



Despite Record Individual Income Tax Collections, Federal Deficit Grows

The Treasury Department's Monthly Treasury Statement indicated that the federal government collected a record \$1,415,150,000,000 in individual income taxes through the first 10 months of fiscal 2018 (October 2017 through July 2018). Despite the increase in individual income tax revenue, the federal government ran a \$683,965,000,000 deficit for that same period.



A summary of the data in the Treasury statement compiled by CNS News noted that even though the amount of individual income taxes collected in the first 10 months of this fiscal year set a record, overall federal tax collections declined during those months. During the same period of fiscal 2017, the Treasury collected \$2,820,673,610,000 in total taxes. But in October-through-July 2017-2018, the Treasury collected only \$2,766,071,000,000.

An [article posted by The New American](#) a month ago analyzed figures for the first nine months of this fiscal year and showed a similar increase in the federal budget deficit compared to last year's budget. It reported that total federal revenue through June was \$2.54 trillion, while total government spending was \$3.15 trillion, leaving a deficit of \$607 billion, which is 16-percent higher than a year ago.

Some analysts attribute the shortfall in revenue to the Trump tax cuts, particularly cuts in corporate taxes. Considering the problem, *The New American's* report posed these rhetorical questions: "Can Trump's tax cuts pay for themselves? Or are the Democrats' claims that they will 'bust a hole' in the federal budget in the out years valid?"

The writer noted that part of the answer must be supply-side economic theory, which concludes that lower tax rates will generate higher tax revenues.

The report quoted the editors at *Investor's Business Daily*, who noted, "Bringing in more tax revenues doesn't help if spending goes up even faster. And that has, unfortunately, been the case, as the GOP-controlled Congress has gone on a spending spree. Look at it this way. [Total] tax revenues are up by \$31 billion so far this fiscal year compared to last year. But spending is up \$115 billion."

The article proposed this solution:

If government spending can somehow be held below the economy's growth rate, deficits narrow and eventually disappear. Decreasing, and eventually eliminating, unconstitutional federal programs would cut spending down to a more-than-manageable level.

The key to reduced spending and taxes is found in that statement: We must reduce the size of the federal government by eliminating programs not authorized by the Constitution.

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Written by [Warren Mass](#) on August 14, 2018

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