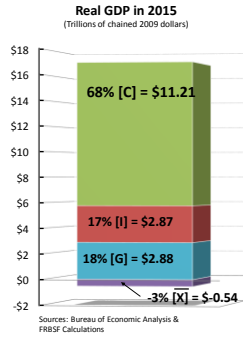


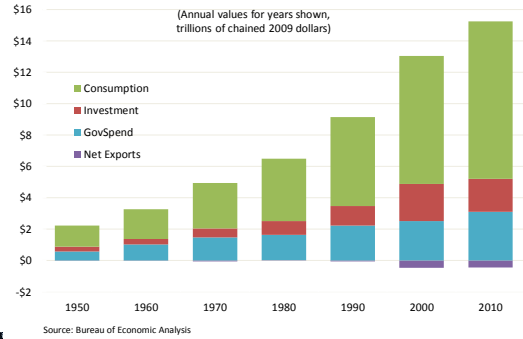
### Components of GDP (Expenditure Approach)

- [C] Consumption**  
e.g., durables and nondurables
- [I] Investment**  
e.g., business investment in equipment and factories
- [G] Government Spending**  
e.g., government purchases of goods and services
- [X] Net Exports**  
e.g., U.S. exports to other countries, less imports



DataPost

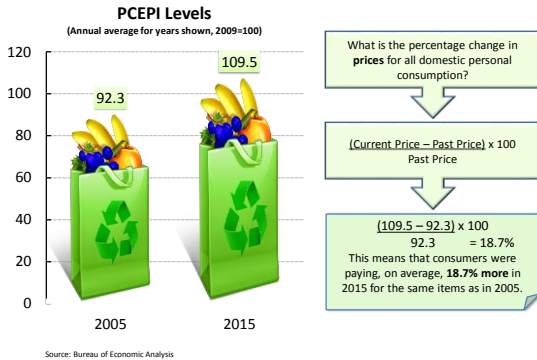
### U.S. Real GDP by major spending category



DataPost

### Using the PCEPI

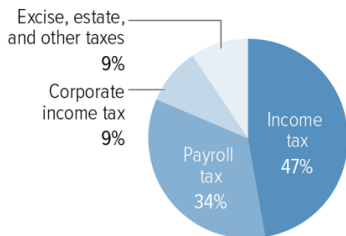
(Personal Consumption Expenditures Price Index)



## Fiscal Policy

## Taxes (T)

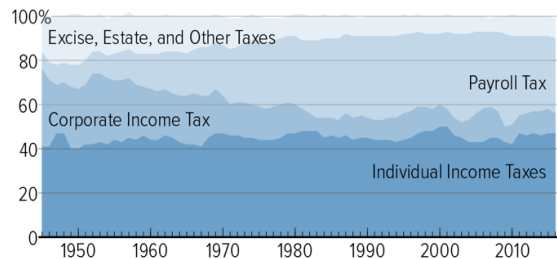
### Sources of Federal Tax Revenue, 2016



Note: "Other Taxes" category includes profits on assets held by the Federal Reserve. Figures do not total 100% due to rounding.

Source: Office of Management and Budget

### Sources of Federal Tax Revenue, 1945-2016



Note: "Other Taxes" category includes profits on assets held by the Federal Reserve.

Source: Office of Management and Budget

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## Marginal and Average Tax rate

### Federal Tax Brackets

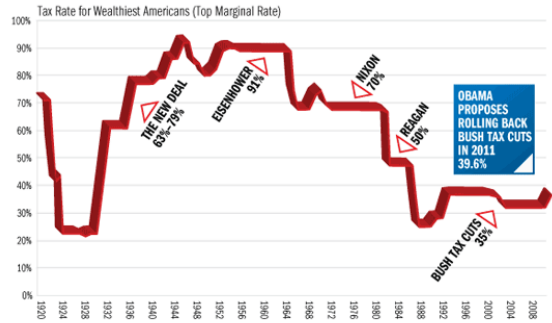
Your tax bracket is the rate you pay on the "last dollar" you earn; but as a percentage of your income, your tax rate is generally less than that. First, here are the tax rates and the income ranges where they apply.

Tax Year: 2017		Filing Status: Single	
If your taxable income is between...		your tax bracket is:	
0	and 9,325	10	%
9,325	and 37,950	15	%
37,950	and 91,900	25	%
91,900	and 191,650	28	%
191,650	and 416,700	33	%
416,700	and 418,400	35	%
418,400	and above	39.6	%

To take an example, suppose your taxable income (after deductions and exemptions) is exactly \$100,000 in 2012 and your status is Married filing jointly; then your tax would be calculated like this:

(\$ 17,400 minus 0) x .10 :	\$ 1,740.00
( 70,700 minus 17,400) x .15 :	7,995.00
( 100,000 minus 70,700) x .25 :	7,325.00
<b>Total:</b>	<b>\$ 17,060.00</b>

## UNDER OBAMA'S PLAN, THE WEALTHIEST AMERICANS STILL PAY FAR LESS IN TAXES THAN UNDER REAGAN OR NIXON



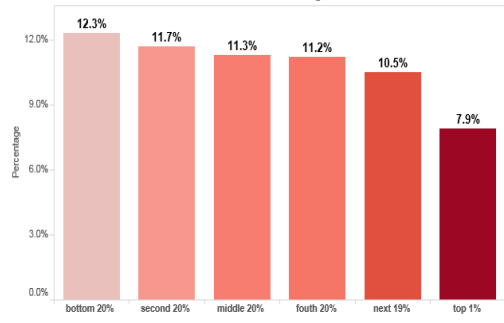
## Progressive taxation

Adjusted gross income	Share of all returns filed	Share of all paid income taxes	Avg. effective tax rate
\$2M or more	0.1%	20.4%	27.5%
\$500K to <\$2M	0.8	17.9	26.8
\$200K to <\$500K	3.6	20.6	19.4
\$100K to <\$200K	12.3	21.7	12.7
\$50K to <\$100K	21.8	14.1	9.2
\$30K to <\$50K	17.6	4.0	7.2
Less than \$30K	43.8	1.4	4.9

Note: For each income group, "effective tax rate" is defined as the total income tax

## Regressive state income tax

STATE AND LOCAL TAXES AS A SHARE OF INCOME  
2011 50-state average



## US corporate tax over the past seven decades



Sources: Federal Reserve Bank of St Louis; Tax Policy Center © FT

## TOP 20 TAX HAVENS

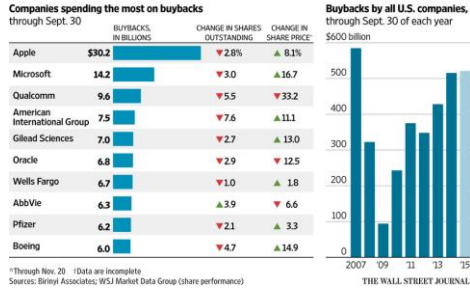
For Fortune 500 Companies



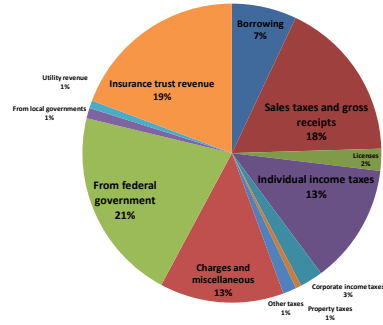
## What do companies do with profits?

### Buyback Boom

Companies are spending billions buying back their own shares. For the first three quarters, this year's buybacks have surpassed last year's as the most since the 2008 financial crisis.

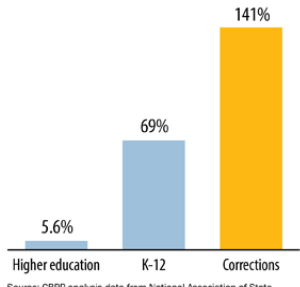


## State Government Revenue



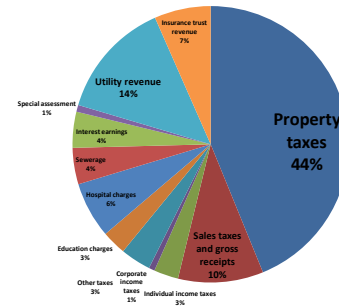
## State Corrections Spending Has Grown Much Faster Than Education Spending

Growth in state general fund spending, adjusted for inflation, 1986-2013

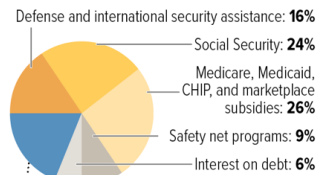


Source: CBPP analysis data from National Association of State Budget Officers. Center on Budget and Policy Priorities | cbpp.org

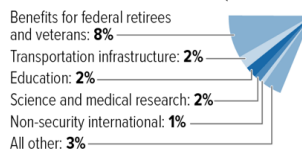
## Local Government Revenue



## Spending (G)

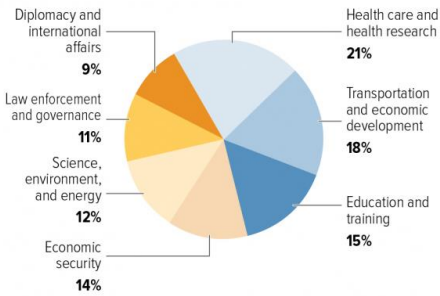


## Federal budget spending



Source: 2016 figures from Office of Management and

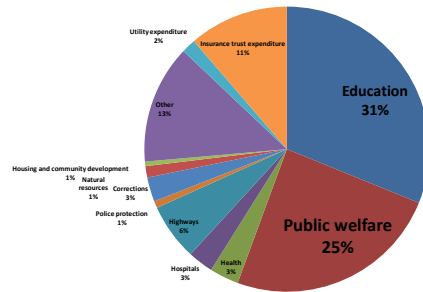
### Non-Defense Discretionary Spending, FY 2015



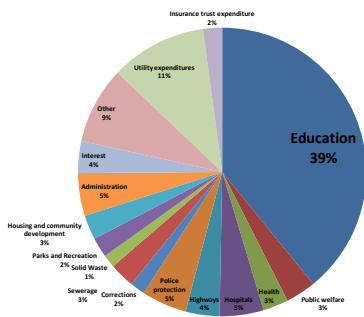
Source: CBPP calculations using Office of Management and Budget data

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### State Government Expenditures



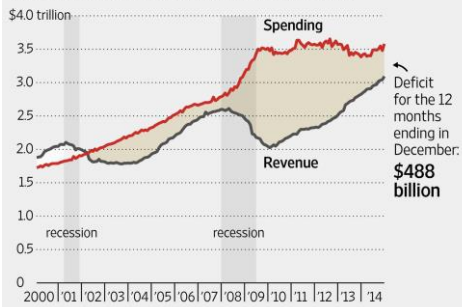
### Local Government Expenditures



### Deficit and debt

#### Closing the Gap

Federal spending and revenue, 12-month moving totals

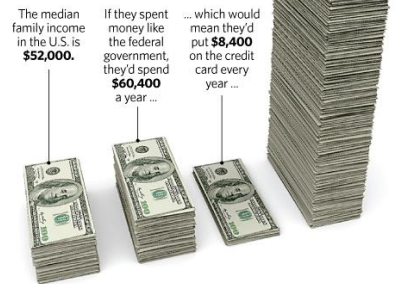


Source: Treasury Department

The Wall Street Journal

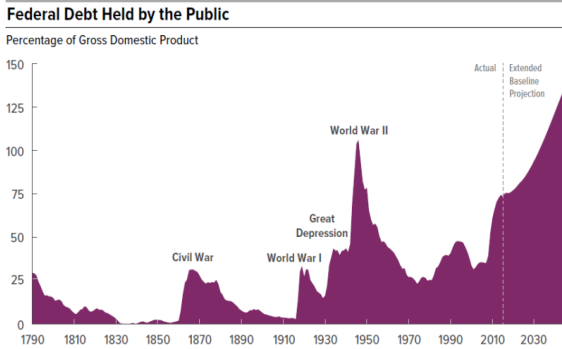
#### What If a Typical Family Spent Money Like the Federal Government?

IN 2014 DOLLARS



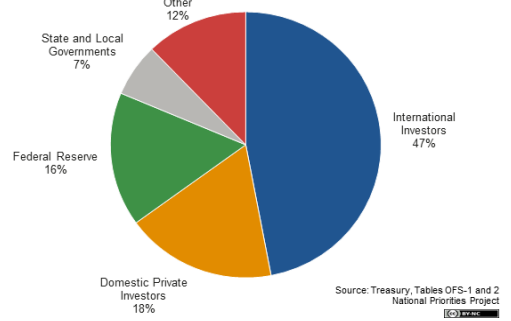
Source: Congressional Budget Office, "Monthly Budget Review for September 2014,"

## US national debt

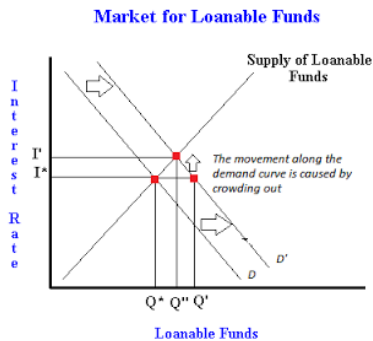


## Who Does the U.S. Government Owe Money To?

(\$11.9 trillion in federal debt held by the public, June 2013)



## Effectiveness of fiscal policy



## Distribution of wealth in the US

