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U.S. DISMAYED BY ARAFAT STATEMENT REJECTING BAKER PROPOSAL FOR TALKS By David Friedman and Howard Rosenberg

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WASHINGTON, Oct. 16 (JTA) -- The Bush administration expressed regret Monday that the Palestine Liberation Organization has "flat out" rejected proposals by Secretary of State James Baker to bring about Israeli-Palestinian peace talks.

"If we are ever to get the process off the ground, Palestinians are going to have to find a way to respond positively," State Department spokeswoman Margaret Tutwiler said at her daily noon briefing.

She was reacting to the announcement earlier in the day that the PLO's Central Council, which is meeting in Baghdad, was asked by PLO leader Yasir Arafat to reject the "five points" Baker proposed to Israel and Egypt to bring about an Israeli-Palestinian meeting in Cairo.

The State Department has emphasized that the Cairo meeting would be a way of hammering out the details of Israeli Prime Minister Yitzhak Shamir's plan to hold elections on the West Bank and Gaza Strip.

But Tutwiler did not seem to feel that Shamir's remarks Sunday in an interview with Ma'ariv were also a rejection of Baker's proposals.

She quoted Shamir as saying: "Why go all the way to Cairo when both sides, Israelis and Palestinians, are here? After all, this would be a meeting to discuss only technical matters concerning the modalities of the election.

"Israel would send a delegation of officials knowledgeable on the subjects, rather than a delegation of politicians. This would be a preliminary stage only and it should not be portrayed as a major international effort," she quoted the premier as saying.

Not Discussed With PLO In Tunisia

Tutwiler said Shamir's remarks do not "rule out or rule in a different meeting, which we are still working on," that would deal with "the overall framework" of peace talks.

Baker's proposals were not discussed last Friday when Robert Pelletreau, the U.S. ambassador to Tunisia, met informally with PLO officials, Tutwiler said. But she said Pelletreau "did get into the importance of getting a dialogue under way and what it would take to do so."

Asked to explain why the United States did not raise the points directly with the PLO, Tutwiler said, "We are dealing with the foreign minister of Egypt." She added, "The Egyptians are talking to the Palestinians."

Tutwiler said the discussions with the PLO dealt with "what it would take to get to a dialogue now between Israelis and Palestinians." Also discussed was "the importance of the PLO going along with such a dialogue and doing nothing to block it."

A PLO statement issued in Baghdad on when the Tuesday said that any delegation representing the second ye Palestinians "must be chosen and approved by the the city. PLO."

Israel's Inner Cabinet on Oct. 6 deadlocked and thereby rejected a proposal by Egyptian

President Hosni Mubarak that he name the Palestinian delegation for talks in Cairo. The vote was split along party lines, with Labor backing the idea and Likud rejecting it.

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Baker then proposed his five points, which include Egyptian-Israeli consultations on the makeup of the Palestinian delegation. Baker also suggested a meeting in Washington with the Egyptian and Israeli foreign minister if the two sides could work out the Cairo meeting.

Another Missed Opportunity

The announcement in Baghdad rejecting the Baker proposals is the latest example of the PLO missing an opportunity to make peace, according to the co-authors of a new book on the PLO's involvement in terrorism.

"This is another sign of the PLO being unable to translate momentary diplomatic gains into long-term political advantage," said Joshua Sinai, a former Middle East analyst with the Library of Congress.

Sinai and Yonah Alexander spoke here Monday morning at a news conference announcing the publication of their book "Terrorism: the PLO Connection."

The Palestinians have continuously missed opportunities going even further back than the United Nations partition of Palestine in 1947, said Alexander, a research professor at George Washington University and director of the Institute for Studies in International Terrorism at the State University of New York.

If the PLO "had accepted the Camp David agreement in 1978, I believe that they would have had a state in 1984 or 1985," Sinai said.

ISRAELI POLICE OFFICERS INJURED AS VIOLENCE SWEEPS EAST JERUSALEM By Gil Sedan

JERUSALEM, Oct. 16 (JTA) -- Five police of ficers were injured and 11 Arabs were jailed in a day of rioting Monday that swept East Jerusalem.

The outburst climaxed several weeks of mounting tension in the city, marked by a wave of arson against Jewish-owned vehicles in western Jerusalem.

Three more cars were set on fire early Monday morning in the Gilo neighborhood.

The unrest reached a peak when dozens of Arab students poured out of Rashidiya High School, opposite Herod's Gate in the Old City wall, and began stoning Israeli cars and police officers.

As rioting students blocked the roads, police fired tear gas and rubber bullets to disperse them. The school was shut down.

Police Inspector General David Kraus said the school would stay shut "until the teachers and parents see to it that it is used only for studies."

The authorities become deeply concerned when the intifada, now nearing the end of its second year, spills over from the West Bank into the city.

Palestinian activists have adopted new patterns of violence in the past month. The torching of Israeli cars is only one manifestation. There is also an increased presence of masked men to goad the population to rioting and civil disobedience.

Kraus, who beefed up the police force Monday, said it was time to change the security approach in the capital. He stressed the need for better intelligence work and more "sophisticated" methods to maintain calm in the municipal area.

The inspector general explained that his police would not apply the methods used by the Israel Defense Force in the administered territories because of the legal difference between East Jerusalem, which is an integral part of the state, and the territories, which are areas administered by the military.

He said that until now, existing police forces have been a sufficient deterrent, but that now reinforcements are necessary.

He urged the Jewish population to help the police by joining the civil guard and especially by organizing its own volunteers to guard parking lots against arsonists.

MESSIANIC GROUP BARRED FROM LAYING CORNERSTONE OF THE 'THIRD TEMPLE' By David Landau

JERUSALEM, Oct., 16 (JTA) -- A band of messianic Jews who consider themselves ordained to build the "Third Temple" were thwarted Monday in their plans to plant the first stone of the holy edifice. But they vowed to continue.

Police halted Gershom Solomon, longtime leader of the Temple Mount Faithful, and about a dozen supporters who were carting a large stone to the Temple Mount in the Old City, with the news media in tow.

They were told that since Moslem prayers were in progress, they could not enter the area.

The group began a sit-down strike at the Mograbi Gate leading to the mount. The activists said they would not leave until they could position their stone.

"This stone will be erected on the Temple Mount -- if not now, then later; if not today, then tomorrow," Solomon declared. "And a second stone is ready and waiting, and then a third."

The Temple Mount is the third holiest site of the Islamic faith, after Mecca and Medina. Two shrines, Al-Aksa Mosque and the Dome of the Rock, are usually packed with worshipers, who are extremely sensitive to intruders.

Clashes have occurred in the broad, open space when ultranationalist Jews, often led by right-wing politicians, have made provocative forays into the area.

banned Jewish worship on the mount. Jews pray ever lodged against him. directly below at the Western Wall. But Jewish

Lt was "Here and T extremists have vowed to reclaim the entire area.

Oz, an internationally kinds

Religious Establishment Disapproves

The Temple Mount Faithful claim to have readied blueprints for the Third Temple, designed by a panel of architects whom they refuse to identify.

Their efforts have met with almost universal disapproval in Israel's religious establishment.

The former Ashkenazic chief rabbi, Shlomo Goren, a nationalist with strong religious attachments to the Temple Mount, has called Solomon's activities a travesty of biblical prophesies about rebuilding the Temple.

That would be done by divine intervention, "certainly not by Gershom Solomon," Goren has said.

Rabbi Yisrael Meir Lau, the chief rabbi of Tel Aviv, believes the Temple Mount Faithful are well motivated but misguided.

He approves of their "educational message" that "the Temple Mount belongs to the Jewish people and has been taken over by aliens."

Lau says the medieval rabbis were divided over whether the Temple would be rebuilt by God or by the Messiah. But in either case, it would not occur until the ingathering of the exiles was completed and the Messianic Age had commenced, Lau said.

"We must keep patiently praying for that to happen," he said.

In the Western Wall plaza just below the Temple Mount, hundreds of Kohanim draped in prayer shawls energetically blessed thousands of worshipers in the traditional "Birkat Hakohanim" event that takes place during Hol Hamoed (the intermediate days of) Sukkot. They hardly took notice of the Temple Mount Faithful nearby.

'HAMLET,' ISRAEL LAW BOOK CONFISCATED FROM PALESTINIAN SECURITY PRISONERS By Cathrine Gerson

JERUSALEM, Oct. 16 (JTA) -- "Hamlet" is unsuitable reading matter for Palestinian security prisoners at the Ketziot detention camp in the Negev, according to the military censors.

So is "The Constitutional Law of the State of Israel," written by a distinguished jurist and Knesset member, Amnon Rubinstein.

They are among the books sent to prisoners which have been confiscated, Hadashot reported Monday. Others include "The Cancer Ward," by Alexander Solzhenitsyn, and "Lord of the Rings," by J.R.R. Tolkien.

However, a book of Picasso's paintings was deemed acceptable.

Books could be banned if they incite to violence or might be deemed subversive. In Hamlet's most famous soliloquy, "To be or not to be," he ponders whether to take up arms or suffer in silence.

But the camp commander, Col. David Tsemah, has denied personal responsibility for the censorship, telling Hadashot the books were seized last week without his knowledge by a representative of the military censor.

The books were brought to the prison camp by Tamar Peleg, a lawyer representing the Association for Civil Rights in Israel.

to a prisoner being held under administrative.

To keep the peace, the government has detention, meaning that no formal charges were ed Jewish worship on the mount. Jews pray ever lodged against him.

Oz, an internationally known Israeli author. The book was returned to Peleg with a note saying the camp security officer found it unsuitable.

When the story appeared in newspapers, the military censor's office said it does not judge letters and books sent to military prisons. That is the job of the Defense Ministry mail censor, the military censor said.

when Peleg visited Ketziot last Wednesday, two parcels of books she had sent in July and September were returned to her.

Col. Tsemah explained that the military censor visits the camp every three weeks to check on books sent to prisoners.

Meir Tsaban, a Mapam Knesset member, has asked Defense Minister Yitzhak Rabin to clarify which office is responsible for confiscating books.

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WALDHEIM FORCED TO CANCEL VISITS TO TWO AFRICAN STATES

NEW YORK, Oct. 16 (JTA) -- President Kurt Waldheim of Austria has been forced to call off his planned state visits to Senegal and the Ivory Coast this month.

Both West African countries diplomatically withdrew their invitations when presented with documentary evidence of Waldheim's Nazi past by the World Jewish Congress.

He was to have arrived in Senegal for a three-day visit Oct. 16, to be followed by a five-day visit to Ivory Coast.

But the Senegal trip was canceled after a telephone talk with President Abdou Diouf, Waldheim's office in Vienna said.

President Felix Houphouet-Boigny of the Ivory Coast reportedly informed Waldheim last Friday that his visit would be inopportune because a government reshuffle was imminent.

According to the WJC, which exposed Waldheim's Nazi activities when he ran for president of Austria in 1986, its representatives in various capitals presented the ambassadors of the two African nations with documentation of Waldheim's wartime activities.

They reminded the envoys that Waldheim has been shunned by most national leaders.

Probably the most telling document was the decision in April 1987 by the U.S. Justice Department to bar Waldheim from entering the United States, because he was implicated in the deportation of civilians to death camps and the execution of hostages, the WJC said.

Since taking office, Waldheim has been rebuffed repeatedly in his efforts to be received by other heads of state.

He has been invited by no Western or Eastern bloc country. His junkets abroad have been confined to several Moslem countries and to the Vatican, where, as a Catholic, he was received by Pope John Paul II.

MURDER OF BELGIAN JEWISH LEADER STILL A MYSTERY TO AUTHORITIES By Yossi Lempkowicz

BRUSSELS, Oct. 16 (JTA) -- The murder of Dr. Joseph Wybran remains as much a mystery as it was when the 49-year-old leader of Belgium's 30,000-member Jewish community was fatally shot on Oct. 3.

Belgian police promptly tagged the killing terrorist-motivated. But clues are few and claims of responsibility by Palestinian extremist groups in Beirut have been all but discounted.

The Belgian state security services are in close contact with Israel's Mossad and with the French and Italian intelligence agencies, which have "antennas" in Beirut.

But the results are negative so far.

The Belgian weekly Le Vif-l'Express said European intelligence circles believe the slain Jewish leader was not an important enough target for commandos from Lebanon to have stalked him.

A Moslem extremist group calling itself the Soldiers of Righteousness took credit for the murder. The group is linked to the Palestinian arch-terrorist Abu Nidal.

But according to Le Vif-l'Express, the method of Wybran's murder was unlike the work of professional killers trained by dissident factions of the Palestine Liberation Organization.

Wybran was mortally wounded by a single

bullet fired into his head at close quarters in the parking lot of Erasmus Hospital, where he headed the hematology and immunology departments.

The killer appeared to have been waiting for him when he left work at the hospital in the evening.

The news weekly pointed out that PLO-type assassins would have fired several times to make sure their victim was dead. Furthermore, it said, a professional would not have chosen the busy parking lot at 6:30 p.m., when people were constantly arriving to visit the sick.

It is believed that a professional killer would have waited outside Wybran's door in an empty courtyard, Le Vif-l'Express wrote.

However, the killing was not improvised.

The bullet extracted from Wybran's skull showed signs that the 7.65-caliber pistol from which it was fired had been cocked and uncocked several times before the fatal shot was fired.

That would indicate that the killer waited a long time for his victim to appear, the news magazine said.

ISRAELI STOCK MARKET REBOUNDS By Hugh Orgel

TEL AVIV, Oct. 16 (JTA) -- The Tel Aviv Stock Exchange recovered some lost ground when it opened for trading Monday morning.

Shares that had declined 7 to 10 percent in value at the closing bell Sunday rebounded Monday with 3 percent gains.

The exchange managers said there was no panic. They said investors realized that Sunday's sharp drop was mainly a psychological reaction to the 190-point plunge on the New York Stock Exchange last Friday. In trading Monday, the New York Stock Exchange recouped about 88 of the 190 points it lost last Friday.

Nevertheless, traders here are nervous. They are keeping an eye on Wall Street, and they are even more concerned with the shaky political situation at home.

Labor-Likud differences over the peace process could bring down the coalition government. That would lead either to new elections or a narrowly based coalition headed by one of the two major parties.

ISRAELIS TO PLANT PLANTS IN USSR By Hugh Orgel

TEL AVIV, Oct. 16 (JTA) -- Israeli businessmen will soon inject a little capitalism into the Soviet Union by building multimillion-dollar plants to help ease the shortage of consumer products.

Eli Fisher, owner and chairman of the Dr. Fisher Cosmetics Co., announced Sunday that he just signed an agreement with a senior representative of the Soviet Ministry of Industries.

It calls for the construction of a large factory in the Black Sea region of the Ukraine. The \$45 million project will be financed by American investors who have not been identified.

The Fisher company specializes in skin care and hair products, which it exports to the United States, Britain, Germany and Austria.

The Ukraine plant will be built on a 5,500-square-yard site owned by a large Soviet chemical conglomerate.

Meanwhile, Izhar Industries, which manufactures detergents and cooking oils, announced last week it will build a factory in Soviet Georgia.

CONGRESS KILLS SPECIAL GRANT FOR TEACHERS COLLEGE IN ISRAEL By Howard Rosenberg

WASHINGTON, Oct. 16 (JTA) -- For the second time in two years, a U.S. Jewish group has failed to obtain federal funds for its educational facilities abroad, despite enlisting significant support from members of Congress.

The two rejections appear to have set a limit on how far Jewish institutions can go in trying to secure special grants from Congress.

In both cases, the grants were ultimately rejected by Congress after some lawmakers felt their colleagues had unfairly intervened in the government's grant review process.

In late 1987, Sen. Daniel Inouye (D-Hawaii) introduced an amendment to a \$600 billion spending bill to give \$8 million in refugee funds to Ozar Hatorah to build schools for North African Jews in France.

Both houses of Congress approved the grant, but opposition generated by members of Congress, newspaper editorials and major U.S. Jewish groups led Inouye to rescind the grant in early 1988. The money was "earmarked" from the U.S. refugee budget, which traditionally is not spent in Western countries such as France.

The latest controversy surrounds a \$1.5 million grant to build dormitories at the Sha'alvim Teachers College in Ayalon, Israel.

Although a Sha'alvim proposal for such a grant was rejected by State Department officials earlier this year, Sen. Robert Kasten (R-Wis.), Rep. Dante Fascell (D-Fla.) and others intervened and successfully urged the Agency for International Development to fund it.

But on Sept. 14, Reps. Lee Hamilton (D-Ind.) and David Obey (D-Wis.) effectively ordered AID's acting administrator, Mark Edelman, to kill the grant.

Another 'Pork Barrel'?

Hamilton told the Jewish Telegraphic Agency that the original evaluation by AID staffers was "not favorable," as were the evaluations by external AID grant reviewers.

He added that Obey and he singled out this grant because of the way it was obtained, by congressional and other pressures on AID, despite the negative evaluations.

Hamilton, who chairs the House Foreign Affairs subcommittee on Europe and the Middle East, and Obey, who heads the Appropriations subcommittee overseeing foreign aid, generally support the American Schools and Hospitals Abroad program, from which the grants would have been funded.

But in this case, they agreed with critics who charged that the \$35 million program is a "pork barrel" from which groups with the greatest influence in Washington receive funding.

Critics included many major Jewish groups that oppose government aid to religious groups and who consider the program an "intellectual embarrassment."

In their letter to AID, Hamilton and Obey said Sha'alvim does not meet the "criteria or purposes" of the ASHA program. ASHA grants are supposed to be awarded competitively to high schools, colleges and teaching hospitals abroad sponsored by private U.S. groups, and be used in ways that "reflect American ideas and practice."

Hamilton said in the interview that he was concerned that some of the ASHA grants may be

going to institutions that violate ASHA guidelines that prohibit grants from being used to train persons for religious pursuits or to construct facilities intended for worship or religious instruction.

Religious institutions, said Hamilton, are not "best suited" for ASHA. He said the program's original purpose was to support centers of excellence in medicine and related fields.

Other Schools Received Grants

A significant portion of the ASHA program is directed toward institutions in the Middle East, and particularly Israel. "I want to get away from that perception" of the program, he said.

In its ASHA application, Sha'alvim stated that its main purpose is "to develop a corps of male scholars, educators and teachers who are encouraged to pursue their careers in development towns and border settlements."

Rabbi Philip Singer, chairman of American Friends of Sha'alvim Educational Center, criticized Hamilton and Obey for quashing his group's grant, saying they "don't know what they're talking about."

He said the funds would be used to construct dormitories, not to train rabbis or teachers. In the 1986 fiscal year, Sha'alvim received \$400,000 from ASHA to construct dormitories.

Hamilton and Obey, to stress their displeasure with the Sha'alvim grant, on Sept. 14 released their July "hold" on two other ASHA grants for Jewish institutions in Israel for the 1989 fiscal year.

They include \$1.5 million to build dormitories at the Machon Alte Institute, operated by the Lubavitch movement in Safed, and \$500,000 to build classrooms at the Or Hachayim Girls College in Bnei Brak.

Sha'alvim, unlike the other two, was named in a suit filed last year by the American Civil Liberties Union alleging that many ASHA grants violate the constitutional separation between church and state.

Jewish groups have yet to sign on to the suit, although they are considering filing friend-of-the-court briefs when the suit reaches an advanced stage.

Hamilton said his action "was necessary to get people's attention to this program. We could have blocked everything, but that does not seem to be the right thing to do."

U.S. Jewish groups that saw their ASHA grants cleared by Hamilton and Obey in early August, as well as by their Senate counterparts, were the Israel Arts and Science Academy, which received \$1.5 million to construct dormitories, and the Feinberg Graduate School of the Weizmann Institute of Science in Rehovot, which received \$1 million to buy scientific equipment.

In addition, \$1.5 million was cleared for the Hadassah Medical Center in Jerusalem, and \$900,000 for the Sanz Medical Center in Netanya.

YACHTS OF FUN BETWEEN U.S., ISRAEL By Hugh Orgel

TEL AVIV, Oct. 16 (JTA) -- U.S. Ambassador William Brown beat President Chaim Herzog in a three-leg yacht race off Tel Aviv on Sunday.

The Israeli president protested the envoy's second win, to no avail.

Herzog and Brown are both avid yachtsmen. The Irish-born Herzog told reporters he has been "hooked" on sailing since his boyhood in Dublin.