The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. EMANUEL) is recognized for 5 minutes.

(Mr. EMANUEL addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE PRESIDENT'S TAX CUTS AND THE MIDDLE CLASS

Mr. McDERMOTT. Mr. Speaker, I ask unanimous consent to take claim the time of the gentleman from Illinois (Mr. EMANUEL).

The SPEAKER pro tempore. Without objection, the gentleman from Washington is recognized for 5 minutes.

There was no objection.

Mr. McDERMOTT. Mr. Chairman, the President has signed into law a bill that guarantees a massive tax increase for the middle class. They just do not know it yet. Make no mistake. The President's tax giveaway to the rich will be paid for by the middle class for generations to come. In fact, Americans living overseas are already reeling from the President's fuzzy math. It is the largest single tax increase in 30 years for these Americans.

I will enter into the RECORD a story published on Tuesday in the International Herald Tribune entitled ''Americans Abroad Outraged Over Tax Changes.'' Not only does the President's giveaway hurt Americans living and working overseas, his tax giveaway will actually encourage companies to hire executives in other countries because the new law is so onerous for Americans.

The President declared ''Mission Accomplished,'' but the words ring as hollow now as they did on that aircraft carrier when he declared an end to major hostilities in Iraq on May 1, 2003, almost 3 years ago.

What the President signed yesterday is a massive $70 billion tax giveaway. Americans earning $1 million a year will enjoy an average $41,000 windfall every single year through 2010. The President handed out $16 to the average middle class family.

There is no money to pay for this presidential giveaway, just as there is no money to pay for the President's Iraq War. He keeps signing credit card slips for the U.S., but what kind of credit limit does he actually have?

The Washington Post called it the ''Day of Reckoning for the next President in and Congress. I will enter into the RECORD a May 4 story. The story of the ''Day of Reckoning'' is January 1, 2011. Let me read a paragraph out of the Post story:

''At that moment politicians will face a choice: Either allow taxes to rise suddenly and sharply on everyone who pays income taxes, is married, has children, holds stocks and bonds, or expects a large inheritance, or impose mounting budget deficits on the government far into the future.''

I urge you to read the rest of that story, which will be in the RECORD.

This is not voodoo economics; this is black magic. The President and the Republican majority have made the surplus disappear. They have replaced a Nation enjoying strong financial security with a country insecurely surviving on a growing addiction to massive foreign debt. They are transferring the wealth of our Nation to the very rich and leaving the bill for the reckless plundering of the Treasury to the middle class, and they made sure the pain will not begin until the President leaves office.

Two generations ago when income tax rates exceeded 70 percent, economists could argue that a tax cut could fuel economic growth. But that logic is as scarce today as gasoline at $1 a gallon.

To independently confirm this point, I turn to none other than the very conservative Cato Institute. Here is what they said in the Los Angeles Times story on May 14, which I will put into the RECORD: In the story the Cato Institute shows that since 1981 for every dollar in tax cuts, the government spending increased by 15 cents. So they kept going. They gave away $1 and they spent $1.15. The President and his surrogates are pretending otherwise. The bills are piling up and so is the debt on the American middle class, until we stop.

But the Republicans did the opposite. They rammed through a reckless budget bill yesterday. This much we know: The Republican budget is all gain and no pain for big oil. The Republican budget is all riches for the rich and rags for the rest. The President and the Republicans are hurting the poor, the disadvantaged, the vulnerable kids, the seniors, and the middle class. And the Republicans are passing on a legacy of debt, not to their children but to their grandchildren.

When the President signed the latest tax giveaway, he gave those earning $1 million a year, earning $1 million a year, an extra $41,000. That is the average salary of the middle class in this country. For doing nothing. He just simply gave it to them. They will not work a single day for it. Meanwhile, the House Republican budget will add another $254 billion to the deficit to pay for that. They are going to borrow from the Chinese to give it to the rich. So the debt ceiling had to be raised again yesterday. Buried in the bill for the fifth time under Mr. Bush, we have raised the debt ceiling. Their spending is so out of control, they do not know how to stop. But that is not the half of it. In 2007 the rich will receive even more funding.

There is no end to their spending. The only way is to take them out in November.

By 2010, the Republican giveaway will cost as much as all of the funding for the Departments of Education, Veterans Affairs, Homeland Security, Housing and Urban Development, State, and Energy.

And, median family income in America is down.

Under this President, the tallest mountain in the world is no longer Mt. Everest; it's Mount U.S. Deficit. The rich are sitting on top with Republicans. Rock slides are crashing down on the rest of us. And the landslide is coming.

This mountain of debt will collapse on the American people. That's the record of a Republican President and Republican majority who have defined themselves as the party of one percent, representing only those with a seven figure income or above.

[From the Los Angeles Times, May 14, 2006]

BANKRUPTED BY VOODOO ECONOMICS

(By Jonathan Chait)

If you remember the 2000 election, you probably remember President Bush's warning about why we needed to cut taxes: if we did not return the surplus to the taxpayers, Washington would spend it. Well, we all know what happened next. Bush returned the surplus to taxpayers—and Washington spent the money anyway.

Conservatives have a number of analogies to explain why tax cuts will lead to spending restraint: Cut your child's allowance. Starve the beast. But the analogies are all wrong. The child has a credit card. The beast has a private meat locker. Washington can spend whatever it wants, regardless of how much it taxes.

The right has been congenitally unable or unwilling to grasp this lesson. Last week, though, there was a faint glimmer of recognition. William Niskanen, chairman of the fervently anti-government Cato Institute, did a calculation showing that, since 1981, every $1 in tax cuts tends to produce 15 cents of extra spending. Likewise, every $1 of tax hikes tends to reduce spending by 15 cents. The notion that tax cuts cause spending to dry up, or that tax hikes encourage more spending, is not just wrong, it's completely backward.

Now, Niskanen is not the first policy wonk to discover this correlation. Four years ago, Richard Kogan of the liberal Center on Budget and Policy Priorities discovered the same thing. I wrote about it in the New Republic—and nobody paid any attention.

But Niskanen's finding is getting some attention. Moderate libertarian Jonathan Rauch wrote about it in the Atlantic, and a Washington Post columnist picked it up from there.

You'd think conservatives would pay some attention to a study that empirically demolishes one of the central underpinnings of their domestic policy. Indeed, my fellow columnist, Jonah Goldberg, wrote on National Review's blog last Monday that ''conservatives are going to have to respond to Jonathan Rauch's argument in the new Atlantic.''

Of course, no response ensued. Indeed, the next day, National Review was on its merry way, editorializing for more tax cuts, as if Niskanen's study didn't exist.

The curious thing is why conservatives persist in supporting a strategy that is demonstrably counterproductive to their stated goal of shrinking government. The answer can be found in the same entry by Goldberg. He proceeded to write: ''There are others better qualified to deal with the economic issues. But if tax increases can be demonstrated to shrink government in some significant way, I'm certainly open to them.''

Indeed, there is plentiful evidence that tax hikes can slow spending. There is a sizable chunk of the Democratic Party that is willing to inflict pain on their constituents in the form of spending cuts as long as the rich bear some of the burden in the form of higher taxes. In 1982, 1983, 1990 and 1993, Democrats in large numbers voted for budgets