



ANNUAL REPORT
ON THE
UNITED STATES GOVERNMENT
1997



House Policy Committee
Christopher Cox, Chairman

Statement of Revenues and Expenses

Revenues	Fiscal Year ¹		Percent of Total 1997
	1996	1997	
Individual income taxes	\$ 656,417,000,000	\$ 737,466,000,000	38%
Social insurance taxes ²	509,415,000,000	539,370,000,000	28%
User fees, earmarked taxes and receipts ³	347,908,000,000	381,211,000,000	19%
Corporation income taxes	171,824,000,000	182,294,000,000	9%
Excise taxes and customs duties	72,686,000,000	74,853,000,000	4%
Miscellaneous receipts	25,234,000,000	25,149,000,000	1%
Estate and gift taxes	17,189,000,000	19,845,000,000	1%
Total Revenues	\$ 1,800,673,000,000	\$ 1,960,188,000,000	
Expenses			
Social spending ⁴	\$ 1,036,410,000,000	\$ 1,083,106,000,000	55%
Interest on national debt	343,955,000,000	355,796,000,000	18%
Military spending	249,036,000,000	255,260,000,000	13%
Administrative agencies ⁵	159,159,000,000	165,297,000,000	8%
Transportation	43,117,000,000	44,299,000,000	2%
State and foreign affairs ⁶	31,457,000,000	33,335,000,000	2%
Environment, fish, wildlife, parks and interior ⁷	25,537,000,000	25,491,000,000	1%
NASA	13,882,000,000	14,358,000,000	1%
Judiciary	3,067,000,000	3,267,000,000	*
Congress and congressional staff	2,296,000,000	2,380,000,000	*
The President	202,000,000	219,000,000	*
Total Expenses	\$ 1,908,118,000,000	\$ 1,982,808,000,000	
Loss (Deficit) ⁸	(\$ 107,445,000,000)	(\$ 22,620,000,000)	

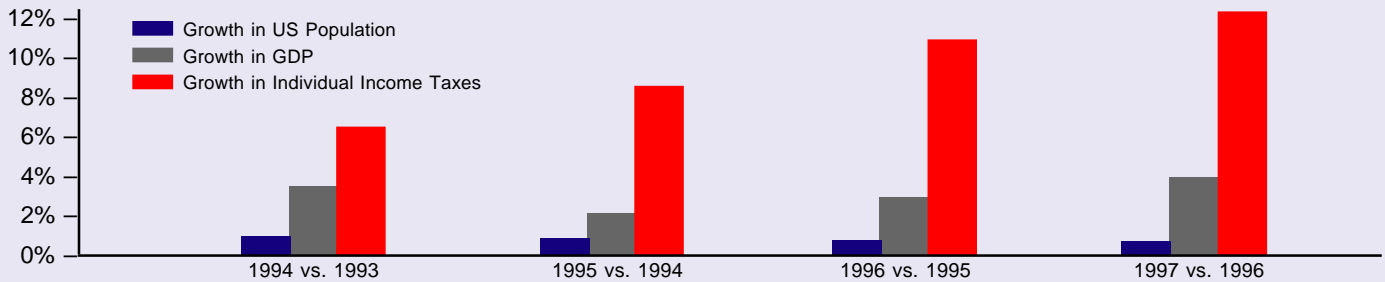
* Less than 1%

Notes

- The U.S. Government fiscal year begins on October 1 and ends on September 30.
- Includes direct taxes and payroll taxes from individuals and employers for disability insurance, Social Security and other federal retirement programs, hospital insurance taxes, and unemployment insurance taxes.
- Represents receipts of federal departments and agencies netted from gross outlays in Treasury reports (such as proprietary receipts from the public, receipts from off-budget federal entities, and intrabudgetary transactions) and total undistributed offsetting receipts (including interest received by federal trust funds and rents and royalties on Outer Continental Shelf Lands).
- Includes arts, education, labor, health and human services, low income and public housing, WIC, welfare block grants, food stamps and other agricultural programs, and federal retirement programs (including Social Security).
- Includes SBA, GSA, DOE, Commerce, Corporation for Public Broadcasting, District of Columbia, EEOC, Export-Import Bank, FCC, FEMA, FTC, Justice, National Archives and Records Administration, National Credit Union Administration, Savings and Loan, bank insurance, independent agencies.
- Includes outlays for Department of State and funds appropriated to the President for international programs.
- Includes EPA, National Park Service, Fish and Wildlife Service, Bureau of Land Management, Forest Service, National Oceanic and Atmospheric Administration, and major environmental programs of federal agencies.
- For fiscal years 1991 and beyond, the excess of Social Security taxes over outlays for Social Security is excluded by law from the deficit calculation. This amount was \$52 billion in 1996 and \$68 billion in 1997. The Clinton Administration, however, has elected to include the Social Security Trust Fund in the deficit calculation, which has the effect of reducing the reported deficit. Exclusion of the Trust Fund surpluses would increase the reported deficits to \$159 billion in 1996 and \$91 billion in 1997.

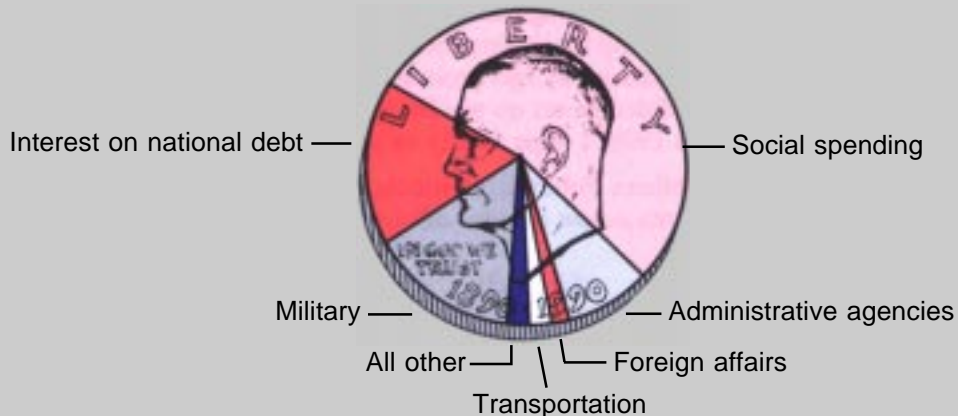
Rates of Growth in Taxes, 1993-1997

In the first four years of the Clinton Administration, federal taxes on the American people increased by nearly a third. From \$1.5 trillion in fiscal 1993 (President Bush's last budget year), the federal tax burden grew to \$2 trillion in the most recent year. In 1997, individuals paid 45% more in income taxes than they did in 1993. Taxes have also grown significantly as a share of the economy; in 1997, federal taxes were 20% of GDP — the highest since World War II.



Composition of Federal Spending, FY 1997

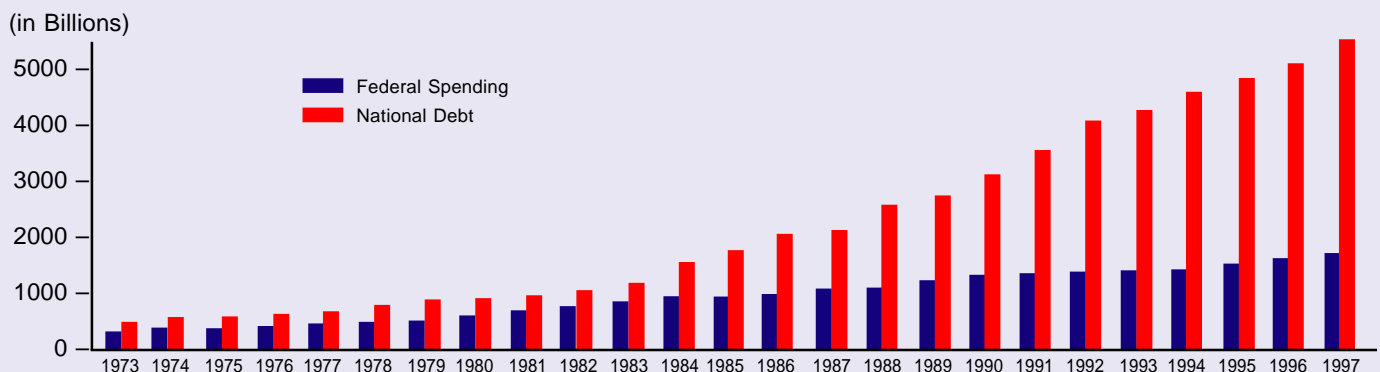
In 1997, social spending continued to grow as a share of total expenses, to its highest level in U.S. history. Military spending remained flat at 13%, the lowest share of overall revenues in half a century. The record-high national debt sent interest costs to a record high, despite the declining deficit.



Federal Spending and the National Debt, 1973-1997

Since 1973, annual federal spending has increased more than 500%. The average annual rate of spending growth was 8.2%. In 1997, spending grew by 3.9%, up from 2.1% in 1996.

Over the last 25 years, the national debt has grown from \$466 billion to \$5.5 trillion. As a share of the economy, federal debt has doubled: from 35% of the gross domestic product in 1973 to 70% in 1997. Despite declining deficits in recent years, the national debt has increased 25% since the beginning of the Clinton Administration.





Congress of the United States
House of Representatives
Washington, DC 20515-0515

Dear Taxpayer:

What is the cost of our record-high national debt?

In 1997, despite relatively low interest rates, a declining deficit, and a strong economy, interest on the national debt topped \$355 billion. That is by far the highest in U.S. history. Our annual interest cost is up over 20% in just the last three years.

In the same 1997, Californians — all of us combined — paid record-high federal taxes. But all of the income taxes we paid amounted to barely a quarter of last year's interest on the national debt.

Think of it this way: not a single penny of the taxes you paid with your IRS Form 1040 went toward a stronger national defense, improved transportation, tougher crime fighting, or a better environment. Instead, your hard-earned taxes — and all of the federal income taxes of every American west of the Mississippi — went to nothing but interest on the debt. This is a tragic waste.

That is why fiscal responsibility in Washington remains so important. To insure that Congress actually follows through on our plan to stop increasing the national debt by 2002, it is essential that we completely overhaul the broken-down federal budget process. There is real hope on this front: this year, the House of Representatives is scheduled to act on my Budget Process Reform Act, which over 200 of my colleagues have sponsored. In 1998, I hope finally to see this essential discipline become law.

As Chairman of the House Republican Policy Committee, I commissioned this Annual Report to help my colleagues and my constituents assess the size of our problems. I have found it an invaluable resource. I hope you will, too.

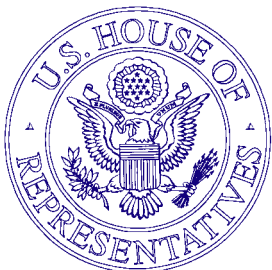
Sincerely,

Christopher Cox
United States Representative

Congress of the United States
House of Representatives
Washington, D.C. 20515

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