

Preface

For most of the time since 1977, most UK citizens have been dissatisfied with 'the way government runs the country' (Ipsos-Mori polls).

For the last two years (2013-14), people who say they are satisfied has been around 30%.

In the US (2015), the numbers are similar: 65% are dissatisfied with government (from a Gallup poll).

This book is for people who want to learn more about government, and want practical ideas to make it better.

I'll give a clear overview of how government currently works. I'll get to the core of why government is useful.

I'll provide a simple approach to the complex problems of government.

After reading this book, you will be in a good

position to help make government better.

The Cost of Government

Most people know that government is big, and it spends large amounts of money. But few think about the actual size of government.

In 2014 the UK government budgeted around £41bn (41 thousand million) for Education.

To put that into perspective, Apple had pre-tax profit of around £35bn in 2014 – £6bn less – and it was the second-most profitable company in the world.

Note that of the top ten most profitable companies in the world, only one was based in the UK.

The total spending by the UK government in 2014 was around £546bn.

The government can't afford to pay for all of this from taxes, so it loans money. And after many years of borrowing, in 2014 £47bn was spent paying back some past loans.

If the UK government could have taken all of the profits (pre-tax) from the ten most-profitable companies in the world in 2014, it would have paid for less than 65% of its spending.

The US government is similar, but spends and loans much more.

From 1900 to now, spending by governments in the UK and US has grown from less than 20% of the country's earnings each year, to 40%.

Taking Money From People

In the UK, if someone earns £50,000, they would have to pay around £10,000 in income tax.

Over one million people earn over £50,000 in the UK, and so you can see that for over one million people at least £10,000 is taken away and spent by the government.

Those people might otherwise spend that £10,000 to earn more money, or perhaps they would spend it on themselves or others.

And more money is taken from these people by the government, including through 'VAT', currently a 20% tax on most products people buy.

Government also takes money from companies.

Business tax laws in the UK are complex, and so not all companies pay the same rates.