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when this country gets together, when we reach across all the lines that divide us, when we say, in spite of our differences of color or creed or region or station in life, we really are one nation, helping each other to achieve our individual dreams—when America does that, we are never defeated. And I believe this summer the world will see one America, a place where individual dreams are realized through common efforts, where all Americans who want to work hard are being given a chance to succeed, where different points of view and different heritages are undergirded by shared values that keep this great country strong and secure and give it its character and its future.

I thank you, all of you, for contributing to that and for making America's team still the envy of the entire world. Good luck, and God bless you.

NOTE: The President spoke at 8 p.m. at the Washington Hilton Hotel. In his remarks, he referred to LeRoy T. Walker, president, and Dick Schultz, executive director, U.S. Olympic Committee; James F. Hardymon, chairman and CEO of Textron, Inc.; Steve Green, chairman and CEO of Samsonite; Anita DeFrantz, member, International Olympic Committee; Bob Michel, former House minority leader; Billy Payne, chief executive officer, Atlanta Committee for the Olympic Games; and G. Andrew Fleming, chief executive officer, Atlanta Paralympic Organizing Committee.

Remarks on Vetoing Product Liability Legislation and an Exchange With Reporters

May 2, 1996

The President. Good afternoon. Before I make the announcement I invited you here for today, I want to congratulate the Department of Justice on the success of the Zorro 2 antinarcotics operation that Attorney General Reno announced a couple of hours ago today.

Zorro 2 targeted a Mexican-run cocaine smuggling and distribution network in the United States and the Colombian cartel with which it worked. It dismantled both the organization that owned the cocaine and the organization that ran the transportation system, locking up more than 100 individuals across the country, seizing almost 6,000 kilograms of cocaine and 1,000 pounds of marijuana.

Critical to the success of this multi-State operation, which is a part of our southwest border initiative, was the cooperation of over 40 State and local police agencies, the DEA, the FBI, and several other Federal agencies all across the country. They combined their resources and their expertise to take down this extensive drug organization.

Today's arrests are another big victory in the fight against illegal drugs, the fight to keep them off our streets and out of the hands of our children. On behalf of the American people, I want to thank our law enforcement officers for a job well done.

Today I am returning to Congress without my signature the product liability legislation sent to me this week. I take this step because I believe this bill tilts against American families and would deprive them of the ability to recover fully when they are injured by a defective product. I am eager to sign legislation to make our legal system work better at less cost in a fairer way. But this bill would hurt families without truly improving our legal system. It would mean more unsafe products in our homes. It would let wrongdoers off the hook. I cannot allow it to become law.

One of my duties as President is to protect the health and safety of our people. Parents should know the toys their children play with are safe. Families should know the cars they drive will not explode upon impact. Our grandparents have a right to know the drugs and the medical devices they use will not injure them. It is a hallmark of our system of justice that when a product produces injury or death, a family has the right to try and recover its losses. And if someone endangers the health of the public, he or she should be held respon-

sible. I believe we can protect these rights even as we curb frivolous lawsuits.

Let me be clear: We do need legal reform. America's legal system is too expensive, too time-consuming, and does—does—contain too many frivolous lawsuits.

As Governor of Arkansas, I signed several tort reform bills into law. In 1994, I signed legislation in this room to limit the liability of aircraft manufacturers in what I thought was a reasonable and prudent way. We've worked hard to lift the burden of regulation and redtape from business. We cut 16,000 pages of Federal rules, giving a break to small businesses and working for results. I believe we can help the business community in this country without hurting ordinary Americans. But any legal reform must be carefully crafted so that the interests of consumers and businesses are fairly balanced.

For a year I tried to work with Congress to write such a balanced bill. I made it very clear what I would accept in such legislation and what I could not support. When the United States Senate passed product liability legislation, it was clearly an improvement over a much more extreme House bill. I still had a couple of objections to it, which I made very clear. And I expressed the hope that in the conference we could resolve those objections so that a bill would be sent to me that I could sign.

Instead, in the conference the bill moved back toward the House bill in a couple of respects and, perhaps even worse, included some things which were not included in either the Senate or the House bill but, as too often happens in Washington, were put into the final conference version.

This bill is opposed by the American Cancer Society, the Heart Association, the Lung Association, Mothers Against Drunk Driving, and our friend Sarah Brady—where is she, behind me—and the handgun control people. It is opposed by every major consumer and senior citizen group. It is opposed by State legislators and State judges. I'm proud to be joined today by the attorney general of Mississippi, Mike Moore, who opposes it. These are mainstream, Main Street groups, and I believe they are right.

The legislation would make it impossible for some people to recover fully for noneconomic damages. This is especially unfair to senior citizens, women, children who have few economic damages, and poor people who may suffer grievously but because their incomes are low have few economic damages. It would arbitrarily cap punitive damages which are paid by a corporation that has engaged in egregious conduct, such as knowingly making or selling the public a dangerous product. A cap on punitive damages can reward wrongdoers and diminish the deterrent impact of punitive damages.

And if a jury, for example—and many juries are being asked to consider this today—should ever issue a finding that tobacco companies have been not truthful with their customers, this legislation would limit the ability of juries to impose punitive damages on those companies.

And in a provision added in the conference, the legislation would bar the courthouse door to some consumers altogether if they are unlucky enough to be hurt by a product that is 15 years old, even if it's supposed to last more than 15 years. That is the case with two of the people who are in this room today.

In the worst provision added to the conference, it would bail out a gun dealer, for example, who knowingly sells a felon a gun or a bar owner who knowingly sells a drunk another beer before he or she hits the road. And I might say, that is why Sarah Brady is here today. This was supposed to be a product liability bill. This provision has nothing—I reiterate—nothing to do with the manufacture of products that subsequently prove defective and injure people. It shouldn't even be in this bill, and that is probably why it was put in at the 11th hour in the conference without any hearing in the Senate or the House.

I should also point out that there has been a lot of talk in this Congress about the importance of giving responsibilities back to the States. That apparently does not apply to laws relating to the civil justice system. This bill overrides the laws of all 50 States, in spite of the fact that 40 of the 50 States in the last 10 years have acted on their own to reform the tort laws and more than 30 of them have acted in the area of product liability.

So it seems that the Congress is willing to override State laws if they conflict with this bill—but only, I might add, if the State laws are more favorable to the consumers. Now, if the State laws are less favorable to the consumers than this bill, they can stand.

This legislation is arcane, complex; it has a lot of legalisms and loopholes in it. But the real fact is it could have a devastating impact on innocent Americans who can presently look

to our system of justice for recovery. Several of them are with me today.

Janey Fair lost a daughter when her schoolbus burst into flames because the manufacturer wouldn't install an inexpensive safety measure. The bus was hit by a drunk driver with no money. Because she could rely on joint and several liability, she could bring a lawsuit. This is the sort of thing that would be changed, as it relates to noneconomic damages, in this law.

The problem is that children have hardly any economic damages; they're not out there earning money. Poor people may have just as much life expectancy left as you or I, but their economic damages would not be as great, no matter how great their human loss.

Carla Miller was left with her children after her husband was killed when his tractor rolled over. Jeanne Yanta lost the ability to have children after she used a contraceptive that the manufacturer knew was dangerous. Every one of these people is a hard-working American citizen who is law-abiding, tried to do the right thing by their families. Every one would have been prevented from fully recovering for their losses, or in some cases, those who committed civil wrongs would escape full punishment, if this bill were to become law.

I continue to believe that if we were to work together in a bipartisan and open fashion we can craft the right kind of legal reform. I am still willing to do it. Congress knows well my specific positions. If it will send me a balanced bill that cuts back on frivolous lawsuits while being fair to families, that gives manufacturers more predictability but doesn't bail out real wrongdoers, I would sign such a bill without hesitation.

But this bill does not do that. And because of the changes that were made in the Senate bill moving away from rather than toward the specifics that I asked for and because of things that were put into the conference that were not even a part of the House bill, much less the Senate bill, I have no choice but to veto it. And that is what I have done today.

Q. Mr. President, I'm sure you've heard that the Republicans are heaping criticism upon you, saying this veto is a payback to the Trial Lawyers Association whose members have contributed heavily to your reelection. Your response?

The President. Well, I know they've said that. I think you should go back to them and ask them how they could justify depriving Americans who are just like these people of the right to recover for their injuries, and ask them if they really believe that our economy is so fragile that we have to strip from these people the right to be made whole in order to continue to make our economy go forward. Just today we learned that in the last quarter our economy grew at 2.8 percent. We have the lowest unemployment of any advanced economy in the world except for Japan, and many people believe as a practical matter it's even lower than that nation's. I do not believe that we have to have a legal system which shuts the door on the legitimate problems of ordinary people in order to get rid of frivolous lawsuits and excess legal expenses. And I think that we ought to ask those folks that.

You know, before I got into being an elected official, I taught law. I studied the Constitution. I have sat in courtrooms and seen the faces of people who come in there full of fear, full of uncertainty, and full of their own hurts. And so it just seems to me that before they notch this one up as a special interest vote, I would just say two things: One is I made it clear that I would sign legislation that the Trial Lawyers Association did not agree with. I made that abundantly clear. I made my position clear. Two, what is their answer? Can they really look at these people in the face and say, "Boy, our economy needs it so badly that I don't want anybody who's like you in the future to be able to recover and be made whole the way you were"?

And if they—I'll be glad to have the special interest discussion with them if they first say, "It is fine with me if these people, people just like these people, in the future cannot be made whole." They need to answer on the merits before they get to the accusations.

Gas Tax

Q. Your critics say that you're resisting cutting the gas tax. Is that accurate?

The President. Well, first of all, I believe that the better tax cut for Americans is to give people a deduction for the cost of education after high school and to give them a deduction for the cost of raising their children. It's a lot more money. And it's for a more compelling reason.

The gas tax did not drive up the cost of gasoline. After the gas tax was put in and all dedicated to deficit reduction in 1993, gas continued to go down for a year. And we have taken steps to bring the price of gasoline down. We are

moving aggressively on that, and it's beginning to work.

Now if the Congress wants to repeal the gas tax, then it ought to be done—I'll say again—in the context of deficit reduction. They ought to come in here, and we ought to figure out what our balanced budget plan is. We ought to put our common savings together. We ought to have a tax program—a tax relief program that we can afford, and we ought to do it. I would be happy to talk with them about this.

But I think just to sort of out of the blue say we're going to add $30 billion to the deficit, instead of talking about what the best kind of tax relief for America's families is and how we're going to do it in the context of balancing the budget, is not a responsible thing to do. But I'm happy to talk to them about it. But we have to do it, aware of its consequences and of the choices which it will impose upon us. And I think we ought to come in and start these budget discussions, and if they want that to be a part of it, it's fine with me. I'll be glad to talk to them. I'm not shutting the door on that.

Budget Negotiations

Q. Mr. President, in that vein, you've been keeping up pressure on Senator Dole now for a least a good week to come in here and talk with you about the balanced budget. Why isn't that working, would you say? How long are you going to keep——

The President. Well, I don't know. You'd have to ask him that, because, if you remember, the first day I asked for them all to participate again, he suggested that the two of us ought to do it, and then through Mr. Panetta, I accepted. So I'm to willing to meet with them under any circumstances and try to get—I'll meet with him alone; I'll meet with the leadership; I'd meet with a bipartisan broader group. I just think that we need to understand that whenever we have worked together, good things have happened.

You look at the—we've got the telecommunications bill. We've got the terrorism bill. We've got this year's budget. I would have signed the budget I signed last week on the first day of the budget year, 6, 7 months ago. We've got the bill on lobbying reform. Whenever we work together, we can still make good things happen, and we don't need a work stoppage here before the election. And we don't need bills just to be—we don't need bill, veto, bill, veto, bill, veto. We need to work together and pass legislation that I can sign and keep moving the country forward. Then we'll have conventions this summer, and there will be lots of times for the campaign.

Press Secretary Mike McCurry. Thank you, Mr. President.

The President. I'll take one more.

Product Liability Veto

Q. Mr. President, you just suggested you would not sign this bill in part because it would overrule the 50 State laws. But wouldn't any product liability reform overrule the——

The President. Yes, it would. But I want to point out, it's different from like the securities law issue where, essentially, I approved the bill except for the changes that were made in the conference that nobody ever debated. And I made that clear. And that's an area of Federal law.

There is a general feeling among people around the country that there are too many frivolous lawsuits. The only point I'm making is that the States have moved to try to address this. As a result of that, there have been 40 States that have acted in the area of tort reform. And I believe this is right—there may be more, but there have been at least 30 States that have specifically taken action in the area of product liability.

I just pointed out that it is ironic that the Congress which said that what it wanted to do was to give power away from the States, in this area wants to take the power away from the States—at least they want to take it away one way.

Yes, if you have any Federal standards, they will to some extent erode State law. I'm prepared to do that to a limited extent to get rid of frivolous lawsuits. But I think we ought to be aware of the fact that this country has functioned pretty well for 200 years by being very reluctant to do that and letting the States handle that area of our law.

Now, in areas of national commerce, like the securities laws, the Federal Government has been very active. In other areas, the Federal Government hasn't been so active. So it just is another argument for being careful in this area.

It's not like the States have been asleep for the last decade. It's not like they never debated

this, not like they never made any decisions. They've been quite active in this area. We can go further; I am prepared to do it. But I think it's—I am just bringing it out as a reason for further caution.

Thank you very much.

NOTE: The President spoke at 2:43 p.m. in the Oval Office at the White House.

Message to the House of Representatives Returning Without Approval Product Liability Legislation

May 2, 1996

To the House of Representatives:

I am returning herewith without my approval H.R. 956, the "Common Sense Product Liability Legal Reform Act of 1996."

I support real commonsense product liability reform. To deserve that label, however, legislation must adequately protect the interests of consumers, in addition to the interests of manufacturers and sellers. Further, the legislation must respect the important role of the States in our Federal system. The Congress could have passed such legislation, appropriately limited in scope and balanced in application, meeting these tests. Had the Congress done so, I would have signed the bill gladly. The Congress, however, chose not to do so, deciding instead to retain provisions in the bill that I made clear I could not accept.

This bill inappropriately intrudes on State authority, and does so in a way that tilts the legal playing field against consumers. While some Federal action in this area is proper because no one State can alleviate nationwide problems in the tort system, the States should have, as they always have had, primary responsibility for tort law. The States traditionally have handled this job well, serving as laboratories for new ideas and making needed reforms. This bill unduly interferes with that process in products cases; moreover, it does so in a way that peculiarly disadvantages consumers. As a rule, this bill displaces State law only when that law is more favorable to consumers; it defers to State law when that law is more helpful to manufacturers and sellers. I cannot accept, absent compelling reasons, such a one-way street of federalism.

Apart from this general problem of displacing State authority in an unbalanced manner, specific provisions of H.R. 956 unfairly disadvantage consumers and their families. Consumers should be able to count on the safety of the products they purchase. And if these products are defective and cause harm, consumers should be able to get adequate compensation for their losses. Certain provisions in this bill work against these goals, preventing some injured persons from recovering the full measure of their damages and increasing the possibility that defective goods will come onto the market as a result of intentional misconduct.

In particular, I object to the following provisions of the bill, which subject consumers to too great a risk of harm.

First, as I previously have stated, I oppose wholly eliminating joint liability of noneconomic damages such as pain and suffering because such a change would prevent many persons from receiving full compensation for injury. When one wrongdoer cannot pay its portion of the judgment, the other wrongdoers, and not the innocent victim, should have to shoulder that part of the award. Traditional law accomplishes this result. In contrast, this bill would leave the victim to bear these damages on his or her own. Given how often companies that manufacture defective products go bankrupt, this provision has potentially large consequences.

This provision is all the more troubling because it unfairly discriminates against the most vulnerable members of our society—the elderly, the poor, children, and nonworking women—whose injuries often involve mostly noneconomic losses. There is no reason for this kind of discrimination. Noneconomic damages are as real and as important to victims as economic damages. We should not create a tort system in which people with the greatest need of protection stand the least chance of receiving it.