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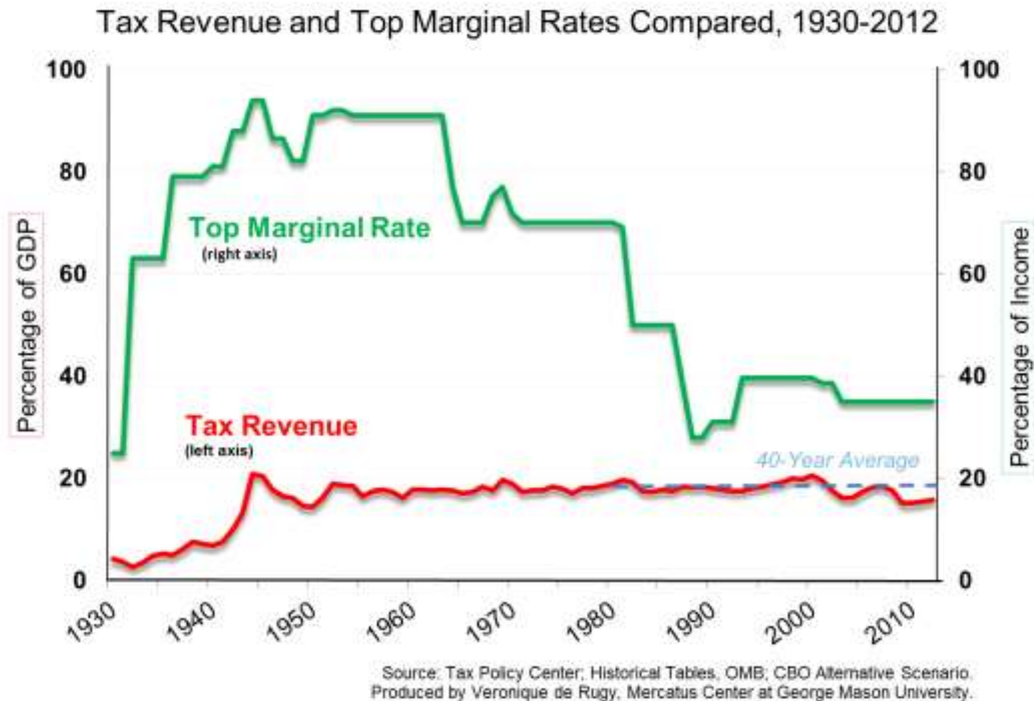

As we move closer to the fiscal cliff and the deficit-reduction talks, it is critical to keep the history of U.S. revenues in mind. Historically speaking, changes to the top marginal income tax rate have had no effect on tax revenue.

To illuminate this fact, the chart compares the trend lines for federal tax revenue as a percentage of GDP (in red, left axis), using the earliest available records from the Office of Management and Budget, and for the top marginal tax rate (in green, right axis), using data from the Tax Policy Center.

From 1930 to 2012, tax revenue has never topped 20.9 percent of GDP, and over those 82 years, it averaged 16.5 percent of GDP. Since 1981, it has remained below 19 percent on average (see dotted blue line).

In stark contrast, the rate of income taxation on the highest-earning Americans has fluctuated dramatically—from 25 percent of income in 1930 to 92 percent of income in the early 1950s. In spite of these fluctuations in the top marginal rates, the amounts that the federal government has collected have remained flat.

It is spending, not revenue, that has deviated from its historical path. Spending must be addressed to rectify the ailing budget.

Veronique de Rugy talks federal tax policy on MSNBC.

To contact Dr. de Rugy, call 202.550.9246 or email rlandaue@gmu.edu