make the following changes to this legislation: first, adopt the Second Circuit pleading standards and reinsert the Specter amendment into the bill. I will support a bill that submits all plaintiffs to the tough pleading standards of the Second Circuit, but I am not prepared to go beyond that. Second, remove the language in the Statement of Managers that waters down the nature of the cautionary language that must be included to make the safe harbor safe. Third, restore the Rule 11 language to that of the Senate bill.

While it is true that innocent companies are hurt by frivolous lawsuits and that valuable information may be withheld from investors when companies fear the risk of such suits, it is also true that there are innocent investors who are defrauded and who are able to recover their losses only because they can go to court. It is appropriate to change the law to ensure that companies can make reasonable statements and future projections without getting sued every time earnings turn out to be lower than expected or stock prices drop. But it is not appropriate to erect procedural barriers that will keep wrongly injured persons from having their day in court.

I ask the Congress to send me a bill promptly that will put an end to litigation abuses while still protecting the legitimate rights of ordinary investors. I will sign such a bill as soon as it reaches my desk.

William J. Clinton

The White House,
December 19, 1995.

NOTE: This message was released by the Office of the Press Secretary on December 20.

The President's News Conference

December 20, 1995

Budget Impasse

The President. Good afternoon. Yesterday, Speaker Gingrich, Senator Dole, and I reached an agreement to work together in good faith to balance the budget and to reopen the Government. Today the most extreme Members of the House of Representatives rejected that agreement.

These Republicans want to force the Government to stay closed until I accept their deep and harmful cuts in Medicare and Medicaid, in education, in the environment, and agree to raise taxes on the hardest pressed working families, all, in part, to pay for their very large tax cut.

I won't yield to these threats. I'm determined to balance the budget. But I won't be forced into signing a budget that violates our values, not today, or tomorrow, not ever.

This is a very troubling development. The President and the leaders of the two Chambers of Congress reached an agreement on a matter of great national urgency. But a small minority in the House of Representatives is determined to keep the Government closed until they get exactly their way. Their way is the wrong way for America.

We should reopen the Government now. We should work to balance the budget now. We should start the negotiations without any threats, without more ultimatums, without continuing this shutdown. This shutdown hurts the very people we are duty-bound to serve. If Congress doesn't vote to reopen the Government by tomorrow morning, 3.3 million veterans will not receive their benefits on time. If Congress fails to act by Friday, 8 million children will not receive their benefits on time. Every day of the shutdown, 20,000 college loan and scholarship applications go unprocessed. Air and water pollution goes unstopped because they've taken all the environmental protectors off the job.

Christmas is only days away. I have said before and I will say again, we ought to be guided by the spirit of the season, not the spirit of partisanship. We can balance the budget in a way that reflects our values and is good for our future, but only if we put aside rancor and extremism. I say again, I hope that we can go to work.

Q. Mr. President, what can you do about this? Do you have any recourse to get these benefit checks to these poor people?

The President. Well, I'm hoping that Congress will move on the veterans benefits today. And, of course, I hope they will move on the other thing.

Q. Can they do that independently——

The President. Apparently, they can. I have talked to Senator Dole twice today. I just got off the phone with him a few minutes ago, and we have—I don't want to reveal ex-

actly what we said because I think that he's making a good-faith effort here to honor the agreement we made.

Q. Can you clear up the question, Mr. President, about whether you're willing to score your budget on the CBO? There seems to be some dispute about that, and in fact, Republicans are blaming this breakdown on what Vice President Gore said last night just minutes after this apparent agreement was struck.

The President. Well, there's no doubt—there's no difference about what the discussion was and what the agreement was. I have said—if you go back to the agreement in the last continuing resolution, I have said that any budget we agree to would have to be scored by the Congressional Budget Office as being in balance. That's what I said, and I say that again.

What the Vice President said last night was that should not be taken to preclude our ability to discuss in the budget negotiation the specific suggestions we have already made, or any discussions we still have about what we think ought to be considered in the ultimate decision of the Congressional Budget Office. That's all we said. We have never disputed the fact that the final agreement, once we make it, would have to be scored by the Congressional Budget Office as being in balance.

Q. [*Inaudible*]—what the agreement that occurred yesterday apparently had to do with whether any plan, any budget plan that did not meet that standard could be on the table as part of the talks. That seemed to be Mr. Gingrich's understanding. Mr. Gore saw it a different way. And that appears to have been at the root of all this. Did the way the Speaker worded his understanding of this yesterday—did that get it wrong, in your view?

The President. Well, I don't think that is at the root of all this. There was a clear understanding, and I believe our staffs agreed on it, that we would come back with our ideas.

As I said to them, I would actually—I offered them two options. We would either go back and take the other budgets that had been proposed as a starting point and work together to try to get a balanced budget that would be scored as balanced by the CBO, or if they wanted me to put one down right now that would be scored right now as balanced by the CBO, I would do that, but they would have to come to the Medicare and Medicaid investment levels that I had recommended because I've already moved 3 times as much as they have.

Q. Just to follow, Mr. President, Senate Democrats have now come forward with a plan today very much like yours in some important respects. It does get to balance in 7 years using CBO numbers now. They apparently—the Republicans say they're prepared to talk about that one. Are you prepared——

The President. We said we were prepared to talk about——

Q. ——to endorse that one and make that your starting point?

The President. No, but I'm prepared to discuss that in the context of the negotiations. We encouraged everybody who wanted to come out with a plan to come out with it, and we would discuss them all, and we would see where we are on that.

Q. [*Inaudible*]—just a small minority. Why are they so powerful? What do you think is behind it?

The President. I think that there has been a decision on every issue except the environment, where some moderate Republicans decided that they could no longer go along with it, to put those people in control of the House of Representatives. And they have varied—the moderate Republicans who have disagreed with them, I think, on many, many issues have broken ranks with them, to the best of my knowledge, only on the environment, and then in a modest way.

Now, sooner or later, they're either going to have to let the Speaker honor his commitments—that group. And if they're not going to do that, because what they really want is to end the role of the Federal Government in our life, which they have, after all, have been very open about. I mean, a lot of them will be happy about this because they don't think we ought to have a Government up here anyway. And the tail will keep wagging the dog over there until those moderate Republicans find a way to do what they did on a couple of the environmental votes or until

they decide to let the Speaker honor his commitment.

Q. You're saying that these people control the Speaker of the House; he doesn't control them?

The President. No. First of all, I don't think he ever asserted that he controlled them. I am saying that at the present time, they control what their decisions—the leadership decisions, which are in the hand of this very conservative group, the anti-Government group, control what the shape of the measures that come up for a vote. That's what this is. And there are only two ways to resolve this, I think. We either—over the long run, other options that could get the support of both Democrats and Republicans will have to be permitted to come to the floor of the Congress, or they will have to give the Speaker at least the leeway to do what he said he would do yesterday when we left.

Q. Mr. President, since so much is at stake right now, all these veterans benefits and these other benefits, why don't you simply pick up the phone and call the Speaker the Senate majority leader and invite them to come back to the White House and rack your brains and not leave until there is an agreement that can be implemented?

The President. First of all, I had an agreement last night. I don't know who I'm supposed to make an agreement with. But what the Vice President said is not the basis on which this agreement came—I will do anything I can to reach an honorable agreement. But the people in the House are misreading their own agreement. They voted for the other continuing resolution. The other continuing resolution has us agreeing, our side agreeing, to work for a balanced budget in 7 years, that the agreement would be scored by the CBO as being in balance. It has them agreeing to work to meet our standards of protecting Medicare and Medicaid, education, and the environment.

And ever since that agreement was reached their group has treated this as a one-way street. And I'm hoping that we can find a way out of this.

Let me say, I'm happy to meet with anybody, anytime. But it's hard for me to know—what would happen now is—I mean, we can only conclude that what would happen now is that the three of us could sit down and make an agreement with Senator Daschle and Representative Gephardt and then everybody would be for it, and they'd take it back to the House and the same crowd would say, "No, thank you. We want exactly what we passed."

Q. So what you're saying is there's absolutely nothing else that you can do to meet with them because of this group?

The President. No, no, no. Wait a minute, no, no. I just told you I've already had two conversations with Senator Dole and that we're trying to work this out. We're working at this moment. And I do not—I believe when Speaker Gingrich left here yesterday he intended to come back today and begin the negotiations with the continuing resolution going on.

But you're asking me why we're not meeting right now. I'm telling you what we have to determine is who we can meet with and expect if we give our word and somebody else gives their word, that whatever we say is going to be done will get done. That's what we've got to determine.

Q. Mr. President, why is it necessary for you to get an agreement from——

Q. Mr. President, does the Government have to be reopened? Because last night there was no talk of that being a precondition when both sides came out. And if you did reach an agreement with the Democratic and Republican leaders, presumably you would have enough votes in Congress to override the Republicans.

The President. Well, that's what we thought. And that might be the case now if such a vote were to be taken. And I think that's one of the things that's being discussed. But I think it's very important that all of you understand here, you've got a group of people that in my judgment do not represent even the majority in the House of Representatives, and certainly not the majority opinion of Republicans in America who are prepared to shut the entire Government down unless we agree with their priorities. That's what's going on.

And they today made it impossible for an agreement made in good faith between the President, the Speaker of the House, and the leader of the Senate to be implemented.

Now, I am, obviously, willing to do whatever I can to continue whatever constructive talks can be continued. But I showed up today ready to do my part, and the thing that you have in this business that has to work is when you say you're going to do something, it has to be that way.

Thank you.

NOTE: The President's 111th news conference began at 3:47 p.m. in the Briefing Room at the White House.

Message on the Observance of Christmas, 1995

December 20, 1995

Warm greetings to everyone celebrating Christmas.

The Christmas story is dear and familiar to us all—shepherds and angels, Wise Men and Kind Herod, Mary and Joseph, and, at the heart of it all, a Child. This Child was born into poverty in a city too crowded to offer Him shelter. He was sent to a region whose people had endured suffering, tyranny, and exile. And yet this Child brought with Him riches so great that they continue to sustain the human spirit two thousand years later: the assurance of God's love and presence in our lives and the promise of salvation.

Each year at Christmas, we celebrate these gifts with family and friends. We place candles in the window as a sign that there is always room for Christ in our homes. We put angels and stars and twinkling lights on the Christmas tree to remind us of the glory and mystery of Christ's birth. We sing the old and beloved Christmas carols to express the joy filling our hearts, and we share special gifts with those we love, just as God shared His Son with us. And, in contemplating the nativity scene under the tree or in a neighbor's yard, we realize that children hold a special place in God's heart, since He sent His only Son to us as a little Child.

With this simple truth in mind, let us observe Christmas this year by making a solemn commitment to the children of our communities, our nation, and the world. Let us pledge to love and nurture them and promise to give them strong values and a chance to make the most of their God-given talents. Let us resolve that they will grow up in a world that is free and at peace. By cherishing the children God sends us, we express our love and gratitude for the one Child He sent whose coming offers forgiveness and hope to us all.

Hillary and I send best wishes for a blessed and joyous Christmas season and every happiness in the new year.

Bill Clinton

Statement on the Welfare Reform and Budget Negotiations

December 21, 1995

I am disappointed that Republicans are trying to use the words "welfare reform" as cover to advance a budget plan that is at odds with America's values. Americans know that welfare reform is not about playing budget politics; it is about moving people from welfare to work.

I am determined to work with Congress to achieve real, bipartisan welfare reform. But if Congress sends me this conference report, I will veto it and insist that they try again. This welfare bill includes deep cuts that are tough on children and at odds with my central goal of moving people from welfare to work. The Republican budget cuts in Medicaid and the earned-income tax credit would undermine real reform and penalize people who choose work over welfare.

At a time when we are trying to engage in serious negotiations toward a balanced budget that is consistent with our priorities—one of which is to "reform welfare," as last month's agreement between Republicans and Democrats made clear—this is a sign of bad faith by the Republican leadership and an affront to those in both parties who genuinely want to enact real reform. My administration remains ready at any moment to sit down in good faith with Democrats and Republicans in Congress to work out a real welfare reform plan.