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THE PRESIDENT HAS SEEN

8-9-99

THE WHITE HOUSE

WASHINGTON

August 8, 1999

MEMORANDUM FOR THE PRESIDENT:

FROM: DAVID GOODFRIEND
LISEL LOY *LG*

SUBJECT: Recent Information Items

Copied
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We are forwarding the following recent information items:

- (A) **Summers memo on mortgage rates.** Mortgage rates are on the rise (30-yr. at 7% in May, 7.9% this week) as are all rates (e.g., 10-yr. Treasuries up 0.5% since May); at least 3 factors are responsible: preference for more liquidity has led investors to accept lower yields; increased volatility has raised the value of prepaying a mortgage; increased demand for credit. This summer's demand-driven spread is not analogous to last fall's, which was due to contracting credit supply and destabilized financial markets.
- (B) **Ruff memo on recent NAFTA decision.** You asked Chuck about the status of a challenge to NAFTA's constitutionality. He reports on a recent favorable decision that upholds the constitutionality of NAFTA, holding that you had authority to negotiate NAFTA pursuant to your authority over foreign affairs and authority granted to you by Congress in accordance with 1988 Fast Track procedures, and that Congress had authority to implement NAFTA domestically.
- (C) **Susan Esserman memo on trade agreement letter to Vietnam – Ambassador Barshefsky** thinks that a letter to Vietnam regarding the bilateral trade agreement would be premature and might prejudice our ability to secure a final agreement; USTR is working toward an accord for signature at APEC meeting, when you could congratulate Vietnam's leaders upon signature of the agreement.
- (D) **Berger update on humanitarian demining in Kosovo.** Mines, UXO, and booby traps are responsible for at least 60 injuries and 13 deaths this month; press reports suggest up to 170 civilians have been injured or killed since June. UXO clearance is most difficult due to volume; mines and booby traps remain problems but may be less serious than initially feared. KFOR is clearing sites when required for its operations. Recently released Serb maps and declassified information on drop locations of cluster bombs will help demining efforts. Mine awareness programs are in place, including the DoD-funded mine awareness comic book announced by the First Lady.