

**JEWISH SETTLERS KILL ARAB YOUTH
IN LATEST SPATE OF VIOLENCE**

By Hugh Orgel

TEL AVIV, Jan. 11 (JTA) -- Two armed Jewish settlers fatally shot a 16-year-old Arab boy and wounded another Monday at Beitin village, near Ramallah in the West Bank.

A second Arab youth was killed by an Israeli soldier whose weapon he tried to steal during a melee in Khan Yunis in the southern Gaza Strip.

Disturbances in the territories continued and concern was expressed in Israeli circles that the latest Arab fatalities might escalate the situation.

The two settlers, Arye Wallerstein, head of the Matei Yehuda West Bank Regional Council, and Shai Ben-Yosef, the council's security officer, were detained for questioning.

Gen. Amram Mitzna, army commander of the central sector, said an initial investigation indicated that they used their weapons in compliance with regulations that apply to the Israel Defense Force and armed settlers.

The two reportedly opened fire when their vehicle was blocked by burning tires and they were surrounded by rock-throwing youths. Regulations permit firing live ammunition in life-threatening situations.

The Gush Emunim, the movement of religious-nationalist militants in the West Bank, demanded the immediate release of the Matei Yehuda men and other Jews held in custody for shooting Arabs.

They also demanded a "Zionist response to Arab unrest" through the immediate establishment of more Jewish enclaves in Arab towns in the West Bank and Gaza Strip.

Bus Passenger Wounded

In other incidents Monday, a passenger was slightly injured when an Egged bus was stoned on the outskirts of Jerusalem. Curfews were imposed on several refugee camps in the area.

Arab merchants observed strikes in Hebron and Ramallah. Three rioters were detained in East Jerusalem. An Arab wounded in disturbances several days ago died Monday at Tel Hashomer hospital in Israel.

A senior military figure was quoted by the news media Monday as saying the IDF's prolonged presence in the administered territories put serious financial strains on the defense budget.

He also said that "despite the great differences" the situation in the territories "is beginning to resemble Lebanon -- large forces concentrated in the field and no one knowing how long we will be stuck there."

It is believed, moreover, that even if the security forces succeed in ending the violence, the IDF will have to concentrate more troops in the territories than were routinely sent there before general rioting broke out Dec. 9.

Zeev Schiff, Haaretz's defense affairs correspondent, reported Monday that the Cabinet plans to order collective punishment in the Gaza Strip. The populations of refugee camps and neighborhoods that are the worst trouble spots would be put under a general curfew, unable to work or go about their daily tasks.

The supposition is, according to Schiff, that the local populations will put pressure on the leaders of demonstrations to end the violence. But the plan entails considerable risk and could be counter-productive if the general population decides it has nothing more to lose and joins the rioters, Schiff warned.

International Attention Cited

Ron Ben-Yishai, military correspondent for Yediot Achronot, wrote Monday that the reasons the current wave of disturbances is lasting longer than any in the past are the attention commanded by the Palestinians in the international arena and the rivalry between groups associated with the Palestine Liberation Organization and religious fundamentalists for control of the Arab population.

Other factors are "the prolonged accumulation of destructive emotional energy in the territories which has not yet been fully released, and outside incitement by the PLO propaganda machine," Ben-Yishai wrote.

Meanwhile, a delegation of Israeli victims of Arab terrorist acts left for the United States on Sunday for the stated purpose of "balancing" American news media accounts of strife in the territories.

According to Meir Indor, a former Gush Emunim spokesman, the group was formed "in order to show the world the great suffering experienced by bereaved families in Israel. Israel is always being accused of causing terrorism and killing Arabs," he said. "The world must understand that rocks, bottles and knives kill people too."

Members of the group include Indor, who was wounded while serving as a medic in the Gaza Strip, and Abie Moses, whose wife Ofra and 4-year-old son Tal died of burns after a gasoline bomb struck their car in the West Bank last year.

The delegation hopes to appear on American television and address as many groups as possible during its stay in the United States. The group is scheduled to hold a news conference in New York on Wednesday.

In an unrelated development, Yossi Wertcener, an IDF draftee who refused to serve in East Jerusalem, was sentenced Sunday to 28 days in a military prison. Wertcener, as a high school student, signed a petition against military service in the administered territories.

**SHARP WORDS FROM SHAMIR
AS TENSIONS RISE IN EGYPT**

By David Landau and Gil Sedan

JERUSALEM, Jan. 11 (JTA) -- Premier Yitzhak Shamir has struck back at President Hosni Mubarak of Egypt for his criticism of Israel's handling of disturbances in the administered territories and his charge that Israel violated the Camp David Accords when it annexed East Jerusalem and the Golan Heights.

The Prime Minister's Office noted in a sharp response Sunday that neither Jerusalem nor the Golan Heights were part of the 1978 Camp David agreements. And an angry Shamir took up the verbal battle directly before an audience here

Monday.

Shamir declared that Egypt was hypocritical in criticizing Israel for harsh measures because when Palestinians demonstrated on the Egyptian side of Rafah, the town bisected by the Israeli-Egyptian border, the Egyptian soldiers "didn't wait around... they started shooting."

He also contended that Mubarak was mistaken in calling for Israel to abrogate the Jerusalem and Golan moves. "That has nothing to do with Camp David," Shamir said.

He noted that the Egyptians under the late President Anwar Sadat were prepared to negotiate over the Camp David autonomy proposals after the controversial Jerusalem and Golan laws were passed.

The Jerusalem Law declared that united Jerusalem was Israel's capital. The Golan Law applied Israeli law to the Golan Heights, captured from Syria in the 1967 Six-Day War.

Shamir's response came as concern was growing in Israeli circles over Egypt's increasingly strident criticism of the situation in the territories. Israeli correspondents in Cairo reported Monday that the mood there has worsened perceptibly in the last two days.

One journalist noted that pro-government news media are openly discussing the possibility of a rupture of diplomatic relations with Israel as Palestinian fatalities mount in the territories.

Maariv reported, meanwhile, that Egypt for the first time officially announced the arrest of an Egyptian citizen accused of spying for Israel. The suspect, a teacher, allegedly transmitted intelligence of utmost importance to the Israeli military establishment.

Maariv noted that until now, only opposition newspapers have reported the exposure of spy networks in Egypt working for Israel or the United States.

SHARON URGES SPEEDIER PROCESS OF DEPORTING PALESTINIANS
By David Landau

JERUSALEM, Jan. 11 (JTA) -- Commerce and Industry Minister Ariel Sharon believes the continuing disturbances in the administered territories can be abated if deportation orders against nine Palestinian activists are speedily implemented.

He called for legislation to hasten the judicial expulsion process in an address Sunday to a Herut Party meeting in Jerusalem.

During the meeting, Sharon formally joined the Herut Party's Jerusalem branch, raising speculation that he may run for mayor of Jerusalem next November at the head of a combined Likud-religious parties ticket.

Speaking on the deportation process, Sharon contended that if it could be completed in a day or two, demonstrations protesting the deportations would end, removing a major source of unrest.

Military review boards in Gaza and Nablus began hearings last week on appeals by the nine Palestinians ordered deported. If these appeals fail, the Palestinians have recourse to Israel's Supreme Court. Sharon did not make clear whether he favored abolition of the appeals process.

Other members of the Cabinet, such as Defense Minister Yitzhak Rabin of Labor, have expressed the view in recent days that the disturbances in the territories are likely to continue for some time.

Rabin, who received a vote of confidence from the Cabinet Sunday for the defense estab-

lishment's tough response to rioting in the territories, told Tel Aviv high school students Monday that "if there is any explanation for what has been happening during the past month and a half, it is in the feeling of despair and frustration among the Arabs, in the world at large and possibly in Israel itself, which does not indicate any hope for the political process."

He made similar remarks last Friday in a speech to the Commerce and Industry Club here. He stated that violence in the territories reflects tensions that have been building there for more than 20 years and is not the result of incitement by Palestinian and terrorist organizations.

(Tel Aviv correspondent Hugh Orgel contributed to this report.)

U.S. SAYS NO TO RESOLUTION ON AIR RAID
By Yitzhak Rabi

UNITED NATIONS, Jan. 11 (JTA) -- The United States has assured Israel it will veto any anti-Israel resolution that may come before the Security Council in connection with Lebanon's complaint against the Jan. 2 Israeli air raids on terrorist targets in Lebanon, diplomatic sources said Monday.

On Jan. 7, Lebanon requested a meeting of the Security Council. According to United Nations officials, the Security Council is not expected to meet Monday. Consultations are under way and the United States reportedly is trying to persuade Lebanon to withdraw its request.

The Americans offered assurances to Israel as efforts were being made to ease strains that developed between the two countries because of U.S. support for the Security Council's resolution of Jan. 5 calling on Israel to rescind deportation orders against 9 Palestinian activists.

On Dec. 22, the United States abstained when the Security Council voted 14-0 to condemn Israel for its handling of disturbances in the West Bank and Gaza Strip.

IDF SAID TO HAVE LEARNED RIOT CONTROL
By Hugh Orgel

TEL AVIV, Jan. 11 (JTA) -- The Israel Defense Force was neither trained nor equipped for riot control, but it adapted well when faced with the violence in the administered territories during the past month, according to Maj. Gen. Shlomo Errell, recently retired comptroller of the defense establishment.

Errell, a reservist and former navy commander, told a news conference Monday in Haifa that "the army never thought it would be called on to deal with the maintenance of order, to stand against events on the scale as we have experienced in the territories in recent weeks."

He observed that "a soldier, trained as a tank man or a gunner, is taught how to use the most sophisticated equipment and must also carry out reconnaissance and patrol duties in the (south Lebanon) security zone. And then, a fully trained 19-year-old boy like that is suddenly sent to Gaza and told to maintain order there.

"That's not a simple matter, it must be learned and the equipment must be matched specially for such activities. That's a new task for which the IDF was not trained," he said.

"But from what I can see of what has happened in recent weeks, and the speed with which it was carried out, the IDF has managed to adapt itself."

BABBITT URGES INCREASED U.S. LEADERSHIP IN MIDEAST

By Andrew Silow Carroll

NEW YORK, Jan. 11 (JTA) -- Former Arizona Gov. Bruce Babbitt, a candidate for the Democratic presidential nomination, said here Thursday that the United States has "abdicated its leadership role in the Middle East" and should increase it.

Babbitt told a meeting of the Foreign Policy Association that "the United States has more leverage than ever before" in the region because of Israel's economic dependence on the United States and changes among Arab states.

He cited what he considered to be the declining regional influence of Syrian President Hafez al-Assad and the increasingly important roles played by Jordan and Egypt.

The candidate repeated calls made in previous campaign appearances for revitalization of the Camp David Accords as a way for the United States to bring about direct negotiations between Israel and individual Arab countries.

Babbitt called the present unrest in Israel's administered territories "stark reminders that the region cannot lapse into the status quo" and said the United States should help in the "search for accommodation that reconciles Palestinian aspirations for self-government with Israel's security needs."

According to his campaign literature, he has supported autonomy for Palestinians, but not an independent Palestinian state.

Babbitt, governor of Arizona from 1978 to 1987, has described himself as supportive of a strong relationship between the United States and Israel, which he has referred to as "the central end of U.S. policy in the region."

Babbitt said Thursday that he supports a general increase in foreign aid as "an investment in our security."

ISRAEL SEEKS RECIPROCAL VISIT FOR EXTENDING DELEGATION'S VISAS

By David Landau

JERUSALEM, Jan. 11 (JTA) -- Israel is prepared to significantly extend the visas for members of a visiting Soviet consular delegation in exchange for a reciprocal Israeli visit to the Soviet Union, officials here confirmed Sunday.

They said that was the message delivered Sunday by Yossi Beilin, political director general of the Foreign Ministry, to the new head of the Soviet delegation, Georgi Martirosov.

The visas of the Soviet personnel expire Jan. 31, for which Israel reportedly is willing to grant a two-week extension. But a long-term extension would be conditional on Soviet permission for an Israeli delegation to go to Moscow, the officials said.

The Soviet delegation arrived here last June. Its stated purpose was to inspect Soviet property in Israel, mainly property of the Russian Orthodox Church here, and to review the status of Soviet nationals living in Israel -- chiefly church functionaries and women who married Palestinians studying in the Soviet Union.

The delegation stayed on, opening an office in Ramat Gan. It constituted the first Soviet diplomatic presence in Israel since Moscow broke relations with the Jewish state during the Six-Day War in 1967.

Some policymakers had insisted that Israel

immediately demand a reciprocal delegation visit to the Soviet Union in exchange for the Soviet team. But the Foreign Ministry's view prevailed that the first thaw in relations with the Kremlin would best be served by a gradual approach.

The view now is that the time for reciprocity has come. A Soviet spokesman in Moscow confirmed to a Jerusalem Post reporter in a telephone interview last week that the Soviet Union was "seriously considering" Israel's request to send a diplomatic delegation to Moscow.

In diplomatic parlance, "serious consideration" is a favorable advance on previous flat rejections of any possibility of reciprocity.

Israel, meanwhile, has informed the Soviet Union that it can retain its assets in Israel, Victor Harel, director of the Foreign Ministry's claims department, was quoted as saying by Davar last week.

(Tel Aviv correspondent Hugh Orgel contributed to this report.)

A FEW JEWS SUPPORTING LE PEN IN BID FOR FRENCH PRESIDENCY

By Edwin Eytan

PARIS, Jan. 11 (JTA) -- Right-wing leader Jean-Marie Le Pen, who publicly dismissed the Holocaust a few months ago as a mere "historic detail," received a kiss on the cheek and a bouquet of flowers from "some of his Jewish backers" Sunday night at the close of his National Front party's convention in Nice.

The kiss and the flowers were bestowed by a young Jewish woman whose identity was not revealed. The scene was broadcast live on several French television channels. Reporters in Nice told the Jewish Telegraphic Agency that they checked the woman's identity and confirmed she belonged to a local Jewish family.

Earlier, Le Pen formally announced his candidacy for president of France in the national elections scheduled for May. Surrounded by some 3,000 supporters and hundreds of French flags, he disclosed the names of 60 prominent personalities who have formed a committee in support of his presidential bid.

Two of them are Jews, Col. Jean-Charles Bloch and Robert Hemmerdinger, described as president and vice president respectively of "The National Committee of French Jews." The committee, set up by Le Pen's party, claims to represent an unspecified number of Jews who support the right-wing nationalist leader, often accused of anti-Semitism.

Bloch is a retired army officer who saw service in Indochina and North Africa. Hemmerdinger, a Paris businessman, has long been active on Le Pen's behalf.

Blames Left-Wing Press

During his main address to the convention, Le Pen denied he was anti-Semitic and blamed the "left-wing press (for) trying to make out of me something which I am not."

But a substantial majority of French Jews apparently are not convinced.

His flippant characterization of the Holocaust, during a Radio Luxembourg interview last October, infuriated Jews and non-Jews alike. Le Pen was forced to cancel an appearance at the British Conservative Party convention in November -- to which he had been invited by a Jewish member.

Two weeks ago, a self-proclaimed commando

group of Jewish youths raided the offices of National Hebdoo, a relatively obscure Paris weekly supporting Le Pen's presidential ambitions. They left leaflets declaring they would not "tolerate anti-Semitic propaganda of a hoodlum like Jean-Marie Le Pen."

According to the latest public opinion polls, Le Pen would win between 8 and 9 percent of the popular vote in the upcoming elections. It would not put him in the Elysee Palace, political observers noted, but could give the National Front a swing vote in the event of a close race between the center-right party of Prime Minister Jacques Chirac and the Socialists led by incumbent President Francois Mitterrand.

KALMANOVITZ SAID TO BE THE LATEST OF SEVERAL SOVIET SPIES IN ISRAEL

By David Landau

JERUSALEM, Jan. 11 (JTA) -- Electrified by the disclosure Sunday that prominent Russian-born Israeli businessman Shabtai Kalmanovitz was arrested last month as an alleged Soviet spy, Israelis eagerly sought more information about the man whose eventful career reportedly brought him into contact with the country's highest political and military figures.

According to Defense Minister Yitzhak Rabin, Kalmanovitz "was not the first spy for the Soviet Union caught in Israel" and may not be the last. The defense minister congratulated the security services for the arrest, which, he said, sends a message "to countries which are still in a state of war with Israel, such as Syria, Libya and other countries."

Kalmanovitz, 42, who immigrated to Israel in the early 1970s, was taken into custody Dec. 23 for the 15-day period allowed under Israeli law. His detention was extended for another 15 days by order of a Petach Tikva magistrate on Jan. 6.

But Israelis knew nothing of this until Israel television reported Sunday that he had appeared in court that day. The court imposed a total blackout on the police investigation. The exact charges against Kalmanovitz and the circumstances of his arrest remain unknown.

The news media are now delving into Kalmanovitz's varied and, in some cases, bizarre activities, which include diplomatic representation of Boputhatswana, one of the black "independent" states set up within the boundaries of the Republic of South Africa.

Mingled With Politicians

They are sifting through details of his relationship with Samuel Flatto-Sharon, the eccentric multimillionaire fugitive from French justice who served as a one-man Knesset faction from 1977 to 1981. During this time, Kalmanovitz served as his aide, a post that gave him the opportunity to mingle with Israeli politicians of high rank.

Newspapers are also tracking down former friends and associates of Kalmanovitz from an earlier time when he was employed by Israel's Labor Party.

Former Labor Knesset members remember him well. Although he held a junior position in the party, he apparently had easy access to Premier Golda Meir; her close aide, Yisrael Galili; former Foreign Minister Yigal Alon; and other ranking government figures during the early 1970s.

According to Mathilda Ghez, a retired Knes-

set member who once headed the Labor Party's immigrant and absorption section, Kalmanovitz was introduced to the top leaders by the late Benny Maharshak, a party veteran. Kalmanovitz "was a 'ben-bayit' (constant and intimate guest) of everyone," she said.

A Suspected 'Sleeper'

Kalmanovitz is suspected of being a Soviet plant or "sleeper," the Israeli news media reported Monday, citing unnamed security sources. In the parlance of the spy world, a "sleeper" is an espionage agent who integrates himself into the political and social world of a target country and leads a model life for years until being "activated" by his handlers in a foreign capital.

Davar's military correspondent, Tali Selinger, reported Monday that since the large waves of Jewish immigration from the Soviet Union in the 1950s, and particularly the early 1970s, Israel's security services have been alert for potential spies among the olim.

The assumption is that the Soviet authorities have planted more than one "mole" in Israel, Selinger wrote.

Al Hamishmar's military correspondent, Avi Benayahu, also suggested that Kalmanovitz may have been planted in Israel by the Soviets, who planned his integration into Israel society "down to the last detail."

Benayahu said this is the fourth time an incident of Soviet spying in Israel has been disclosed to the public. The first three instances involved Israel Bar, Aharon Cohen and Curt Sita, who were arrested between 1958 and 1961.

Rabin told high school students in Tel Aviv on Monday that Kalmanovitz "was not the first spy for the Soviet Union caught in Israel and not even the second -- and, if I am not mistaken, not even the third. I hope he'll be the last one, though allow me to say I am not certain of that."

According to reports Monday, Kalmanovitz was arrested upon his return from a trip to the Soviet Union as a member of a delegation from Sierra Leone, a West African nation. He apparently had broad business interests in Africa, which he conducted from a five-story, glass-fronted office block on the Tel Aviv ocean front.

Reporters converged on the offices, which also house the Embassy of Boputhatswana, the South African puppet state ostensibly represented by Kalmanovitz. The journalists were greeted with tight-lipped silence by officials of the embassy and the companies with which Kalmanovitz is associated.

(Tel Aviv correspondent Hugh Orgel contributed to this report.)

TEL AVIV STOCK EXCHANGE DROPS SHARPLY By Hugh Orgel

TEL AVIV, Jan. 11 (JTA) -- The Tel Aviv Stock Exchange took a nose dive Sunday, suffering the biggest losses since October. The general share index dropped by 2.52 percent and declines outnumbered gains by 369 to 17.

The index stood at 98.11 at closing. Shares valued at 19.83 million shekels changed hands.

Experts were divided over whether Sunday's plunge was a reaction to the 140-point decline on the New York Stock Exchange last Friday.

Those who thought it was recalled that the Tel Aviv exchange suffered its worst losses ever on the heels on the New York stock market crash of Oct. 19.