Some had the temerity to say that ''Well, we don't have that many flag burnings and that many flag desecrations.'' Well, I submit we do, because every flag desecration that occurs—and we have had them every year—every one that occurs is covered by the press and goes out to millions of people in this country, every last one. And, frankly, it affects everybody in this country every time we see this kind of heinous conduct.

It is time for us to quit using these phony arguments and stand up and vote to honor our national symbol by merely giving Congress the power to honor it, if it so chooses, with the right of the President to veto whatever they do, if he or she so chooses.

Mr. President, I think we debated this enough today.

MORNING BUSINESS

Mr. HATCH. I now ask unanimous consent that there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ROLE OF GOVERNMENT

Mr. PELL. Mr. President, I once more express reservations about the premise upon which we are proceeding in attempting to balance the budget in 7 years. I am mindful that both my party and the President have agreed to undertake this herculean task of reaching an accord where the difference between what the President has proposed and what the congressional majority seeks is pegged at some $730 billion in entitlement savings, discretionary spending levels, and tax cuts. While I fully support their determination to curb deficit spending, I remain skeptical of the specific objective they have set.

With due respect for the Democratic leadership, I must express my continuing discomfort with the view that it is imperative that the Federal budget be balanced by a date certain. I have always believed, and continue to believe, that the Federal budget is not supposed to be in perpetual balance, but that as John Maynard Keynes wisely noted, it should remain a flexible instrument of national economic policy, registering a surplus in good times and engaging in stimulative spending in bad times. To insist on a balanced budget means requiring tax rates to be increased during a recession and outlays for such programs as help for the unemployed to be decreased. This is not a palatable solution, and it is one with which most economists would find fault.

My views, I realize, are not widely held. Hence, I was most heartened to read the words of Robert Eisner, professor emeritus at Northwestern University and a past president of the American Economic Association in the Wall Street Journal of November 28. In an article entitled ''The Deficit Is Budget Battle's Red Herring,'' Professor Eisner states, and I most strongly concur, that balancing the budget is a ''brief armistice in a much larger war.'' What we are really engaged in is a fundamental disagreement about the role of Government in our lives.

The real objective of the so-called revolution is the effective dismantlement of progressive government as we have come to know and benefit from for half a century. Federal spending on health care for the elderly, the poor, and the disabled is being drastically reduced. Cutbacks are contemplated in our investment in education, the environment, the arts and sciences, and foreign relations. These cuts typify the great differences in priorities and values which distinguish the opponents from the proponents of progressive government. And all of this occurs while we focus on that red herring, the balanced budget.

Professor Eisner accepts the premise that government should provide activities and services that the private economy would not provide or would not provide adequately. And he recognizes that many of us believe that the programs developed over the last 50 years are ''indispensable both to stable economic growth and the social compact on which our economic system and our society depend.''

Mr. President, I ask unanimous consent that the text of Professor Eisner's article be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE DEFICIT IS BUDGET BATTLE'S RED HERRING

(By Robert Eisner)

The agreement reached between President Clinton and congressional Republicans to try to ''balance the budget'' by uncertain measures in seven years is a brief armistice in a much larger war. The war has very little to do with budget deficits. What really concerns combatants on all sides—and should concern the American people—is the role of government in our economy and in our lives.

The ''balanced budget'' slogan is thought to ring very well with voters, so well that virtually all politicians find it obligatory to say that they, too, are committed to it. In fact, it is not clear that the ring is very loud; it is quickly drowned out by the suggestions that achieving balance might entail cutting health care and education or, generally, eliminating programs from which our citizenry think they benefit. Even less popular is an obvious solution for deficits—raising taxes. Last year's deficit, already down to $164 billion from the $290 billion of three years earlier, would have been wiped out completely with 12% more in federal receipts. The transparency of Washington's alleged concern for budget balancing is revealed by the various proposals for tax cuts that in themselves only increase deficits.

The current argument is not about balancing the budget now or even in seven years. It's about what to do to be able to make a forecast that the budget will be ''balanced'' in 2002. In January 1993, as the Bush administration was coming to a close, its Office of Management and Budget forecast for that fiscal year—already three months along—a deficit of $327 billion. That estimate turned out to be $72 billion in excess of the actual deficit of $255 billion. So who can honestly predict now what tax revenues and outlays will be in seven years?

The Congressional Budget Office projects 2.4% annual growth in real gross domestic product and 3.2% inflation. The Clinton administration's Office of Management and Budget projects 0.1 to 0.2 percentage point more growth and 0.1 percentage point less inflation, and those differences would so affect revenues and outlays as to reduce accumulated deficits by almost $500 billion in seven years, and more than double that amount in 10 years. By 2005, these flight differences in projections would amount to half of the CBO-projected deficit. That suggests that raising the OMB projected growth less than 0.2 percentage point and lowering the projected inflation rate 0.1 percentage point more would project a balanced budget by 2005 without any cuts in government programs.

Newt Gingrich insists that the budget projections must be based on ''honest scoring,'' implying somehow that Bill Clinton's OMB is dishonest. But who is to say which projections are correct? Many private forecasters are more optimistic, and an increasing number of economists—and this newspaper's editor—even suggest that considerably higher growth is feasible. Even a modest 0.5 percentage point more, to 3% a year, would wipe out the deficit well within seven years.

But Sen. Phil Gramm gave away the game when he argued on ''Face the Nation'' recently that a balanced budget that would permit more government spending was unacceptable. No deficit projections, accurate or inaccurate, should be used as an excuse to avoid essential cuts in projected government outlays.

And that is the real issue—not deficits and debt but the role of government. Conservative economists arguing for a balanced budget have long made clear that it is not deficits in themselves that concern them but the fact that, given public aversion to taxes, preventing deficits would hold down government spending. Voters would not permit increased spending if it had to be financed by taxes rather than painless borrowing.

Of course, these conservative economists are right in recognizing that deficits and an essentially domestically held public debt such as ours are not a concern. As Abraham Lincoln said in his 1864 Annual Message to Congress: ''The great advantage of citizens being creditors as well as debtors with relation to the public debt, is obvious. Men can readily perceive that they cannot be much oppressed by a debt which they owe themselves.''

One thing a balanced budget would do is eliminate efforts by the government to maintain private purchasing power. Such efforts would entail cutting tax rates, or at least leaving them unchanged, and raising government benefits, or at least allowing them to grow in the face of business downturns. Insisting on a balanced budget means requiring tax rates to be increased during a recession and outlays of unemployment benefits and food stamps, for example, to be decreased. Aside from the misery that some of these actions might entail, they would appear to most economists as exactly the wrong thing to do.

Government should provide activities and services that the private economy would not provide or would not provide adequately. Much of social insurance is in this category—retirement benefits and medical care for the aged, unemployment benefits for the jobless and ''welfare'' payments for those unable to work and their children. It is perhaps not widely acknowledged, for reasons for electoral politics, that the privatization that conservatives generally favor would extend to Social Security.