

**ARENS: U.S. AND ISRAEL TO
SEEK STRATEGIC COORDINATION**

By David Landau

JERUSALEM, Dec. 1 (JTA) -- Defense Minister Moshe Arens, who returned from Washington today, said that Israel and the U.S. would seek strategic coordination as a result of the talks he and Premier Yitzhak Shamir had with President Reagan and top Administration officials this week. Shamir is due back tomorrow.

Arens denied that expanded coordination with the U.S. would limit Israel's freedom of action. The Defense Minister firmly denied reports that Shamir and he submitted a blueprint for Israel's unilateral withdrawal from Lebanon or that they had supported the concept of "cantonization" for Lebanon. "Such notions did not come up at all," Arens said.

The Defense Minister stressed the warm welcome accorded Shamir and himself in Washington. He said their talks could lead to a turning point in relations with the U.S.

**ISRAEL, CHILE AGREE TO EXPAND
TRADE, AGRICULTURAL COOPERATION**

JERUSALEM, Dec. 1 (JTA) -- The official visit of Chile's Foreign Minister Miguel Schweitzer Walters ended this week with agreements to expand trade and agricultural cooperation between Israel and that South American country. While in Israel, Walters conferred with acting Foreign Minister Moshe Nissim and Deputy Foreign Minister Yehuda Ben-Meir.

Chile, an arid country, is particularly interested in Israel's experience and know-how in the development of advanced irrigation techniques. Israel will send a team of experts to Chile shortly to discuss possible joint projects in that field. The two countries also agreed to encourage their businessmen to exchange visits and to participate in each others' trade fairs and exhibitions.

BEGUN PLACED IN SOLITARY CONFINEMENT
By Edwin Eytan

PARIS, Dec. 1 (JTA) -- Iosif Begun, the Soviet Jewish activist and Hebrew teacher, who was sentenced to 12 years in prison and internal exile, is being held in solitary confinement in Vladimir Prison some 180 miles east of Moscow and all visits have been cancelled. This was reported here today by Jean Martin, a French attorney just back from the Soviet Union.

Martin told a press conference that he is "deeply worried" about Begun's appeal to a higher court to rescind his sentence. The attorney said that the Soviet Union's Deputy Attorney General had told him the higher court could decide to rule on Begun's appeal without even granting him a hearing.

Martin, who spent a week in the Soviet Union, said he had conferred with Begun's family and with members of the Attorney General's office. The Attorney General's deputy told Martin that Begun's family could hire a Moscow lawyer to attend the appeal hearing "if it can afford to pay the cab fare to Vladimir."

**ISRAEL IMPROVES ITS POSITION
TO GET CREDIT FROM FOREIGN BANKS**
By Gil Sedan

JERUSALEM, Dec. 1 (JTA) -- Government sources said today that Israel faces no difficulties obtaining credit from foreign banks despite the precarious state of its economy. Moreover, since the United States has indicated it will increase economic aid, Israel's position in the monetary market should improve, the sources said.

Those optimistic forecasts coincided with reports here today that Israel's foreign currency reserves reached an all time low of \$2.7 billion last month and that the economic policies of Finance Minister Yigal Cohen-Orgad, who took office less than two months ago, have come under scathing criticism by Bank of Israel Governor Moshe Mandelbaum.

There was no hard data on the depletion of foreign currency reserves in November. Estimates range between \$70-90 million. Since last April, however, the country's reserves of foreign currency dwindled in the amount of \$450 million. The trend is continuing but at a slower pace.

Financial sources pointed out that whatever the drop in November, it was less than the \$176 million decline in October. October was the month that saw thousands of Israelis cash in their index-linked bank securities to purchase foreign currencies, mainly U.S. Dollars, in anticipation of a major new devaluation of the Shekel.

Economic Policies Criticized

The tide was stemmed when the government banned most foreign currency transactions on November 12. But Mandelbaum, who heads the central bank, Israel's equivalent of the U.S. Federal Reserve, contended that Cohen-Orgad's economic policies amounted to "shots in the dark", a charge the new finance minister had frequently leveled against his predecessor, Yoram Aridor.

Mandelbaum, speaking at a closed meeting of bank experts, said the only way to deal with the economic crisis was to reach an agreement between labor, management and government on a wage-price freeze. He said the time is ripe for such a move because the alternative -- abolishing the system of linking prices and wages to inflation -- is impossible at the present three digit inflation rate.

Others attending the meeting said the 23 percent devaluation of the Shekel in October was a wasted move because the government should have cut its budget before introducing devaluation. Maariv reported today that Finance Minister Cohen-Orgad recently rejected a proposal to further devalue the Shekel.

**JEWISH SETTLERS ESTABLISH ENCAMPMENT
AT JOSEPH'S TOMB IN NABLUS**

By David Landau and Gil Sedan

JERUSALEM, Dec. 1 (JTA) -- A possibly violent confrontation between militant Jewish settlers on the West Bank and Peace Now activists appeared to be developing today after the settlers established an encampment at Joseph's Tomb in Nablus and declared

their intention to create a permanent Jewish presence in the largest Arab city in the territory.

Peace Now warned that unless the settlers withdrew, they would stage a massive demonstration at the site tomorrow. Defense Minister Moshe Arens, who returned from Washington today, a day ahead of Premier Yitzhak Shamir, said he "understood" that the encampment in Nablus was not legal and "it will be dealt with accordingly." He said he endorsed fully the decisions and actions taken in his absence by acting Defense Minister Mordechai Zipori. Zipori informed the settlers earlier that their encampment is illegal.

An advance delegation of four Peace Now activists visited the encampment today. "We shall not let you put a Jewish settlement inside Nablus. As far as we are concerned, this is the red line," Danny Seidmann of Peace Now, told the campers, Orthodox Jews of the Gush Emunim movement.

The Peace Now group was received in a friendly manner. The settlers tried to convince them that their immediate purpose was not to settle in Nablus but to demonstrate until the government takes the necessary measures to ensure security for Jews on the West Bank.

The settlers are infuriated by the escalation of stone-throwing incidents by Arab youths. The move on Joseph's Tomb, a sacred site to observant Jews, was made in the aftermath of an axe attack on Yosef Stern, a Jewish settler from nearby Bracha, in the Nablus marketplace early Monday morning. Stern was hospitalized for his wounds.

The settlers, in their statements to Peace Now and to the media, insisted that the purpose of their action was limited. They had promised Shamir and Arens, at a meeting before the two ministers left for Washington last Sunday, that they would not take any provocative action while the ministers were abroad. Arens promised that the security situation in the territory would be discussed with them on his return.

Some media sources quoted Kiryat Arba leader Rabbi Moshe Levinger today as stating flatly that "Our main aim is to create a Jewish presence in Nablus," Levinger and other religious militants claimed that the Bible "is our title deed."

Situation Poses Problem For The Government

The deteriorating security situation on the West Bank poses a problem for the government. Settlers have accused government leaders and the military of failure to provide adequate protection for Jews, particularly when travelling on the roads in the territory. The incidence of stone-throwing by Arab youths has increased recently. The government insists that existing security measures are adequate and will be rigorously enforced.

The Gush Emunim have demanded a "tougher hand." Reportedly, they want minimum prison terms for stone-throwers, deportation to Jordan for all alleged Arab "troublemakers," and the prolonged closure of Arab universities in the territory which are regarded as hotbeds of Palestinian nationalism.

SYRIAN ENVOY DENIES HIS COUNTRY'S INVOLVEMENT IN MARINE HQ BOMBING

By Rifka Rosenwein

BOSTON, Dec. 1 (JTA) -- Rafic Jouejati, the Syrian Ambassador to the U.S., denied here any Syrian involvement in the October 23 attack on U.S. marines in Lebanon. "We are not responsible for the bombing," he said at a press conference prior to addressing the World Affairs Council several days ago. He spoke in reply to a question about

Defense Secretary Caspar Weinberger's charge that Syria was responsible for the attack.

Jouejati said he had not heard about Weinberger's remarks but called the accusation "very, very grave." He emphasized that "Syria has been subject to the same kind of terrorism in 1979, 1980 and 1981" and therefore his country "cannot mount such an attack."

Position On Fighting In Tripoli

Jouejati also discussed his country's position on the current fighting between Palestine Liberation Organization factions in Tripoli, Lebanon. "From the beginning of this difference, this faction of the PLO had grievances with the decision-making" in the organization. They also felt there was "negligence during the Israeli invasion of Lebanon. Syria did her best to prevail upon (the PLO) to solve their problems," Jouejati said.

"We did our best to encourage the factions to have a dialogue in the Palestinian Council which is democratic. (PLO chairman Yasir) Arafat didn't want it," the envoy said.

He added that it is his own view that Arafat "has lost some of his credibility, perhaps. If he chooses to stay (in Tripoli) the end will be tragic. If he leaves, the Palestinian Council will elect a new leader."

Jouejati said that Syria would withdraw its troops from Lebanon only "when the sovereignty of Lebanon is assured, when the Israelis withdraw, when the national government is reconstituted."

He noted that his country wants a "comprehensive solution in the Middle East," one that would include a resolution of the "Palestinian problem" and the "withdrawal from territories occupied after the 1967 war." When asked if the Soviet Union would have to be a participant, he replied that it must be remembered that "the Soviet Union is a neighbor to this region."

He said that according to United Nations Security Council Resolution 338 "which America professes to observe," peace would have to be worked out "under the proper auspices." If the superpowers are competing in the region, they will have to be part of a settlement "so that the peace will not be contested" by one or the other, Jouejati said. In addition to the superpowers and a neutral country, the settlement would have to include "all involved parties" in the area, he added.

REAGAN REAFFIRMS U.S. COMMITMENT TO THE ISRAEL-LEBANON AGREEMENT

By David Friedman

WASHINGTON, Dec. 1 (JTA) -- President Reagan reiterated today the U.S. commitment to the May 17 Israel-Lebanon agreement as the best way to achieve progress in Lebanon.

"We stand by the May 17 agreement as the best and most viable basis for the withdrawal of Israeli forces from Lebanon," Reagan said in bidding farewell to Lebanese President Amin Gemayel with whom he had met for nearly two hours at the White House. "Once again, I appeal to the other external forces to leave Lebanon," the President said.

Gemayel, in his remarks, did not mention the May 17 agreement. He said only that in his talks with Reagan "We found ourselves in full agreement on the necessity of withdrawal of all external forces from Lebanon and the full restoration of the Lebanese sovereignty and exclusive authority over all of Lebanon's territory within its internationally recognized borders."

Neither Gemayel nor Reagan, who expressed U.S. concern about Syria in his public remarks after his meetings with Israeli Premier Yitzhak Shamir earlier this week, mentioned Syria by name today.

Reagan stressed that "Lebanon can count" on U.S. support in its efforts to achieve national unity and sovereignty over its territory. He said the U.S. marines in Lebanon as part of the multinational force, "demonstrate the strength of our commitment to peace in the Middle East."

Praising Gemayel's "personal courage", Reagan told the Lebanese President, "Your efforts to broaden the base of your government bringing in Lebanon many communities would do much to rebuild a stable, prosperous Lebanon. It will do much to restore confidence in the future. It will do much to stop the loss of so many innocent lives."

The President said Gemayel had achieved a "measure of success" through his "effective leadership" in the first round of the national reconciliation talks held recently in Geneva. But the talks were adjourned so that Gemayel could come to Washington, apparently to seek U.S. approval for some changes in the May 17 agreement -- which he did not receive.

However, Reagan noted that his special representative, Donald Rumsfeld, who had returned from his first mission to the Middle East to participate in the Shamir and Gemayel visits, will be going back to the area soon to help in the efforts to remove all foreign forces from Lebanon and in the process of national reconciliation.

SHAMIR RETURNING TO ISRAEL WITH 'FEELINGS OF ACHIEVEMENT AND PROMISE'

By Yitzhak Rabi

NEW YORK, Dec. 1 (JTA) -- At the conclusion of his first official visit to the United States as Prime Minister, Yitzhak Shamir said today that he returns to Jerusalem "with feelings of achievement and promise."

Addressing the Conference of Presidents of Major American Jewish Organizations here, just before he flew back to Israel, Shamir said that the talks he had in Washington with President Reagan and other members of the Administration were "friendly, open and businesslike. We found a strong desire to cement the relationship between our two countries in a concrete and comprehensive manner."

The Premier said that he found recognition in Washington for the fact that Israel is "a major factor for stability" in the Mideast and a true ally of the United States in the face of Arab instability and "of totalitarian aggression," instigated by the Soviet Union.

Shamir said that Israel's economic problems, which he described as inflation and a growing deficit in the country's balance of payments, receive "an open ear in Washington." He said the United States agreed to establish "a free trade area with Israel," a situation that might increase meaningfully Israeli exports to the U.S.

He said that Washington also agreed to increase the grant level of the total aid package Israel receives from the U.S. "The details are being now negotiated," Shamir said. He also said the U.S. agreed to purchase arms manufactured by Israel.

Common Objectives In Lebanon

Turning to the situation in Lebanon, Shamir said: "Our close consultations have highlighted the fact that we share common objectives (with the U.S.) in the Lebanese situation. We want to deter and check Syrian annexationist designs on Lebanon and Syrian aggression backed by the Soviets. The U.S. and Israel will tighten cooperation with the

view to implementing the Israel-Lebanon agreement of May 1983, strengthening the Lebanese government and securing the withdrawal of the Syrian army and the PLO terrorists from Lebanese territory."

Shamir said that his talks in Washington also dealt with ways to resume the now frozen peace process in the Mideast. "The peace treaty with Egypt is the cornerstone of the peace process," he said, but he warned that if Egypt continues with its present policy of stalemate "the Israelis will have doubts regarding the willingness of any Arabs to make peace with Israel."

The Premier said the issue of Israeli settlements in Judaea and Samaria was also brought up during the talks in Washington. Administration officials "said they have different views on the issue of settlements. We expressed our view. There are different opinions on the issue. But they were overshadowed by the issues we agreed upon," the Israeli leader said.

Urges U.S. Jews To Settle In Israel

Last night Shamir addressed more than 1,000 people, many of them who plan to go and settle in Israel, at a meeting at Kehilat Jeshurun Synagogue here organized by the American Zionist Youth Foundation and the Aliya Department of the Jewish Agency.

In his speech Shamir called on American Jews to come and settle in Israel. "Our ancient land is waiting for its sons and daughters to come back home and close the cycle of history," Shamir declared. "For Israel must be not only the great haven and sanctuary it has been for Jews in our generation -- equally it must be a powerful magnet, drawing idealists and practical souls alike, to the transcendent mission of national re-affirmation."

He continued: "Only in Israel can a Jew live his life fully in harmony with his culture, tradition, national consciousness. No time for delay remains. Israel needs you. You need Israel."

He also said that a substantial increase in Israel's population "will go a long way toward building an economic, industrial and military infrastructure of such dimensions that will deter and prevent our enemies from undertaking or even considering a military adventure against Israel."

Earlier today, before addressing the Presidents Conference, Shamir was the guest of honor as former European Parliament President Simone Veil, Helen Jackson, representing her late husband Senator Henry Jackson, and a representative of the Iosif Begun family received the Jabotinsky Prize at a ceremony at the Helmsley Palace Hotel.

Former Premier Menachem Begin was awarded a special Jabotinsky Prize and Shamir accepted it on his behalf. Begin donated the \$100,000 award to educational purposes.

In brief remarks at the end of the ceremony Shamir praised Begin and the other recipients of the prize. He said that Begin's major achievements as Premier were the peace treaty with Egypt; the policy of settlements in Judaea, Samaria and the Gaza District; large-scale social projects undertaken in Israel; and the Peace for Galilee operation "to strengthen Israel's security."

JERUSALEM (JTA) -- Education Minister Zevulun Hammer, felled by a heart attack earlier this week, was reported Thursday to be making progress. Doctors at Sheba Hospital said he will be switched from intensive care to a regular ward.

SPECIAL TO THE JTA A CAUSE FOR CELEBRATION

By Maurice Samuelson

LONDON, Dec. 1 (JTA) — The Chanukah candles in a London home this week will remind a Jewish family of its debt to Raoul Wallenberg, the legendary Swedish diplomat who saved thousands of Jews in wartime Hungary and then disappeared in the Soviet Union.

For Rabbi Leo Fischer, Chanukah is always associated with the rescue of his brother, Arthur Fischer, from certain death at the hands of the Nazis. Although Arthur himself died nearly three years ago, his debt to the Swedish hero is cherished by his brother, who also played an important, if indirect, role in the Swedish rescue mission in Hungary.

It is one of many untold stories gleaned by this correspondent about the exploits of Wallenberg, whose own fate as a post-war Soviet prisoner still remains a mystery.

December, 1944, marked the blackest period of the war for the Jews in the Hungarian capital who had escaped deportation earlier in the year. With the city bombarded by the Soviet army, the bloodthirsty Arrow Cross fascists and the Nazi SS were trying to murder as many Jews as possible before meeting their own fate at the hands of the Russians.

Bid To Safeguard Fischer Family

Arthur Fischer, his wife and two baby boys were among hundreds of Jews sheltering in an apartment block designated as Swedish property by Wallenberg. All had been furnished with Swedish provisional passports in a bid to safeguard them against death or deportation.

On December 10, Arthur rashly ventured outside the building and was arrested, in spite of his Swedish documents, by Arrow Cross thugs. Together with about 15 other Jews he was locked up in a factory on an island in the Danube. At that time, Jews were being murdered wholesale and Arthur and his comrades feared for the worst.

The following day was the first night of Chanukah. As darkness fell, one of the Jews found a candle in the factory. The prisoner kindled it, recited the traditional blessings, and quietly intoned the Chanukah anthem, Ma Oz Tsur, recalling the miraculous deliverances of old.

Arthur later described what happened:

"The following day, we suddenly heard people arguing outside the factory. The door opened and in came Raoul Wallenberg. He recognized me as a Swedish pass-holder and took all of us back to the Swedish houses."

Wallenberg Intercepts Train

Wallenberg had already saved Fischer once before. Together with two cousins, who also held Swedish papers, Arthur had been put on a train for the Polish death camps. Wallenberg had intercepted it before it reached the border, and secured the release of several people, including the Fischers.

As if that was not enough, Wallenberg came to the family's aid a third time, on January 6, 1945, shortly before the eastern sector of Budapest fell to the Russians. On that day the Nazis and their Hungarian accomplices were driving Jews from the Swedish houses to the general ghetto, where conditions were much more perilous.

Wallenberg turned up too late to stop the transfer of Arthur Fischer's family and elderly parents, and one of the two Fischer infants was to die in the general ghetto. However, Wallenberg managed to prevent the evacuation of other members of the family who remained in the Swedish houses until the liberation.

Arthur's brother, Leo, who has preserved this account of their family's debt to Wallenberg, also played an important part in making it possible. As a refugee from Nazi Germany, Leo Fischer had obtained Swedish citizenship just before the war thus ensuring that his family, living in Hungary, were among the first to receive Swedish papers when the Nazis took power there in March 1944.

The Odyssey Of The Fischers

Although their father was originally from Hungary, the two Fischer brothers were born in Fuerth, Germany, and went to the same Jewish school as Henry Kissinger, the future American Secretary of State.

In 1933, while Arthur and the other Fischers left for Hungary, Leo went to Sweden where he served as a rabbi in a small town on the Baltic in 1934. He joined his parents in Budapest, from where he planned to proceed to Palestine. For various reasons, this plan fell through and Leo returned a year later to Sweden, becoming a Swedish citizen in 1938.

By 1944, Rabbi Fischer had settled down and married in Malmo, on Sweden's coast. In March of that year, when Adolf Eichmann began dispatching Hungarian Jews to Auschwitz, Fischer appealed to the Swedish authorities to protect his relatives.

In July, when Wallenberg expanded the Swedish rescue mission, Leo Fischer began "adopting" scores of other Hungarian Jews with whom he had no family connection but whose plight he understood all too well.

After the war, Arthur and other members of the family joined Leo in Sweden and recounted their wartime experiences to him. In 1949, Arthur Fischer, his wife and their surviving son moved to the new state of Israel. He himself died in 1981, in Germany.

His brother Leo now lives in Golders Green, London where he recounted this story of a modern Chanukah miracle and his family's debt to Wallenberg, the hero who never came back.

HERZOG EMBROILED IN CONTROVERSY OVER HIS REMARKS ABOUT THE SIX POWS

By David Landau

JERUSALEM, Dec. 1 (JTA)—President Chaim Herzog has become involved in controversy since his public remark Tuesday that the six Israeli soldiers released last week in a prisoner-of-war exchange with the Palestine Liberation Organization had surrendered "shamefully" to the PLO when they were captured in Lebanon in September, 1982.

Herzog will meet tomorrow with the parents of the six soldiers. They have accused him of singling out their sons for unjust condemnation. The President said on a television interview last night that he had intended no personal criticism of the young men when he "absolutely agreed" with former Chief of Staff Gen. Rafael Eitan that they did not deserve the heroes' welcome they received on their return from captivity.

The Israel Defense Force must decide the circumstances of their case, Herzog said. He explained that it was his intention only to stress the vital need to maintain the IDF's high standards and traditions of soldierly conduct.