

Macro Roundup Article

Headline: [American Gothic](#)

Article Link: <https://am.jpmorgan.com/us/en/asset-management/institutional/insights/market-insights/eye-on-the-market/american-gothic/>

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Tweet: Michael Cembalest @jpmorgan notes that it has been difficult for legislators to increase tax receipts beyond 19% of GDP, and yet entitlement spending plus interest is likely to exceed that level by 2032.

Summary: The above chart plots the history of US tax increases since 1950 (as % of GDP and vs Federal receipts as a % of GDP). While there have been tax increases of 2% of GDP or more, they occurred when overall tax receipts were much lower. The red square shows the required increases in taxes, which if spent entirely on increasing discretionary spending, would reduce the ratio of entitlements to non-defense discretionary spending back to 2.2x (its 2006 level). The Sanders high net worth income and capital gains tax plan and the Warren wealth tax plan appear as well.

Primary Topic: Taxation

Topics: Database, Fiscal Deficits, Fiscal Policy, Graph, Other Source, Taxation, Weekly

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