

## Macro Roundup Article

**Headline:** [Is the Fiscal Picture Getting Better or Worse? Yes.](#)

**Article Link:** <https://www.nytimes.com/2023/09/08/opinion/taxes-deficit-inflation-gdp.html>

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**Tweet:** [.@paulkrugman acknowledges that “we’re going to keep running deficits bigger than even fiscal doves like myself would like.” He advocates raising taxes on the rich and middle class.](#)

**Summary:** The federal deficit for the first 3/4 of the fiscal year 2023 was almost 3x as high as a year before. Very little of it was the result of new spending programs (although money is starting to flow out the door under the Biden administration’s industrial policies). It was mainly about two things: a sharp fall in tax receipts and rising interest payments. What’s happening on taxes is that the federal government in effect got a windfall from stock prices and inflation, which is now going away. We’re not looking at any fundamental deterioration. The U.S. government really shouldn’t be running budget deficits this big at full employment. Yet we don’t want to reduce deficits by cutting essential spending. America collects a lower share of its income in taxes than other major economies, so more revenue — partly from the rich, but also from the middle class — would be a reasonable policy. Related: [Is a U.S. Debt Crisis Looming?](#) [Is it Even Possible?](#) and [American Gothic and Living with High Public Debt](#)

**Primary Topic:** Fiscal Deficits

**Topics:** Fiscal Deficits, Fiscal Policy, Government Spending, Op-Ed/Blog Post, Politics, Weekly

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