-go land reserve may be too simplistic. First, such large reserves are almost impossible to implement within a market-based land system despite Israel’s extensive public ownership. The knowledge that the Administration holds large ready-to-go reserves may have a severe effect on the willingness of developers to buy land from the Administration and invest in construction. They fear that the government could, at any time, “dump” large reserves on the market, endangering their investments. Second, in densely inhabited Israel, where open spaces are already too scarce, maintaining large reserves of approved plans effectively means the conversion of a considerable amount of agricultural land in advance of immediate need. The urban-infill and urban regeneration alternatives are highly uncertain and slow processes.

So the desire to ensure readiness for the next mass-immigration crisis in effect runs counter to the very tenets of the major national planning policies as embodied in National Plan 31 and the Israel 2020 Project. Both plans tried to instill the notion that there should be no new towns, that development of open space be highly controlled, and that agricultural land be regarded as an asset to be preserved as long as possible. The debate over land reserves for housing continued into National Plan 35 that closed the millenium. It has also raged over most plans for new towns or large-scale extensions proposed by Housing and the Lands Administration. Pitted against these proposals were – as usual – the ministries of the Interior, the Environment, and sometimes also Agriculture and Tourism. The National Planning Board has become a regular battlefield for these two conceptions. Its decisions often lean toward the preservationist view.

Although the word “crisis” is rarely mentioned in the continuing debate, it would not have been so charged were it not for the shock of being unprepared for the crisis. The debate is between two opposing conceptions of pre-crisis planning: The willingness to commit present resources and compromise wellbeing for crisis preparedness; as opposed to the willingness to risk being unprepared and avoid paying the environmental and social price today. So, despite the real-life example of the difficulties of coping with a crisis unprepared, pre-crisis planning is by no means a panacea. It is no easier to do than any other type of large scale public planning. There are competing goals and interest groups, distributive inter-generational questions, and major
problems with implementation. These findings accord with the theoretical discussion in Chapter 2 and are akin to the findings about the difficulties of disaster preparedness.

Israeli planners do seem to have learned much from the crisis, but these lessons have been only indirectly translated into crisis preparedness. The lessons from the crisis have been used to upgrade the legal-institutional setup for the planning function in government. Instead of the backoffice dusty image that land-use planning had before the crisis, it became so sought after, that the newly elected Prime Minster Barak himself, decided in October 1999 to transfer the national and district planning functions from Interior to the Prime Minister’s Office. It is not the conservationist; environmentally friendly aspects of planning that were the dowry for this new marriage, but rather the control over development-facilitation. Land-use planning is to be placed under a National Planning and Development Authority that is to be created, alongside the Israel Lands Administration – the ultimate development-oriented agency.

The words “crisis preparedness” were nowhere to be found in the intensive media-war of rationales that surrounded the proposed transfer. But since it is expected that the planning function will be further strengthened under the PM’s Office, Israeli public policymaking may thus be better prepared for any future positive catastrophe in crisis-prone Israel. One can expect such improvement not through direct crisis planning, but on the assumption that a better planning framework, better information, and better decision-making bodies can perform better in crisis times as indeed they can in normal times.
Notes

1. An internal report by one of Interior's planners prepared in late 1991 and early 1992, which contained some similar criticisms to those in Environment's report, was not made public.

2. Protocol of meeting no. 302 of the National Planning and Building Board, Oct. 5, 1992. Information on the December meeting from the media and notes taken by Relli Prengler-Rosmarine, a graduate student.

3. One idea was to make apartment units attractive to entrepreneurs for rental, by offering them buy-up assurances after, say, 10 years of rental. Other ideas focused on new ways in which the government could directly dispense the units to residents, including rent-to-purchase or purchase-transformable-to-rent ideas.

4 Recall that most Israeli households expect to own or long-term-lease their domiciles.

5 This concern has been repeatedly expressed in government statements, planning documents, etc. (for a current statement by spokesman of the Minister of Housing see Globes newspaper, October. 13, 1999: 59; Hebrew).

6 Legally, such instructions are questionable since the CPAL is a statutory body with its own legal terms of reference, but the legality of the decisions that followed was never tested in court.

7 M.K. Dr. Raanan Cohen of Labor, who saw himself as a candidate for Minister of Housing, asked me to help him with his platform for a new housing and urban-development policy. He too, saw housing prices as the leading concern.

8 Here is an example of a spin-off from the crisis that does not pertain directly to this book's story, but might interest readers who are planners or planning educators. The existing Planning and Building Law reserved all professional posts on statutory committees to persons recommended by the Engineers and Architects’ Association. Until that time, the Engineers and Architects’ Association had not accepted into its ranks planners who did not have an architecture degree (even though the architects’ union within the Association designated itself the “Architects and Planners’ Union”). Though the draft legislation was written in 1993, 23 years after planning education had been introduced to Israel as a separate profession, its authors wanted to use this opportunity to preserve the anachronism of not recognizing the planning profession. When the bill was put before the Knesset committee, I became involved as a pro bono advisor to the Knesset. We managed to convince the Minister of Interior and finally the Knesset to open up the eligibility for appointment to “persons trained in the area of urban and regional planning”. Thus, indirectly, the post-crisis phase also became a major turning point in the institutionalization of the planning profession in Israel.

9 I had advocated such changes a decade before the crisis (Alterman 1981). The Israeli Supreme Court adopted and applied my analysis of the law, and ruled that flexible plans were a desirable planning format and were possible even under existing law.

10 I serve as pro bono advisor and participated in most of the meetings during the course of a year.

11 Globes daily newspaper (Hebrew), April 5 1999.
PART IV

The Local-Government Perspective:
Carmiel and Nazareth Illit
Chapter 13

Policy Responses at the Local Level: Saying "Yes" to Accelerated Growth

So far, I have focused on the responses to the crisis of decision-makers and planners on the national level. What of the local elected officials and citizens? How did they react to the avalanche of new immigrants who landed on their doorstep every day and night during the height of the crisis? What were the views held by local leaders and planners about the goals and value-dilemmas posed by this unexpected challenge? How did this challenge fit their vision of their town’s future? In particular I was interested in how planners and other personnel handled the uncertainties, burdens, and potential conflicts with the central government that this new situation presented. Even though the central-government policy was ostensibly the same across the country, and was certainly the same for the two matched case-study towns, it elicited different responses from the planners of each town. I shall conclude this almost-final chapter with a few very schematic observations that verge beyond the scope of this book and look at some broader outcomes and impacts of the mass-immigrant absorption on the two towns and on Israeli society in general.

I gathered the information for this chapter from a set of interviews with local politicians, planners, and administrators. The statistical information is based on official sources, the literature, and on data provided by the two local authorities.

A Tale of Two Towns

Carmiel (Eldar, 1992) and Nazareth Illit (Foran, 1992) are located in the green, hilly area of the Galilee - Israel’s European-like northern region (see the map in Chapter 4). They are approximately of the same population size: On the eve of the crisis in 1989 Carmiel had a population of 21,000 and Nazareth Illit of 25,000 (Lipshitz, 1998: 108-9). I selected these two towns because they shared many geographic, historic, social, and political attributes and had similar population sizes. The similarity in context enabled me to focus on a comparison of the responses of the local decision-makers and planners to the crisis.

Nazareth Illit (Illit means Upper) was established as a new town in 1959 as part of the policy current then, of locating Jewish towns near Arab ones in order to achieve a “demographic balance” in the otherwise largely-Arab region of the Central Galilee (Yiftachel 1992). Nazareth Illit is located in the Lower Galilee on a panoramic mountain ridge overlooking historic Nazareth which in 1990 was densely populated by about 50,000 Moslem and Christian Arabs and had very little land reserves. It is surrounded on all sides by smaller Arab urbanized villages that resist annexation. Nazareth Illit’s first residents were Jewish immigrants of the 1950s and 1960s, some from European countries, others from North Africa and the Middle East. In the 1970s Nazareth Illit proved attractive to many of the Soviet new immigrants who arrived in the “mini-wave” of that time. Given Arab Nazareth’s worsening
housing crunch, Israeli–Arab families from the region have, since the 1980s, also been attracted to Nazareth Illit. This trend at first led to some unsavory social clashes, but later a reasonable coexistence was achieved. On the eve of the crisis Arabs constituted some 15% of Nazareth Illit’s population.

Carmiel is located in the Upper Galilee, also in an area largely surrounded by Arab villages. Carmiel was established as a new town in 1965, at the foothills of the high Galilee Mountains. Carmiel was planned and built as a “state of the art” new town, in which the mistakes of the some 25 new towns of the 1950s and early 1960s would be avoided. Carmiel’s first inhabitants were handpicked, as part of a social planning policy. The town supplied excellent affordable housing and thus continued to draw a mixture of socio-economic groups. Carmiel’s physical planning and public services have always been of showplace quality, and its urban management has been a model for many towns.

At the time of the crisis, both Nazareth Illit and Carmiel had respected and successful mayors. Adi Eldar of Carmiel had been in office a relatively short time having replaced the founding charismatic mayor who had died. Arie Eliav of Nazareth Illit had been mayor for many years. Both Eldar and Eliav were affiliated with the national Labor party, unlike most of the mayors of the other development towns who were affiliated with the Likud. Party political affiliation, however, had little impact on the crisis-management story.

During the crisis, the local governments of Carmiel and Nazareth Illit and their residents said a clear “yes” to growth. The numbers of new immigrants arriving monthly in each town are depicted in Figures 13.1 and 13.2. Carmiel and Nazareth Illit had some of the highest immigrant-intake rates in the country relative to population size (Gonen 1998: 252; Lipshitz, 1998: 108-9). Within 3-5 years, their immigrant intake added approximately 50% to their populations (net of ex-migration of immigrants who moved to other towns). Even though the massive wave subsided, between 1989 and 1997 their average annual growth rates stood at 9% and 8.2% respectively – among the highest in the country (National Planning Board 1999).

The leaders and professionals of both towns saw success in immigrant absorption as a top-agenda item and went to great lengths to provide the immigrants with the full set of social and other services. They were joined by scores of citizens who provided extensive voluntary help. The planners and leaders of the two towns, however, differed significantly in the strategies they adopted vis-a-vis the dictates of the central government. Both sought to make the best of the challenge and to minimize its dangers. In this, they enjoyed differing degrees of success.

Inevitably, however successful, immigrant absorption brought with it some negative social and political impacts. In this chapter, I can recount only selected aspects of the complex story of how the crisis appeared from the local-government perspective. As elsewhere in this book, the focus will be mainly on urban development – housing, infrastructure, and public buildings, but occasionally I shall give examples from other types of services. The full story is beyond the scope of this book.
Figure 13.1: Carmiel: Numbers of immigrants per month before, during, and after the crisis

Figure 13.2 Nazareth Illit: Number of immigrants per month before, during, and after the crisis
Phases and modes of local-government response

In developing the framework of phases and modes of crisis-time decisions presented in Chapter 6, my focus was largely on planning and policymaking at the national level. The case studies of Carmiel and Nazareth Illit show that on the local level the same five phases appeared but their timing, intensity, and especially, the modes of response differed significantly. While all five phases were identifiable on the local level, not all the modes of response had local-level parallels.

Shock

After a decade of very slow growth and small immigrant intake, the shock stage was no less real at the local authority level than at the national level. As on the national level, both local governments at first suffered from the “denial syndrome”. For the first few weeks of the crisis, local officials tried to act in a “business as usual” manner and attempted to rely on their regular modes of work. Yet, the local level planners in both our case studies suffered from the tendency to delay action less than their central-government counterparts. This can be explained by the structural differences between the decision horizons and responsibilities of local authorities and those of the central government.

Before the crisis, the mayors of both towns sought to attract more residents and traveled to Argentina in search of potential newcomers among its Jewish residents. Only a small trickle arrived, but the mindset of immigrant absorption proved useful when the crisis began.

Figures 13.1 and 13.2 show the number of immigrants who arrived monthly in Carmiel and Nazareth Illit from the beginning of the crisis to its stabilization. In both towns, the pattern of growth and decline is remarkably parallel to the national level (and to each other) as shown in Figure 3.2 in Chapter 3. In both towns, as on the national level, the growth in the numbers of immigrants began in the winter of 1990. There was a steep rise toward the end of 1990 and the beginning of 1991 (this is clearer in Nazareth Illit). And even the steep decline in January-February-March of 1991 due to the Gulf War and the scuds that landed in Israel, is clearly visible in the graphs for the two towns. The numbers of monthly arrivals were thus quite erratic.

As Hanna Koren, city manager of Carmiel, tells the story:

From time to time an immigrant family who had no friends or relatives in our town would take a cab directly from the international airport. The driver would drop them off on a street corner. A passer by or resident looking out the window would call up the municipality. A short while later, a group of volunteer citizens nick-named the “Rina Squad” (after its leader – an ex-Russian shopkeeper who immigrated in the
1970s) would collect the family and find some ingenious solutions to help out temporarily with housing and essentials.

Edna Rodrig, deputy mayor of Nazareth Illit, paints a similar picture of the load placed on the municipality, and the caring and ingenuity of its citizen volunteers. She shares her personal story:

Several times, I myself took in an immigrant family who would live in my house garage temporarily while I or a team of volunteers would call around to help find an apartment. With the hike of rental prices and the fast disappearance of the pre-crisis vacancies, the new family would often decide to double or triple-share a rental unit so as to stretch out its rental allowance and leave some more money aside for living expenses. We were amazed to see how the supply of rental apartments, which we knew to be very limited, continued to absorb more and more families, and seemed to stretch out almost endlessly!

This “miracle” was due to the willingness, born of necessity, of the Russian families to temporarily share an apartment and live in crowded conditions – a way of life not seen for many decades in Nazareth Illit or Carmiel, or in most other places in Israel. The extension of the housing stock is also partly attributable to the willingness of some apartment owners to rent out units that had not been on the market before because the rentals in peripheral towns such as Nazareth Illit or Carmiel had been too low to cover costs. The growing demand for apartments by the new immigrants raised the rents considerably. The immigrants were equipped with rental allowances pegged nationally and this was well above the pre-crisis rents in these towns. They were also willing to share one apartment and pool their allowances. The tax exemption from rental income that the government issued in 1990 may also have made some difference, but probably a small one. The tax was low to begin with (10%) and much private rental for housing had always been carried out on the gray market.

No family of immigrants was ever left out on the streets in either town. But during the spring and summer of 1990 an Israeli family who had been living in a rented apartment in Carmiel before the crisis but could no longer afford the steep rental increase demanded by the apartment owner, decided to protest. The family pitched a tent in a public park in Carmiel and set up home in it. Several more Israeli families and a few immigrant families who could no longer afford the rising rents joined them. The Carmiel precedent received extensive media coverage and triggered the nationwide Tents Movement mentioned in Chapter 9. The sight of families living in tents in city parks signaled a warning not only to Carmiel’s local government but also to local governments everywhere.

The tendency to deny and underestimate the magnitude of the crisis and to blame other government authorities was lower on the local level than on the national level. During the “shock” phase, the two local governments were not as preoccupied as the central government with the need to predict the total number of immigrants to their town. I found no evidence that local planners underestimated the number of immigrants. Rather, their decisions during the shock phase were incremental, indicating an attempt to meet needs as they appeared day by day.

The reason for this difference from the national-level response may be that, unlike national planners, local planners were not expected to take a long term, predictive view. National planners and decision-makers had to take a countrywide view and provide housing for the total number of immigrants. By contrast, local planners knew that under the “direct absorption” policy, demand by new immigrants to settle in a particular town would be governed by market preferences, which included the available housing. They also knew that they were not
necessarily the final address for the immigrants, who could move elsewhere, if they were dissatisfied. Some local authorities, especially those of the better-off towns in the central area of the country practiced social exclusion (Corren and Alterman 1999). But since Nazareth Illit and Carmiel, like many other towns, were interested in attracting new immigrants, they did their very best to provide housing and other solutions from the beginning. They knew well that they would not be left to cope alone during this crisis and that the central government would provide new housing and extend social services. Perhaps this partly explains why I found less evidence of mutual blame among the various local-government departments than I found among their national counterparts. At the same time, the elected politicians and planners in both towns complained bitterly about central-government procrastination and inaction.

### Focusing

The first two modes that characterized the Focusing stage at the national level – problem definition and problem reduction - were hardly apparent on the local level. This was probably because local governments could not afford the luxury of problem reduction and the “critical path” approach. In both towns, the goal was to provide immigrants with as wide a range of services as necessary, and to do a good a job of assisting integration into the general population. Most of my interviewees said that they knew well that the new immigrants did not differentiate between government agencies and that they saw the local authority as their address for all services and grievances.

After the relatively brief stage of shock that was characterized by scurrying around for ad hoc solutions, both mayors articulated similar principles around which they would focus their town’s actions for immigrant absorption. As Hanna Koren of Carmiel summarized succinctly:

> “Mayor Eldar articulated Carmiel’s approach as grounded on three principles, or goals:

- **The city would maintain an “open gates” policy toward any new immigrants who wished to come**
- **There should be full integration in housing and social services – “immigrant ghettos” should be avoided**
- **There should be no compromise in the quality of planning, design, and public services. Negative impact on the town as a whole should be minimized.**

Given these principles, problem reduction would be of little help. Both local governments adopted a comprehensive approach oriented towards serving the full range of the immigrant households’ needs. At the same time, they encouraged social integration of the immigrants through social and market forces. The Focusing phase on the local level was characterized by an emphasis on the three other modes of response that characterized this phase on the national level: Coordination and information gathering, harnessing cooperation, and encouraging innovative policymaking.

In both towns, the coordination mechanisms among the local-government bureaus were not at all adequate for meeting the crisis. Before the crisis, the planning and engineering departments had not routinely coordinated its policies with, say, the departments of community work, education, or economic development. The crisis highlighted the need for much better coordination. In both towns, when city officers realized that they were all attempting to handle the immigrant
avalanche on their own, they set up innovative ad hoc coordination forums. Both towns also took the initiative to entice the representatives of central-government departments in the region to join the coordinating forum. An interesting byproduct of this was better coordination among the central-government bureaus themselves.

As on the national level, coordination highlighted the need for information gathering. Local authorities suffered more than the national level from a lack of information. The national level did have some advance information about the number of immigrants who were to land each night and precise records of the, number, identity, and demographics of those who arrived at borders control. The local governments did not have even that. Because of the direct-absorption policy, the local authorities had no advance notice of how many immigrants would be arriving in their towns, how many expected to stay on, what their demographics and their addresses.

The leaders of Carmiel and Nazareth Illit told anyone who would listen that the dearth of basic information was seriously impeding their attempts to provide optimal social, health, and education services. The immigrants, veterans of the Soviet regime, were suspicious of any government request for information and would not volunteer any without good reason. Both towns therefore developed ingenious ways of enticing the immigrants to provide such information. For example, in Nazareth Illit, a Jewish holiday was utilized as an excuse to distribute free bottles of wine to newly arrived immigrants who were usually very tight financially. News of the free distribution spread fast, and many immigrants came to get the gift. The string attached was that they first had to provide information about their place of residence, family size, etc.

Whereas on the national level attempts to harness cooperation were largely oriented to government agencies, on the local level they were oriented to a wider spectrum of actors, including NGOs and ad hoc citizen-volunteer groups that had sprung up early in the crisis. As early as January 1990, even before a large number of immigrants had arrived in Carmiel, I was invited, at the initiative of a citizen forum, to participate in a think-tank with municipal officials and volunteers on developing a strategy for coping with the emerging crisis.

Those were the initial stages of what was to become a remarkable joint enterprise of local governments and citizen volunteers. Without the support of this broad base of actors the task of immigrant absorption would have been well-nigh impossible. Local governments in Israel, including those of Nazareth Illit and Carmiel, are often chronically understaffed in some departments and overstaffed in others. The Ministry of Finance saw the crisis as an opportunity to tighten up on slack resources, and ordered the Ministry of Interior to refuse to fund extra municipal employees despite the excessive burdens of the crisis. So, citizen volunteers and organizations were essential for managing the crisis. Each of the case-study towns developed its own particular division of labor and mechanisms of coordination. In both towns, the strategy that emerged was that volunteers would help immigrant families to find housing for rent and to find their way in the maze of government bureaucracy. Where possible, they would also try to help with the toughest of tasks – job search and placement.

The Focusing phase gave birth to many innovative programs initiated by the local governments. Of the many examples given by Carmiel’s city manager and Nazareth Illit’s deputy mayor and economic-development advisor, here are a few:

- Carmiel created innovative ways to help the new immigrants with the Via Dolorosa of dealing with their immigration and citizenship status – a frustrating and time-consuming task,
especially for the many families with one or more non-Jewish member. The closest bureau of the Ministry of the Interior was in Nazareth Illit, the district headquarters. Carmiel’s mayor and staff convinced Interior to open the country’s first-ever field office, easily accessible to its immigrants. This became a model for other towns.

- The roster of mostly elderly immigrants eligible for public housing operated by the national public-housing corporation attracted much criticism. Municipal workers and volunteers discovered that there was a priori distrust on the part of the former Soviets of any list maintained by public officials. Rumors had spread about cases of “jumping the line”. Municipal workers persuaded the national housing corporation to post the lists and criteria on the municipal board, so that changes in the roster would be transparent to all.

- Communication was a serious problem. The immigrants spoke no Hebrew and only a few spoke some English. How to transfer information? Carmiel’s municipal workers managed to find a computer with Russian fonts, recruited Russian speaking volunteers who had immigrated in the 1970s or earlier, and set up one of the country’s first local Russian language newspapers.

- In Nazareth Illit conflicts emerged among the youth in neighborhoods shared by Russian and Ethiopian immigrants. By using the local air-raid shelter, the local community workers quickly set up makeshift after-school youth centers closely.

- Nazareth Illit also attempted to tackle the difficult task of job placement innovatively. That town happened to have an Economic Development Unit established as a pilot project by the Jewish Agency prior to the crisis. A few months before the crisis, the unit’s head, Tuval Milgrom, established the local branch of the national association of engineers and architects; there were just over a hundred members. By 1992, the number of persons with engineering degrees in the Nazareth area had increased ten-fold (!). Milgrom motivated the Israelis in the forum to act as a voluntary network for job recruiting and placement. In a market economy, however, this experiment inevitably had limited success, to the disappointment of the immigrants who were used to the Soviet system of centralized job placement.

The Focusing phase provided local governments with the organizational infrastructure to enter the next phase – Action - in which thousands of new housing units and public services would have to be built. The shots were called by the central government. During that phase, local governments found themselves in a defensive role as they protected the interests of their town. Indeed success depended on their assertiveness vis a vis central-government initiatives.

**Action (construction of housing)**

Despite their eagerness, good will, and ingenuity, local authorities were unable to solve the housing problem on their own. Housing vacancies had been quickly exhausted early in the crisis. Most immigrants in Carmiel and Nazareth Illit, except those few who were eligible for public rental housing, did not see themselves as living permanently in ad-hoc rented housing, and certainly not, of sharing an apartment indefinitely. They quickly adopted the widespread Israeli norm of self-ownership, usually of an apartment. For that, the existing housing stock was grossly under-sized. Happily, both the national and the local-level planners had assumed from the start that the immigrants would for the most part consume the same type of housing as long-term Israelis (see Chapters 4, 8 and 9). Carmiel and Nazareth Illit, both with land reserves, were slated for a hefty dose of new housing construction.
Figure 13.3 Map of Nazareth Illit Showing Crisis-Time Approved Development – about here
Figure 13.4 Map of Carmiel Showing Crisis-Time Approved Development
Centralization in the construction of new housing

In the Israeli division of labor among government levels, the construction of new public-sector housing was not the direct responsibility of local authorities. Under the regular planning act (see Chapter 5), local authorities can influence the location, types, and design of housing initiated either by private developers or by the central government. In development towns such as our case studies the central government had traditionally played a more significant role in housing construction than it had in the major cities but during the 1980s it reduced this involvement. During the Action phase of the crisis, however, national government policy called for the re-centralization of decisions in the many ways noted in Chapter 9.

Under the crisis-time Planning Interim Law, the Ministry of Housing had more power to decide on the location, size, and general planning and design of all new public-program housing, whether the local authorities liked it or not. But despite the uniformity of the laws and policies, our case studies show that there were significant differences in the degree to which the central government succeeded in imposing its will on the various local authorities. Some managed better than others to negotiate with the central government to stave off undesired action and steer the opportunity of massive development in the direction of their own goals.

For most local authorities, the three elements of the housing program described in Chapter 9 – mobile homes, emergency housing, and permanent public-program housing – could be placed along a scale of declining dislike.

Fighting mobile home (temporary) housing

The “caravan” (mobile home) sites were anathema to urban local authorities. Although such sites could legally be imposed on them, first through the Emergency Regulations and then through the Interim Law, many local authorities strongly resisted these initiatives. Some succeeded, others did not. We saw in Chapter 12 how the more enterprising local authorities tried to condition their “agreement”, more accurately, their refraining from active opposition, in some useful way.

Our two case-study towns were each pressured to accept a mobile-home site, and both successfully used their entire political and professional arsenal to resist it. This is how Danny Sanderson, the city engineer (=planner) of Carmiel, told me his town’s story:

Minister of Housing Ariel Sharon came to Carmiel in persons, stood on one of its green hills, and with a sweeping gesture, pointed out a large site below, where he proposed to locate 1400 “caravans”. Mayor Adi Eldar harnessed all his skills of persuasion to argue that a mobile home site, which inevitably turns into a slum, would unduly burden the town of Carmiel. He argued that Carmiel is located in the northern part of the country and should continue to be attractive so as to fulfill the national goal of population distribution. The mayor and I reminded the Minister that some of the “temporary” sites of the 1950s in various parts of the country had turned into permanent slums. This is why Israeli planners coined the saying “there is nothing more permanent than the temporary”. Sharon finally agreed to exempt Carmiel from a temporary-housing site.

Mordechai Koren, the city engineer (=planner) of Nazareth Illit tells a similar story:

Although Mayor Eliav and Minister Sharon belonged to opposing parties [Eliav to Labor and Sharon to Likud], our mayor has always maintained excellent relations with Sharon in whatever government
office he held. During the crisis, our Mayor awarded Sharon the title of “Honorary Citizen of Nazareth Illit”. Their special relationship saved us from the burden of a “caravan” site.”

**Differing approaches regarding the “emergency housing” sites**

Carmiel and Nazareth Illit both welcomed permanent housing as a boost to the town. They did not set any limits on the number of new units that the central government could build. But of the two permanent housing types, "emergency housing" was less desirable than “public program” housing (see Chapter 9). The two towns handled the “emergency housing” initiative quite differently.

Because Nazareth Illit was a district town, the City Hall and the planning staff happened to be located in the same building as the district bureau of the Ministry of Housing, literally on the other side of the wall. This proximity could have allowed the city engineer of Nazareth Illit the advantage of being able to negotiate with the Ministry’s district planners more easily than his Carmiel counterpart. Yet, Carmiel’s leaders and planners did a better job of withstanding the pressures of the central government to compromise on standards.

There was little leverage for negotiation because emergency housing was initiated during the early stages of Action and was designed so as to save on planning and construction time. Furthermore, since this was the only construction that the central government undertook directly from its own budget it expected to have full control.

Nazareth Illit accepted Housing’s standards and design. A low-rise cluster of several hundred small units was approved and constructed in a small valley surrounded by built-up neighborhoods (the small enclave in Figure 13.3). The double-attached housing units, 45-sq. meters each, were architecturally designed so as to be expandable in the future through the construction of a second floor. But in order to save money, they were constructed with inexpensive materials, and without a weight-bearing ceiling to separate the first floor from the thatched-roof space. Construction of the second floor in the future would therefore be more expensive for the residents or the authorities and more units would likely remain in their initial small size, thus increasing the probability of neighborhood decline. The public services in the new area were insufficient. Although located in the midst of a build-up area, the steep topography made accessibility to the enclave poor and since almost no commercial or public services were planned on site, the residents suffered.

Was the emergency housing policy in Nazareth Illit a success? It did fulfill the short-term goal of providing housing by offering inexpensive homes for the new immigrants. In the long term, the popularity of low-rise, “ground-attached” housing would probably lead to self-improvement through market forces and benefit the neighborhood. But it also added a socially problematic limb with insufficient services to a town already burdened with several distressed neighborhoods.

Carmiel handled its “emergency housing” site differently. A large neighborhood of several hundred units was located on an attractive plateau on the outskirts of the town (the outlying area in Figure 13.4). Unlike Nazareth Illit, Carmiel’s planners placed a higher value on the quality and potential property values of the neighborhood than they did on affordability to new immigrants. Backed by the mayor, the city engineer and his staff refused to approve the
structural design submitted by Housing. Despite pressures and “reprimands”, Sanderson and his staff insisted that the structural design include a weight-bearing ceiling. They also argued hard about the quality of construction materials or on the standards of the public service.

Carmiel’s planners and elected leaders took a daring – and probably rare - position: Despite the fact that this was “emergency housing”- the most centralized type of crisis-time permanent housing and a minority of the new housing units – they argued that an all-immigrant “ghetto” should be avoided. They cited the “trickle down” theory as their justification and succeeded in convincing Housing’s planners that a portion of the emergency units be offered for sale on the open market, more precisely, through long term leasehold. The attractive site quickly became much sought after, mostly by long-term residents of Carmiel and its surroundings who were now able to realize their dream of inexpensive “ground-attached” housing. The massive demand for housing by the immigrants enabled long-term residents to sell off older apartments that had had no market before the crisis.

The Ministry of Housing retained part of the “emergency” site as public housing. Carmiel’s planners and mayor persuaded Housing’s planners to allocate some of the public units to the elderly since the city needed help with finding “housing solutions” for the large group of elderly immigrants. This group was much larger than the proportion of elderly in pre-crisis Carmiel or in all of Israel. They included hundreds of World War II veterans of the Red Army and they changed the human-scape of Carmiel. In Carmiel, as elsewhere, many elderly immigrants at first pooled their rental allowances or mortgage rights with an adult son or daughter’s family. This arrangement frequently did not work and many found themselves forced to live alone when they could not afford an apartment. The “emergency housing” site was thus divided into two – the attractive integrated neighborhood described above, and an area of sheltered housing for the mostly-immigrant elderly. However, this initiative solved only part of the large demand for public housing for the elderly. Some eligible elderly received regular apartments designated as public housing (see Figure 13.5), but a shortage still remained.

**The “regular” public-program housing**

During 1990-1993, the district’s Housing Construction Commission approved approximately 4000 units for Nazareth Illit and approximately 3000 for Carmiel. Most were part of the Ministry of Housing’s public-program housing incentive package, and were constructed with private capital (recall Chapters 8 and 9). Both towns gained several new neighborhoods that in a short period of time have altered the towns’ urban scape (see Figures 13.3 and 13.4). The “regular” public-program housing was less controversial in the eyes of most local authorities than the temporary housing or even the emergency housing. The designs overseen by Housing and mostly commissioned through tender from private architects, were generally adequate, often more than adequate. The designs were centrally planned and the intention was that local governments would have little say about design quality and specifications. However, here too there were differences in the responses of Carmiel and Nazareth Illit, though these differences were not as great as in the case of the emergency housing.

Throughout the Action phase, Housing encountered resistance from some local authorities to its specifications for the outside “finish” of the public-program apartment buildings constructed by the developers (compare Figures 9.3 with 9.4 and 9.5). Before the crisis, the planning departments of many local authorities, including Carmiel and Nazareth Illit, had become concerned with the problem of maintaining the exteriors of buildings. Condominium owners
were often reluctant to pay for re-plastering. City engineers therefore increasingly insisted that the external walls of apartment buildings should no longer be covered with plaster but with a weather-resistant finish such as mosaic or polished stone. During the crisis, Housing’s planners insisted that the hard-finish requirements were “frills” and should be waived. Carmiel’s planners used the last-resort power in their hands, though they were treading on legally shaky ground. They refused to issue building permits until Housing agreed to add the hard finish to the building specifications. Nazareth Illit’s planners accepted Housing’s rationale and in many cases allowed Housing to go ahead with the regular plaster finish.

Public Services

Most local governments, among them our two case studies, quickly discovered that while housing production was seen as urgent by Housing, the construction or expansion of public services – schools, libraries, centers for the elderly, etc. – were less so. The leaders and planners of both Carmiel and Nazareth Illit found that they had to use their negotiating skills, ingenuity and at times, citizen pressure in order to push such services forward. As in other towns, the delay in the supply of these services was partly due to Housing’s priorities, and partly to the Ministry of Finance’s policy of trying to limit public investments and, where possible, push for the maximum utilization of existing physical facilities and staff. This conflict often focused on numbers and norms. Nazareth Illit’s negotiation strategy emerged from a discrepancy I discovered between what the Deputy Mayor told me, and what the City Engineer reported.

The Deputy Mayor, Edna Rodrig: “The Central government was reluctant to recognize the full scale of increased demand for pre-school and school classes. In each new neighborhood, we had to argue anew. We also had tremendous pressure on existing education facilities because many immigrants rented or bought apartments in existing neighborhoods. During the first year or two, before new facilities were constructed, we had to teach in a double shift which parents hated so much. The Ministry of Education, who had to obey Finance, was reluctant to finance all of the necessary increase in classrooms and teachers and there was always a gap between the needs and the facilities.”

The City Engineer, on the other hand, told me that for the most part, Nazareth Illit did had manage to secure adequate public services to meet the increase in needs. When I asked him about the discrepancy between what he told me and what the Deputy Mayor reported, he smiled and said:

Edna told you only part of the story. We all soon developed the “norms and numbers strategy”. The official norms that the central government had always used to calculate the number of new classrooms and teachers needed were based on the number of new households. We quickly caught on to the fact that the immigrants had, on the average a smaller number of children than Israeli families – typically one or two compared with three or four. We insisted that the central government follow existing norms. Since bureaucracies change slowly, the government planners did not object – perhaps they too knew that the needs were real. By playing this “game”, we more or less managed to close the gap between the real needs and what Finance had intended to give us.

Handling the steep increase in building-permit requests

The steep rise in building initiatives placed tremendous pressure on the local technical and professional planning and engineering staff. Despite the change in the planning law that established the special Housing Construction Commissions, it remained the duty of the city “engineer” and mayor to issue building permits, and he or she would remain responsible for the
long term structural and functional soundness of the buildings. As an arm of local government, the local planning staff would also have to oversee the supply of adequate infrastructure in the long-term.

One would have thought that the planning-architecture-engineering staff of Carmiel and Nazareth Illit would have been supplemented significantly to be able to handle the “critical path” of the crisis. It was not. During the crisis, both towns had, and still have, tiny planning departments, typical of Israeli towns. The entire land-use and development-control staff in both towns comprised the “city engineer” (an architect-planner), another professional planner, two technicians, an inspector, and a secretary. Because both towns’ budgets were overdrawn for many other needs, they could not afford to hire more staff. The Ministry of Finance did not allow Interior to approve any significant increase in manpower even in planning and development control. The city engineer of Nazareth Illit, Mordechai Koren⁵, recounts how he and his staff handled the 4-6-fold increase in building permit requests for housing and public services.

“How did you manage?” I asked. He replied: “For months during the height of the crisis, I and my small staff worked around the clock. We had no choice but to cut corners in our supervision of what was constructed. Before the crisis, we used to negotiate toughly with public and private developers over construction quality and over the supply of public services. But during the crisis, speed was emphasized not only by the central government, but also by the local elected officials and the residents of Nazareth Illit. Everyone feared a catastrophe if housing production were not accelerated very soon. All-in-all, I believe that the small compromises we made did not jeopardize the general quality of the new housing and new neighborhoods.”

A visit to each of the towns several years later shows that the city engineers and their staffs were reasonably successful in handling the avalanche of central government development initiatives. The designs, layouts, and quality of housing and infrastructure construction turned out to be adequate, often innovative and attractive.

However, Carmiel’s townscape – the buildings, streetscape and public services – are in general better planned, designed, and maintained than Nazareth’s, and this goes also for the crisis-time neighborhoods. Some of this is due to the tougher negotiating stance of Carmiel’s city engineer on the design of the housing and public services as well as the town’s insistence that long-lasting external materials be used in the public-program housing. The marks of the passing years are more visible in Nazareth Illit and although not yet critical, may become so in the future. Thus, while both towns present an attractive urban environment in beautiful natural settings, Carmiel’s greater success in dealing with the central government and in local management is clearly visible.

**Post-crisis management**

The national-level problems of excess housing and the buy-up commitment of the government (see Chapter 9) were more acute in Israel’s peripheral northern and southern regions, and both our case studies are located in the northern region. They had a significant impact on both towns, but in opposite ways.

In Nazareth Illit, the number of new housing starts grossly exceeded demand. In setting out the nation-wide program (see Chapters 8 and 9), Housing’s planners were guided more by land availability than by projections of demand for particular towns. Nazareth Illit may have seemed to them to be a town likely to attract the former Soviets because of its cool(er)
mountain weather and because during the small immigration wave of the 1970s it had attracted quite a few Russian immigrants. But the Nazareth region offered few job opportunities. Housing’s planners also neglected to take into account that despite the relatively generous mortgages offered to new immigrants, it would take a few years before most could afford to buy a housing unit. Nazareth Illit’s local planners did not question Housing’s policy.

Figure 13.5  Public rental housing in Carmiel – well-designed walk-up apartments with small but adequate space. An eligible couple or elderly immigrants share that unit with unmarried adult son and daughter. An open view from their balcony to the town and the Galilee hills.
The result was that most of the units planned in the largest crisis-time new neighborhood — “Har Yona” (the mountain of Jonah) - remained unpurchased either by the new immigrants or by locals. There was fear that a ghost neighborhood had been built on the outskirts of the town. The new neighborhood was very attractive, perched on a high mountain with a wonderful open view of the entire Galilee below. It offered well designed low- and middle-rise units with gardens. But in 1992-3 there were few buyers. The developers hastened to activate the government’s “buy-up” commitment to recoup their investment quickly, having pocketed their hefty bonuses. After about a year, the Ministry of Housing sold the units to a former government corporation that was privatized. By 1994 all the units had been purchased at very attractive prices and at a loss to the government. The buyers were both immigrants and locals, as well as absentee investors who rent out the units.

The story of Carmiel is quite different. Carmiel continued to be attractive to longtime residents while continuing its massive intake of immigrants. Developers were selling well, and did not intend to activate the buy-up commitment that would have yielded lower prices. Carmiel’s leaders and planners identified a converse problem to that in Nazareth Illit, and indeed in most development towns. If all the new units were to be sold there would be no reserve of rental public housing for needy immigrants since all the pre-crisis public housing vacancies had been exhausted early in the crisis. The share of single-parent (=female headed) and elderly households among the immigrants was considerably higher than the Israeli average. Taking a pro-active position, the mayor and planners of Carmiel convinced Housing to exercise the buy up option even though there was a private market for the housing, in order to retain a certain proportion of the units in public ownership. Carmiel’s leaders persuaded one of the larger developers to agree to this arrangement. A reasonable portion, albeit insufficient to meet the demand, of the public-program units was set aside as public rental units. Since these were part of the total construction program intended for sale, they were of the same good quality of design and construction as the rest of the public-program housing built in Carmiel. (see Figure 13.5).

By the mid-1990s, Carmiel’s “emergency housing” area was already an attractive neighborhood. It had a high level of infrastructure typical of Carmiel, including street furniture, gardens, and public services. Since this was ground-attached housing, most owners built a second floor and nurtured their small gardens. Today, the area gives the impression of an unpretentious but good-quality housing area that will improve even further with time. Has Carmiel succeeded better than Nazareth? That of course depends on how one interprets the national housing goals: Were these units to be targeted directly to the new immigrants, or was the trickle-down process expected to work so that new immigrants would buy the smaller and less attractive apartments that the long-term residents were now able to sell? That is a question about values and preferences that the two towns handled in different ways, with different results.

**Planning**

In our two case studies, as on the national level, most of the new housing was planned and designed through short-range site plans, rather than through a long-range plan of the town. Middle and long-range planning came only after the massive number of housing and ancillary services had been approved and constructed. On the national level, (see Chapter 11), statutory long-range planning was initiated in mid-1990 at approximately the same time that the long-range Israel 2020 initiative was launched. In Carmiel and Nazareth Illit, long-range planning was initiated much later - only in 1993-4.

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Prior to the crisis, there were already some differences between Carmiel and Nazareth Illit. As a model new town, Carmiel had a relatively up-to-date statutory outline plan. Although that plan clearly did not suit the crisis-time blitz of construction and had to be amended incrementally, it did provide some general guidelines. Since Carmiel had always had a clear planning concept, a distinct urban center, and reasonable neighborhood structure, its elected leaders and planners had a solid planning conception on which to base their negotiations with the central government. The new crisis-time neighborhoods, although imposed from above, did not unduly burden the urban structure and center. However, had the crisis continued, the absence of long-range planning to handle the new growth pressure would likely have exacted a toll even from as well planned a town as Carmiel.

By contrast, when the crisis began, Nazareth Illit did not have an approved townwide outline plan. In fact, it still did not have one in 1999. As all my interviewees noted, Nazareth Illit badly needs such a plan in order to rationalize its difficult topographic and geographic layout and its lack of a distinct city center. Thus, the crisis-time initiatives did place an added burden on Nazareth Illit's already problematic urban structure. The location of the emergency-housing site, and the extension of the town to the Har Yona neighborhood with its over 2000 units, well illustrates these difficulties. Har Yona was separated from the town by an industrial zone and a road winding through mountain landscape. It thus stretched the town considerably. In addition, there was no urban concept or urban center to symbolically connect the large but secluded new neighborhood to the rest of the town.

As on the national level, though later in time, the crisis did provide a major boost to long-range local planning. In 1993 Carmiel and in 1994 Nazareth Illit initiated the preparation of non-statutory long-range strategic plans jointly financed by the local and national governments. Carmiel followed up by initiating an update of its statutory outline plan. Nazareth Illit has not yet done so.

Carmiel and Nazareth Illit were also impacted by the unprecedented crop of national-level comprehensive plans that sprouted during the Planning phase (see Chapter 11). The boost of development in both towns during the Action phase led national planners to expect that both towns will be upgraded to major cities in the Galilee region in the future. The “Israel 2020” Master Plan saw Carmiel and the Nazareth conurbations as the north-eastern and north-western urban anchors in a square-like urbanized region, where Haifa on the Southwest is the largest city, and Acre in the northwest is the fourth anchor. These four towns were designated to form the “northern metropolis”, National Plan 35 also designates both towns as major cities though in a somewhat different regional configuration.

By the year 2020, Carmiel is expected to have 100,000 – 120,000 people and Nazareth Illit somewhat less. In 1999, both towns were close to exhausting most land reserves within their municipal boundaries and were seeking ways to expand either at the expense of abutting green ex-urban areas or at the expense of land reserves surrounding Arab urbanized villages. Due to Israel’s scarcity of vacant land, both proposals encounter strong opposition. The second proposal is especially charged since both towns are surrounded partly (for Carmiel) and entirely (for Nazareth Illit) by Arab towns whose natural growth rates are high. Since both towns will become part of a larger metropolitan area inhabited by an Arab majority and a Jewish minority, their future depends on continued improvements in the relations between these two population groups in Israel as well as on intra- and inter-national relations in the Middle East. The return of the momentum for peace after the May 1999 national elections gives a basis for optimism.
Perhaps these two towns, who have done well in absorbing immigrants from far-away cultures, will also become models of local coexistence.

**A Retrospective Visit**

Looking back at this chapter – and at this book as a whole – I fear that the readers will come away with the feeling that the absorption of mass immigration in Israel in the 1990s was a success story on all fronts, at both the national and the local levels. That is not the case. A visit to Carmiel and Nazareth Illit in early 2000 provides a retrospective view.

If one were to assess the total impacts of the crisis – a task beyond the scope of this book – one should certainly differentiate between the public and the private domains. In the private domain, there are many sad stories of unemployment (at a somewhat higher rate than the total population), down-grading in professional level (typical of many of the immigrants who arrived in their mid-career or later years), broken families, personal unhappiness caused by the “culture’ shock” of immigration (Mirsyky, 1998), and some cases of real poverty. In this book I focused only on the public domain, and only on one set of aspects of the crisis – the planning and decision-making regarding housing, urban and regional development, and municipal services. Regarding those aspects, the crisis story can, on balance, be seen as a story of reasonably success. On the public level, there were many other impacts as well: on the economy, society, educational services, culture, crime levels, and – significantly – the outcomes of three national elections in the 1990s.

**A broad-brush tour of some positive outcomes**

Some of the outcomes are widely regarded as positive on both the national level and the local levels. Economists are in agreement that the national economy received a major boost through mass immigration to the benefit of most citizens (See Zussman 1998). The Israel “high-tech miracle” that received a great boost in the 1990s owes some thanks to the large boost in technical and engineering personpower brought by the former-Soviet immigrants. The GDP per person rose steeply, as was seen in Table 1.1. Israel can now be counted among the group of advanced-economy countries, albeit on the lower rung, while before the 1990s it was skirting behind. The boost in general economic wellbeing can be visibly seen in both Carmiel and Nazareth Illit: The range and quality of commercial services in both towns looks quite different in 1999 than it did in1990, and the standard of living of the general population, both non-immigrant and immigrant, has risen. The impact of the buying power of the immigrants themselves is visible in major neighborhoods in almost all Jewish-sector towns by means of the many Russian-language storefronts and signs.

There is also wide consensus that mass immigration has had a markedly positive effect on cultural and educational activities throughout the country (Horowitz and Leshem, 1998). Russian students and professors, who excel especially in mathematics and physics, are an important addition to Israel’s higher education. The immigrants brought with them a strong pride for their good taste in theater, music, literature, art, and quest for high-quality education from nursery schools to universities. Israel’s performing arts have increased significantly in number and quality through the hiring of Russian musicians, actors, and dancers and through the marked increase in audience demand. Israel’s leading Repertoire Theater is the aware-
winning Gesher (meaning bridge) Theater, initiated by Russian immigrants. The audience for high-quality ballet, opera, and concerts has increased so visibly that Russian can be widely heard in such events all through the country. This is true not only for the up-scale national events in the major cities, but also in local community centers wherever there is a significant immigrant population. In Carmiel and Nazareth Illit this impact is especially strong due to the high percentage of immigrants. The landscape of educational and cultural services and activities has markedly changed in these towns. In each of the schools and community centers in these towns, the demand by the immigrants has led to a marked increase in the number and quality of after-school and adult courses in dance, music, art, mathematics, etc.

**A broad-brush tour of some negative outcomes**

Immigrant absorption also has its less successful aspects. The increase in juvenile crime and especially street gangs is, unfortunately, directly attributable to those youngsters whose families (often broken) did not succeed in helping them to integrate into the new society and education system. There is also a marked increase in homeless and drunkenness, previously almost unknown in Israel. Some argue that there is a “Russian Mafia” of quasi-organized crime. The stereotype that is most anathema to the immigrants is that many Russian women are sexually loose. There is probably more harassment of Russian immigrant women.

Even the cultural contribution of the immigrants is anathema in the eyes of some groups. They argue that the Russians are aloof, looking down at the “Levant-like” mix of cultures of the Israeli population. Survey statistics supplied from time to time indicate that most Russian immigrants still read mostly Russian-language newspapers (many dailies and weeklies are available). The vast majority still watches only Russian TV via satellite and explicitly expresses no intention to link into local culture and shared events that bind Israeli society together (though this binding, too, has weakened significantly). In our two towns, the many “satellite dishes” attached makeshift on balconies and roofs, are a visible physical expression of the marked presence of the immigrants.

This self-segregating attitude, along with a self-assurance of a people who see themselves as coming from one of the strongest cultures in the world, has led to a new political reality: The immigrants, who numbered about 1 million in 2000, constituted about 15% of Israel’s 6.2 million people and a higher-yet proportion of the voting population (they have fewer children). They became the major “floating vote” in all three national elections that took place in the 1990s. Political analysts agree that the “Russian vote” has likely tilted the long-lasting Israeli stalemate among the two major parties: In 1992, after many years of Likud-led or Unity government, the floating vote of the freshly-arrived immigrants tilted the balance in favor of Rabin’s Labor government, in 1996 they contributed significantly to the shift to Netanyahu’s Likud government, and in 1999 from Likud to Barak’s Labor-led government. In the 1996 elections a special Immigrant Party was established that brought in an impressive number - 7 - Knesset members (out of 120). In 1999 a second immigrant party was established, further increasing the number of immigrant Knesset members. The Russian floating vote is expected to be the maker-or-breaker of the referendum on peace with the Syrians that would entail the return of the Golan Heights, and several parties have been courting the immigrants through tours of the region. Whether this impact will be “good” or “bad” depends, of course, on one’s political views. However, the fact is that a new unknown now threatens the political goals in the eyes of almost half the non-immigrant population. Because in Israeli national elections revolve largely around security issues, and these are
viewed by each side of the debate as essential to the very life of one’s family, the new players in the game are not viewed impassionately.

“Will No Good Deed Go Unpunished?”

The political impact of the immigrants has been even more marked on the local levels. In many small and middle-sized towns, the immigrant vote has brought down the local elected leaders who, in effect, were responsible for their absorption. The last local elections were held in November 1998. Immigrant elected representatives became a major part of the local council in many towns, and in some, immigrant mayors were elected. On the eve of the 1998 local elections, I spoke to elected leaders in both Carmiel and Nazareth IIIlit. They were worried about not getting re-elected. Knowing well how much the leadership groups in each of these towns has devoted to immigrant absorption, I was going to title this section of the book – “Will No Good Deed Go Unpunished?”

But in both towns, the leaders who led the immigrant-absorption efforts as recounted above were reelected. There is a “happy end” to our stories. Good deeds are sometimes rewarded even in politics, at least for the interim. The new immigrants in both towns – some 40 or 50% of the voting population – did know how to reward the efforts of the elected politicians and the professionals they employed. This, however, is unlikely to last in the next round of elections, as both towns will likely produce a new leadership where the immigrants will have a major presence.

The waning consensus

This story has a more complex ending than the seeming (interim) “happy end” of the local elections. The euphoria that characterized the local populations in the early years of mass immigration is apparently wearing down. In the context of a planning workshop that I conduct annually with the graduate students in the Technion’s Urban and Regional Planning Program, I have been conducting a population opinion survey each year since 1994. In the absence of published national surveys on this issue, I have been asking the students to include a question about whether they would welcome more new immigrants. The towns selected for my workshops did not happen to include Carmiel and Nazareth, but they did include other similar-sized towns.

Until 1997, the results showed that the majority of the population saw the new immigrants as a positive addition and would like to take in more. But in 1998 we got another view. In Tirat Carmel, a town bordering Haifa, with a population size similar to Carmiel but with a much lower proportion of immigrations (only 10%) and a poorer population than Carmiel’s, we found an astounding negating attitude to the immigrants: 65% of the households surveyed saw the immigrants as a negative addition and would not like their town to take in more. In 1998, in another town, Pardes Hanna, I got a 45% negative view – also higher than in previous years.

Does this finding reflect the attitudes of the residents of Carmiel and Nazareth IIIlit? I would be very curious to know, but I have not seen a similar survey conducted there. My own guess – perhaps wishful thought – is that in these two towns, the positive efforts at immigrant absorption outlined in this book, and perhaps the very size of the immigrant group itself
(which would be part of the sample!), would lead to much more positive findings than in Tirat Carmel. Be that as it may, there is also no doubt in my mind that the virtual consensus among Israel’s Jewish population about the desirability of immigrant absorption that held on the eve of the crisis and during its height has worn down somewhat.

My sense is that national politicians are not yet aware of this trend, and still take the national consensus for granted. Should Israel be faced with another mass immigration, even towns like Nazareth Illit and Carmiel may show a more sour face than during the crisis of the 1990s. A changing attitude regarding this long-held national goal is something that would have far-reaching impacts on Israel’s social and political fiber. It is surprising that neither politicians nor social scientists have yet taken this possible change into account. Should my assessment be correct, the story about another immigrant-absorption crisis in Israel, should it ever re-occur, would be different than the story told above.

Notes

1. During 1991-2 I served as a consultant to the Jewish Agency in a project intended to help local governments develop a strategy for coping with accelerated growth. The case studies included Carmiel and Nazareth Illit. At that time, my research assistant, Laurie Goldman, and I met with several elected and appointed government officials in both towns. In 1995 I conducted a set of post-crisis interviews. In Carmiel I interviewed the City Manager - Hanna Koren, the City Engineer - Danny Sanderson and his deputy, Eyal Rotem (both architect-planners). In Nazareth Illit I interviewed Edna Rodrig - the Deputy Mayor, architect Mordechai Koren - the City Engineer, and Tuval Milgrom, the head of the Jewish-Agency sponsored experimental Local Economic Development Unit that operated jointly with the Nazareth Illit local authority.

2 Carmiel and Arad were intended to be the last new towns in Israel (excluding the West Bank and Gaza, which are occupied territories). In the 1990s another new town was built within Israel - the city of Modiin midway between Jerusalem and Tel Aviv. In addition, scores of exurban communities were established within Israel in the 80s and 90s. The question of whether more communities should be planned is highly controversial among planners and environmental groups.

3 That was one of the major complaints of both mayors, which I heard during the Jewish-Agency project in which I was involved in 1991-2. We sought to help the local authorities with strategies for coping with accelerated growth.

4. On the other hand, temporary housing units were welcomed or even requested by some ex-urban villages, who saw the opportunity of turning the “caravans” into extra built-up space with no real-estate taxes attached.

5 No relation to Hanna Koren of Carmiel whom I cited above.

6 The Uri Dori Building Corporation.

7 This information is based on an updated conversation in May 1999 with Dr. Amnon Frenkel of the Center for Urban and Regional Studies at the Technion – Israel Institute of Technology, who served as consultant to both towns in the preparation of their strategic plans.

8 In Nazareth Illit, the conurbation is made up of Arab Nazareth, the Arab-Israeli towns of Iksal, Illut and Mash’had, and a smaller Jewish town – Migdal Ha-Emek. The Carmiel conurbation is composed of Arab Majd el Krum, Dir el Assad, and Sahneen, and the Jewish Segev region of ex-urban villages.

9 The higher figures for both towns are from the statutory Northern District Plan (#2), part of the flurry of plans stimulated by the crisis. The lower figures are from the still-unfinished National Plan 35 (internal memorandum to the members of the steering committee from the national planning administration in Interior, dated July 6, 1999.
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