

**RESTORATION OF SOVIET-ISRAELI TIES
ENDS 24 YEARS OF ABNORMAL RELATIONS**
By Hugh Orgel

TEL AVIV, Oct. 20 (JTA) -- Israel received its first diplomatic payoff for agreeing to attend a Middle East peace conference next week in Madrid when the Soviet Union restored full diplomatic relations with the Jewish state on Friday.

The move, announced by visiting Soviet Foreign Minister Boris Pankin, ended nearly a quarter century of abnormal relations between the two countries, a period that began when Moscow severed ties at the end of the 1967 Six-Day War.

An agreement on the immediate renewal of relations was signed at a brief ceremony at the Israeli Foreign Ministry by Pankin and his Israeli counterpart, David Levy.

A two-hour delay in the signing ceremony was said to have been due to Pankin's wish to confer beforehand with U.S. Secretary of State James Baker, to make sure that Israel had agreed to attend the Middle East peace conference, announced by Baker and Pankin an hour later.

Observers said the need for Pankin to obtain the American go-ahead indicated the degree to which the Soviet Union was now playing second fiddle to the U.S. in the peace negotiations.

At a Soviet-Israeli news conference after the signing ceremony, Pankin spoke of a more even-handed Soviet approach to the Middle East.

"In the past, the Soviet Union tended to sort of side with the Palestinians and the Arab states, while the U.S. sided with Israel, and this did not bring any tangible fruit," he said.

"The new approach now is certainly not to have any proteges and support their positions no matter what they say and no matter how legitimate they may be," he said.

Hailed As A 'Major Milestone'

Levy hailed the restoration of ties after what he termed the Soviet Union's "historic mistake" in breaking off relations.

"Clearly this brings us to a more open dialogue, so that they hear Israeli positions directly, face to face," he said.

Israel's current consul general in Moscow, Arye Levin, who attended the signature ceremony, will be named Israel's new ambassador to the Soviet Union.

Levin said the two countries had already established a joint committee on economic cooperation that would soon begin meeting alternately in Moscow and in Jerusalem.

The Soviet Union broke relations with Israel on June 11, 1967, after days of angry debate in the U.N. Security Council over the Six-Day War.

Throughout the 1970s and most of the 1980s, Israeli interests in the Soviet Union were represented by the Dutch Embassy in Moscow, and Soviet interests in Israel were represented by the Finnish Embassy in Tel Aviv.

Consular relations were re-established in the summer of 1987, when the Soviets sent a consular representative to Tel Aviv and agreed to allow an Israeli team to come to Moscow.

In New York, the Conference of Presidents of Major American Jewish Organizations hailed the move as "a major milestone in a series of

historic changes that have taken place within the Soviet Union in recent months."

The National Conference on Soviet Jewry also welcomed the restoration of relations, which it called the "logical culmination of a process begun some time ago."

Shoshana Cardin, the group's chairman, expressed hope that the move would lead to the resolution of cases involving Soviet Jews who have long been denied permission to emigrate either because of alleged access to "state secrets" or because of alleged financial obligation to so-called "poor relatives."

**ISRAELI CABINET RESOUNDINGLY BACKS
PARTICIPATION IN MIDEAST CONFERENCE**
By David Landau

JERUSALEM, Oct. 20 (JTA) -- Despite dire warnings from hard-liners, Israel's Cabinet voted overwhelmingly Sunday to take part in the Middle East peace conference that the United States and Soviet Union will host next week in Madrid.

Invitations to the peace conference, which will open in the Spanish capital on Oct. 30, were extended Friday by U.S. Secretary of State James Baker and Soviet Foreign Minister Boris Pankin, whose meeting and joint news conference here were in themselves something of a historic event.

The announcement that Israel, its Arab neighbors and the Palestinians had all agreed to attend the peace conference was the culmination of intensive diplomatic activity begun by Baker in March, shortly after the end of the Persian Gulf War.

It capped the secretary's eighth visit to the region, which had begun the previous weekend with somber news that Syria would not participate in a side conference on regional issues, such as arms control and water resources.

That the United States now expects the conference to result in a far-reaching settlement involving Israel, its Arab neighbors and the Palestinians was made clear by Baker and by the White House.

At his joint news conference with Pankin, the U.S. secretary spoke of the "hope of a new era in the Middle East," one "marked by dialogue and not by violence," by "cooperation and not by conflict."

In Washington, White House spokesman Marlin Fitzwater made clear that what is being sought is "nothing less than a just, lasting and comprehensive settlement of the Arab-Israeli conflict, to be achieved through a two-track approach of direct negotiations between Israel and the Arab states, and Israel and the Palestinians, based upon U.N. Security Council Resolutions 242 and 338."

Fitzwater said President Bush and Soviet President Mikhail Gorbachev would attend the opening ceremony of the conference, after which the conference would be conducted at the foreign ministers level.

The guests, who will have no flags or titles before them, are Israel, Syria, Lebanon and a joint Palestinian-Jordanian team. Two Arab nations, Egypt and Algeria, plan to attend only as observers.

Fitzwater said the invitations were cabled

Friday to U.S. embassies in the capitals of the invited nations. He said Bush expressed hope for a prompt affirmative response from those invited.

Israel's affirmative response came Sunday, when the Cabinet voted 16-3 to attend the conference, despite lingering misgivings about Palestinian representation and the degree to which the United States is prepared to play the role of "honest broker."

Disarray In Tehiya Party

The vote came after seven hours of lively, often combative debate. In the end, the only members of the Cabinet opposing the conference were Ariel Sharon, the hard-line Likud minister of housing; Science Minister Yuval Ne'eman of the Tehiya party; and Rehavam Ze'evi, a minister without portfolio of the extremist Moledet party.

But Agriculture Minister Rafael Eitan of the far-right Tsomet party voted with Shamir. The former army chief of staff said he was satisfied by the prime minister's assurances and would support him until he detects a wavering on basic policy positions.

In a television interview Saturday, the outspoken housing minister called on Shamir and his top ministers to resign because, he said, they were leading the nation into dreadful danger.

The Cabinet vote threw Israel's right-wing Tehiya party into disarray. It convened Sunday night in Tel Aviv, where two of its Knesset members, Geula Cohen and Elyakim Haetzni, demanded the party quit the Cabinet immediately.

Party leader Ne'eman threatened to quit politics altogether if the party membership sided with those two.

In the opposition camp, Labor Party Chairman Shimon Peres, just back from talks in Moscow with conference co-sponsor Gorbachev, warmly welcomed the government's decision. He reiterated Labor's pledge of support for Shamir, so long as the premier holds his course.

Meanwhile, preparations have quickened in the Prime Minister's office and various government ministries for the conference plenary and the subsequent negotiations that will follow it.

Shamir Aides To Represent Israel

But the arrangements have already been marred by an angry feud between the prime minister's aides and the Foreign Ministry over the allocation of responsibilities.

Foreign Minister David Levy is loudly protesting Shamir's decision to place the leadership of the two key working teams -- to negotiate with Syria and with the Jordanian-Palestinian delegation -- in the hands of his own aides, rather than senior Foreign Ministry diplomats.

The two officials designated by Shamir for the tasks are his director general, Yossi Ben-Aharon, for the Syrian team, and Cabinet Secretary Elyakim Rubinstein for the Jordanian-Palestinian delegation.

A third team, to negotiate with Lebanon, has been placed under the leadership of the Defense Ministry, with hostage negotiator Uri Lubrani, Israel's specialist in Lebanese affairs, being touted to lead it.

The only team marked for the Foreign Ministry, in fact, is the one that will deal with regional issues. Yosef Hadass, the ministry's acting director general, is slated to represent Israel at the multilateral talks.

(JTA correspondent David Friedman in Washington contributed to this report.)

NEWS ANALYSIS:

ISRAEL STILL FEARS A PLO PRESENCE BEHIND PALESTINIAN CONFERENCE TEAM **By Gil Sedan**

JERUSALEM, Oct. 20 (JTA) -- The Palestinian delegates to the Middle East peace conference have been chosen, and most of the names on the list, though it is still unofficial, are known.

Now Israel is confronted with a dilemma it suspected all along it would have to face: that the carefully screened representatives with no obvious ties to the Palestine Liberation Organization have indirect links to the organization and, moreover, will be reporting to a leader with strong PLO fealty.

There appears to be no way around it. If Israel consents to sit down with the Palestinians chosen for the peace conference, it will find itself negotiating, albeit indirectly, with the PLO.

Faisal Husseini, considered by Israel to be the leading local representative of the PLO, will not be a member of the joint Jordanian-Palestinian delegation to the peace talks, because Israel objects to including residents of East Jerusalem.

But Husseini, who has represented the Palestinians in negotiations with U.S. Secretary of State James Baker on the terms of the peace conference, will head an advisory council to the Palestinians going to the conference in Madrid.

He is expected to serve as the conduit of information between the negotiators and the PLO leadership in Tunis.

In this way, Israel's rigid refusal to do business with the PLO or Palestinians living in East Jerusalem has been honored -- and quickly circumvented.

Several members of the Palestinian team have strong allegiances to the PLO.

It will reportedly be headed by Dr. Haidar Abed Shafi, 71, chairman in the Gaza Strip of the Red Crescent Association, which is overseen by Yasir Arafat's brother, Fathi Arafat. Shafi, who is considered a moderate, was one of the founders of the PLO and is still a staunch supporter.

One Palestinian Technically Jewish

The delegation is said to include, among others, Radwan Abu Ayyash, a prominent journalist identified with the PLO's mainstream Al Fatah wing; Azariah al-Agha, a Gaza physician who has met with Baker and who is also associated with Fatah; and Ali Abu Hillal, a member of Nayef Hawatmeh's Democratic Front for the Liberation of Palestine who was deported from the territories but allowed to return in September.

One particularly problematic name arises with Sameh Cana'an, 38, from Nablus, who served 12 years in jail after being convicted of terrorist activity for Fatah.

Cana'an is the son of a Jewish woman named Mazal who converted to Islam in the 1940s to marry into one of the leading families of Nablus. According to halacha, or traditional Jewish law, that would make Cana'an a Jew.

Internal differences within the Palestinian camp could cast a shadow over the peace talks.

Activists of the Islamic fundamentalist organization Hamas and of the Popular Front for the Liberation of Palestine spent the weekend smearing walls with slogans urging the public to step up opposition to the peace talks.

In an effort to pre-empt increased intifada violence, security forces arrested dozens of Hamas activists and other radical elements.

NEWS THAT AN ISRAELI MIA IS DEAD MAY PAVE WAY FOR HOSTAGE RELEASES

By Hugh Orgel

TEL AVIV, Oct. 20 (JTA) -- Israel has learned definitively that one of its soldiers long missing in Lebanon, Pvt. Yossi Fink, is dead.

While the news came as a crushing blow to Fink's family, it also raised hope that negotiations for the release of Western hostages in Lebanon would be accelerated after weeks of deadlock.

In the past, Israel has responded to receiving information about the fate of its missing soldiers by releasing Shi'ites or Palestinians detained by the Israel Defense Force or allied forces. Such releases have been reciprocated by the Lebanese groups holding Western hostages.

There were reports Sunday from Beirut that one Western hostage, perhaps an American, would be released in the next few days.

The information about Fink came from Hezbollah, the pro-Iranian Shi'ite fundamentalist group which two months ago confirmed the death of his IDF companion, Rachamim Alsheikh.

But Israel had regarded as inconclusive accompanying evidence that Fink was also dead and had continued to list Fink, an immigrant from Britain, as missing in action.

Fink and Alsheikh, members of the elite Givati Brigade, were abducted by Hezbollah gunmen after the convoy they were guarding in the southern Lebanon security zone was ambushed in February 1986.

The IDF spokesman who made the announcement Saturday night disclosed that information received subsequently from U.N. Secretary-General Javier Perez de Cuellar is regarded as suitable evidence that Fink is no longer alive.

The information followed an unprecedented invitation extended Friday to the wife and daughter of one American hostage, Jesse Turner, to come to Lebanon to visit him for one hour.

That offer was made by Islamic Jihad for the Liberation of Palestine, another Shi'ite group that holds Western captives, and was accompanied by a photograph of Turner and another U.S. hostage, Alann Steen.

The group said the gesture was a reply to a humanitarian request from the United Nations.

Israel Offers 'Maximum Assistance'

The U.N. secretary-general has served as a negotiator and conduit in exchanging information about hostages and prisoners in the Middle East.

In a statement Saturday night, the IDF said, "In the context of efforts exerted" by the U.N. secretary-general to "move forward in solving the case of Israeli MIAs and POWs, findings regarding the fate of MIA Joseph Fink have in recent days been transferred to Israel.

"The findings previously presented to Israel did not enable us to decisively determine his fate. Unfortunately, according to supplementary findings, it has been determined that Joseph Fink is not alive."

The statement praised Perez de Cuellar, who "continues in his efforts to bring about further progress in the case of missing IDF" soldiers and those of the Israeli-backed South Lebanon Army.

The SLA's leader, Gen. Antoine Lahad, disclosed in August that seven SLA soldiers are being held by terrorist groups in Lebanon.

Israel expressed its hopes that Perez de Cuellar's "continued efforts will bring tangible progress and will lead to the transfer of POWs,

MIAs and the bodies of deceased IDF soldiers to Israel as soon as possible."

Israel offered the U.N. secretary-general "the maximum assistance necessary in order to enable future progress."

The official death report on Fink was made to Fink's parents by the chief military chaplain. The notification enabled them to begin shiva, the mourning period of seven days mandated by traditional Jewish law.

It was not revealed how Fink had died. But according to military sources, he and Alsheikh were seriously injured during their captivity.

Israel still awaits word of the whereabouts of air force navigator Ron Arad, who is believed to be alive and held in Iran.

Israel is also waiting for information about Sgt. Zacharia Baumel, Sgt. Zvi Feldman and Cpl. Yehuda Katz, three tank crewmen missing since a tank battle with the Syrians in Lebanon's Bekaa Valley in 1982.

THREE IDF SOLDIERS KILLED IN LEBANON

By Hugh Orgel

TEL AVIV, Oct. 20 (JTA) -- Three Israel Defense Force soldiers were killed and two wounded Sunday morning, when a roadside bomb exploded as an armored column was passing through the eastern sector of Israel's so-called security zone.

One of the injured was wounded seriously.

In Beirut, the Shi'ite fundamentalist Hezbollah, or Party of God, claimed credit for the blast.

Maj. Gen. Yitzhak Mordechai, IDF commander of the northern sector, visited the scene of the incident together with the IDF chief of staff, Lt. Gen. Ehud Barak. Mordechai said anyone attacking Israel in this manner was asking for heavy retribution on himself and his surroundings.

Sources of the United Nations Interim Forces in Lebanon reported heavy IDF shelling Sunday afternoon on villages north of the zone, in a region of heavy Hezbollah concentration.

SPANISH PREMIER TO VIST AFTER ALL

By David Kantor

BONN, Oct. 20 (JTA) -- Spanish Prime Minister Felipe Gonzalez Marquez is planning to visit Israel after all, despite media reports last week to the contrary.

Sources in Madrid said Gonzalez was irritated by media reports that he was postponing a visit to Israel that he had planned for this fall and has now decided to make the trip as soon as it can be arranged.

Spanish and Israeli officials have met in recent days to discuss the logistics of the visit, which is now expected to take place at the end of November.

Plans to postpone the trip, leaked by diplomatic sources in Madrid, had been seen in Israel as the first serious break in the smooth pace at which Spanish relations with Israel have progressed since they were established in 1986.

A possible side effect of a visit to Israel by the Spanish premier would be the extension of Israeli Ambassador Shlomo Ben-Ami's posting to Madrid. The envoy had intended to resign at the end of this month in order to take up an academic research position in Washington.

Madrid is also the site of the Middle East peace conference that the United States and Soviet Union will host, beginning Oct. 30.

ELECTION GIVES FORMER NEO-NAZI SHOT AT LOUISIANA GOVERNORSHIP
By Jackie Rothenberg

NEW YORK, Oct. 20 (JTA) -- David Duke, a former neo-Nazi and grand wizard of the Ku Klux Klan, has emerged as one of the two remaining contenders for Louisiana's governorship, after edging Gov. Buddy Roemer out of a tight, three-way race Saturday.

Duke, a Republican state legislator shunned by the White House and national GOP, will square off against former Louisiana Gov. Edwin Edwards, a Democrat, in a runoff election Nov. 16.

Edwards, who had anticipated that Duke, rather than Roemer, would be defeated, had expressed doubts along the campaign trail that voters would take seriously "a grown man who ran around for years in a sheet."

Edwards emerged the front-runner in Saturday's primary election with 34 percent of the vote. Duke garnered 32 percent, and Roemer trailed with 27 percent.

Duke's rhetoric during the campaign has not been of the racist nature associated with the Klan. Rather than making overt references to race or religion, Duke spoke in more subtle terms about the "New York influence" and the "rising welfare underclass."

The candidate spoke in more concrete terms five years ago when, during a taped interview with a doctoral student researching the Klan, he said Jews belong in the "ash bin of history" and should be resettled outside the United States.

While the former Klansman attributes his past activities to his youth, there is "no indication that he has changed his beliefs," according to Ted Flaum, director of the Community Relations Council of the Jewish Federation of Greater New Orleans.

'Looking For Scapgoats'

Flaum said Duke's victory indicates that voters "are looking for scapegoats and easy solutions to serious problems."

Lance Hill, executive director of the Louisiana Coalition Against Racism and Nazism, said Duke's appeal is "very simple: He offers an authoritarian racist solution to crime and economic deterioration."

Abraham Foxman, national director of the Anti-Defamation League, expressed disappointment that the "electorate was willing to either blink their eyes to this man's racism and anti-Semitism or to be supportive of it."

Jerome Chanes, co-director for domestic concerns at the National Jewish Community Relations Advisory Council, said Duke's candidacy raises two questions: what his success in Louisiana means in terms of the resurgence of extremist groups in American society and what it means in terms of the re-emergence of anti-Semitism in the political process.

Chanes said he believes Duke's victory is not reflective of society at large.

"The experience over many decades has been that, generally speaking, Americans tend to repudiate, to reject out of hand, extremist, racist and anti-Semitic rhetoric," he said.

But Hill said polls indicate that Duke stands a good chance of capturing Louisiana's governorship. His anti-racist coalition, which has been credited with playing a role in Duke's defeat in his bid for a U.S. Senate seat last year, plans an active television and radio campaign against him.

GERMANY SETS FUND FOR POLISH VICTIMS, BUT REDUCES PENSIONS TO PERSECUTEES
By David Kantor

BONN, Oct. 20 (JTA) -- Germany has moved to establish a \$300 million foundation with Poland to compensate slave laborers and others who suffered under the Nazi occupation of that country.

The foundation will be administered like the German fund that pays out reparations to Jewish persecutees in other countries.

In accepting the plan, the Polish government agreed to refrain from making further demands for compensation from Germany for sufferings inflicted by the Nazis during World War II.

But while setting up this new fund, Germany has also moved to cut by half or more the pensions that the former East German government paid for four decades to victims of the Nazis, most of them former Communist officials.

That decision, announced Oct. 17, has raised the hackles of German Jewry and drawn protest from the opposition Social Democratic Party.

The German Jewish community sharply protested the decision to cut the pensions, which were paid to Jews as well as others.

"I am shocked by the lack of sensitivity on the part of the government," community Chairman Heinz Galinski said in Berlin. "This is a very complicated and delicate issue. They should have consulted the persons who are directly affected."

The move was made in keeping with Bonn's efforts to equalize financial arrangements and legal systems of the two former German states, which were reunited in October 1990. The payments, which were made to "fighters against fascism," or "persecutees of fascism," often exceeded those made by West Germany.

'Government Has Made A Mistake'

Among those who received hefty pensions from the former German Democratic Republic was ousted Communist Party boss Erich Honecker, who had been imprisoned by the Nazis.

The Social Democrats accused the German government of trying to depict all those who received the special pensions as collaborators of the former Communist dictatorship.

According to the government, some 10,000 individuals over 70 years received the special pensions, with the so-called "fighters" against fascism receiving the larger of two amounts. As of Jan. 1, 1992, the monthly payments of \$825 and \$1,025 will be sliced to \$445.

Galinski proposed that each case be examined individually to determine if the pension was paid to individuals who were part of the Communist apparatus that persecuted East Germans.

He argued that Jewish recipients of the special pension were never otherwise compensated for their sufferings under the Nazis.

In West Germany, no special pensions were paid to Jews or other persecutees who passed the age of 70. However, victims of Nazism received reparations, which sometimes included reinstitution of their claims to the state-run pension fund.

Galinski urged the German government to "either adopt the system of paying reparations to those who lived in former East Germany and were denied compensations in the West, or accept the system of special pensions as had been practiced here for so many years."

"We believe the government has made a mistake. Let's hope it will be ready to study the matter and correct its decision," he said.