as they had in a good-faith effort to reach agreement.

The answer to your question is, yes, we could pass a 7-year budget that protects Medicare and Medicaid, education, and the environment and that does not—and our research and technology budget—and does not raise taxes on working families and that has great credibility in the financial markets. We can do that. If that is what the Congress wants to do, we can do it.

If, instead, the balanced budget is a cover for making war on the ability of the National Government to protect our common interest and to move us ahead, then I can't go along with that. But of course we can do it. And I hope that after this meeting I'm going to have in a few minutes, we'll be closer to doing it.

***Q.*** Do you expect to get an agreement to reopen the Government at this meeting?

***The President.*** I don't know. That's up to the Congress. Only the Congress can shut the Government down, and only the Congress can reopen it. But they can certainly reopen it, and I hope they will, particularly this week. It's just wrong for the Federal employees and, even more, for the American people, to have the Government close the week before Christmas. It is a decision they made and they can undo it, and I hope they will.

***Q.*** Do you share the concerns, Mr. President, of the financial markets that lack of a budget agreement may keep interest rates locked in place or even turn them around and head them back upward?

***The President.*** Well, let me say this. I think the action of the Federal Reserve today—although I don't want to comment on the merits of it one way or the other, but there's a general understanding that we have a—first of all, back in '93, we made some very tough decisions without any bipartisan support to bring the deficit down and to increase investment in technology and research and education and the environment, things that would grow the economy. Interest rates came down; billions of dollars were invested; there was a homebuilding boon; we got the economy going again.

The fundamentals of this economy were sound. There is good growth. There is low inflation—I will say again, the lowest combined rates of inflation and unemployment in 27 years. And we have to continue on that track. I think the message ought to be to people who are concerned about that is that this deficit is going to keep coming down, regardless. There is too much determination for that. That is not what this debate is all about. The deficit will keep coming down, regardless. The leadership of both parties favors that.

But we must have a 7-year balanced budget plan that reflects our other values. We are doing well in the world economy because the deficit is coming down and because the other things that are being done in the private sector are good and because the other things the Government is doing are good things. So we have to keep doing all the right things if we want to succeed. That's what the debate over the budget plan is about.

If the markets are worried about whether the deficit is going to keep coming down—they should forget about that. The deficit is going to keep coming down, regardless.

Thank you.

NOTE: The President spoke at 2:34 p.m. in the Oval Office at the White House.

## Message to the House of Representatives Returning Without Approval the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1996

*December 19, 1995*

*To the House of Representatives:*

I am returning herewith without my approval H.R. 2076, the "Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1996."

This bill does not meet the priorities and needs of our Nation and people. It would undermine our ability to fight the war on crime; decimate technology programs that are critical to building a strong U.S. economy; and weaken our leadership in the world by drastically cutting funding for international organizations, peacekeeping, and other international affairs activities.

First, the bill represents an unacceptable retreat in our fight against crime and drugs. It eliminates my COPS initiative (Community Oriented Policing Services) to put 100,000 more police officers on the street. Already, this initiative has put thousands of police on the street, working hand-in-hand with their communities to fight crime. The block grant that H.R. 2076 would offer instead would not guarantee a single new police officer. That's not what the American people want, and I won't accept it. As I have said, I will not sign any version of this bill that does not fund the COPS initiative as a freestanding, discretionary grant program, as authorized.

The bill also eliminates my "drug courts" initiative. And it unwisely abandons crime prevention efforts such as the Ounce of Prevention Council and the Community Relations Service. I am also disappointed that the funding levels in the bill fall short of my request for the Drug Enforcement Administration, and OCDETF (Organized Crime Drug Enforcement Task Force). This is no time to let down our guard in the fight against drugs.

Second, the bill constitutes a short-sighted assault on the Commerce Department's technology programs that work effectively with business to expand our economy, help Americans compete in the global marketplace, and create high quality jobs. As we approach a new, technology-driven century, it makes no sense to eliminate an industry-driven, highly competitive, cost-shared initiative like our Advanced Technology Program (ATP), which fosters technology development, promotes industrial alliances, and creates jobs. Nor does it make sense to sharply cut funding for measures that will help assure our long-term growth and competitiveness—such as our National Information Infrastructure grants program, which helps connect schools, hospitals, and libraries to the information superhighway; the GLOBE program, which promotes the study of science and the environment in our schools; the Manufacturing Extension Partnership, which helps small manufacturers meet the hi-tech demands of the new marketplace; Defense Conversion; or the Technology Administration. And I oppose the bill's harmful cuts for the Census Bureau and for economic and statistical analysis.

Third, I am deeply concerned that this bill would undermine our global leadership and impair our ability to protect and defend important U.S. interests around the world—both by making unwise cuts in funding for international organizations and peacekeeping activities, and by cutting programs of the State Department, the Arms Control and Disarmament Agency, and the United States Information Agency. These cuts would impair our ability to support important activities such as the nonproliferation of weapons, the promotion of human rights, and the control of infectious disease like the Ebola virus. Moreover, sections of the bill include inappropriate restrictive language, including language limiting the conduct of U.S. diplomatic relations with Vietnam, that I believe infringe on Presidential prerogatives. And I cannot accept the provision that would cut off all funding for these agencies on April 1, 1996, unless the State Department Authorization Act and related legislation had been signed into law.

Fourth, the bill includes three additional provisions that I cannot accept.

It cripples the capacity of the Legal Services Corporation (LSC) to fulfill its historic mission of serving people in need—slashing its overall funding, sharply limiting the administrative funds LSC needs to conduct its business, and imposing excessive restrictions on LSC's operations. LSC should be allowed to carry on its work in an appropriate manner, both in its basic programs and in special initiatives like the migrant legal services program.

Section 103 of the bill would prohibit the use of funds for performing abortions, except in cases involving rape or danger to the life of the mother. The Justice Department has advised that there is a substantial risk that this provision would be held unconstitutional as applied to female prison inmates.

The bill also includes an ill-considered legislative rider that would impose a moratorium on future listings under the Endangered Species Act by the National Oceanic and Atmospheric Administration and other agencies. That rider not only would make bad policy, it also has no place in this bill.

Finally, I would urge the Congress to continue the Associate Attorney General's office.

For these reasons and others my Administration has conveyed to the Congress in earlier communications, I cannot accept this bill. H.R. 2076 does not reflect my priorities or the values of the American people. I urge the Congress to send me an appropriations bill that truly serves this Nation and its people.

**William J. Clinton**

The White House,
December 19, 1995.

## Message to the House of Representatives Returning Without Approval the Private Securities Litigation Reform Act of 1995

*December 19, 1995*

*To the House of Representatives:*

I am returning herewith without my approval H.R. 1058, the ''Private Securities Litigation Reform Act of 1995.'' This legislation is designed to reform portions of the Federal securities laws to end frivolous lawsuits and to ensure that investors receive the best possible information by reducing the litigation risk to companies that make forward-looking statements.

I support those goals. Indeed, I made clear my willingness to support the bill passed by the Senate with appropriate ''safe harbor'' language, even though it did not include certain provisions that I favor—such as enhanced provisions with respect to joint and several liability, aider and abettor liability, and statute of limitations.

I am not, however, willing to sign legislation that will have the effect of closing the courthouse door on investors who have legitimate claims. Those who are the victims of fraud should have recourse in our courts. Unfortunately, changes made in this bill during conference could well prevent that.

This country is blessed by strong and vibrant markets and I believe that they function best when corporations can raise capital by providing investors with their best good-faith assessment of future prospects, without fear of costly, unwarranted litigation. But I also know that our markets are as strong and effective as they are because they operate—and are seen to operate—with integrity. I believe that this bill, as modified in conference, could erode this crucial basis of our markets' strength.

Specifically, I object to the following elements of this bill. First, I believe that the pleading requirements of the Conference Report with regard to a defendant's state of mind impose an unacceptable procedural hurdle to meritorious claims being heard in Federal courts. I am prepared to support the high pleading standard of the U.S. Court of Appeals for the Second Circuit—the highest pleading standard of any Federal circuit court. But the conferees make crystal clear in the Statement of Managers their intent to raise the standard even beyond that level. I am not prepared to accept that.

The conferees deleted an amendment offered by Senator Specter and adopted by the Senate that specifically incorporated Second Circuit case law with respect to pleading a claim of fraud. Then they specifically indicated that they were *not* adopting Second Circuit case law but instead intended to ''strengthen'' the existing pleading requirements of the Second Circuit. All this shows that the conferees meant to erect a higher barrier to bringing suit than any now existing—one so high that even the most aggrieved investors with the most painful losses may get tossed out of court before they have a chance to prove their case.

Second, while I support the language of the Conference Report providing a ''safe harbor'' for companies that include meaningful cautionary statements in their projections of earnings, the Statement of Managers—which will be used by courts as a guide to the intent of the Congress with regard to the meaning of the bill—attempts to weaken the cautionary language that the bill itself requires. Once again, the end result may be that investors find their legitimate claims unfairly dismissed.

Third, the Conference Report's Rule 11 provision lacks balance, treating plaintiffs more harshly than defendants in a manner that comes too close to the ''loser pays'' standard I oppose.

I want to sign a good bill and I am prepared to do exactly that if the Congress will