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The New York Times on the Debt Deal: "It does not actually reduce federal spending."

Peter Suderman | August 3, 2011

As the debt deal took shape, Chris Edwards from the Cato Institute offered multiple reminders that despite talk of "cuts," the legislation does not actually reduce federal spending over the next decade, even if enacted exactly as planned (which is in no way guaranteed). Here's another reminder—this one from *The New York Times*:

There is something you should know about the deal to cut federal spending that President Obama signed into law on Tuesday: It does not actually reduce federal spending.

By the end of the 10-year deal, the federal debt would be much larger than it is today.

Indeed, both the government and its debts will continue to grow faster than the American economy, primarily because the new law does not address federal spending on health care.

That is the reason that the ratings agency Standard & Poor's and its rivals still are threatening to remove the United States from their lists of risk-free borrowers, although the other agencies, Moody's and Fitch, both said Tuesday that they would watch and wait for now.

Earlier this week, I argued that the debt deal won't save our credit rating.