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6-22-98

THE WHITE HOUSE

WASHINGTON
June 20, 1998

Copied
Sperling
Katzen
COS

MEMORANDUM FOR THE PRESIDENT

FROM: PHILLIP CAPLAN *Phwl*

SUBJECT: Bankruptcy Reform Legislation

Gene Sperling and Sally Katzen have sent you a lengthy memo seeking your approval of an Administration proposal on bankruptcy reform. Last week, the House passed, by a veto-proof majority, a bankruptcy bill that the Administration strongly opposed. NEC proposes to advance our proposal quickly, in hopes of influencing the Senate bill, which is better than the House bill, but still flawed. There is significant legislative momentum here because of the rising number of bankruptcies, the potential for abuse in the system, and a well-financed credit card industry campaign. *All of your advisors, both in the WH and the Cabinet, agree on the proposal, which is the product of an NEC interagency process, and think you should move forward with it.*

Elements of proposal:

✓ - Limitations on access to Chapter 7 - current law places little limit on a debtor's access to Chapter 7, though some circuit courts find it is "substantial abuse" of Chapter 7 if a debtor can pay 20% of their unsecured debts over five years. The Senate bill reflects this circuit court approach as does our proposal, which gives bankruptcy courts discretion to determine whether or not a debtor's use of Chapter 7 is abuse and lays out criteria for a "presumption of abuse" (ability to repay 30% of debts or specified amount over five years).

✓ - New categories of nondischargeable debts - both House and Senate bills broaden the categories of nondischargeable debt, which, as you know, would have a large impact on child support and alimony payments. In short, our proposal calls for keeping current law as is and permitting a new category of nondischargeable debt in only one area: credit card debt for luxuries incurred within 90 days of declaring bankruptcy -- many debtors run up their credit cards just prior to declaring -- but without a cap on necessary expenses (e.g., groceries, school clothes). Although both bills attempt to mitigate the impact of broadening the categories in other areas, women's groups maintain, and your advisors concur, that new nondischargeable debt will compete with other existing nondischargeable debt and therefore argue to maintain the status quo.

- Additional consumer protections against predatory creditor practices - your advisors propose additional protections so the bill won't further tip the balance to creditors. Elements include: (i) requiring courts to make debtors prove there is a compelling reason for debtors to reaffirm a debt; such debts survive bankruptcy and creditors often coerce debtors to reaffirm them; (ii) requiring the payment of unsecured, nonpriority debt where the terms/time period were not disclosed clearly to the debtor (e.g., credit card interest) only after other unsecured, nonpriority debt is repaid.

Proceed with proposal Discuss

THE WHITE HOUSE
WASHINGTON

June 18, 1998

MEMORANDUM TO THE PRESIDENT

**FROM: GENE SPERLING
SALLY KATZEN**

RE: BANKRUPTCY REFORM LEGISLATION

Last week, the House passed, by a veto-proof majority, a bankruptcy bill despite an Administration statement of strong opposition. A better, but still flawed, bill (voted out of committee 16-2) may be taken up by the Senate before the July 4th recess or soon thereafter. Both bills were changed recently to address concerns that you, the First Lady, and others have raised about their impact on debtors' capacity to pay child support and alimony, although some problems still remain.

After an NEC interagency review, your advisors have reached a consensus that some bankruptcy reform is important. These bills contain many provisions that are beneficial, including a cap on state homestead exemptions, debtor education pilots, penalties for unjustified creditor activities, measures to discourage bad-faith repeat filings, and provisions to improve data collection and audit procedures. However, certain controversial provisions of the current bills need significant changes to satisfy our objectives and concerns. **We propose to advance quickly an Administration proposal in hopes of influencing the Senate bill on the floor and giving the Administration greater leverage in conference.** The proposal would address three issues: (1) limitations on access to Chapter 7; (2) new nondischargeable debts and their impact on child support and alimony payments; and (3) new provisions to protect against coercive creditor behavior and to require more responsibility from creditors in extending credit. The group also has identified alternatives to parts of this proposal on which we could compromise, if necessary.

I. BACKGROUND

Rising Consumer Bankruptcies: Despite what Goldman Sachs recently called "the best economy ever," personal bankruptcies have continued to rise sharply, from roughly 800,000 in 1994 to nearly 1.4 million in 1997. Recent figures for the first quarter of 1998 showed another

20 percent increase over 1997's pace.

Disputed Causes: There is much dispute about the cause of this increase, but little definitive evidence. Creditors assert that lawyer advertising, reduced social stigma, and increased information about the financial advantages of bankruptcy have encouraged an increasing number of consumers to walk away from debts they could repay. Consumer advocates argue that lenders have irresponsibly extended too much credit to families who are ill-prepared to handle it, and that most bankruptcies happen when unexpected events push such a family over the financial edge; indeed, rising bankruptcy rates track closely rising levels of unsecured debt, although debt burdens have actually dropped due to lower interest rates.

Potential for Abuse: Under current rules, some debtors with high incomes walk away from their debts entirely, even when they have the capacity to repay at least a portion of those debts; other debtors file repeatedly without any intention of completing bankruptcy, for the purpose of delaying bona fide collection activities; and generous state exemptions (including unlimited homestead exemptions in eight states and exemptions for items like race horses and silver spoons in Virginia) prompt some to shift assets to exempt categories prior to a bankruptcy filing to avoid making payment to any unsecured creditors. Consumer advocates argue that these cases are not the norm and should not prompt limits on those who genuinely need bankruptcy's fresh start.

Consumer Impact: Regardless of who is to blame, **higher levels of debt charge-offs appear to raise the cost of credit for everyone.** One industry study suggests that bankruptcies cost every American household between \$300-400 per year. Higher credit costs disproportionately fall on lower-income families, since they are more likely to carry a balance on their cards. While in the past credit card interest rates did not always rise and fall with market rates, the industry is now more competitive, so that many believe that, over the long run, reduced bankruptcies are likely to translate to lower interest rates and increased access to credit for those who pay their bills.

Legislative Momentum: The popularity of these bills can be explained by the system's vulnerability to abuse and the apparent consumer costs, as well as an extremely effective and well-financed industry campaign and legislators' fears of being labeled protectors of deadbeats.

II. LIMITATIONS ON ACCESS TO CHAPTER 7 BANKRUPTCY

Current Law: Today, there is little limit on debtors' access to Chapter 7's full and immediate discharge of debt (with virtually no payments to unsecured creditors); however, in some circuits, courts find, on their own motion, that it is "substantial abuse" for a debtor with the ability to repay 20% of their unsecured debts over three years, after taking account of all necessary expenses, to go through Chapter 7 rather than a Chapter 13 repayment plan,

House and Senate Bills: Both bills would require those with the capacity to repay a portion of their debt to do so under a Chapter 13 plan. We opposed the House bill because it determines

access to Chapter 7 under a rigid “means test” that does not take into account the unique circumstances of individual debtors. The Senate approach is more flexible, building on the abuse test in use in some circuits. The Senate bill would authorize a bankruptcy judge to apply this test to any debtor with income above the median and, for the first time, allow creditors to file the motion seeking a determination of abuse. Creditors would have to pay debtors’ attorneys fees, if their filings were not ‘substantially justified’ or were brought to coerce a debtor to waive a right.

Administration proposal: We propose a variation on the Senate bill whereby **the bankruptcy court would have discretion to determine whether or not a debtor’s use of Chapter 7 is abuse; however, there would be a presumption of abuse if a debtor has an income above the median and the capacity to repay either at least 30% of her unsecured, nonpriority debts or some specified amount (such as \$5000) over three years.** (No debtor would be denied access to Chapter 7 unless she had the ability to repay at least \$50 a month in unsecured, nonpriority debt. Any lesser amount is too small to merit the Chapter 13 administrative costs or to risk the chance that the creditor was pursuing the motion to coerce the debtor to forgo another bankruptcy right.) We also would provide that, if a debtor moved more than \$50,000 from nonexempt to exempt assets within one year of the filing, she would be subject to a presumption of abuse, regardless of income. In determining a debtor’s capacity to repay, we propose to explicitly exclude luxuries (e.g., expensive cars or boats) from necessary expenses.

These presumptive guidelines could be overcome if the court determined, e.g., that the debtor faced unusual but necessary expenses or could not be expected to maintain reliably her current level of income. Such presumptive guidelines have proven to be highly effective in promoting uniformity and fairness in establishing child support award amounts. Since the average debtor under Chapter 13 repays 20% of her debts and has income below the national median, those who meet this higher threshold are the most likely to succeed under a repayment plan.

III. NONDISCHARGEABLE DEBT AND ITS IMPACT ON CHILD SUPPORT AND ALIMONY

The Bankruptcy Code makes debts nondischargeable only where there is an overriding public purpose, as with child support, alimony, educational loans, tax obligations, or debts incurred by fraud. To address growing concerns about gaming of the system, both bills broaden the categories of nondischargeable credit card debt, although the largest new category was dropped and the remaining two narrowed. Moreover, as consumers use credit cards for new purposes (e.g., groceries or paying student loans), additional credit card debts become dischargeable. This Administration envisions -- in fact, encourages -- greater use of electronic commerce, so we do not want bankruptcy discharge rules that discourage credit card companies from providing new opportunities for consumers to have the convenience of credit card payment. However, the provisions in these bills creating new nondischargeable debts raise two questions: (1) Do the additional debts made nondischargeable rise to the same level of public priority as other

nondischargeable debts? and (2) What impact does the protection of new categories of debt have on the ability of the debtor, post-bankruptcy, to repay existing nondischargeable debts?

Debts incurred to pay other nondischargeable debts.

Current law: A credit card debt incurred to pay federal taxes is nondischargeable, to prevent “gaming” by paying off nondischargeable debts with a credit card which will be discharged.

House and Senate bills: Both make a debt incurred to pay any nondischargeable debt nondischargeable, although the Senate effectively eliminates the provision if the debtor is a single parent or owes child support and/or alimony.

Administration Proposal: We propose that the **current law remain unchanged**; however, if a debtor paid a nondischargeable debt with a credit card, it would be a factor in determining whether the debtor’s use of Chapter 7 was abuse.

Debts incurred in the period immediately before bankruptcy.

Current Law: Debts for luxuries over \$1000 owed to a single creditor within 60 days of bankruptcy are nondischargeable. There is evidence that this and other anti-fraud provisions do not prevent some debtors from taking the opportunity to run up debt before filing bankruptcy.

House and Senate Bills: Both would make all debts incurred within 90 days of bankruptcy for luxuries presumptively nondischargeable. In addition, they would make presumptively nondischargeable debt above (\$250 in the House; \$400 in the Senate) per credit card for necessaries during the same period.

Administration Proposal: We propose to agree to make **debt for luxuries within 90 days of bankruptcy presumptively nondischargeable; however, a cap of \$250 or \$400 on necessary expenses incurred prior to bankruptcy is inappropriate.** One can easily imagine a family, in the months prior to bankruptcy, paying for rent, school clothes, and even groceries on their credit card. Courts can easily compare current spending patterns to prior spending and determine whether charges are truly for necessary expenses.

Child Support and Alimony Considerations

The bills have seven new provisions designed to either mitigate the impact of the new nondischargeable debt on child support and alimony or to give child support and alimony additional protections in and after bankruptcy. Some experts argue that the benefits provided by these additional provisions outweigh any modest harm to child support and alimony payments that remains from the nondischargeability provisions. Moreover, if needs-based reform is done right and shifts only those with the capacity to repay, as we propose, it will likely enhance the collection of these payments, as debts in Chapter 13 are repaid under the supervision of the

bankruptcy court. On the other hand, the women's groups still oppose these bills, arguing that there is no way to mitigate fully the consequences of the expanded categories of nondischargeable debt, which enhance competition for the debtor's limited funds. Moreover, these provisions, which focus only on child support and alimony, do not address our policy concern that new nondischargeable debt will compete with other existing nondischargeable debts, such as education loans. For these reasons, our proposals would allow only one category of new nondischargeable debt (luxuries purchased 90 days before bankruptcy); for the remaining categories, we propose to leave current law or address the problem a different way.

IV. ADDITIONAL CONSUMER PROTECTIONS AGAINST PREDATORY CREDITOR PRACTICES

Your advisors are particularly concerned about the unequal bargaining power of the creditor and debtor and how the changes in bankruptcy rules could further shift the balance and create opportunities for coercion and harm. To address this concern, and to ensure that legislation requires responsibility of both debtor and creditor, we propose new consumer protections.

Reaffirmations of Unsecured Debt

Although debtors in Chapter 7 have a right to have their unsecured debts discharged, some debtors reaffirm debts. While there may be some circumstances in which reaffirmation is in the debtor's best interest (e.g., as a condition of obtaining credit to keep open a small business), those cases are few. The risk is real, however, that debtors are pressured into reaffirming their debts by aggressive creditors. After Sears recently paid large penalties for such practices, another Bankruptcy Judge (Fenning) said she scrutinized her court records and found evidence of widespread coercive reaffirmations. Since reaffirmed debts survive bankruptcy, they compete with child support and alimony after bankruptcy. Eliminating coercive reaffirmations also would help to reduce the current level of competition child support and alimony payments face.

Current Law: For a reaffirmation to be valid, the creditor must provide required disclosures and the court must determine that the reaffirmation does not impose an undue hardship on the debtor or a dependant and is in the debtor's best interest; however, an affidavit of the debtor's attorney to that effect suffices.

House and Senate Bills: No related provisions.

Administration Proposal: We propose to require that the court itself find that there is a compelling reason for the debtor to reaffirm an unsecured debt, without reliance on counsel affidavits. We also propose to bar reaffirmation of debts that add attorneys' fees and costs to the debt, to increase penalties on attempts to enforce invalid reaffirmations, and to clarify that

creditors may not threaten to file motions alleging abuse of Chapter 7 or solicit a reaffirmation after the automatic stay is imposed.

Credit Card Minimum Payment Disclosure

We also believe that some signal should be sent to creditors about lending practices that entice debtors to get further and further into debt.

Current Law: Most debtors believe that by making the minimum payment on their credit card they are slowly working off their debt. However, depending upon the interest rate, they may be falling further and further behind. Creditors are increasingly offering minimum payment plans that amortize debt over decades, if at all.

House and Senate bills: No related provisions.

Administration Proposal: We propose a process for subordinating unsecured, nonpriority debt if the creditor did not disclose clearly to the debtor the time period over which the debt would amortize at the minimum payment level. The subordinated debt would be paid, in Chapter 7 or 13, only after all other unsecured, nonpriority debt. In most cases, this means it will not be repaid.

Other Non-Bankruptcy Steps to Improve Consumer Credit Practices

We also are exploring whether there are other non-bankruptcy steps that we can take to clamp down on predatory lender practices and better help consumers to understand their own borrowing. We have consensus on a proposal that requires all lenders to disclose the time period over which debt is amortized by minimum payments. This proposal, and others under review, fall under the jurisdiction of other committees, so it is not feasible to insist that Congress include these proposals in the bankruptcy bill at this time. However, we might unveil these proposals in connection with a campaign to educate consumers about the use of credit, using the bully pulpit as we have done to encourage retirement savings.

V. ADVISORS' RECOMMENDATIONS

All your advisors recommend we proceed as described, including CoS, NEC, Counsel, OPL, OLA, OMB, CEA, DPC, First Lady, DoJ, Treasury, HHS, Commerce, and Education.

- The NEC believes that requiring greater responsibility of both creditors and debtors is the best way to address the “unclean hands” of some of the legislation’s proponents.
- Treasury emphasizes that needs-based reform will decrease the cost of, and increase access to, credit for those debtors who do pay their bills, by limiting opportunistic bankruptcy among those higher income debtors who do not.
- CEA believes nondischargeability provisions should not prevent agreement on a bill which strengthens child support and alimony in other ways, particularly if the nondischargeability provisions are targeted to address ‘gaming’ of the bankruptcy system.
- DoJ supports the plan and stresses that other provisions of these bills, like the cap on state homestead exemptions, measures to discourage bad faith repeat filings, and provisions to improve data collection and audit procedures, are important reforms.
- OPL believes that, while consumer advocates oppose any bill, reforms limiting access to Chapter 7 and stemming coercive reaffirmations appear valid. OPL wants to see us fight for aspects of our proposal that protect against any impact on child support (before or after bankruptcy) of new nondischargeable credit card debt.
- DPC and the First Lady’s Office strongly support advancing proposals that achieve more balanced reform by calling for responsibility on the part of the creditor as well as the debtor, and recommends that we continue to focus on the child support issue to ensure that protections in this area are as strong as possible.
- OLA stresses the popularity of bankruptcy reform and advises that we advance proposals that have a realistic prospect of inclusion, or we may find ourselves faced with overwhelmingly popular legislation that fails to satisfy our announced concerns.

VI. DECISION

_____ PROCEED AS DESCRIBED

_____ LET’S DISCUSS

NATIONAL SECURITY COUNCIL

June 19, 1998

TO: STAFF SECRETARY

FROM: KAY JOSHI *Kay*

The attached package is provided for preclearance. It will be going to all Members of Congress. WH Legislative Affairs will prepare all the letters once the text is approved. This is the reason it is in double-spaced format.

Any questions, please let me know.

Thanks.

Attachment

NSC -
Do we really need to do this. It's a bit extraordinary.
The legislation was already transmitted June 9
Phil
6/22/98

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER (K) *en*
LARRY STEIN *JIS*

SUBJECT:

Forwarding of the New International Crime Control
Strategy to Congress

Purpose

Attached is a cover letter forwarding a copy of your new
International Crime Control Strategy to the Members of Congress.

RECOMMENDATION

That you sign and forward the letter at Tab A.

Attachment

Tab A Letters to Congress

cc: Vice President
Chief of Staff

TO THE CONGRESS OF THE UNITED STATES:

There is much to celebrate in an age of global commerce and information flow. But globalization has also brought new kinds of predatory activity. Americans are increasingly victimized by criminals whose activities cross borders. Today international criminals engage in a wide range of illegal activities, including drug trafficking, terrorism, alien and contraband smuggling, fraud, extortion, money laundering, bribery, economic espionage, intellectual property theft, and counterfeiting.

To counter the threat of international crime, I have directed a broad range of efforts throughout the government. Presidential Decision Directive 42, issued on October 21, 1995, ordered U.S. Government agencies to intensify their efforts to combat international crime. Since then, we have made substantial progress in investigating, disrupting and prosecuting major international crime groups.

To further that progress, I am pleased to forward my International Crime Control Strategy. This first-ever comprehensive strategy is the product of broad interagency cooperation, most notably among the Departments of Justice,

State, the Treasury and Transportation, as well as the Intelligence Community. The new Strategy will serve as the framework for integrating all facets of the federal response to international crime.

In recent years, Congress has provided substantial new authority and resources to combat international crime. The Administration is effectively using these tools to dismantle international drug cartels, capture international terrorists, and make substantial inroads against money laundering and other international financial crimes. However, more must be done to counter this growing threat to national security.

I ask you to keep in mind the goals and initiatives laid out in the new Strategy as you frame appropriate legislation to address this real and potent threat. In particular, I urge you to consider favorably the International Crime Control Act of 1998, a legislative initiative that would provide federal, state and local law enforcement with significant additional tools to combat international crime more effectively.

Enclosure: International Crime Control Strategy

11-22-98



6-22-98

After you have seen,
we will send to
Burkhardt for reply.

OK

Dan Burkhardt:
Please coordinate
the reply.



6-22-98

CHIEF OF STAFF TO THE PRESIDENT

Pete -

Get you note -- you can be sure
that I will bring your message to the
President's personal attention

THE WHITE HOUSE
WASHINGTON

CC: Gov. S
needs reply
NSC contact

Dan Burkhardt:
Please coordinate
the reply.
coordinate w/NSC

Mr. A.D. Correll
Chairman of the Board and CEO
Georgia-Pacific Corporation
133 Peachtree Street, N.E.
Post Office Box 105605
Atlanta, GA 30348

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Spelling
COS
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Burkhardt
Bergen



A.D. Correll
Chairman of the Board and
Chief Executive Officer

JUN 11 1998

June 5, 1998

The Honorable Erskine B. Bowles
Chief of Staff
Executive Office of the President
The White House
Washington, D.C. 20500

Dear Erskine:

As a follow-up to our conversation earlier this week, I wanted to reiterate that the U.S. forest products industry appreciates the President's leadership in getting the APEC trade liberalization process in our industry launched last November. The elimination of tariff barriers in fast-growing Asian markets is absolutely critical to our ability to maintain and expand high-paying manufacturing jobs here in the United States.

The June deadline that the President and other APEC leaders established for wrapping up these agreements is rapidly approaching, but in the face of continued obstructionism by the Japanese and Chinese, I am deeply concerned that there will not be agreement. While Charlene Barshefsky and her staff are doing their best, it doesn't look good at this point.

I think in order to succeed, the President must signal that he is personally committed to this process and specifically, to use his upcoming meetings with Chinese President Jiang Zemin and Prime Minister Hashimoto to ensure that these two countries live up to their commitments on APEC trade liberalization in general, and in the forest products sector in particular. While I appreciate your assurance that the administration supports the APEC process, I honestly believe we have reached a point where only the President can get things back on track.

I understand that several governors and union leaders in our industry also have asked for the President's help on this. I urge you to bring it to his personal attention.

Sincerely,

Mathews
Winston
COS

6-22-98

THE WHITE HOUSE
WASHINGTON

June 15, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: SYLVIA MATHEWS
JUDITH A. WINSTON } Nelson Request for

SUBJECT: FOLLOW UP ITEM FROM RECENT PIR BRIEFING

Per your request from our recent briefing, attached is a copy of a summary of major events and announcements from your Initiative on Race.

Please let us know if we can provide further information.

Attachment

This is very good
Just what we need
- should distribute
to Cabinet, Owen was great
from, distributed mem etc.

**THE PRESIDENT'S INITIATIVE ON RACE:
Taking Action To Help Build One America**

**Summary of Major Events / Announcements
As of June 10, 1998**

DEVELOPING POLICY THAT OFFERS OPPORTUNITY TO ALL THOSE WHO WORK FOR IT

Civil Rights

Increased Civil Rights Enforcement: On Martin Luther King Jr. Day, January 19, 1998, Vice President Gore announced the Administration's proposal for the largest single increase in funding to enforce existing civil rights laws in nearly two decades. Through new reforms and heightened commitment to enforcement, the Administration will seek to prevent discrimination before it occurs and to punish those who do discriminate in employment, education, housing and health care, and against those with disabilities. The Clinton Administration's FY 1999 budget contains \$602 million for civil rights enforcement agencies and offices -- an increase of \$86 million over last year's funding.

Equal Employment Opportunity Commission (EEOC): The cornerstone of the improved civil rights enforcement effort is a \$37 million increase (15 percent) for the EEOC. Through increased use of mediation, improved information technology and an expanded investigative staff, the EEOC will reduce the average time for resolving private-sector complaints from over 9.4 months to 6 months and cut the backlog of cases from 64,000 to 28,000, by the year 2000.

Housing & Urban Development (HUD) -- Fair Housing: To respond to the increase in reported cases of serious fair housing violations, HUD will double the number of its civil rights enforcement actions by the year 2000. HUD also has committed \$15 million to 67 fair housing centers around the country to assist in fighting housing discrimination this year. In addition, the President's budget proposes \$10 million for a targeted enforcement initiative that will use paired testing -- identical applicants of different races or genders approaching Realtors or landlords -- to detect and eliminate housing discrimination. Also, Secretary Cuomo now focuses on one race-based housing discrimination case each week and conducts a community forum around each case to turn the negative experience into a positive one that helps bring the community together.

Coordination of Civil Rights: An additional \$1 million will allow the Department of Justice's Civil Rights Division to enhance coordination of federal civil rights enforcement policy among agencies. Improved coordination will lead to more consistent enforcement of civil rights laws, broader dissemination of best practices and improved data collection.

Education

Hispanic Education Action Plan. Nearly one in three Hispanics between 25 and 29 years old left school without a diploma or GED. To correct this situation, President Clinton announced an unprecedented \$600 million in the FY 99 budget to help Latino youngsters master the basics of reading and math. The funding will also pay for programs to help them learn English, stay in school, prepare for college and, ultimately, succeed in college.

Reducing Class Size In Early Grades. The President proposed a \$12.4 billion, seven-year initiative to help local schools reduce class size in grades 1-3 from a national average of 22 to 18 students. Through this program,

local schools will be able to hire an additional 100,000 well-prepared teachers. Funding also will be provided to states for teacher training and to require new teachers to pass state competency tests.

Education Opportunity Zones. The President proposed \$1.5 billion, over five years, to bolster reform efforts by high-poverty urban and rural school districts that demonstrate both a commitment to and a track record in improving educational achievement. Funds will be used to improve accountability, turn around failing schools, recognize outstanding teachers, deal with ineffective ones and expand public school choice. Added investments in these communities will accelerate progress and provide successful models of system-wide, standards-based reform.

Getting Good Teachers to Underserved Areas. Responding to the need for a diverse and excellent teaching force, President Clinton proposed a \$350 million program to attract talented people of all backgrounds to teach at low-income schools across the nation. The funding also will be used to dramatically improve the quality of training given to future teachers. This new program will help bring nearly 35,000 new teachers into high-poverty schools in urban and rural areas over the next five years. In addition, it will upgrade the quality of teacher preparation at institutions of higher education that work in partnership with inner-city and poor rural area schools.

High Hopes for America's Youth. The High Hopes initiative would provide \$140 million in FY 1999 to encourage degree-granting colleges to establish partnerships with middle and junior high schools with large numbers of low-income children. Working with parents, community members, religious groups, and businesses, these partnerships provide information about what it means and takes to go to college as well as about available support services -- such as mentoring, tutoring, college visits, summer programs, after-school activities, and counseling -- to help young people stay in school, study hard and go on to college.

School Construction and Modernization. To address the crucial issue of school construction, the President proposed federal tax credits to pay interest on nearly \$22 billion in bonds to build and renovate public schools -- largely in the 100 - 120 school districts with the greatest number of low-income children. This more than doubles the assistance proposed last year. In addition, the President's FY 1999 budget proposes a 59 percent increase in funding for construction, facilities improvement, and repair of Native American schools.

Economic Opportunity

Increasing Capital to Minority Businesses. Vice President Gore announced an unprecedented agreement between SBA and the "Big Three" U.S. automakers to increase subcontracting awards to minority businesses by nearly \$3 billion over the next three years -- a 50 percent increase over current levels.

Tapping the Potential of America's Urban and Rural Communities. The President's FY 99 budget includes \$400 million -- nearly triple the FY 98 appropriation -- for a new Community Empowerment Fund (CEF) that is expected to leverage an estimated \$2 billion in private-sector loans to help communities invest in businesses and create jobs.

Supporting Minority Business Communities. Vice President Gore unveiled aggressive plans to increase lending and business services to the African-American and Hispanic business community, nationwide. The SBA has set a goal of providing an estimated total of \$1.86 billion in loans to African-American small businesses over a three-year period and \$2.5 billion worth of loans to Hispanic-owned businesses by the year 2000.

Empowerment Zones (Round II). The President's FY 99 budget provides \$150 million a year for 10 years to fund 15 new urban Empowerment Zones (EZS) and \$20 million a year for 10 years to fund five new rural EZS. The funds will be used for economic and social development activities in

distressed communities.

Access to Jobs. The Access to Jobs initiative, proposed by President Clinton, will provide resources to assist states and communities that develop solutions -- such as vanpools and late-night and weekend service -- to help individuals with job-related transportation needs. Access to Jobs will leverage other transportation resources by requiring a dollar-for-dollar match. The transportation bill passed by Congress provides up to \$150 million a year for this initiative.

Welfare-to-Work Housing Vouchers. The President's FY 99 budget includes \$283 million for 50,000 new vouchers exclusively for people who need housing assistance to make the transition from welfare to work. Local agencies would have flexibility to design and operate the welfare-to-work voucher program within broad national guidelines, encouraging maximum local creativity and innovation. Families could use the housing vouchers to move closer to a new job or secure more stable housing.

Community Development Financial Institutions (CDFI). The Administration has requested a \$45 million increase in CDFI funding (from \$80 million to \$125 million) to allow the Fund to provide additional financial assistance and expand its training and technical assistance initiative.

Opportunity Areas for Out of School Youth. Proposed in the President's FY 1998 budget, the Youth Opportunity Areas Initiative will provide \$250 million in seed-capital grants to Empowerment Zones, Enterprise Communities and other high-poverty areas to boost the employment rate among out-of-school youth. The Administration is working with Congress to ensure enactment of job training reform legislation that will secure funding for this important initiative.

Expanded Youthbuild. This program provides high school dropouts between the ages of 16 and 24 with academic and job-skills training, as well as apprenticeships building and rehabilitating affordable housing. The President's FY 99 budget requests \$45 million for Youthbuild.

Housing

Expand Low Income Housing Tax Credit by 40 Percent. The Internal Revenue Service (IRS) annually allocates to each state low-income housing tax credits equal to \$1.25 per resident. This limit has not been adjusted since the credit was created in 1986. As a result, the purchasing power of the credit has declined by 40 percent. To adjust for that, the President's FY 99 budget calls for increasing the limit by 40 percent to \$1.75 per capita, at a cost of \$1.6 billion over five years. This expansion of credit will help to develop as many as 180,000 additional affordable rental units over the next five years.

"Play-by-the-Rules" Homeownership Initiative. The FY 99 budget for the Neighborhood Reinvestment Corporation includes \$25 million for a new initiative that would make homeownership more accessible to families who have a good rental history but have difficulty purchasing a home. Under this initiative, 10,000 lower-income and minority families who are currently renting would be provided with homeownership counseling and training, assistance with down payments or closing costs, or second mortgage loans for debt reduction.

Homeownership Zones. The President's FY 99 budget includes \$25 million for Homeownership Zones, abandoned housing and distressed neighborhoods that communities could use the funding to reclaim. Funds could be used for property acquisition, demolition, site preparation, housing construction or rehabilitation, homeownership counseling, relocation, and activities to further fair housing and homeownership.

Regional Opportunity Counseling. Under this program, public housing authorities partner with

nonprofit organizations to provide counseling to Section 8 certificate and voucher holders to ensure that they are aware of the full range of housing options. This program recruits landlords to accept Section 8 families. HUD allocated \$36.7 million for 16 regional opportunity counseling sites in FY 96. Last year, the President unsuccessfully requested an additional \$20 million to expand the program to new sites. The Administration has again requested a \$20 million increase in funding for FY 99.

Incentive to Reduce Concentrations of Housing Certificate and Voucher Families. The President's FY 99 budget provides HUD the option to offer bonuses to Public Housing Authorities (PHAs) for increasing the number of Section 8 voucher and certificate holders who move to less-distressed areas. These bonuses would encourage PHAs to identify more housing options for voucher and certificate holders.

Crime

Community Oriented Policing Services (COPS) Grants to Underserved Areas. The President announced a COPS program to increase police presence and community policing in neighborhoods where the need is greatest. Under this initiative, 18 cities will share \$106 million to hire 620 new community policing officers. The pilot cities were selected following an analysis of crime, demographic and economic data. The 18 cities chosen face some of the highest per population levels of crime and/or economic distress in the United States.

Community Prosecutors: The President's FY 99 budget includes \$50 million for grants to promote community prosecution, which builds on effective community policing strategies. The funds will enable local prosecutors across the country to play a more active role in crime fighting by spending more time in their neighborhoods, both helping to solve crimes and preventing them before they happen.

Fighting Hate Crimes. On November 10, 1997, the President and Attorney General Janet Reno hosted the first White House Conference on Hate Crimes, which featured experts and law enforcement officers from around the country. The President announced significant law enforcement and prevention initiatives to get tough on hate crimes, including: support for legislation to expand the federal hate crimes law to cover crimes based on sexual orientation, gender, or disability; the creation of a network of local hate crime working groups; the addition of approximately 50 FBI agents and federal prosecutors to enforce hate crimes laws; improved collection of data on hate crimes; and the production of materials to educate the public -- especially youth -- about hate crimes.

Indian Country Law Enforcement. The President's FY 99 budget proposes a \$182 million initiative, led by the Justice and Interior departments, to address the public safety crisis in Indian country. The initiative will strengthen Indian country law enforcement, primarily, by providing anti-crime grants to Indian jurisdictions, increasing the number of officers per capita and improving the quality of detention facilities.

Health

Eliminating Ethnic Health Disparities. President Clinton announced a \$400 million effort initiative that sets a national goal of eliminating, by the year 2010, longstanding disparities in the health status of racial and ethnic minority groups in six key health areas: infant mortality; diabetes; cancer screening and management; heart disease; AIDS; and immunizations. Currently, for example, African Americans suffer from diabetes at 70 percent higher rates than white Americans, while Native Americans suffer from diabetes at nearly three times the average rate. Vietnamese women suffer from cervical cancer at nearly five times the rate of white women, and Latinos have

two to three times the rate of stomach cancer as white Americans. The President announced a five-step plan -- led by Surgeon General and Assistant Secretary for Health Dr. David Satcher -- to mobilize the resources and expertise of the Federal government, the private sector, and local communities.

Children's Health Outreach. Minority children make up a disproportionate number of the over 10 million uninsured children. African-American children make up 25 percent and Hispanic children make up 30 percent of all uninsured children -- more than twice their percentage of the overall population. The President's budget proposes options for states to access higher Federal matching funds for outreach activities and to temporarily enroll children at sites like schools.

Child Care

Child Care and Development Block Grant. The President's budget provides \$7.5 billion in block grants to help working families afford safe, high-quality child care. These new funds will double the number of children in low and moderate-income families receiving child care subsidies to two million by the year 2002.

After-School Programs. The President has proposed expanding the 21st Century Learning Fund by \$800 million over five years. These start-up funds would generate additional school-community partnerships to establish before- and after-schools programs, allowing 4,000 schools across the country to implement programs for up to 500,000 children each year.

Early Learning Fund. The President's FY 99 budget would establish a five-year, \$3 billion fund for community grants to promote early childhood development and improve child care quality for young children.

ENGAGING AMERICANS IN A BROAD AND CONSTRUCTIVE DIALOGUE

Presidential Dialogues. On April 14, 1998, the President held his second national conversation on Race in Houston, Texas. The town hall session, focusing on race and sports, was broadcast by ESPN. President Clinton's first national dialogue on race relations took place on December 3, 1997 in Akron, Ohio, and was broadcast nationally by C-Span. Advisory Board members, Cabinet members and senior Administration officials hosted more than ninety "watch parties," which were organized around the nation to observe the Akron Town Meeting. On Capitol Hill, Congresswoman Eleanor Holmes Norton (D-DC) and Congressman Tom Davis (R-VA) sponsored a mini-Town-Hall for the D.C. area. On July 8, the President will join Jim Lehrer for a nationally televised conversation on race on PBS.

Advisory Board. The Advisory Board to the President's Initiative on Race is actively involved in public outreach efforts to engage Americans across the nation in this historic effort. To date, the Advisory Board has held eight public meetings in five states and the District of Columbia. The meetings have covered topics ranging from education and housing to employment and the administration of justice. Board members also have individually participated in several hundred meetings with a wide cross-section of communities and constituencies.

Studying Race. In May, the President's Initiative on Race announced that the National Research Council (NRC), the research arm of the National Academy of Sciences, will coordinate studies by prominent researchers on a range of topics related to race, including demographic trends. The work will include findings on whites, blacks, American Indians, Hispanics and Asian Pacific Americans. The project will culminate with a major research conference in October in Washington D.C.

American Indians/Alaska Natives. American Indians and Alaska Natives have been integrated into

the work of the Initiative as panelists at Advisory Board meetings and in special Tribal leaders meetings hosted by the Initiative. Advisory Board members and Initiative staff have participated in regional and national conferences hosted by American Indians and Alaska Natives to hear directly from Indian country. In addition, the Administration successfully fought back proposed legislation that would have ended sovereign immunity for tribes and, in May, the President issued an executive order strengthening government-to-government relationships between the tribes and the US.

Presidential Meeting With Conservative Writers and Academics. When President Clinton launched his Race Initiative, he called for a national dialogue that includes views from a wide array of people. On December 19, President Clinton brought together a group of conservatives -- including Ward Connerly, Abigail and Stephen Thernstrom, Linda Chavez and Elaine Chao -- to continue the dialogue and listen to their opinions on race relations in America.

Sparking Dialogue. The Race Initiative has prompted innumerable conversations about race around the country, highlighted by an April "Month of Dialogue." During April, 600 colleges and universities were engaged in a campus week of dialogue, organizing hundreds of race-related events across the nation. On April 30, 41 governors, 22 mayors and more than 100 local YWCAs engaged in dialogues on race during a statewide day of dialogue.

Conversations That Bring Us Together. As part of the Initiative, the Administration launched a program that enlists Administration appointees, Advisory Board members, Cabinet members and Race Initiative staff to host conversations in cities throughout the nation. Thousands have taken part in these conversations in cities across the country.

Super Bowl XXXII PSA. In a unique partnership, the White House and the National Football League teamed up to create a public service announcement for President Clinton's Initiative on Race. The PSA aired before an estimated audience of 140 million people prior to the 1998 Superbowl kick-off. The spot highlighted examples of players from different racial and ethnic backgrounds coming together for a common goal. President Clinton reminded all Americans that we are on the same team and that, through working together, we can build one America.

Informing The Nation. For the first time in history, the President's Economic Report to Congress included an entire chapter devoted to reviewing trends in racial and ethnic economic inequality.

HIGHLIGHTING PROMISING PRACTICES THAT ARE WORKING TO BUILD ONE AMERICA

Highlighting Promising Practices. One of the critical elements of the Race Initiative is identifying and highlighting local and national efforts to promote racial reconciliation. The Race Initiative is compiling an extensive listing of "promising practices," which are working to bring people together as one America. To date, 150 such promising practices have been identified, and the list continues to grow.

Making Martin Luther King, Jr.'s Birthday A "Day On" Instead of A "Day Off." In 1994, President Clinton signed into law the King Holiday and Service Act making the national holiday a day of service that would bring people together, promote racial cooperation and help to solve problems through citizen action. This year the Corporation for National Service provided \$225,000 in grants to 73 sites across the nation to help spur service projects on MLK Day. On January 19, in honor of Martin Luther King Day, President Clinton helped paint classrooms at Cardozo High School in Washington, D.C. Vice President Gore addressed the congregation at Ebenezer Baptist Church in Atlanta, Georgia. The First Lady read to children in Washington, D.C. Also, 12 Cabinet Secretaries, agency administrators, members of the Race Initiative's Advisory Board, and other White House and Administration staff joined in celebrating Dr. King's birthday by participating in

community service events.

First Lady Highlights Boston "Team Harmony" Promising Practice. To highlight successful community efforts, Mrs. Clinton joined forces with the Boston-based Team Harmony Foundation to talk with high school students in Boston and Washington, D.C., about ways to prevent prejudice. More than 8000 Boston youth participated in Mrs. Clinton's visit, and over 2,000 young people attended the Washington, D.C. event. As a result of the First Lady's events, Team Harmony has had requests to expand its program to New York, Chicago, Atlanta and Los Angeles.

RECRUITING LEADERS TO HELP BUILD ONE AMERICA

Calling On Wall Street To Invest In Untapped Potential Of Our Diversity. On January 15, 1998, President Clinton joined Reverend Jesse L. Jackson for the "Wall Street Project" conference at the World Trade Center in New York City. The President told business executives that Wall Street must "draw on the talent and diversity of all our people in communities long bypassed by capital but full of potential." Treasury Secretary Robert E. Rubin, Federal Reserve Chairman Alan Greenspan, and Securities and Exchange Commission Chairman Arthur Levitt Jr. also participated in the event.

Mobilizing Business Leaders. On April 2, 1998, Vice President Gore announced a series of business roundtable discussions, during an appearance on *Black Entertainment Television (BET)*. This series will be chaired by the Vice President and will consist of four meetings with business leaders to discuss issues involving minorities and the business world.

Holding Corporate Forums Across the Country. Hundreds of corporate leaders have participated in corporate forums organized by the Initiative, in conjunction with members of the President's Cabinet. These forums have taken place across the country -- from Florida to Arizona to California.

Partnering With Universities. The American Council on Education (ACE) and the Association of American Colleges and Universities (AACU) have teamed up with the Race Initiative to encourage colleges and universities to conduct special programs focusing on race and diversity in American society. The combined membership of ACE and AACU includes approximately 2000 colleges and universities, more than half of the accredited, degree-granting institutions in America.

Reaching Out To Religious Leaders. The Advisory Board has joined with the religious community to organize the national faith community, which has so often been at the forefront of this issue. The Initiative has sponsored forums in New Orleans and Louisville, Kentucky, for hundreds of religious leaders.

Outreach to the American Indians. In meetings in Washington, D.C., and around the country, Tribal leaders have offered their advice and recommendations about the unique challenges American Indians face in building one America. The Initiative is identifying Tribal leaders who are working in their own communities to respond to these challenges.

Public Service Announcement Released. On December 2, 1997, the President's Initiative on Race released a public service announcement developed in conjunction with the Leadership Conference on Education Fund and the Ad Council. The PSA challenges youth to become more active in fighting racism and prejudice. It also encourages them to tell President Clinton what they are doing to improve race relations in America.

Call To Action To Young Leaders. On November 28, 1997, the President sent a letter to 25,000 high school senior class presidents, college and university class presidents, and other young leaders from national and local organizations. In the letter, President Clinton issued a call to action by

requesting young people commit to participate in at least one project aimed at moving our country closer together. Hundreds of youth leaders from across the country have responded to the President's call. Many of these youth activities are being highlighted as promising practices on the One America Website at <http://www.whitehouse.gov/initiatives/oneamerica>.

Vice President Briefing With Youth Media. On December 1, 1997, the Vice President hosted a briefing at the White House for youth-oriented and specialty media, such as *Vibe Magazine*, *MTV* and *Univision*. At the briefing, the Vice President spoke about the Race Initiative's emphasis on youth, and he called on the media representatives to find ways to use their creative energies to reach young people on the subject of race.

(Accomplishments Document as of June 10, 1998)



THE PA 6-27-98
 Council for International Cooperation

Chennault Building 1049 30th Street, N.W. - Washington, D.C., 20007
 Tel: 202 333 5921 • Fax: 202 347 0373

A non-political, non-profit 501(c)(3) organization working outside of governments to promote international goodwill.
 ANNA C. CHENNAULT Chairman

The President
 The White House
 Washington, DC 20500

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 Davies

June 15, 1998

My dear Mr. President:

Thank you for your kind letter of March 12, 1998 in response to my letter of February 20, 1998. I wish to bring to your attention that I have just returned from a visit to China, Hong Kong, and Taiwan, where my foundation continues to donate funds to promote education. I have been traveling to China many times each year since 1980 when I first received an invitation from Deng Xiaoping, and I went as the personal representative of the then President-elect Ronald Reagan.

I wish to report to you that during this trip, your upcoming visit to China and Hong Kong is the "Talk-of-the-town". During my meeting with Li Peng, and on down through many provincial and municipal leaders, including the "average person in the street", everyone expressed great excitement at the prospects of your historic visit.

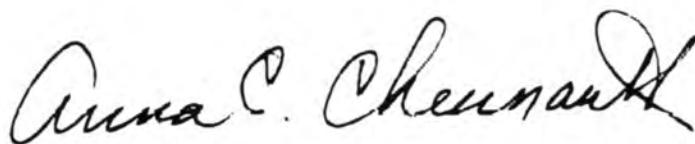
Following the successful State visit to the U.S. by President Jiang last year, China is putting much effort into building better relationships with America. A great deal of this effort comes in form of reviving the historic ties that developed between our two countries during World War II. It is significant that in 1995, the city of Nanjing dedicated a memorial to all the Allied airmen who were killed during the war in China. Of the over three thousand names carved into the granite walls, two-thirds were those of Americans aviators, most of whom served under my late husband, Lt. Gen. Claire L. Chennault, and the remaining one-third of the names were virtually all Chinese Nationalists aviators. Also of significance are the many recent reports in the Chinese press regarding the discoveries of the remains of the U.S. airmen and airplanes lost during the war. The recoveries of these relics are of great consolation to the families of American veterans.

As we move towards the 21st century, the Chinese realize their ties to the U.S. is of the utmost importance. At the current rate of economic and social development, many predict that the United State and China will be the two "superpowers" of the 21st century. Your upcoming visit to China will be seen as the watershed event in which the future relationship of our two nations can be set on a mutually beneficial course. Having

weathered a century-and-a-half of recent turbulent history, the Chinese desire to take its place as a member of the international family of nations, as well as the peaceful co-existence with its neighbors. The people of China, as well as the people of Hong Kong, deeply appreciate your effort and leadership in this important undertaking.

As an American citizen with feelings for my mother country, I am looking forward to the beginning of an era of peaceful and prosperous cooperation. I wish you and the First Lady every success in your visit to China and Hong Kong. I am

Yours sincerely,

A handwritten signature in cursive script that reads "Anna C. Chennault". The signature is fluid and elegant, with a large, sweeping flourish at the end of the name.

Anna C. Chennault

ACC:dyy



Send to Burkhardt?

Yes

No

cc: Toled for list C

The President and The Vice President
The White House, Washington, D.C. 20500
FAX 202/456-6703 and -6212

198

Dear Mr. President and Mr. Vice President:

I write to support most warmly the concept, which I understand is being discussed, of appointing John L. Petersen, President of The Arlington Institute, to be Secretary of the Navy.

Having worked with John for many years on a wide range of military and nonmilitary issues, I believe his exceptional professional and personal qualities are eminently suited to this office. His distinguished service as a naval aviator, and his long and close involvement with diverse strategic and cultural issues at all levels of the Navy and other Services, have given him an unparalleled insight into what is required, how to achieve it, and how to embed its evolution within the larger historic aspects of our times. He is committed to Naval reform, has a clear and practical plan to achieve it, and has the sagacity, ripe judgment, sensitivity, and courage to make his plan succeed.

John may already be known to the Vice President, in whose 1988 campaign he worked—delivering the Hart delegation which he'd headed, then helping with strategic and policy aspects of the campaign. Both of you, I'm confident, would find this dedicated and well-connected military innovator completely compatible with your Administration's goals in meeting the new challenges of national security in a rapidly changing world.

With best personal regards to you both and to the First Lady—and the hope, Mr. President, that perhaps we might meet on 24 or 25 July during your trip to Aspen, 25 minutes from our superefficient Institute headquarters—

Cordially,

Amory B. Lovins

PS: I'm pleased to report, further to our conversation last October, that the behind-the-scenes enrollment of business leaders in profitable climate protection is proceeding nicely. For compelling business reasons, most of the large firms I advise are already behaving as if the Kyoto protocol had been ratified. Many in The Conference Board are now onside, and we're working next on The Business Roundtable. Radical technical and strategic developments are also continuing to accelerate in the oil, automotive, chemical, and semiconductor sectors. This shift in leading industrial opinions will slowly but surely turn around the domestic politics of climate: the Global Climate Coalition's influence is already waning. —ABL

Vinca LaFleur

June 18, 1998

✓
Dear Mr President-

This is surely one of my most bittersweet assignments. I am writing to let you know that I have resigned from the NSC, effective July 3. I plan to spend the next year collaborating on a book and trying my hand as a freelance writer. But there is only one job in the entire world that could bring me more pride, or a greater sense of responsibility and achievement, than serving as your speechwriter - and that is raising the child my husband and I are expecting October 6.

The 3 years I have had the honor to work for you have been among the most memorable moments of my life - from the magical visit to Belfast to the exuberant word in Bucharest to the drama of summits around the world. Thank you for entrusting your confidence in me, and for letting me play

Plus wants very
nice reply -

6-19-98

To Burkhardt for reply?

Yes No

Coordinate with NSC?

Yes No

B.

my own small part on the giant stage of American foreign policy.
Thank you, too, for the many kindnesses you've shown to me and my family. From the graciousness and warmth with which you welcomed my parents when I brought them to the White House to the support and affection you shared just this week, in anticipation of my first child, you have always made me feel like I was a valued member of the team. If working for the President is a privilege, working for President Clinton was a pleasure.

I will always cherish the memory of this experience. I wish the very best for you and your remarkable family.

With gratitude,
Vince LaRocca.



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ב"ה

KASHRUTH DIVISION

June 16, 1998

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Rabbinic Administrator (1950-1972)

RABBI ALEXANDER S. ROSENBERG

Ms. Ann Lewis
Assistant to the President
Director of Communications
The White House
Washington, D. C. 20502

Dear Ann,

Enclosed please find the next missive to the President. The piece is authored by Rabbi Dr. Norman Lamm, President of Yeshiva University.

Sincerely,

Rabbi Menachem Genack

6/22/98

Send to Millie (Lisbon)

Yes

No

Yeshiva University / Office of the President



June 10, 1998

Moses, as he is presented to us in Numbers (11:10-17), finds himself in a state of utter exasperation. He has reached the last limits of his patience, his wisdom, and his tolerance as he faces the ingratitude and the complaints of his people. He came to this slave people and brought them a great faith; they responded by a demand for fish. He came with the message of the Lord; they asked for melons. He spoke of creative freedom; they wanted cucumbers. He preached righteousness and law; they countered with a demand for onions and garlic. Rabbinic tradition adds that Moses was accused of enriching himself from public funds. I cannot go on this way, said Moses to the Lord. You are simply asking too much of me. "I cannot alone, by myself, bear this people, for the burden is too heavy for me" (Numbers 11:14). Moses finds that his strength is spent, his spirit depleted, his patience gone. It is an all too human reaction.

In response, the Lord grants Moses seventy elders who will assist him in his tasks and thus lighten his burden. But if we examine the divine response with greater scrutiny, we find one puzzle that actually holds the clue to a problem of universal relevance and eternal significance. God directs Moses to gather about him seventy of the elders of Israel, and then says: "And I shall take from the spirit that is upon you and I shall place it upon them" (Numbers 11:17).

The famed Bible commentator, Chizkuni, asks a simple but direct question: Why did God have to take of the spirit of Moses in order to inspire the elders? Why could not God have given of His own spirit and thereby raise the seventy people to the category of prophets and leaders, even as He had originally done with Moses?

The answer of Chizkuni exhibits great psychological insight: God did not want only to accede affirmatively to Moses' request by offering more executives to run his government. Moses needed more than a few bright MBAs or lawyers to run his administration. God wanted to teach Moses a deep and abiding lesson about human nature itself: Moses, you are sorely mistaken about yourself. You think that you simply cannot do any more, that the burden is too great and you no longer have any spiritual and emotional resources with which to cope with your problems. But you are wrong. And I shall prove to you that not only do you have "spirit" left for yourself, but you have enough for seventy other people as well! And that is why God took from the spirit of Moses to kindle the souls of seventy elders.

What the Torah teaches us, then, is that each of us possesses inner resources of which we are only dimly aware. You cannot always tell the true potential of a human being by his present performance alone, just as you cannot tell the depth of a well by the size of its mouth. You must dig, probe, fathom the innermost recesses of personality before you know the true worth of an individual. Then you will discover that just at the moment when a man sighs in resignation and gives in to despair -- that he has nothing left within him and that the resources of his spirit are depleted -- that indeed he has enough left for a whole crowd!



NORMAN LAMM
Yeshiva University