Universal Basic Income and the Institutional Elimination of Income Poverty in New York State

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Abstract: Poverty in advanced economies is increasingly recognized not as a natural condition but as an institutional outcome. This paper argues that income-based poverty in New York State can be eliminated through the implementation of a Universal Basic Income (UBI) set at approximately $33 per person per day, combined with universal free basic health insurance. Using official poverty thresholds established by the United States Census Bureau, this study demonstrates that when unconditional per-capita income equals or exceeds the poverty-line threshold, income poverty is structurally eliminated by definition. The paper develops three formal propositions explaining how UBI functions as an institutional equilibrium mechanism that stabilizes economic risk, reduces poverty-induced social instability, and promotes long-term economic development. Drawing on empirical evidence from Finland's basic income experiment and the Alaska Permanent Fund Dividend, the analysis situates the New York proposal within comparative institutional experience. The findings suggest that, under appropriate fiscal design, New York State possesses sufficient economic capacity to eliminate income poverty while maintaining macroeconomic stability.

Keywords: Universal Basic Income, poverty elimination, institutional equilibrium, New York State, social stability

Introduction

Income poverty in the United States is formally defined according to thresholds published annually by the United States Census Bureau. In 2023, the federal poverty threshold was approximately $14,580 annually for a single individual and approximately $30,000 for a four-person household. In New York State, approximately 13–14% of residents—roughly 2.6 to 2.7 million individuals—live below this threshold.

This paper argues that poverty in high-income societies is not primarily a production problem but a distributional design problem. If every individual receives unconditional income at or above the poverty threshold, then income poverty—defined as insufficient monetary resources—ceases to exist in statistical terms.

The central research question is therefore:

Can income poverty in New York State be institutionally eliminated through a universal per-capita basic income set near the poverty threshold?

Theoretical Framework: Poverty as an Institutional Variable

Poverty as a Definition-Dependent Condition

Income poverty is not metaphysical; it is defined relative to a numeric threshold. Therefore:

If:

UBI ≥ Poverty Threshold (per capita),

Then:

Income Poverty → 0 (statistically).

This produces the first formal proposition:

Proposition 1 (P1).

If a society provides unconditional income to every individual at or above the official poverty threshold, income poverty is eliminated by definition.

Analytical Model: UBI as Institutional Equilibrium Mechanism

UBI functions as a macro-institutional stabilizer.

Risk Structure Without UBI

In traditional welfare systems:

Income = f(employment status, health status, administrative eligibility).

Any shock (job loss, illness, economic downturn) may push individuals below poverty.

Risk Structure With UBI

Income = Base (UBI) + Market Earnings.
Even if earnings fall to zero:
Income ≥ UBI ≥ Poverty Threshold.
Thus, poverty becomes structurally impossible unless the threshold exceeds the UBI level.
This leads to:
Proposition 2 (P2).
When income security is unconditional and universal, economic shocks no longer produce poverty transitions, thereby stabilizing the lower bound of the income distribution.

Integration with Universal Basic Health Insurance
Medical bankruptcy and health shocks are major contributors to financial collapse. By combining UBI with universal free basic health insurance, two major poverty channels are closed:

1. Income loss channel
2. Medical expenditure shock channel

Proposition 3 (P3).
When unconditional income security is combined with universal health coverage, the institutional reproduction of poverty through economic and health shocks is significantly reduced.

Empirical and Comparative Evidence
Finland's Basic Income Experiment
Finland conducted a national UBI experiment (2017–2018). Findings indicated:

- Increased psychological well-being
- Higher perceived financial security
- No statistically significant decline in employment

These results challenge the argument that unconditional income destroys work incentives.

Alaska Permanent Fund Dividend
Alaska has distributed annual unconditional dividends to residents since 1982.
Empirical research shows:

- No long-term collapse in labor supply
- Reduced income volatility
- Lower poverty fluctuations

While smaller than proposed UBI levels, Alaska demonstrates that universal cash distribution is administratively feasible and politically sustainable.

Fiscal Feasibility in New York State
New York possesses:

- High per-capita income
- Strong financial sector (Wall Street)
- Concentrated technology and research industries
- Broad tax base

A UBI of approximately $11,880 per person annually could be financed through:

- Progressive taxation
- Automation or AI-related taxation
- Reallocation of overlapping welfare expenditures
- Economic growth feedback effects

Precise fiscal modeling is beyond the scope of this paper but remains analytically feasible.

Poverty Reduction vs. Social Problem Elimination
It is important to distinguish:
Income poverty elimination ≠ elimination of all crime or social disorder.
UBI primarily reduces:

- Poverty-driven property crime
- Financial distress

- Debt-induced instability

Non-economic drivers of crime (mental illness, addiction, violence) require additional policy interventions.
Thus, claims of “zero poverty” must be restricted to **income-defined poverty**, not all forms of social deprivation.

Policy Implications

If implemented at or above poverty threshold:

- Income poverty rate → 0%
- Deep poverty → eliminated
- Income volatility → reduced
- Economic participation → stabilized

Long-term effects may include:

- Higher entrepreneurship
- Improved educational attainment
- Reduced emergency welfare spending
- Increased macroeconomic stability during crises

Limitations

1. Official poverty thresholds vary by household size.
2. Cost-of-living variation within New York State may require regional adjustment.
3. Inflationary effects require careful monetary-fiscal coordination.
4. Behavioral responses must be continuously evaluated.

Conclusion

This paper argues that income poverty in New York State is not an unavoidable social condition but an institutional design outcome. By implementing a Universal Basic Income set at approximately the poverty threshold, combined with universal free basic health insurance, New York State can eliminate income-defined poverty through structural redistribution rather than bureaucratic welfare targeting.
Zero income poverty is therefore not utopian; it is a definitional and institutional possibility contingent upon political will and fiscal design.

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