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ISRAELIS AND PALESTINIANS TRY TO RESOLVE PROCEDURAL DISPUTE

By Howard Rosenberg

WASHINGTON, Dec. 11 (JTA) -- After a second morning of futile diplomacy in the State Department corridors, Israelis, Palestinians and Jordanians met again late Wednesday afternoon to exchange proposals for resolving their deadlock over representation.

The dispute arose Tuesday, when the Palestinians refused to sit down with the Israelis unless they could negotiate separately from the Jordanians.

The Israelis insist on negotiating with a joint Jordanian-Palestinian delegation, as all sides originally agreed.

But the deadlock did not prevent Israel from continuing separate talks Wednesday with the Syrian and Lebanese delegations.

Details of Israel's proposal for resolving the dispute with the Palestinians were not made public. But an Israeli spokesman said it would "stay within the framework of a joint Jordanian-Palestinian delegation."

Palestinian spokeswoman Hanan Ashrawi said her side's proposal would still maintain "the integrity of the joint Jordanian-Palestinian delegation." But she said she could not divulge other aspects of the proposal.

The delegations had met in a State Department corridor on Wednesday morning, as they had done Tuesday, the first day of the second round of face-to-face talks following last month's opening round in Madrid.

Peace Treaty With Lebanon

Ashrawi dubbed the meetings "corridor diplomacy" but said those discussions had been "transformed into an exchange of proposals" on the procedural dispute.

The Palestinians and Jordanians refused to sit in a conference room with Israel as long as Israel insisted that there be no separate Israeli-Palestinian and Israeli-Jordanian meetings.

Instead the leaders of each of the three parties sat together on a sofa in a hallway to discuss the matter, said State Department spokeswoman Margaret Tutwiler.

The delegations were expected to meet again at 10 a.m. Thursday morning, said Ashrawi.

Meanwhile, the Israeli negotiators meeting with the Lebanese delegation intend to present a "detailed peace treaty" soon, Israeli spokesman Benjamin Netanyahu announced at an afternoon news conference.

As for the Syrians, Netanyahu reported that there were "substantive" discussions Wednesday, focusing on each side's interpretation of U.N. Security Council Resolution 242, which calls for the return of land for peace.

Israel insisted that the resolution does not automatically require Israel to return any more Arab lands, while Syria argued the opposite, said Netanyahu, who is top aide to Prime Minister Yitzhak Shamir.

Netanyahu rejected a reporter's characterization of the dialogue as "chilly," reporting that there were "one or two humorous exchanges" and a "cracking of smiles on all sides."

NEWS ANALYSIS: ARAB-ISRAELI PROCEDURAL SQUABBLES GO TO HEART OF SUBSTANTIVE ISSUES

By David Friedman

WASHINGTON, Dec. 11 (JTA) -- The disputes over procedure that cropped up as the bilateral Middle East peace talks began this week were really the opening rounds in the discussion of the substantive issues between Israel and the Arabs.

"All this means something; there are principles involved," said Robert Satloff, deputy executive director of the Washington Institute for Near East Policy.

When Israel refused to show up for the talks on Dec. 4, it was sending Washington a message that the Arabs should not be led to expect that the United States can "deliver" the Israelis, even on procedural matters.

Jerusalem got its "point across to the Americans," Satloff said. As the talks got under way this week, the United States has "so far showed admirable forbearance," he said.

The United States also seemed to have taken a hands-off approach to the dispute that arose when the Palestinians refused this week to negotiate with Israel as part of a joint delegation with Jordan.

Here, too, the issue had more to do with substance than with procedure. By insisting that Israel recognize the Palestinians as a separate delegation, the Palestinians were trying to establish "through procedure their claim as a separate state," Benjamin Netanyahu, the spokesman for the Israeli delegation, said Tuesday.

And by insisting on the joint delegation, the Israelis were pressing their claim that the Palestinians have to find their political identity within the context of Jordan.

What Israel is offering the Palestinians by self-rule are "civil rights," not political rights, Netanyahu maintained.

'Every Trick In Their Basket'

But Judith Kipper, a visiting scholar at the Brookings Institute, thinks the United States has made a mistake by deciding to stay out of these disputes unless asked by the parties to intervene.

During the opening peace conference in Madrid, the United States should have determined where the bilateral talks would be held, Kipper said. She said Washington should also have established the principle that the United States could "come and go" into the talks as it desired.

Nevertheless, Kipper and other analysts see the procedural squabbles passing. "This is the Middle East," she said, "everyone will use every trick in their basket to gain time and advantage."

No one wants to scuttle the talks, Satloff pointed out. He was confident that Israel and the Palestinians would soon find a way around the procedural impasse.

Both Israel and the Palestinians have an interest in moving rapidly, Satloff said. The Palestinians see this as their chance to get at least self-rule.

Adam Garfinkle, coordinator of the political studies program of the Foreign Policy Research Institute in Philadelphia, said the procedural maneuvering means "both sides are serious." He said it was a "good sign," since it meant that the Israelis and Palestinians believed the negotiations would continue.

Garfinkle said he expects the Palestinians and Israelis to get down to negotiations until the "talks come to a screeching halt" over the Palestinian demands for a settlement freeze.

He said the timing for this will likely coincide with the end in mid-January of the 120-day delay in congressional action on Israel's request for U.S. guarantees covering $10 billion in loans sought for immigrant resettlement.

Congress agreed to the delay at the request of the Bush administration, which maintained that a debate over the issue in September would harm the peace talks.

Garfinkle said he expects the Bush administration "will weigh in on the side of the Palestinians and insist on a settlement freeze."

"At that point, the Israeli government will fall" because of a withdrawal from the coalition of right-wing parties, he predicted.

But he said that during the three-month election period, Israel and the Palestinians might continue to talk in private and could even "see some progress."

Lebanese Talks Most Promising

Meanwhile, the best news in the opening days of the second round of negotiations, said Satloff, was that the Syrians and Lebanese went about their talks even though the Palestinians and Jordanians did not.

He said this demonstrates that all the negotiations do not have to proceed at the same pace.

The Lebanese talks seem to be most promising, since there are no major issues between the two countries. The only territorial dispute between them is over Israel's security zone in southern Lebanon, which Israel says it needs to safeguard its northern border areas.

But it is difficult to see Lebanon agreeing to anything with Israel that does not have Syria's approval.

Satloff said that Israel would not make the same mistake it did in 1983, when it reached an agreement with Lebanon only to see it sabotaged by Syria. He said Israel will not agree to anything that does not address the Syrians.

Garfinkle said he was surprised that the Syrians have allowed Lebanon some "elbow room" and that the Lebanese do not have to check with Syria on every issue.

He said there is a chance that Syria will allow Lebanon to reach a separate agreement with Israel, since the Syrians would like to see the Israel Defense Force leave southern Lebanon..

But Garfinkle and Satloff saw little hope of an early agreement between Israel and Syria. Chances of a peace treaty are "close to impossible," Garfinkle said.

But he said he was pleasantly surprised that a Syrian official had for the first time publicly said there could be peace with Israel.

He was referring to a statement made Tuesday by Syria's chief negotiator, Muwaffak Allaf, who said: "We are offering peace for territory occupied by Israel."

Satloff suggested that the Syrians have learned better public relations since Madrid, where their boorish, hard-line stance was widely criticized. "They are playing the game more professionally," he said.

But Syria is still demanding a return of the entire Golan Heights, something that is opposed not only by Israel's Likud government, but by the Labor Party opposition too, Garfinkle pointed out.

But Kipper said she believed that some progress could be made between Syria and Israel. She said that in Madrid, all sides "recognized each other" de facto and agreed to find a peaceful solution.

Negotiations between Israel and Syria will be very painful, Kipper said. But she said progress can be made if both Israel and Syria agree to take small confidence-building steps at first.

While no one is predicting how long the current talks will last, all believe the next round will move out of Washington. Garfinkle said he did not believe the talks would be held in the Middle East itself, as the Israelis want, but at nearby locations, such as Cyprus or Greece.

SENATOR BLAMES U.S. FOR ISRAEL'S DIPLOMATIC AND ECONOMIC TROUBLES

By Tom Tugend

LOS ANGELES, Dec. 11 (JTA) -- American policy is responsible for many of Israel's diplomatic and economic problems, an influential U.S. senator charged here Tuesday.

Sen. Daniel Inouye (D-Hawaii) said the United States had broken its promise to consult closely with Israel and take a neutral stance on the current Middle East peace talks.

"It appears that the United States is not just an honest broker but is projecting the image of a participant," Inouye told some 900 supporters of the American Israel Public Affairs Committee at a dinner here.

"I hope that we will see the errors of our ways and ask the Arabs to deal directly with Israel as a sovereign nation, not through the United States," he said.

The veteran senator pointed out that America has largely reneged on promises implicit in the Camp David accords that Israel would be compensated for the loss of oil fields and two major air bases after its return of Sinai.

Inouye, who chairs the influential defense appropriations subcommittee, also declared that the United States is "a major cause of Israel's economic ills."

He lashed out at President Bush's delay in granting guarantees covering $10 billion in loans Israel is seeking for the absorption of Soviet immigrants.

Inouye compared Israel's request to someone with an excellent credit rating asking a friend to co-sign a loan from a bank. "All we are asked to do is extend the hand of friendship," he said.

The senator announced that he will fly to Israel on Sunday for three days of meetings with senior officials. "When I come back, I will share (the officials') concerns with the U.S. administration and my colleagues," he said.

Another speaker at the dinner, U.S. Rep. Lawrence Smith (D-Fla.), urged American Jews to redouble their political efforts, because "we are now less than 2 percent of the country's population, and our voice is becoming smaller."

Despite demographics, the Jewish community still retains considerable clout, as was attested by the presence and vigorous handshaking of no fewer than six Republican and Democratic candidates vying for California's two U.S. Senate seats in the 1992 elections.

Also notable was the increasing role played by resident Israelis in Jewish fund-raising causes. They made up almost 10 percent of the audience.

PALESTINIANS MOUNT DRIVE TO BLOCK JEWISH SETTLEMENT IN EAST JERUSALEM

By Gil Sedan

JERUSALEM, Dec. 11 (JTA) -- Palestinian activist Faisal Husseini warned of trouble Wednesday if Jewish incursions into Arab neighborhoods in East Jerusalem continue.

He disclosed that the Palestine Liberation Organization is coordinating efforts to block further Jewish settlement in that part of the city.

Husseini called a news conference on the issue in connection with the Jewish takeover of houses in Silwan village, an Arab enclave within Jerusalem's municipal boundaries. He warned that the issue "could threaten the peace talks" between Israeli and Arab delegations now in progress in Washington.

Palestinians in the territories will not be idle in the face of growing Jewish settlement efforts, especially in Silwan, Husseini said.

Earlier this week, he announced that a news body was being formed on behalf of the PLO to publicize the names of Arabs who sell property to Jews, to discourage others from doing so.

Jewish settlers took over buildings in Silwan on Oct. 9, claiming to have purchased them. Despite a warning by Attorney General Yosef Harish that their presence would pose security problems for all of Jerusalem, the Cabinet announced Sunday that if they could prove legal ownership, they could remain.

Jewish sources said last week that "Arabs were standing in line to sell properties at high prices and then leave the country."

Husseini said a means of discouraging such sales is to raise funds to build new houses for Arab residents and renovate old ones. The owners would then have less incentive to sell to Jews.

He insisted at his news conference that so far all anti-settlement activities have been absolutely legal.

ISRAELI BUDGET NARROWLY PASSES IN FACE OF RIGHT-WING OBJECTIONS

By David Landau

JERUSALEM, Dec. 11 (JTA) -- Right-wing politicians, dissatisfied with funds for new settlements, almost killed Israel's controversial state budget bill, which passed its first reading in the Knesset on Wednesday by just one vote.

The 48-47 tally in favor of the measure drew a sigh of relief from coalition floor managers, who were prepared to withdraw the measure at the last minute for fear of defeat.

That would have been tantamount to a no-confidence vote and could have forced Prime Minister Yitzhak Shamir's government to resign.

Laborites were furious with one party member, Histadrut Secretary-General Yisrael Kessar, who might have turned the tide. He absented himself from the chamber and could not be located for the vote.

The budget bill came to the Knesset plenum two months late because of the time taken to resolve a bitter dispute among Likud's religious coalition partners.

The Zionist-affiliated National Religious Party refused to support the bill unless "special funding" for the schools of the haredi, or ultra-Orthodox, bloc were eliminated. The three haredi parties, in turn, warned they would defect if the funding were removed.

Tense negotiations, in which Shamir and Finance Minister Yitzhak Moda'i personally took part, produced an agreement this week.

The NRP, supported by a substantial number of Likud and opposition Knesset members, opposed special treatment of the ultra-Orthodox schools, which receive state monies but are not required to meet official criteria in terms of syllabus, facilities and management.

According to the agreement, future allocations must be approved on the basis of national standards guaranteeing equality for all pupils in the religious and secular school systems.

The funds will be funneled through government departments and, like all other disbursements by the state, under the supervision of the state comptroller.

The Knesset Finance Committee will now process the reform bill, but it is not expected to be ready for a final vote by Jan. 1.

KNESSET HOLDS SPECIAL SESSION TO MARK JNF'S 90TH ANNIVERSARY

By Hugh Orgel

TEL AVIV, Dec. 11 (JTA) -- The Knesset held a special festive session Tuesday to mark the 90th anniversary of the establishment of the Jewish National Fund, which was created in 1901 at the urging of Theodor Herzl.

JNF's original purpose was to acquire land in Palestine to hold in perpetuity for the Jewish people.

True to form, most of the 120 Knesset members were absent from the chamber, as they usually are unless crucial votes are scheduled or important government statements are to be made.

But the VIP and visitors' galleries were packed with national figures, led by JNF World Chairman Moshe Rivlin and Jewish Agency Chairman Simcha Dinitz.

Also present were scores of veteran kibbutzniks and farmers who actually work the land bought by JNF, on which their villages were founded over many decades.

Knesset Speaker Dov Shilansky reviewed the history of the JNF since the early discussions at Zionist Congresses before the turn of the century, where Herzl argued the need to establish such an instrument.

It was decided nine decades ago that the JNF buys land for the Jewish people which "may never be sold to private interests but only leased for productive national purposes."

Knesset members Ya'acov Tsur of the Labor Party and Gideon Gadot of Likud described how the JNF built the infrastructure of the future state under the slogan of "another dunam and yet another dunam." A dunam equals a quarter acre.

Summing up for the government, Agriculture Minister Rafael Eitan, the only minister present, recalled the famous JNF "blue boxes" in Jewish homes all over the world in which funds were collected penny by penny for the purchase of land.

"Children used to put their small coins in the box every Friday," he said, recalling his boyhood in Tel Adashim.

"But we had no money in those days, and so we each donated one potato for the fund, which was sold to raise the pennies," Eitan said.

Other speakers noted that in its 90 years, the JNF has purchased more than 250,000 acres of land, now vested in the Jewish people, on which nearly 200 million trees have been planted and hundreds of agricultural settlements founded.

HUGE SURGE IN ALIYAH PREDICTED AS A RESULT OF CHANGES IN USSR

By Gil Sedan

JERUSALEM, Dec. 11 (JTA) -- Instability in the rapidly dissolving Soviet Union could confront Israel next year with new masses of immigrants without the means to absorb them, according to government and Jewish Agency experts.

Uri Gordon, director of the Jewish Agency's Immigration Department, predicted this week that as many as 400,000 Soviet olim would arrive in 1992, more than double this year's number.

But Israel is unprepared to cope with such large numbers, and the housing and unemployment crises may reach new peaks, Gordon warned.

His fears are shared by Absorption Minister Yitzhak Peretz and Sara Elspector, who chairs the Eastern European Institute in Israel.

Some aliyah experts, including Peretz, believe developments in the Soviet Union will not be reflected by an immediate jump in the number of immigrants. They believe the mass exodus will come later.

Israel should be prepared for a "flood of immigration," the absorption minister told the Knesset Finance Committee on Wednesday. He urged an immediate increase in the absorption budget.

But Jewish Agency Chairman Simcha Dinitz is concerned that mounting tension in the Soviet breakaway republics could produce such huge numbers of people wanting to leave that the gates will be slammed shut on all, including Jews.

Dinitz warned Tuesday that Israel may "miss the boat" on absorption while conditions develop in the Soviet republics that make the exit of Jews increasingly difficult.

He is also worried that with a 30 percent unemployment rate among olim in Israel, the United States may enlarge its refugee quota for Soviet Jews beyond the present 40,000 a year.

Dinitz was critical of the government's absorption policy.

"The tragedy is that every Cabinet member knows exactly what needs to be done but is not doing a thing," he said. "In effect, the unemployment crisis has not found a place on the government's real agenda."

GERMAN PRESIDENT VISITS ISRAEL

By David Landau

JERUSALEM, Dec. 11 (JTA) -- The president of Germany, Richard von Weizsacker, arrived here Tuesday for a brief visit whose highlight was a special concert by the Dresden Orchestra, under the baton of Daniel Barenboim.

It was the first time a German orchestra has ever performed in Israel, a fact Weizsacker alluded to in his speech to the concert audience Tuesday night.

"Through music, we want to express the desire of united Germany to develop closer and deeper ties with Israel," the German chief of state said. Proceeds from the concert will help Israel absorb immigrants from Ethiopia and the Soviet Union.

Addressing the audience, which included some of Israel's most prominent political, cultural and business leaders, President Chaim Herzog praised the German leader's unflagging personal involvement in the battle against racism and discrimination.

Observing that the 400-year-old Dresden Orchestra, whose conductor is Jewish, is the oldest in the world, Herzog said its presence in Jerusalem "represents the role of Germany today in the field of culture worldwide."

Von Weizsacker laid a wreath at Yad Vashem Holocaust Memorial and had breakfast Wednesday morning with Prime Minister Yitzhak Shamir before flying home.

GERMAN LAWMAKERS VOTE TO RETAIN PENSIONS FOR VICTIMS OF NAZISM

By David Kantor

BONN, Dec. 11 (JTA) -- Government and opposition parties joined forces in the Bundestag on Tuesday to retain the special pensions paid victims of Nazism in what had been East Germany before unification.

The ruling Christian Democratic Union, its coalition partner, the Free Democratic Party and the opposition Social Democratic Party lined up behind legislation to keep the payments, though in modified form.

The government had announced plans to scrap the pensions instituted by East Germany because they are incompatible with the national pension program, which is based on former West German practice.

According to the proposed legislation, the 10,000 beneficiaries would continue to receive monthly allowances of 1,400 marks -- about $868.

But the 1,700 marks (about $1,054) paid to "fighters" against Nazism, mostly former Communist officials, would be reduced to 1,400 marks.

Many of the recipients are of Jewish origin, though few belong to the small Jewish community in what was formerly East Germany.

The major parties in the Bundestag, which is Germany's lower house of Parliament, also agreed to allow victims of Nazism in eastern Germany to apply for reparations according to established West German criteria.

EXHIBIT ON AUSCHWITZ OPENS AT U.N.

By Larry Yudelson

UNITED NATIONS, Dec. 11 (JTA) -- Outgoing U.N. Secretary-General Javier Perez de Cuellar officially opened an exhibit on the Auschwitz death camp here Tuesday, which was International Human Rights Day.

"The message of the Auschwitz exhibit is not to forget," said Perez de Cuellar. "Because it is so unimaginable but so true, our only response is to remember, to repeat, to recall in our human efforts, to say: Never again."

"It is deeply distressing to witness across today's world the reappearance of the blind hate and prejudice, the anti-Semitism and exclusion of different racial groups, which lay at the foundation of this genocide," he said.

The exhibit, titled "Auschwitz: A Crime Against Humanity," will be on public display in the lobby of the General Assembly building through Jan. 31. It consists of 150 photographs and documents provided by the Auschwitz State Museum in Poland and organized by the U.S. Holocaust Museum.

Joining the museums in sponsoring the exhibit are the Republic of Poland, the International Auschwitz Committee and the United Nations Center for Human Rights.

Ambassadors from 23 countries, including Israel, the United States and most of Europe, are honorary co-hosts of the display.