

The Three Major Institutional Barriers to Manufacturing in New York

Ma Hongbao, PhD

Candidate for Governor of New York State, 2026

Ma for New York 2026, Queens, New York, USA

Phone: 718-404-5362; Email: mafornewyork@gmail.com; Website: <http://www.maforny.com>

Abstract: This paper analyzes the long-term decline of manufacturing in New York State through an institutional cost framework. It argues that manufacturing contraction is not primarily driven by deficiencies in capital, technology, labor quality, or market access, but by structurally inflated institutional costs. Three primary barriers are identified: mandatory high minimum wage requirements, property taxation on productive real estate, and complex regulatory and legal systems. The paper further argues that universal basic income (UBI) and universal healthcare constitute necessary preconditions for labor-market flexibility and industrial cost normalization. The analysis concludes that manufacturing competitiveness depends on minimizing total social cost per unit of output rather than isolated policy adjustments.

[Ma Hongbao. **The Three Major Institutional Barriers to Manufacturing in New York.** *Researcher* 2026;18(1):81-84. ISSN 1553-9865 (print); ISSN 2163-8950 (online). <http://www.sciencepub.net/researcher>. 05. doi:[10.7537/marsrj180126.05](https://doi.org/10.7537/marsrj180126.05)

Keywords: long-term decline; manufacturing; New York State; framework; deficiency; capital; technology; labor quality; minimum wage; universal basic income (UBI)

1. Mandatory high minimum wage requirements.
 - Issue: The statutory minimum wage directly increases labor costs, making it difficult for businesses to adjust their compensation structures flexibly.
 - Consequences: Production costs have risen sharply, reducing the price competitiveness of manufacturing industries and dampening the willingness of companies to expand and invest.
2. Imposing a property tax on “ownership of real estate itself.”
 - Issue: New York only imposes property taxes on houses or land, rather than taxing other forms of wealth.
 - Consequences: The long-term high costs incurred by manufacturing enterprises for owning factories and land have created a systemic penalty for the physical sector, hindering industrial investment and expansion.
3. Complex and cumbersome accounting and legal regulations.
 - Issue: Regulatory, tax, accounting, and legal systems are overly complex and contain unreasonable provisions.
 - Consequences: This has increased the operational costs of enterprises, reduced efficiency, limited the flexibility and innovation capabilities of manufacturing industries, and created a systemic development bottleneck.

The implementation of Universal Basic Income (UBI) and universal free healthcare provides a systemic foundation for the elimination of the minimum wage. By ensuring residents’ basic living and healthcare needs are met, the rigid pressure on businesses related to labor costs is alleviated, allowing them to adjust wages flexibly in response to market and competitive conditions. This is not about forcibly lowering wages but rather about allowing wages to fluctuate reasonably with industrial development and corporate performance.

As manufacturing and other industries become more competitive and grow in scale, businesses’ profitability increases, ultimately driving up overall income levels and achieving the dual goals of universal income growth and economic revitalization.

New York boasts the most comprehensive capital, technology, market, and transportation infrastructure in the world, yet its manufacturing sector has been shrinking for a long time. The root cause of this phenomenon lies not in its capabilities, but in the fact that the institutional costs have been artificially inflated.

To truly revitalize New York’s manufacturing sector, the state government’s most important and crucial tasks can be reduced to just three points, which must be pursued simultaneously and are indispensable:

First, establish a universal basic income and universal free healthcare system.

This is the “basic safety net” of modern society. It ensures that no individual is forced to accept unjust arrangements due to fear of survival, and it also enables workers to maintain a basic standard of living and health even without minimum wage protection. This step is a prerequisite for the overall reform of the system.

Second, on this basis, abolish the minimum wage system. The minimum wage is not the source of “high wages”; rather, it is a direct driver of the rigid increase in manufacturing costs, corporate flight, and automation substitution. Abolishing the minimum wage does not mean forcibly lowering wages; instead, it allows wages to return to the competitive market mechanism: businesses can control costs, survive in global

competition, and expand production. As the size of the industry grows, efficiency improves, and profits increase, workers' actual incomes will actually rise due to competition. Without an industry, there can be no long-term high income.

Third, abolish property taxes to significantly reduce the fixed costs of manufacturing.

Among all private wealth, only "ownership of real estate itself" is subject to long-term taxation. This is unfair and unjust, and it represents the most direct and distorted punishment for productive space. The more factories, warehouses, and research facilities there are, the heavier the tax burden becomes, naturally pushing manufacturing out of New York. Abolishing property taxes would be tantamount to immediately releasing productive space and reducing long-term costs, making it the most immediate policy tool for the return of manufacturing.

These three points form a complete institutional closed-loop system.

Universal basic income and health insurance to ensure a minimum standard of living.

Remove the minimum wage to unleash the competitive flexibility of labor and industries.

Remove property taxes to lift the heaviest long-term burden on manufacturing.

Instead of "exploiting workers," the outcome has been the return of manufacturing industries, increased employment, lower product prices, the growth of industries, and rising incomes for all citizens. This is not a theoretical fantasy, but rather a coherent, implementable, and economically rational path.

New York does not lack money, people, or markets; it only lacks a political decision to boldly rectify the errors in its system.

Manufacturing is the material foundation upon which human survival rests and is the fundamental driving force behind economic development and social prosperity. New York boasts the strongest comprehensive advantages in the country: it possesses abundant capital, technology, talent, transportation, and markets. It should be at the forefront of revitalizing the manufacturing sector. However, the reality is that New York's manufacturing industry has been in a state of prolonged decline. High costs, chaotic policies, and the outflow of industries have all negatively impacted the economy, employment, and community stability and the quality of life for residents.

On December 21, 2025, we held an excellent seminar on New York's manufacturing industry, where we shared and discussed ideas and concepts together. Thank you.

Manufacturing is the foundation on which society depends

Manufacturing is not only part of economic activity, but also the basis on which human society depends for its survival:

1. The basis of material survival

· All people must depend first and foremost on material goods for their survival: food, clothing, shelter, transportation, medical supplies, electrical equipment...All of this comes from manufacturing. Without manufacturing, society cannot provide the most basic necessities of life.

2. The driving force of economic development

· Manufacturing creates a large number of jobs, drives upstream and downstream industrial development, and forms a complete industrial chain and economic cycle.

· Advanced manufacturing is also an important vehicle for scientific and technological innovation, and high value-added manufacturing promotes the competitiveness of the national economy.

3. Social stability and national security

· Stable manufacturing capacity means that countries are self-sufficient in key areas such as food, energy, medical care, and equipment, reducing external dependence and increasing resilience to risks.

· Economic stability and employment stability are the foundation of social stability. Without manufacturing support, society may experience high unemployment, poverty and instability.

4. Cultural and technological accumulation

· Manufacturing is not only production, but also the accumulation of technology and craftsmanship. A decline in a country's manufacturing sector can mean a loss of technological capacity and innovation capacity.

Manufacturing is the "base" of human material civilization, and without it, social development is like a tall building built on a beach, crumbling.

Three Systemic Obstacles to New York Manufacturing

1. High minimum wage mandatory

· Problem: The statutory minimum wage directly raises the cost of labor and makes it difficult for companies to adjust pay flexibly.

· Consequences: The rigid increase in production costs reduces the price competitiveness of the manufacturing industry and inhibits the willingness of companies to expand and invest.

2. Impose property tax on "ownership itself" of real property

· Problem: New York only taxes ownership on homes or land, not on other forms of wealth.

· Consequences: The cost of ownership of plant and land by manufacturers is persistently high, creating an institutional penalty for the real industry and

discouraging investment and expansion.

3. Complicated accounting and legal regulations

- Problems: The regulatory, tax, accounting and legal systems are too complex or even contain unreasonable provisions.

- Consequences: Increasing operating costs, reducing efficiency, limiting flexibility and innovation in manufacturing, and creating institutional bottlenecks for development.

No country has risen by "high cost manufacturing."

Why did New York Manufacturing Fail? - too expensive to survive

It's not a technical issue, it's not talent, it's not a market issue.

Instead, the cost structure spiraled out of control:

Four "fatal costs" in New York:

1. Cost of labor (minimum wage + benefits + litigation risk)
2. Property costs (land price + property tax)
3. Energy costs (electricity prices, environmental burdens)
4. Institutional costs (compliance, licensing, litigation)

The result was only one:

What is produced is naturally more expensive than others.

Expensive = unsellable = impossible to develop manufacturing.

Why 'Made in Good' can't save manufacturing alone?

Many people mistakenly believe that "just do high-end manufacturing." This is a classic policy illusion.

The reason is simple:

- High-end manufacturing ≠ high prices
- The market is still holding down prices
- Technical leadership was quickly matched

The plight of Boeing, Intel, and General Motors is the most immediate example.

Without a low-cost base, high-end manufacturing will only die faster.

The real unit of competition in manufacturing: combined cost.

Not wages, not tax rates, but:

Total social cost per unit of product.

Includes:

- Artificial
- Energy
- Land
- Taxes and fees
- logistics
- Institutional risk

Whoever has the lowest unit cost wins.

The key to manufacturing development is not slogans, not subsidies, nor sentiment.

Instead, companies can continue to manufacture products that are "cheap and beautiful," where "cheap" is the prerequisite for "beautiful" to be meaningful.

New York has some of the best capital, technology, markets, and transportation in the world, yet its manufacturing sector has been shrinking for a long time, not because of capacity, but because institutional costs have been artificially inflated.

To truly revitalize New York's manufacturing sector, there are only three of the most important and critical things for the state to do, and they must be pursued simultaneously and without one:

First, achieve universal basic income and free health insurance for all.

This is the "basic safety net" of modern society. It ensures that everyone is not forced into unreasonable arrangements because of fear of survival, and that workers still have basic living and health security without the protection of the minimum wage. This step is a prerequisite for overall systemic reform.

Secondly, on this basis, the minimum wage system is abolished.

The minimum wage is not a source of "high wages," but a direct contributor to the rigid rise in manufacturing costs, business flight, and automation substitution. Eliminating the minimum wage is not about forcing down wages, but about returning wages to a market-based competitive mechanism: companies can control costs, survive and expand production in the face of global competition. With the expansion of the size of the industry, the improvement of efficiency and the increase of profits, the real income of workers will be pushed up in competition. Without industry, there can be no long-term high income.

Third, eliminate the property tax and radically reduce the fixed cost of manufacturing.

Of all private wealth, a long-term tax on "ownership of

real property itself" is unfair and unreasonable, and the most direct and distorted punishment for the productive space. The more factories, warehouses, and R & D bases there are, the heavier the tax burden, and the manufacturing industry is naturally pushed out of New York. Eliminating property taxes would immediately free up production space and reduce long-term costs, making it the most immediate policy tool for manufacturing reshoring.

These three elements constitute a complete institutional closed loop:

Universal basic income and health insurance to ensure people's basic survival.

Eliminate the minimum wage and unleash the competitive flexibility of labor and industry.

Eliminate the property tax and lift the stranglehold of the manufacturing industry's heaviest long-term costs.

The result was not the "crushing of labor," but the return of manufacturing, the expansion of employment, the reduction of product prices, the growth of industries, and the increase in income for all. This is not a theoretical fantasy, but a set of realistic paths that are consistent, enforceable, and consistent with economic laws.

There is no shortage of money, no shortage in people, no shortages of markets in New York, just one political decision that dares to correct the institutional error.

Dr. Ma Hongbao

New York gubernatorial candidates

Ma for New York 2026

718-404-5362

mafornewyork@gmail.com

www.maforny.com

References

1. Banerjee, A. V., & Duflo, E. (2019). *Good Economics for Hard Times*. New York: PublicAffairs.
2. Bureau of Economic Analysis. (2024). *Regional Economic Accounts: New York State*. U.S. Department of Commerce.
3. Case, A., & Deaton, A. (2020). *Deaths of Despair and the Future of Capitalism*. Princeton, NJ: Princeton University Press.
4. Centers for Medicare & Medicaid Services. (2024). *National Health Expenditure Data*. U.S. Department of Health and Human Services.
5. City of New York. (2023). *Mayor's Office of Operations: Poverty Measure Report*. New York City Government.
6. Columbia University Center on Poverty and Social Policy. (2023). *The Supplemental Poverty Measure: New York State Analysis*.
7. Forget, E. L. (2011). The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment. *Canadian Public Policy*, 37(3), 283–305.
8. Hoynes, H., & Rothstein, J. (2019). Universal Basic Income in the United States and Advanced Countries. *Annual Review of Economics*, 11, 929–958.
9. Institute of Medicine. (2003). *Care Without Coverage: Too Little, Too Late*. Washington, DC: National Academies Press.
10. Kangas, O., Jauhainen, S., Simanainen, M., & Ylikännö, M. (2021). The basic income experiment 2017–2018 in Finland. *Social Security Studies*, 1/2021.
11. Mazzucato, M. (2018). *The Value of Everything: Making and Taking in the Global Economy*. New York: PublicAffairs.
12. New York State Department of Health. (2024). *Health Insurance Coverage in New York State*.
13. New York State Division of the Budget. (2024). *Financial Plan and Economic Outlook*.
14. Organization for Economic Cooperation and Development (OECD). (2017). *Basic Income as a Policy Option: Can it Add Up?* Paris: OECD Publishing.
15. Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.
16. Standing, G. (2017). *Basic Income: And How We Can Make It Happen*. London: Pelican Books.
17. United Nations Development Programme. (2020). *Human Development Report: The Next Frontier*.
18. U.S. Census Bureau. (2023). *Income, Poverty, and Health Insurance Coverage in the United States*. World Health Organization. (2010). *Health Systems Financing: The Path to Universal Coverage*. Geneva: WHO.