



PHONY DEBT-LIMIT DEAL ONLY MADE THINGS WORSE

CHICAGO--The phony federal-debt-limit deal put together by Democrats and Republicans has fooled no one and has actually made matters worse, according to economist Jim Tobin, President of Taxpayers United of America (TUA).

“You can’t fool the markets. On Wednesday, the Standard and Poor’s 500 hit a new low for the year,” said Tobin. “And the news media, which usually accommodate the tomfoolery of Congress and Pres. Obama, have been roused from their slumber and have started to do their job.”

“The Chicago Tribune quoted senior market analyst Andrew Wilkinson as stating, ‘Investors have simply run out of optimism.’ And no wonder. Jacob Sullum, in the Chicago Sun-times, reveals that ‘epic clash,’ as the disingenuous New York Times put it, was really ‘a squabble between two parties that both favor big government.’ His comment really nails it.”

“The phony debt deal authorizes the federal government to borrow another \$2.1 trillion on top of the \$14 trillion it already owes, according to Sullum. The deal’s \$2.5 trillion in ‘cuts’ are phony, according to Sen. Rand Paul (R-KY). Those cuts are from a projected baseline where the national debt grows by \$10 trillion over the next 10 years, which means the best-case scenario is still \$7 trillion more in debt over the next 10 years.”

“How phony is the debt limit deal? According to Cato Institute analyst Chris Edwards, federal spending will rise by 34% during the next decade, compared with the 55% desired by Pres. Obama.”

“We are in an Orwellian world,” said Tobin. “We are told the opposite of what is happening. Spending is going up, not down. The so-called spending cuts are not real cuts at all. And both political parties, Democrats and Republicans, are so entrenched and so devoted to protecting their power and benefits that the likelihood of true fiscal reform is about as real as fairy dust.”

<http://www.suntimes.com/news/otherviews/6841822-452/deal-slashes-little-in-federal-government.html>

<http://www.chicagotribune.com/business/sns-rt-us-markets-stockstre7701kb-20110801,0,3459640.story>