

# Managerial Values and Accountability Pressures: Challenges of Crisis and Disaster

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## ABSTRACT

Conventional wisdom would expect government to react to disaster or crisis in order to prevent recurrence. Atrophy of vigilance theory contends that disasters in hazardous systems necessarily lead to such corrective policy. Yet policy change theory recognizes that even disaster or crisis spurs policy change only when there is a conducive political climate. When is disaster or crisis insufficient to produce a political climate favoring change aimed at preventing recurrence? What is the durability of policy change in the long term? This article uses three Israeli and two parallel American case studies to further understanding of policy reactions to disaster and crisis in environments dominated by production results pressures. Patterns of reaction do not conform completely with either atrophy of vigilance or policy change theories.

Christopher Hood (1991) identifies three broad categories of administrative values: sigma values of economic and purposeful government, which we call production results values; theta values of honesty and fairness, which we call rectitude; and lambda values of security and resilience, which we call, in short, resilience. Managerialism promotes production results values and encourages entrepreneurial management to obtain desired results in innovative ways. At the heart of managerialism is the idea that managers are free to manage in accordance with their professional judgment largely unshackled by hierarchic and legal process stipulations. It has been suggested that environments in which production results values predominate are likely to be less capable of preventing breaches in values of honesty and fairness (i.e., organizational misconduct) and in values of security and resilience (i.e., accident and disaster) (Hood 1991).

Considerable theoretical attention has been paid in public administration literature to the potentially negative consequences of the production results focus of managerialism on rectitude values (Bellone and Goerl 1992; Terry 1993, 1998; Kellough 1998; Box 1999). Several of these observers contend that production results dominated regimes necessarily weaken traditional hierarchic accountability and risk increases in dishonest behaviors. Scholars from a variety of disciplines have studied the influence of production results values on the advent of disaster. Public administration scholars Romzek and Dubnick (1987), for example, attribute the Challenger launch disaster largely to production

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pressures, and Romzek and Ingraham (2000) link the Ron Brown plane crash to both production pressures and “can-do” attitudes. Sociologists identify production pressures as one cause of organizational deviance, defined as including mistake, organizational misconduct, and man-made disasters (Vaughan 1996, 1999). Perrow (1984) and Sagan (1993) demonstrate the influence of production results pressures on the likelihood of disaster in complex, high-risk systems.

In contrast, few studies directly address the effects of crisis and disaster on administrative values. Using agenda setting and atrophy of vigilance theories as a starting point, this article studies how disaster and crisis affect patterns of administrative values in the short and long terms. Particularly, we explore the effects of disaster and crisis on systems dominated by production results oriented values, characteristic of New Public Management type managerial reform.

It seems quite reasonable to expect shifts in administrative values in response to crisis or disaster situations. Indeed the policy agenda and policy change literatures identify crises as trigger events (Cobb and Elder 1983), external perturbations (Sabatier 1993), stressors and enablers (Wilson 2000, 249), and focusing events (Birkland 1997) that hold high potential for policy change. In Kingdon’s (1984) conceptualization, crises create windows of opportunity for policy change to occur. Policy change is, however, not an automatic corollary of crisis. Crises believed to result from unintended and unguided actions, for example, are not likely to reveal a need for policy change in systems but, at most, a need for punishment of responsible individuals (Stone 1997; Birkland and Nath 2000, 280). Furthermore, agenda-setting theory suggests that, while (system) crises will almost necessarily focus public attention on an issue, unless there are coherent advocacy coalitions (Sabatier 1993; Wilson 2000, 250), perceived viable solutions, or favorable political climates, they are unlikely to lead to policy change (Kingdon 1984; Birkland 1997). Agenda-setting theory recognizes that disasters or crises do not necessarily lead to changes in dominant administrative values, such that the political climate promotes the tightening of rectitude or resilience oriented measures at the expense of production results.

Atrophy of vigilance theory, on the other hand, posits that in hazardous systems, disaster will necessarily lead to a policy change toward the tightening of safety measures (Busenberg 1999). While both agenda change and atrophy of vigilance theories suggest the possibility (in varying degrees of probability) of an immediate tightening of resilience and rectitude in response to disaster or crisis, they differ in the expected durability of this change over the course of time. Agenda change theorists contend that change is likely to be long lasting in that it involves changes in policy subcommunities and the establishment of new institutions (Baumgartner and Jones 1993). Atrophy of vigilance theory suggests that in the absence of further incidents, vigilance in hazardous systems will gradually be relaxed over the course of a decade (Busenberg 1999, 90).

Only a few published case studies address short and long-term changes in dominant administrative values following disasters or crises. Some support for atrophy of vigilance theory comes from the detection by Diane Vaughan (1996, 422) of signs of deterioration in accountability relations adopted at NASA following the Challenger disaster. Busenberg’s (1999) examination of developments in the decade following the Exxon Valdez disaster suggests that the activities of a nongovernmental watchdog group were largely responsible for preventing, or at least delaying, the atrophy of vigilance. Based on their analysis of the Ron Brown plane crash, Romzek and Ingraham (2000) suggest that responses to disaster

entail a shift from production pressures-oriented to resilience-oriented accountability relations. Birkland (1997, 150) provides empirical evidence that disasters have varying effects on the policy agenda, depending on, “the nature of the events themselves (natural versus humanly caused, level of dread) and the composition of the policy community that leads policy making in the domain (number of advocacy coalitions, types of participants).”

These studies lend some support to agenda-setting theory (Exxon-Valdez) and to atrophy of vigilance theory (Challenger), but they don’t resolve the points of departure between the two theories. Our interest is in the conditions under which reactions to disaster or crisis in production results environments conform to either of these theories. Our analysis suggests three political-administrative culture variables that affect the emergence of advocacy coalitions and political climates conducive to policy change: the strength of production results values, the make-up of the policymaking agenda, and the level of development of citizens advocacy groups. Three original Israeli cases and two parallel American cases provide the basis for developing further insights into short and long-term influences of disaster or crisis on administrative values and accountability relations. Findings suggest new patterns of reaction to crises or disasters that include largely symbolic policy changes and gradual real changes in policy over the course of time (ten years and more).

## **METHODS**

The study focuses on three Israeli case studies, two of which are compared with American cases. Israel is a good testing ground for our research because of a general administrative culture that represents an extreme case of production results orientation. Long before the publication of Osborne and Gaebler’s reinvention bible, Israel could be described as an extreme case of managerialism. In the face of security threats, economic constraints, and the need for rapid development, administrative agencies favored “bitsuism”—getting things done in such a way as to achieve results (Sprinzak 1993, 175). Sharkansky (1987) identifies a strong element of entrepreneurial behavior by Israeli administrators. Sprinzak (1993, 183) notes that “[r]ules, regulations and orderly procedures were invented, according to the young guard, in order to be ignored and sidestepped.” And Sharkansky and Zalmanovitch (2000) observe a culture of improvisation that flourishes where process controls are weak and the need for results strong.

The United States shares Israel’s production results orientation, perhaps to a somewhat lesser degree, but differs in size, in political culture, and in its political administrative system. The relative availability of sufficiently detailed studies of “after disaster” developments made comparison with the United States possible.

Three criteria guided case selection: the crisis or disaster was publicly identifiable as a focusing event,<sup>1</sup> production-results values clearly dominated management practice prior to the incident, and a minimum of five years had elapsed since crisis or disaster.

We use accountability relations as an indicator of the relative dominance of administrative values. Several accountability typologies appear in recent public administration literature (Day and Klein 1987; Romzek and Dubnick 1987, 1994, 1998; Stone 1995; DeLeon 1998; Thomas 1998; Romzek 2000). While there are some

<sup>1</sup> We use Birkland’s definition of a *focusing event*: “an event that is sudden; relatively uncommon; can be reasonably defined as harmful or revealing the possibility of potentially greater future harms; has harms that are concentrated in a particular geographical area or community of interest; and that is known to policy makers and the public simultaneously” (1998).

differences in labeling and in groupings, the most common and significant categories of accountability relations are: hierarchical, professional, political, and legal. Romzek and Ingraham (2000) suggest that management reforms that emphasize quick and economical achievement of results (production results values) promote political and professional accountability relations as opposed to rule compliance, legal hierarchic accountability. This is because the rules and regulations of legal and hierarchic accountability are perceived to promote safety and honesty at the expense of production and low costs. While this generally holds, this is not necessarily the case. It is possible, for example, to find production results-oriented legal and hierarchic accountability mechanisms (performance contracts). It is also possible to find resilience oriented political accountability (when key stakeholders prefer safety over production). Indeed this latter pattern is not uncommon following disaster or crisis.

### **BANKING DISASTERS**

A basic premise of banking is that customers trust banks to guard their deposits through solid investments and wise money management. To preserve this trust, banks portray highly conservative images suggesting administrative cultures that tend to values of resilience and rectitude. These administrative values call for hierarchic type internal accountability patterns with an emphasis on compliance with rules and procedures designed to ensure safe handling of deposits, risk-averse loans, and solid investments. Entrepreneurial risk taking and disregard for rules would not be expected of solid financial institutions upon which customers rely to safeguard their savings. The immense weight of banks in national economies and the dependence of citizens on their stability have caused them to be subject to extensive external legal accountability measures. There are thus significant internal and external pressures on banks to work in accordance with rules and regulations that emphasize security and rectitude administrative values.

Contrasting accountability pressures emphasizing production results values stem from the commercial nature of banking. The profit motive has seen highly entrepreneurial, risk-taking, rule-breaking behavior in a number of major banking scandals throughout the world. Prominent examples are the United States Savings and Loan Crisis (S & L), the British Bank of Credit and Commerce International (BCCI) fiasco, and the Dutch Slavenburg Bank scandal.

Production results values have been found to influence the conduct of government control agencies in allowing these scandals to develop and in holding those responsible to account. For example, production results pressures caused the Dutch government to use a light hand in holding the Slavenburg Bank to account for its engagement in laundering black money, tax evasion, and other illegal activities. Discussing the nonaction of the Dutch government in prosecuting the bank, Bovens (1998, 81) notes that “considerations of a political and monetary nature won out over considerations of criminal law.”

### **The Bank Shares Crisis**

#### ***Focusing Event***

A severe case of organizational misconduct led to the near collapse of Israel’s leading banks in 1983. Over an eleven-year period, bank directors and senior officials deviated

from legal, commercial, and ethical norms in selling bank shares to the general public and manipulating their price such that paper values exceeded true economic values by billions of dollars (State Comptroller's Office 1993, 7). A public investigation headed by a supreme court justice—the Beiski Commission—found the heads of three governmental regulatory agencies, the Bank of Israel, Finance Ministry, and Securities Authority, as well as the Stock Exchange (a semi-public agency) guilty of misconduct in allowing, and at times promoting, the bank shares manipulation. They permitted banks to artificially inflate the value of their shares by guaranteeing investors high rates of return, bringing about the effectual use of bank shares as liquid currency. Inevitably the bubble burst when banks were unable to continue propping up the value of shares that investors sought to sell off (Mizrahi 1987, 659). The ensuing bailout left large proportions of bank shares in government hands, ranging from 14.5 to 73 percent (State Comptroller's Office 1993, 7).

### ***Dominant Administrative Values, Policy Community, and Accountability Relations***

Israel, like many other countries, regulates a wide range of banking activity. The Bank of Israel is legally responsible for ensuring that banks are capable of fulfilling all of their obligations and for the “proper management” of their business. The Supervisor of Banks has the legal power to take steps against a bank, up to conditioning or limiting the authority of a member of the Board of Directors, the business manager, or signing agent. At the time of the bank share collapse, the Supervisor of Banks had 7 deputies and 140 workers monitoring a wide range of bank activities (Beiski 1986, 235).

Israeli banks faced particularly strong production results pressures to improve their balance sheets in the late 1970s. As a result of very high inflation rates in these years and taxation policy that didn't take inflation into account, the profits of banks suffered a large decline leading to inadequate capital holdings (Beiski 1986, 262). Bankers found the solution in the floating of banks shares at ever increasing values. The temptation to raise a great deal of capital in this way apparently outweighed the risks involved in breaking the law and in compromising the longer-term stability of the banks, the banking system, and the capital market.

Some of the same production results pressures influenced decisions by regulatory agencies to go along with the bank share manipulation. The Bank of Israel, for example, saw floating bank shares as an appropriate solution to the banks' capital problems. The Supervisor of Banks supported a “limited” manipulation of bank share prices as an effective means to improving the adequacy of banks' capital. (Beiski 1986, 262). The Ministry of Finance perceived that investments by the general public in banks shares would channel funds away from consumption in favor of savings providing relief for the high inflation cycle from which the country suffered. And, according to a senior Bank of Israel official, foreign currency loans taken by banks to finance the manipulation served to inflate Israel's foreign currency reserves, improving the stature of Israel's economy.

As bank share prices continued to climb, regulatory agency officials came to realize that the manipulation no longer promoted Israel's economic interests or the long-term financial interests of the banks. However, the political costs of stopping the manipulation increased as the volume and value of bank shares grew. Thus with time, there were increasing political and organizational pressures on regulatory agencies not to act. Ending the manipulation would necessarily involve freezing the price of shares incurring real losses on large numbers of share purchasers. The pressure not to end the manipulation was felt directly in the Finance Ministry through messages from the Minister expressing

unwillingness to act because of the political unpopularity of it all. Even in the Bank of Israel—an ostensibly apolitical institution—a senior official wrote in a memo about the “institutional undesirability” of being blamed for stopping the wagon: “Since part of the demand for bank shares stems from their high rate of return, there is a risk that a slowing of the increase of rates will speed up the avalanche. From a public perspective it is not desirable that the Bank of Israel be accused of this . . . ” (Beiski 1986, 250).

While ostensibly there were sufficient legal accountability mechanisms in the hands of the Bank of Israel, Ministry of Finance, and Securities Authority, the dominant production results values led to their being upstaged by professional and political accountability relations. Nonintervention of the authorities in the banks’ business of attracting capital by selling bank shares reflects the common production results values of regulators and regulatees and thus a willingness to rely on the professional judgment of bankers. Nonintervention, once disaster becomes obvious, reflects the dominance of political accountability over the professional judgment of officials of government regulatory agencies.

### ***Changes in Environmental Pressures and in Accountability Relations***

Immediately following the crisis, rectitude and resilience values kicked into gear as evidenced by investigative and legal measures. The State Comptroller conducted a comprehensive investigation focusing on the role of government regulatory agencies in allowing for the many breaches of rectitude and resilience oriented laws, rules, and regulations (State Comptroller’s Office 1984). In light of the Comptroller’s findings, the Knesset established a state investigation commission headed by a Supreme Court justice (Beiski 1986).

The Beiski Commission report made operative recommendations aimed at the establishment and enforcement of measures designed to promote rectitude and resilience values. These included measures to decrease the extreme conflicts of interest involved in the wide-ranging activities of banks by forbidding banks from trading in stocks and from managing trust and pension funds. The commission further called for the establishment of rules and regulations governing investment counseling. A second set of recommendations called for the enforcement by oversight agencies of existing legal controls of bank practices.

A review of events in the years since the Beiski Commission reveals that, despite the trauma of the crisis and despite clear calls to sharpen tools aimed at rectitude and resilience values, production results oriented environmental pressures continue to hold sway. This is evidenced by bailout arrangements, late and weak legislation aimed at de-concentration, and the trust fund crisis.

*Bailout Arrangements.* Rather than playing it safe and secure by taking control of the banks or putting their stewardship in the hands of more conservative directors, the government opted to allow the banks to be run by the same controlling parties who had been responsible for the crisis. These controlling parties continued to appoint the Board of Directors, and through the Board, the senior management. Moreover, the government enabled the controlling parties to redeem their shares at considerable profit to them. The government did not make banks fulfill their obligations to the state and, to top it off, granted preferred status to the controlling parties in bidding to repurchase bank shares. The rationale offered for this policy was the desire to prevent investor flight by not creating an impression that the banks had been nationalized (State Comptroller’s Office 1993). Thus

the production results value of promoting short-term economic progress dominated government decision making.

*Deconcentration Measures.* Implementation of the Beiski Commission recommendations to decrease the concentration of power amongst a small number of banks with very large, “real” holdings in commercial enterprises and with control of the pension and savings markets has been partial and drawn out.

Legislation to decrease the role of banks in managing and advising customers about investments and pension funds was completed only in 1995—twelve years after the bank shares crisis. Even since then, the legislation has been described by Bank of Israel officials as being full of loopholes that enable commercial bank clerks to continue fulfilling the functions of investment advisors, sellers of securities, managers of trust funds, and owners of pension funds, despite clear conflicts of interests. (State Comptroller’s Office 2001, 675).

*The Trust Fund Crisis.* Failure to learn lessons from the bank share crisis and to decrease the influence of production results values is evidenced by a second instance of entrepreneurial, risk-taking behavior on the part of banks that was tolerated by the Bank of Israel. A decade after the bank shares crisis, Israel faced what has come to be known as the trust fund crisis.

This time, banks aggressively persuaded clients to invest in bank-managed trust funds. The capital market had been bullish for quite a while, making such investment highly attractive to unsuspecting customers. As in the bank shares crisis, the continued stock market boom became dependent on ever-growing investments in trust funds. Again, the bubble inevitably burst, and in 1994 many bank customers were left with large debts to banks for loans taken out to finance investments in trust funds.

All this occurred with the full knowledge of the Bank of Israel. Explaining its nonaction and sluggishness in dealing with the trust fund manipulation, the Supervisor of Banks noted that Bank of Israel activity to restrict the sale, by banks, of bank-managed trust funds risked endangering the “capital market and the economy in general.” Guarding these production results phenomena was deemed more important by the supervisor than such values as “the stability of the banks” and the “good of the customers” (State Comptroller’s Office 2001, 673).

### **The Savings and Loan Debacle**

Between 1980 and 1990, over 1,020 American savings and loan banks failed at a cost of some hundred billion dollars to deposit insurance funds (U.S. General Accounting Office [GAO] 1997). As in the Israeli bank shares crisis, production results values dominated in the period leading up to the crisis. In contrast to the Israeli case, the crisis led to a clear swing in dominant values and to firm legislative and administrative action designed to prevent recurrence.

#### ***Focusing Event***

In the late 1980s, defaults on large commercial loans led to the collapse of numerous S & Ls. Federal insurance of deposits in these thrift institutions provided a safety net for depositors but created a financial disaster for the federal government. Proximate causes of the crisis include the economic downturn of the late 1980s and widespread “willful criminality” (Pontell and Calavity 1993, 204).

Taking a broader perspective, many observers attribute the downfall of the S & L industry to the deregulation of the early 1980s. Faced with the prospect of widespread S & L failures in the late 1970s, the American government opted to pursue a risky, entrepreneurial solution that, if successful, would relieve the federal government of deposit insurance payments of billions of dollars in bailout expenses (Pontell and Calavita 1993, 207). The deregulatory policy solution allowed for the purchase of S & Ls by single owners who were free to invest in high-risk undertakings and to attract high-interest deposits all of which were guaranteed by the federal government.

Compounding the influence of deregulation was complacent enforcement of available oversight mechanisms by various S & L regulatory bodies. The GAO (1996, 13) notes, for example, that regulators used wide discretion in choosing enforcement actions, preferring to “work informally and cooperatively with troubled institutions.”

### ***Dominant Administrative Values, Policy Community, and Accountability Relations***

Several observers provide evidence of production results value domination in the period leading to the S & L crisis. Indeed, parts of the 1984 Report of the Task Group on Regulation of Financial Services read like they come straight out of Osborne and Gaebler’s reinvention bible: “In the report’s summary of recommendations, the emphasis throughout is on the achievement of ‘a deregulated environment’ by such means as reducing ‘unnecessarily burdensome restrictions’ and ‘eliminating redundant federal oversight’” (Zimring and Pontell 1993, 284).

Paralleling developments in the Israel Bank Shares crisis, even once the failure of deregulation became clear, political interests prevented action until losses reached disaster proportions. Pilzer (1989, 208) observes that both the Democratic and Republican parties resisted exposing the crisis because of their involvement in creating the conditions that enabled its development: “The fact is that exposing the monstrous proportions the thrift crisis had reached by 1988 carried no political advantage for either party.”

### ***Changes in Environmental Pressures and in Accountability Relations***

By the end of the 1980s, policymakers in the administration and in Congress recognized the need for a major change in S & L policy in order to put an end to the collapse of savings and loan banks and the tremendous cost to the federal government of making good on deposit insurance claims.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) repealed much of the 1980s’ deregulatory legislation. In addition to establishing a new insurance fund, the act created a new regulatory agency (OTS) and significantly increased the enforcement powers of thrift (and bank) regulators. Unsafe or unsound conditions became grounds for terminating a bank’s or thrift’s deposit insurance, regulators were granted greater authority to assess fines, and the maximum daily penalty was increased to one million dollars (GAO 1996).

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) provided further authority to S & L regulators, enabling them to take timely and forceful action, including prompt closure in extreme cases where thrifts found to operate in an unsafe or unsound manner. Specific changes include improved financial reporting by S & Ls, mechanisms for early identification of “emerging safety and soundness” problems, and improvements in how regulators conduct their supervisory work (GAO 1996).



GAO reviews of the implementation of these new stipulations during the course of the 1990s revealed significant weaknesses. In light of GAO recommendations, regulators have made a number of changes in an effort to improve their examinations. In general, these changes “appear appropriate and consistent” with the recommendations the GAO has made (1997, 1).

### ***Comparison of Value Shifts in the Banking Cases***

In sharp contrast to the Israeli bank share crisis experience, events since the S & L crisis reveal a marked and enduring shift toward rectitude values. Legislative and administrative changes have, in effect, brought about the re-regulation of the S & L industry. In the Israeli case, the legal stipulations guiding the regulatory framework were deemed adequate by the Beiski Commission. In the American case, there was a need to strengthen the legal basis of regulation. All that was needed in the Israeli case was implementation of existing rules and regulations guiding the regulator. Yet, the 1994 trust fund crisis demonstrated that even this was not accomplished. The decade since the advent of the S & L crisis has seen strong re-regulation legislation which has now been fully implemented and has contributed to the stabilization of the S & L industry.

The continued predominance of production results values in Israel’s banking industry can be partially attributed to the absence of a strong advocacy coalition. The existing policy community consisted of officials in the regulating agencies and bank representatives. They held common values of promoting the short-term stability of the banks and the economy. This, they believed, could be accomplished through maintaining the short-term profitability of banks by keeping ownership control, stock transactions, and investment consulting in their realm. Incursions against these dominant value premises (borrowing Simon’s term) from the Beiski Commission, the State Comptroller’s Office, and a small number of academics was overcome by the power of the existing policy community. This advocacy coalition was small, ineffective, and without active support of citizen-based advocacy groups. One explanation for this lies in the fact that the general population did not directly suffer from the collapse of the banks, the value of the shares in their hands having been guaranteed by the government bailout.

The shift toward safety and rectitude values in the American S & L policy community reflects a situation in which it was impossible publicly and politically to proceed without major change. In addition, the GAO played a role as a sentinel organization. During the decade following the S & L crisis, the GAO issued thirteen reports about thrift and banking regulation. In contrast, Israel’s SCO did not return to the issue of bank regulation during the course of seventeen years.

## **ENVIRONMENTAL DISASTERS**

Values that promote the protection of natural resources from pollution fit with the long-term security and safety notions of our resilience values category. There is a desire to keep water resources pollution free in order to maintain ecological stability and esthetic beauty, which in turn protect wildlife and enable safe human commercial and recreational usage over the long term.

The tension between environmental and production results values is fairly straightforward. It is quicker and cheaper to discharge industrial and household waste with little or no treatment. It is quicker and cheaper to ship materials without taking due

precautions against risks of accidents. While in the long term, damage to the environment may hinder production or make it more expensive, experience shows that in many contexts both industry and government choose to focus on short-term benefits.<sup>2</sup>

Owing partially to environmental disasters or near disasters, the political weight of environmental values has grown considerably in many countries at the expense of production results values. This is evidenced by local, state, national, and international policies, expressed mainly in strengthened legal accountability relations requiring reductions in waste disposal and improvements in treatment. Baumgartner and Jones (1993, 189) come to the conclusion that in the United States, environmental concerns have become part of the policy subcommunity.

Yet there are indications that the battle between environmental and production results concerns is far from resolved. President Bush's recent decision to backtrack on American commitments made at the Kyoto conference to upgrade emission standards reflects a preference for production results over environmental values. In the area of river pollution, Flatt (1997) surveys how production results pressures have led to a lack of enforcement of federal standards by many states.

Environmental disasters have generated shifts in dominant values, producing political climates that enable environmental policies that strengthen legal accountability mechanisms. Tal (2002, 9–10) notes, for example, "The 'London Fog' killed 4000 people in 1952 but ultimately led to England's Clean Air Act in 1956 and the subsequent dramatic improvement in London's ambient air quality. The toxic tribulations of residents in New York State's 'Love Canal' neighborhood produced an enormous nationwide investment in hazardous-chemicals cleanup in the United States through the establishment of Superfund."

We examine the effects of one Israeli and one American environmental related disaster on short- and long-term changes in administrative values and accountability relations—the Yarkon River Tragedy and the Exxon-Valdez Disaster.

## **The Yarkon River Tragedy**

### ***Focusing Event***<sup>3</sup>

Four athletes died and thirty-five were injured in July 1997 when a bridge collapsed over the polluted Yarkon River during the opening ceremonies of the Maccabiah Games. Live television coverage juxtaposed rescue efforts with the ceremonies that continued in the adjacent sports stadium. As the Maccabiah is one of the largest sporting events in the world, with some fifty-three hundred participants from fifty-six countries, the tragedy drew a great deal of national and international attention.

Initially, public and press interest focused on the causes for the dramatic collapse of the bridge. With time, the environmental implications of the Maccabiah Games tragedy took center stage. Unusual symptoms of a number of victims roused the suspicions of medical staff from the start. A pollution-related infection was linked with the death of at least one athlete and the highly publicized permanent damage to a fifteen-year-old tennis player. Tests of the Yarkon water conducted by the Ministry of Environment confirmed

2 For an excellent study contrasting American and German experience with short and long-term perspectives, see Verweij 2000.

3 This description of events relies heavily on Tal 2002.

high concentrations of bacteria found in the phlegm of one of the victims. While there was some professional disagreement over the proximate causes of death, the Ministry of Environment's chief scientist made clear to journalists that the pollutants found in the Yarkon were sufficiently toxic to cause death (Tal 2002).

It didn't take long for both national and international press to pick up on the environmental angle of the disaster. During the months after the Maccabiah Games, several articles appeared in both Israeli and international media linking the Maccabiah Games tragedy to the Yarkon River's pollution.

### ***Dominant Administrative Values, Policy Community, and Accountability Relations***

Long before the 1997 bridge collapse, institutions and legal accountability measures were established to promote the cleanup of the Yarkon. As far back as 1988, the government established the Yarkon River Authority with a mandate to rehabilitate the river. Composed of representatives of government bodies and local authorities, and with a prominent environmental-minded executive director, this institution appeared a promising vehicle. A 1994 bylaw granted the Yarkon River Authority the right to fine polluters, to cause the cessation of pollution, undertake cleanup and charge the cost to the polluters. In 1996 the government formally adopted an Authority master plan to rehabilitate the river and established an implementation committee of Directors-General of government bodies (Yarkon River Authority 2001, 14). These measures suggest that environmentalist values had penetrated the policy community concerned with river water quality.

A look at the accomplishments of the Yarkon River Authority up to the date of the Maccabiah Games disaster reveals that production results values considerations continued to dominate actual policy despite the "paper" gains of environmental values. The Authority faced some very stiff production results pressures. Not least amongst these was the diversion of most of the river's natural flow to the irrigation system. The country's production needs for water for farming in essence robbed the Yarkon of its natural clean spring waters. These were replaced by untreated and partially treated sewage of adjacent local authorities, along with chemical and detergent discharges from industrial factories. Here a second type of production results pressure entered the puzzle. Municipalities and factories sought to minimize their costs by disposing of sewage and waste byproducts in the cheapest possible way.

Up until the 1997 Maccabiah Games incident, the Yarkon River Authority and its members had made little headway in containing the sources of pollution. Their major accomplishment was the completion of two sewage treatment centers. But one of these centers is incapable of treating water to a level considered safe, and the second center frequently fails to meet the required standard. The Authority engaged almost exclusively in minor maintenance. It did not bring a single suit against polluters to exercise powers bestowed by the 1994 bylaw, and no action was taken at all to dredge the polluted sludge on the bottom of the river, although this is the only way to cleanup the water and make it safe for wildlife and for human use (Tal 2002). The Authority's very small annual budget of some 400,000 dollars reflects its impotence.

### ***Changes in Environmental Pressures and in Accountability Relations***

The bottom line is that the Maccabiah Games tragedy did not cause any significant realignment of administrative values or changes in accountability relations. Attempts at change from stakeholders external to the establishment policy community were relatively

few and feeble. Israel's now impressive array of environmental groups largely failed to exploit this environmental disaster to further their cause. A senior staff member of Israel's major environmental law organization explained that the multitude of organizations responsible for the Yarkon River's pollution minimized the chances for successful legal action so that green organization preferred to invest their efforts elsewhere. There was therefore little organized outside pressure on the policy community to pay more heed to environmental values at the expense of production results values.

Yet bad press did spur the policy community to make some moves suggesting a willingness to act. In the month following the event, the Minister of Environment demanded that the Ministry of Finance allocate a sum of NIS 15 million (approximately 5 million dollars) for special Yarkon River rehabilitation. The Ministry also declared an enforcement campaign against Yarkon polluters, and the head of the Yarkon River Authority prepared plans for a number of restoration projects (Tal 2002, 10).

Little came of these initiatives. The Ministry of Finance provided only one third of the sum requested by the ministry and this for basic research rather than for actual cleanup activity. The Ministry of Environment took no legal action whatsoever against polluters, and the Yarkon River Authority restoration plans remained on the shelves, its budget actually decreasing in real terms in the period immediately following the disaster (Tal 2002, 12). The head of the Authority summed up the situation in his 2001 report to the Authority's council, noting that "due to budget problems, the Authority is able to conduct only minimal activities for ongoing maintenance of the river."

As a result, according to a leading expert, the level of pollution at the site of the Maccabiah bridge collapse is no different now than it was five years ago: "Only lip service to Israel's rivers flowed freely, while the Yarkon's putrid waters continued to meander to the sea. The message was one of chronic neglect, evasion, impotence, and resignation" (Tal 2002, 12).

## **The Exxon-Valdez Oil Spill**

### ***Focusing Event***

Eleven million gallons of crude oil contaminated some 1,100 miles of shoreline when the Exxon Valdez supertanker hit Bligh Reef off the southern shores of Alaska in March of 1989. Images of "oiled otters and birds" and "the soiling of the pristine Alaskan environment" spawned public outrage (Birkland and Nath 2000, 282). Beyond the "aesthetic assault," the spill caused significant loss of wildlife, closed a large part of Alaska's salmon harvest, and hurt local fishing and hunting communities (Clarke 1993, 291).

### ***Dominant Administrative Values, Policy Community, and Accountability Relations***

Transporting huge volumes of oil through potentially treacherous waters is clearly a high-risk activity. Expected tensions are between production results values for speedy and cheap transportation, on the one hand, and safety and environmental values on the other hand. The period between the initiation of the Trans Atlantic Pipeline in 1977 and the Exxon Valdez disaster in 1989 witnessed a considerable shift in the relative dominance of these values.

Safety and environmental values appear to have pulled considerable weight at the beginning of the period. Oil companies agreed to ship oil in double-hulled vessels that were to be escorted by a tug through the dangerous areas of Prince William Sound (where the

Exxon Valdez was grounded). Federal officials promised state-of-the-art equipment to monitor the Sound to prevent tankers from hitting icebergs, and a high-powered radar system monitored tankers as they departed from the Valdez terminal and approached Bligh Reef.

With the passage of time and the absence of major oil spills, the apparent dominance of safety and environmental values gave way to production results values. Freudenberg describes the decline in safety measures during this period in building the “atrophy of vigilance theory” (Busenberg 1999, 92). Hellstrom (1998, 364) reports that ‘when the industry met hard times in the 1980s, double-hulls “ceased to be an issue.” The high-powered radar system was replaced with a weaker system, and the oil industry ceased the practice of escorting tankers with tugs. Hellstrom further notes that the average number of crew on each oil tanker was halved to about twenty people who typically worked twelve to fourteen hour days, and the federal government cut the Coast Guard, “result[ing] in fewer people being assigned to the Valdez Coast Guard station and further in tankers no longer being inspected upon leaving the port.”

Hellstrom (1998, 369) links the decline in safety measures to the dominant role of production results pressures amongst the policy subcommunity. He notes that the oil industry is “bound by a production ethos imposed by the demand of stockholders and market competition.” With the daily cost of keeping a tanker idle, estimated in 1989 at over \$140,000 a day, industry managers had good reason to push tankers to proceed at high speeds and in inclement weather. The fact that the State of Alaska receives 85 percent of its income from oil related revenues is perceived by Hellstrom to provide the oil industry with a strong bargaining advantage over the primary regulatory agency—the Alaska Department of Environmental Conservation (ADEC).

### ***Changes in Environmental Pressures and in Accountability Relations***

In testing the “atrophy of vigilance” theory during the decade following the Exxon Valdez oil spill, Busenberg (1999) notes an immediate shift toward safety values which were not only maintained but were even enhanced over time.

In the immediate aftermath of the disaster, the governor of Alaska issued an emergency order requiring that two tug vessels escort laden tankers. Shortly thereafter the federal government passed the Oil Pollution Act of 1990 (OPA 90), later followed by state level Alaska Statute Title 46 (AS 46). These statutes reflected a broad strengthening of safety and environmental values through the channel of process oriented legal accountability relations. In addition to reaffirming the need for two tug escorts, these acts stipulated the gradual replacement of all single-hulled tankers with double-hulled tankers, a “new vessel tracking system with increased range in the Sound,” “new guidelines intended to prevent fatigue and intoxication among the crew members of oil tankers,” and explicit lists of equipment to be deployed in the Sound for responding to large oil spills (Busenberg 1999).

A second set of safeguards deployed gradually over the course of the decade since the Exxon Valdez spill was not specifically mandated by legal stipulations. These include: upgrading the escort fleet with a powerful ocean rescue tug and two tractor tug vessels, reducing the speed of tankers in the Valdez Narrows, new weather reporting equipment, and the establishment of a marine firefighting symposium. Busenberg (1999) attributes these developments to activities of the Prince William Sound Regional Citizens’ Advisory Council (RCAC), which was established in accordance with OPA 90.

RCAC provides an outstanding example of institutionalized change in the constitution of a policy subcommunity. OPA 90 states that RCAC will advise “government and industry on the environmental management of oil tanker and terminal operations in the Sound.” RCAC members are appointed by local governments and interest groups (including environmental organizations, the fishing and aquaculture industries, tourism and recreation organizations, and native organizations). The organization receives about two million dollars annually from the oil industry, “under a contract that guarantees [its] independence” (Busenberg 1999, 100).

### ***Comparison of Value Shifts in the Environmental Disaster Cases***

The high public profiles of both the Yarkon River and the Exxon Valdez disasters focused considerable attention on the dangers of water pollution. Yet safety and environmental values achieved dominance only in the Exxon Valdez case. Birkland and Nath (2000, 202) attribute the dramatic tightening of safety oriented legal accountability measures in reaction to the Exxon Valdez Disaster largely to the effect on the general public of images of oil-covered wildlife and shoreline. They note that oil spills have been recognized as “one of the most highly visible and emotion-causing forms of ocean pollution.” Yet the no less poignant images of young athletes drowning in the polluted waters of the Yarkon did not have the same effect in Israel.

What then accounts for the very different policy reactions? One possible explanation lies in the relative strength (intensity) of production results pressures. While new regulations increased the cost of transporting oil from Alaska, this was a cost born primarily by huge oil companies. Indeed the public consequences of a second incident would likely be far more costly for Exxon. In contrast, the cost of ceasing source pollution of the Yarkon and dredging the river was very high and fell mostly on public bodies—the municipalities and government ministries.

A second explanation considers real versus symbolic policy action. In the Yarkon case, both legal and institutional mechanisms existed prior to the event. What was lacking was budget capacity and enforcement. In response to the Maccabiah Games tragedy, it appeared that action was being taken to ameliorate both of these lacunas. This was apparently sufficient to portray an image of policy action, serving perhaps to lull potential opposition. In the end both existing predisaster mechanisms and postdisaster actions proved to hold little more than symbolic value. In the wake of the Exxon Valdez case, policymakers forged new safety value oriented legal accountability mechanisms and institutions. One of these institutions, the RCAC, appears to be largely responsible for ensuring the proper implementation and enforcement of legislative stipulations.

While in both cases policymakers established institutions to combat the dangers of pollution, their roles turned out to be very different. The Yarkon River Authority proved a weak organization unable or unwilling to use its considerable powers. The RCAC emerged as a powerful organization able not only to ensure the implementation of regulations but also to cause the oil industry to institute safety measures over and beyond those required by legislation. A look at the composition of the policy subcommunity helps explain this situation. The Yarkon River Authority is composed almost exclusively of government and local authority representatives, themselves major culprits in causing or allowing the river pollution. In establishing the RCAC, the American Congress purposely developed and empowered an advocacy coalition with a strong interest in preventing pollution.

## **The General Security Service Fiasco**

### ***Focusing Event***

On April 12, 1984, a group of four terrorists hijacked Bus 300 leaving the Tel-Aviv central bus-station. The first official reports were that the four hijackers and one passenger had been killed in the course of taking over the bus. Some days later, reports in foreign newspapers claimed that two of the hijackers had been taken alive and killed after the takeover. One photograph showed the two terrorists, clearly alive, being escorted by security personnel (Black and Morris 1992, 402; Peri 1999, 127). This photograph marked the beginnings of the exposure, to the public and to the general policymaking community, of extreme organizational deviance in Israel's General Security Service (GSS) involving unlawful killings of terrorists, torture of prisoners, and systematically submitting false testimonies to courts and investigation commissions. This exposure focused public attention on the operations of the GSS and led to investigations by internal and by public committees.

Two inquiry committees were appointed to investigate the affair. The Zore'a Committee found that military and GSS personnel used violent force against the two captured terrorists. Following these findings a second investigative committee, headed by the state prosecutor Yonah Blatman, concluded that there was insufficient evidence to charge anyone with killing the two terrorists but recommended that several military, police, and GSS personnel be tried for assault (Landau Commission, 1987, 273; Black and Morris 1992, 403; Sprinzak 1993, 173; Peri 1999, 130).

When, after two years of work, these committees failed to hold anyone accountable for the Bus 300 murders, a surprising turn of events focused new attention on GSS operations. Three high-ranking GSS officials revealed massive cover-up of GSS wrongdoings and demanded the resignation of the GSS chief. Going against the Service's sacred tradition, these officers informed high-ranking officials in the justice department about the killing of the two hijackers and the cover-up attempts. The extent of the crisis was revealed to the public when Yitzak Zamir, Government Legal Advisor, submitted an official criminal complaint against the head of the GSS for ordering the killing of the two terrorists. Soon after, one of the three dissenting GSS officials petitioned the High Court of Justice demanding that the prime minister and the head of the GSS explain why the head of the GSS should not be immediately dismissed. Newspaper reports informed the public that the GSS Chief was accused of withholding information about the Bus 300 Affair, pressuring witnesses and obstructing official investigations.

Evidence pointed to orchestrated cover-up activity in the proceedings of the two investigation committees. Prime Minister Shimon Peres refused to act on this evidence against the advice of the Government Legal Advisor to demand the immediate dismissal of the GSS chief and its two legal advisors (Black and Morris 1992, 405; Peri 1999, 131). Questions regarding ministerial responsibility began to be raised, along with a demand to set up a state investigation commission. In an attempt to calm things down, the government decided to accept an earlier request by Zamir to finish his term as Government Legal Advisor. His replacement agreed to a settlement, according to which the head of the GSS resigned and the President of Israel pardoned him and three of his aids without charging them. Eleven men, who were involved in the Bus 300 Affair, eventually received pardon in this manner (Black and Morris 1992, 407; Sprinzak 1993, 173; Peri 1999, 133). Partially spurred by the Bus 300 Affair, a state investigation commission—the Landau Commission—was established to investigate certain aspects of GSS interrogation methods.

From the accounts of two GSS chiefs, Peri and Gilon, there were two focusing events: first exposure of the killing and later of the cover-up. Peri considers the killing, in a situation of high risk of exposure, as a mistake (Peri 1999, 128). Gilon writes about the exposure of the cover-up as the problematic event (Gilon 2000, 370), and both practitioners see the damage as the subjection of the service to unwanted and harmful outside pressures (Peri 1999, 128) and the crisis of trust and alienation between the service and the legal system (Gilon 2000, 372).

### ***Dominant Administrative Values, Policy Community, and Accountability Relations***

While the GSS is formally subject to external legal and political accountability relations, at least until the Bus 300 affair, these played a minor role. The Knesset, through the Intelligence Subcommittee of the Security and Foreign Affairs Committee, receives reports from GSS Chiefs and also initiates and sets timetables for inspections (Landau 1987, 300). In the early 1980s, the High Court of Justice became active in reviewing GSS activities. In practice, the GSS was predominantly accountable to the prime minister who was the “minister in charge” of the GSS (Landau 1987, 284; Peri 1999, 87).<sup>4</sup>

While the GSS is directly accountable to the prime minister, (Peri 1999, 87), it has been given a free hand regarding how to prevent hostile terrorist activity. Prime ministers, as well as defense ministers, have been comfortable with not knowing the details of GSS activities, allowing the service “to get the job done,” without concern with the ways and means of attaining the mission (Landau 1987, 284; Gilon 2000, 374; Maariv 2002). Gilon argues that in the past the service even took upon itself activities with which no one had explicitly entrusted it. GSS chiefs undertook enormous responsibility, as Gilon puts it, and carried out their mission “almost fanatically,” without regard for political backing in case of misfortune (Gilon 2000, 374).

GSS management and field agents perceive the cause of the GSS as the fight against terrorism. This cause is considered supreme and therefore warrants any possible means (Gilon 2000, 370; Landau 1987, 290). This perceived crucial and urgent mission may result in what might be called a mission-reduction tendency over two dimensions: time-scale reduction—a tendency to settle for short-term considerations—and implication reduction—a tendency to ignore considerations not directly related to the mission. As the first reduction precludes resilience values and the second reduction precludes, among others, rectitude values, these tendencies can be expected to yield production results dominated administrative values. One distinct example of a mission reduction behavior comes from the Landau Commission’s revelation of a long-term practice of GSS interrogators submitting false testimonies in legal proceedings regarding the use of physical pressure in the interrogation of suspected terrorists.

Operating under a cloak of secrecy, there is little room for external scrutiny of GSS operations. GSS personnel perceive the service’s mission—the fight against terrorism—as supreme, and their pledge to total secrecy, both formal and informal, is cognitively connected to the supremacy of the mission, as reflected by the service’s slogan: “Protector and Unseen.” This dictates that GSS personnel are “outside the political game, the media, their lives are inside a tightly closed system” (Gilon 2000, 370).

4 GSS chiefs also report to the defense minister but mostly for reasons of operational coordination and not as part of an accountability relationship.



***Changes in Environmental Pressures and in Accountability Relations***

Exposure of GSS organizational deviance in the aftermath of the Bus 300 affair spurred the activation of external, primarily legal, accountability mechanisms. Two commissions of inquiry focused on personal responsibility for the killing of terrorists captured alive. Neither obtained sufficient evidence to charge any individual with killing the terrorists.

The Landau State Investigation Commission undertook a broader system-oriented exploration revealing GSS policies and practices of torturing prisoners and lying to courts. Recommendations, aimed primarily at tightening hierarchic and legal accountability, included updating and enforcing regulations, internal supervision and inspection (aimed at strengthening hierarchic accountability to promote theta values), and imposing external audit by the State Comptroller's Office on various GSS activities, particularly on the interrogation unit.

In the years that followed, some changes were made with regards to accountability schemes governing GSS activity. Regulations were updated, and internal supervision and inspection were intensified. The government established the Ministerial Committee on GSS Interrogations to conduct occasional reviews of detailed interrogation instructions and to approve GSS authorization procedures for the use of physical pressure in certain interrogations (Landau 1987, 329; High Court of Justice 1994; Gilon 2000, 423; State Comptroller 2000, 2). In accordance with the Landau Commission's recommendations, the State Comptroller's Office conducts audits of various operational issues, particularly in the interrogation unit, and, since the Bus 300 Affair, a gradually growing measure of public oversight exists through more investigative press coverage (Gilon 2000, 423; State Comptroller 2000, 2).

These changes give the impression that significant steps have been taken to strengthen hierarchic political and legal accountability. Yet, both the State Comptroller and the State Prosecutor maintain that, notwithstanding these changes, "plenty is yet left to be done" to improve the current state of affairs (State Comptroller 2000, 6).

The predominance of production results values over rectitude values continues. This was evident by the actions of two prime ministers, the President of Israel, and the Supreme Court that approved the extraordinary pardon settlement. According to the account of one GSS Chief, Prime Minister Shamir was told who killed the terrorists only two days after the fact (Peri 1999, 128). If this is true, then Shamir participated, by default, in the cover-up, supporting GSS tactics to resist external accountability. Shamir openly expressed his demeaning attitude to theta values, in saying that "the law is not an end in itself. Like bread, which is eaten not for itself but in order to keep the body alive, the law ought to serve the state and not vice versa. . . . The law was only destined to make orderly life possible" (Sprinzak 1993, 174). Prime Minister Peres consistently refused the Government Legal Counselor's request to prosecute the GSS chief and other agents suspected of participating in the Bus 300 killings and subsequent cover-up. Peres further aided GSS efforts to fend off external accountability by dismissing the Government Legal Counselor and arranging for a presidential pardon of the persons involved.

These values appear to have influenced even the Landau Commission itself. Indeed, press reports identify the impetus for the Landau Commission's appointment as coming from "circles within the GSS," with the aim of preventing a possible police inquiry and subsequent criminal proceedings against certain GSS officials (Kremnitzer 1989, 220). GSS tactics largely succeeded according to Kremnitzer (1989, 275) who finds that contrary

to its rhetoric, the Landau Commission placed short-term security considerations above the law:

A severely corrupted Service came out more a victor than a sinner. The Commission's treatment of the GSS was analgesic. One wonders how such treatment can cure the severe disease, which was diagnosed following the 'No. 300 Bus' and 'Nafsu' affairs, and displayed before the Commission.

In an apparent attempt to increase external legal accountability, the Knesset began in the late 1980s the work of legislation designed to govern GSS operations and governmental and parliamentary oversight (Peri 1999, 186). As it turns out, the GSS itself initiated this legislation and drafted the proposal. A comparative legal analysis of the proposed law (Zimmerman and Kremnitzer 1997, 7) concludes that "[t]he proposed bill, in its current form, serves more as a legal cloth for the service's activity, than a true attempt to regulate its activities legally." On February 11, 2002, the Knesset passed the GSS bill. The new law is nearly an identical version of the 1996 bill that was analyzed by Zimmerman and Kremnitzer. The GSS legislation can thus be understood as an effort to extend the service's operational considerations into the legal framework.

The only official document since the Landau Commission Report regarding GSS activity is the State Comptroller's Report for the years 1988–1992, of which only a summary became public in the year 2000. The summary reveals repeated deviations from the Landau Commission instructions and from GSS regulations in the interrogation unit, especially in the Gaza prison facility. Senior interrogators in the Gaza facility conducted grave and systematic breaches, while senior managers in the GSS did not prevent these breaches. The practice of false reporting by interrogators did not cease to exist. The report concludes that even following the Landau Commission, control over GSS activity was not comprehensively altered, and much of the former tendency—disregard of legal rules and false reports—still prevails (State Comptroller 2000, 5).

### ***Analysis of the Gap Between Expected and Actual Policy Change***

The GSS case demonstrates that mere formal changes in accountability relations, which are not accompanied by a change in the dominant administrative values in the relevant policy community, bring about a modest change. Accountability relations have changed, in the introduction of some new political and legal accountability measures. However, these relations incorporate and serve as conduits for quite similar values, as manifested by the Landau Report and the new GSS law.

The lack of substantive change should not be surprising in view of the prevailing dominance of production values in the political elite and amongst the general public when it comes to terrorism. The GSS, though today aware of legal accountability, knows it is judged according to its success or failure in combating and preventing HTA. The State Comptroller's Report addresses this conflict of expectations:

A situation in which the GSS is required to achieve results in HTA and fast, while the existing rules make this task very difficult, and sometimes impossible, is not a healthy one, as it holds two conflicting ends. It would have been legitimate, had GSS Chiefs clarified the problem and demanded its resolution by changing rules and regulations or by legislation. However, as they

have not yet done that, they had to adhere to the rules, whatever the results may be, including a decrease in preventing HTA. (State Comptroller 2000, 6)

## **DISCUSSION**

Our findings suggest advances in understanding of the immediate, short-term, and long-term effects of disasters and crises that occur in production results oriented environments.

Immediate reactions to the disasters or crises comply with what common wisdom might expect. Each disaster or crisis spurred knee-jerk shifts toward rectitude and resilience concerns with traditional hierarchic or legal accountability. State investigation commissions were established, ministerial directives were formulated, monies were promised, and legislation was initiated.

Follow-up of actual policy change deriving from these initial reactions reveals that in Israel these measures tended to be symbolic, short-lived, and incapable of displacing dominant production results pressures. The establishment of investigation commissions, declarations about allocation of new resources, and even promises of new legislation proved to be largely designed to instill a perception of change that masked policy inaction. This contrasts sharply with the real imposition of hierarchic and legal control mechanisms on the S & L industry and on the shipping of Alaskan oil.

These patterns of reaction to disaster differ somewhat from what might be expected from a reading of the literature and from conventional wisdom. Conventional wisdom expects disasters that reveal practices that involve significant risk to human life, public health, and economic stability to spur policy change to eliminate or diminish the danger. Atrophy of vigilance theory predicts that disasters in hazardous systems will cause a tightening of resilience-oriented measures, and agenda setting theories identify disasters and crises as events that may create windows of opportunity for policy change. Policy reaction to several American disasters, as reported in the literature, conforms to these expectations. Our Israeli cases do not.

Agenda setting theory allows for a partial explanation of the nonconformist Israeli pattern of reaction. Contrary to common wisdom, agenda setting theory recognizes that disasters or crises do not necessarily spur policy change to prevent their recurrence. In order for such policy change to occur, three criteria would have to be met: perceptions of a problem in need of solution, perceptions that increased legal and hierarchic accountability is a feasible solution, and a political climate conducive to policy change. Agenda-setting theory recognizes that disasters or crises do not necessarily create situations that meet these three criteria. Birkland (1997, 15) derives two conditions for disasters to reach the governmental agenda: (1) a sufficient level of dread and (2) the existence of an advocacy coalition "that connects the event, as evidence of the problem, with potential solutions that are feasible in the existing political climate." Wilson (2000) further notes the need for a change in the policy community.

Our cases were selected to present what appeared to be a sufficient level of dread to bring an issue on to the governmental agenda: the need for massive government bailouts of major banks and savings and loan institutions; the televised drowning of young athletes in polluted river water; the devastation of wildlife, coastal waters, and beaches by spilled oil; and the General Security forces caught killing prisoners and lying to investigation committees and courts of law.

Missing in each of the Israeli cases is a coherent advocacy coalition working to promote resilience and rectitude values and decrease the dominance of production results values. The Bank Shares Crisis saw a brief incursion into the policymaking community by members of the Beiski commission—economists interested in decreasing the high level of concentration of powers in Israel’s banks. Yet once the Beiski Commission published its findings, no advocacy coalition formed to promote their implementation. In the Yarkon River Tragedy, environmental groups were apparently lulled into inaction by the appearance that the government was addressing the need for change. The only voices for change following the GSS crisis came from the government legal advisor, who was forced to retire and from a marginalized watchdog group that waged a multi-year battle in the Supreme Court to affect GSS interrogation practices and to receive even a summary of the State Comptroller’s Office’s classified report.

The American Exxon-Valdez case presents a sharp contrast. Here Congress was instrumental in forging an institutional setting for the emergence and continued operation of a coherent advocacy coalition that has been instrumental in promoting resilience values oriented accountability relations. In the S & L case the GAO assumed the role of a sentinel organization that promoted and monitored legal accountability mechanisms designed to strengthen rectitude and resilience at the expense of production results values.

The knee-jerk reactions to disaster in the Israeli context and the symbolic changes that followed suggest a modification of Birkland’s notion. Disasters of sufficient dread reach the governmental agenda even in the absence of advocacy coalitions. Yet without advocacy coalitions, policy action tends to be symbolic.

Three characteristics of Israeli political-administrative culture help explain the nonemergence of coherent advocacy coalitions and of change from within existing policy subcommunities in our Israeli cases: dominance of production results values, agenda overload, and underdeveloped participation of citizens’ advocacy groups in Israeli policymaking. The United States generally differs from Israel at least on the latter two variables. The dominance of production results values varies from situation to situation.

Israel may have a disposition to focus on production results due to a chronic resource strain, small geographic area, and time pressures stemming from the security situation and desire for rapid economic growth. Yitzhak Rabin waged a long battle against what has been called a culture of *smoch*, roughly translated as “trust-me” to get the desired results, don’t bother me with rules about how to proceed. Another prime minister, Levi Eshkol, used biblical imagery to justify his focus on production results at the expense of concerns with rectitude and resilience: “Do not muzzle the ox while he threshes the corn” (Sprinzak 1993, 185).

Against this backdrop, it is perhaps not surprising that even the shock of disaster has not prompted significant elevation of rectitude and resilience oriented behavior. In a politico-administrative culture so permeated with results-oriented management, even the advent of crisis and disaster has largely failed to inspire change. This general culture may explain the failure of crises to change the relative importance of administrative values of existing active members of policy subcommunities and the failure of new members with different value priorities to arise.

Yehezkel Dror (1988) claims that agenda overload causes accountability to be a nonissue in Israel. Critical policy issues of defense and foreign affairs so dominate the public agenda that even the shocks of domestic disasters and crises fail to receive sufficient attention from senior policymakers. Faced with frequent disasters stemming from terrorism

and war, it is not surprising that banking regulation and water pollution take second priority. Moreover, the pressures of fighting terrorism clearly prevented adoption of rectitude oriented accountability measures following the GSS fiasco.

Coherent advocacy coalitions fighting to promote rectitude and resilience oriented policy change were absent in all of the Israeli cases. Birkland (1997) notes that some policy fields (e.g., hurricanes) are less conducive to the emergence of advocacy coalitions. The nonemergence of coherent advocacy coalitions in our cases may stem from nonconductive policy fields, but may also reflect an additional feature of Israel's politico-administrative culture. Several observers note that, historically, citizen's advocacy groups have been largely absent from Israel's policymaking community (Menahem 1998). Yet, at least in the environmental protection field, this is no longer the case (Yishai 1991), leaving open the issue of conditions under which disasters or crises cause citizens advocacy groups to forge coherent coalitions to fight policy change.

### **Long-Term Policy Effects of Disaster**

Our cases provide new insights into the longer-term impacts of disaster on administrative values. Agenda change literature suggests that focusing events activate previously apathetic stakeholders into becoming active members of the policy community and lead to the creation of new institutions (public or nonprofit) that ensure the maintenance of policy change for the long-term (see especially Baumgartner and Jones). Conversely, atrophy of vigilance theory (and conventional wisdom) predict that, within the course of ten years, rectitude and resilience oriented measures taken in light of disaster will be relaxed. Our findings reveal quite different long-term patterns.

Interestingly, in the long-term, two of the three Israeli cases—bank shares and GSS—demonstrate a gradual shift toward rectitude and resilience values culminating in legislation passed twelve and eighteen years after the disaster. While imposing legal accountability requirements that promote rectitude and resilience, the legislation in both of these cases is relatively weak, leaving ample room for continued production results oriented behavior. In the third Israeli case, the Yarkon River Tragedy, there have been no changes to date (five years after the event) following symbolic proclamations shortly following the tragedy. Our two parallel American cases present yet a different long-term pattern—increased movement in the direction of rectitude or resilience over the course of time following initial significant short-term change in this direction.

Crises and disasters do indeed challenge the predominance of managerial values. American case studies support this thesis, indicating that managerialism is vulnerable when perceived as causing disaster. To date, American reaction to disasters demonstrates a healthy ability to put managerial values in their place in the wake of disaster. Our Israeli case studies suggest, however, that this challenge does not always succeed. Israeli experience serves to warn that managerial values and related accountability relations can both contribute to the advent of disaster or crisis and impede change designed to prevent its recurrence. As managerial values and practices continue to gain prominence in many countries, our findings may serve as a warning light.

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