

Podcast: UBI and the Common Sense Policy Group

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Universal basic income (UBI) is often dismissed as unaffordable, unrealistic, or politically impossible. But the conversation I had recently with Howard Reed and Elliott Johnson of the Common Sense Policy Group at Northumbria University left me less sure of that.

The Group's research challenges the Treasury orthodoxy in two important ways:

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Public investment multipliers are far bigger than assumed, and

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Even current spending has a strong multiplier effect, meaning it can pay for itself

And if the economic case for investment is stronger than we've been told, then the political question changes too: why aren't we investing in that case?

We also discussed the Group's three-tier UBI transition proposal, how it interacts with Universal Credit, and why the security it could supply might be the missing foundation of a functioning economy.

<https://www.youtube.com/watch?v=q1cx921XUwU&si=DThfxYLFGTj3-aAV>

This is the audio version:

https://www.podbean.com/player-v2/?i=r9h2v-1a19991-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page

There is no transcript of this discussion as it would be too long, but this is a summary of the conversation:

I recently hosted Howard Reed and Elliott Johnson on my YouTube channel. Both are members of the **Common Sense Policy Group** based at Northumbria University, and they're doing some genuinely innovative work that challenges the economic orthodoxy that has dominated UK policy for far too long.

Howard and I go back a long way. We've collaborated on various projects over the years, and have co-authored, and he's now a Senior Research Fellow in Public Policy at Northumbria.

Elliott is the Vice Chancellor's Fellow in Public Policy at the same institution.

Together with colleagues Kate Pickett, Matthew Johnson, Dan Nettle, and Ian Robson, they've established the Common Sense Policy Group, which is producing some of the most interesting policy work I've seen in recent years.

What follows is a summary of our discussion, based on the transcript of our 45-minute conversation.

The Origins and Mission

The Common Sense Policy Group emerged from a growing concern in the run-up to the 2024 general election. As Elliott explained, the Group watched Labour's leadership become increasingly complacent about what would be needed after winning power. The so-called "Ming vase strategy", which term was used to suggest Labour must not knock anything over, or say anything that might lose votes, dominated Labour's approach. But this avoided confronting the reality that everyone sees: a country in decline, rampant inequality, and poverty levels not seen since the Second World War.

The group produced "**Act Now**", a comprehensive domestic policy agenda with universal basic income at its core. The title wasn't metaphorical; the Group genuinely believe that without immediate action, Labour will be out on its ear by 2029, potentially being replaced by something far more dangerous.

Interestingly, their work focuses particularly on the Northeast, where their University is based, which Elliott described as "a microcosm of a larger problem". It is an area that produced enormous wealth during its industrial history, but has been systematically let down for 40 years. Yet their analysis

applies across the red wall constituencies and beyond.

The Multiplier Effect Revolution

One of the most significant contributions from their research concerns investment multipliers, and this is where things get really interesting. Howard has been working on this since 2023, examining what happens when the government invests in infrastructure, the NHS, or transport.

The conventional Treasury approach has always underestimated these effects. But the Group's analysis, extending work done at UCL's Institute for Innovation and Public Policy, found something remarkable. Using data from multiple countries, including the UK, New Zealand, and Canada, up to the pre-COVID period, they've found multipliers of around three pounds for every pound invested, measured about nine years after the initial spending.

Even more striking: a sustained 1% increase in investment leads to the economy being approximately 3.5% bigger after ten years. This is a permanent effect, generating extra tax revenue every single year. As Howard put it, "that pays for a lot of the investment."

The reverse is equally important: when George Osborne cut public investment in the early 2010s, tax revenues fell, making austerity self-defeating. This is, of course, exactly what I've been arguing for years, but now we have specific numbers to reinforce that point.

The Current Spending Revelation

What particularly caught my attention was their work on current spending multipliers. There's a widespread belief, and one that Labour has bought into, that capital investment is acceptable but current spending isn't. This is nonsense, and their research shows why.

Current spending includes paying teachers for new schools, doctors for new hospitals, and construction workers for transport infrastructure. When they estimated a model including both capital and current spending, they found that current spending also has multiplier effects. They're not as large as the impacts of capital spending, but they're there and significant.

In year two, the peak multiplier effect of current spending was about 1.35, meaning that spending essentially pays for itself even before accounting for longer-term tax returns. This completely undermines the government's fiscal rules and their justification for cuts to day-to-day spending.

As I noted in our conversation, what they're really demonstrating is that if you can do something, you can afford it. This echoes Keynes's fundamental insight about real resources versus money. The logic here is entirely consistent with modern monetary

theory: spend first, and the tax revenue follows. In that case, we should be talking about real physical constraints and resource availability when we discuss economic policy, not arbitrary financial limits.

Universal Basic Income: A New Approach

The major focus of our conversation was Universal Basic Income (UBI), a topic I'll admit I've walked around somewhat cautiously over the years. Previous concerns about tax implications and practical implementation have made me hesitant. But the Group's work on transitioning to UBI is genuinely innovative and is helping shift my thinking.

Elliott provided crucial context from his research on disability and welfare. The current system, he argued, has fundamentally failed by any measure. It disincentivises work, creates cliff edges and poverty traps, and leaves people, including those in supposedly secure employment, vulnerable to economic shocks. The pandemic demonstrated how quickly middle-class security can evaporate.

What struck me most was how they've turned the right-wing argument about UBI on its head. Rather than disincentivising work, as critics claim, the Group shows that UBI actually removes perverse disincentives in the current system. It eliminates the fear of losing benefits if you earn over a threshold, removes concerns about marginal tax rates, and provides genuine security that allows people to take productive risks.

This is the key insight: most people live in precarious situations. UBI provides the element of security that enables people to invest in themselves, retrain, start businesses, or take on productive work without fear of losing everything. I have to reconsider this issue as a result.

The Three-Tier Proposal

The Group's UBI proposal comes in three tiers of increasing generosity. The "starter scheme" (using 2023 figures) would provide £75 per week for working-age adults, £50 per week per child, and £205 per week for pensioners. Crucially, they maintain universal credit alongside this but with a disregard, ensuring everyone gets at least £20 extra per week compared to current means-tested support.

This starter scheme has a gross cost of £183 billion but becomes fiscally balanced when you account for reduced means-tested benefit spending and tax increases.

The highest tier, scheme three, pays everyone at the minimum income standard of £295 per week for adults and £100 per child. The gross cost is £670 billion, which sounds enormous, but when you account for health impacts, multiplier effects from associated public investment, and progressive tax reforms, scheme two (the midpoint at £394 billion gross) becomes affordable, and the highest tier is reachable.

Public Support and Political Feasibility

One fascinating aspect of their research is the public opinion work the Group undertakes. Using conjoint analysis, which is a market research technique, they presented people with different policy bundles combining tax changes and spending commitments. The results showed that basic income and progressive tax reforms are much more popular than commentators assume, even before any public campaign to make the case.

They've also developed something called "adversarial co-production," where they work with opponents of these policies to understand how they would argue for them to friends and family. This reveals surprisingly persuasive arguments around security, freedom, and autonomy that proponents might not consider.

The Path Forward

In anticipation of this interview, I read the Group's book "[**Basic Income: The Policy That Changes Everything**](#)" as well as downloadable reports from their website. What Howard and Elliott stressed, though, was that their forthcoming book, "National Renewal," will build on this work and is expected in summer or autumn 2026. The message in it will be clear: politicians need to understand that what's popular in their bubble isn't necessarily what the nation thinks. People need security, predictability, and the ability to achieve their goals.

What impressed me most about this conversation was the pragmatism underlying their radical proposals. They test policies for feasibility, affordability, and popularity. They recognise that introducing UBI in stages makes it familiar and non-threatening. They're willing to work with any party that takes up these ideas.

Their work represents a fundamental challenge to the centrist mush that dominates policy debate. Whether it's Zack Polanski and the Greens, or potential allies in Labour, there's a growing recognition that continuing down the current path means losing to those who promise either regression or false solutions.

The northeast may be their case study, but this Group is talking about national renewal, or national decline. The choice, as they argue, is ours to make. I agree.

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