

Macro Roundup Article

Headline: [The Rich Aren't Rich Enough to Balance the Federal Budget](#)

Article Link: https://www.wsj.com/articles/the-rich-arent-rich-enough-to-balance-the-federal-budget-with-tax-increases-60969410?mod=opinion_lead_pos8

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Tweet: As deficits surge towards 10% of GDP, @Brian_Riedl argues there is limited space to increase revenue by taxing the rich, which at most could raise an additional 2% of GDP over the long term.

Summary: The CBO calculates that the top-earning quintile, which accounts for 58% of all income in the U.S., paid 69% of all federal taxes in 2019. The top-earning 1%, which makes 18% of all income, paid 25% of all federal taxes. The bottom-earning 60% earned 23% of income but paid 13% of federal taxes. America's top tax rates often exceed international norms. Our top income-tax bracket of 43.7%—including typical state taxes—exceeds that of the standard OECD nation (40.4%). Our top capital-gains tax rate is 10 points above the OECD average, and our corporate tax rate exceeds not only the OECD mean but that of every Scandinavian nation. America's effective corporate tax rate is also above average, as are its estate and inheritance taxes. How, then, does the typical OECD nation collect 7.5% of its GDP more than Washington? OECD nations collect an average of 7.2% of GDP in VAT revenues with rates as high as 27%. In other words, the revenue gap isn't driven by tax-the-rich policies. Related: The Limits of Taxing the Rich and From Riches to Rags: Causes of Fiscal Deterioration Since 2001 and Taxing Billionaires: Estate Taxes and the Geographical Location of the Ultra-Wealthy

Primary Topic: Fiscal Deficits

Topics: Database, Fiscal Deficits, Fiscal Policy, Government Spending, Op-Ed/Blog Post, Taxation, Weekly

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