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The Root Cause of the Anti-globalization Movement in the United States: the Erosion of the Level-standard Economy

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ABSTRACT

This paper uses Qian's level-standard economy approach to analyze the losses and gains of American globalization in the Neoliberal Era. Analysis found that: level-standard economy's sectors are the losers during the process of American globalization in the Neoliberal Era; and super level-standard economy's sectors are the winners during the process of American globalization in the Neoliberal Era. The erosion of the level-standard economy has great harm and impact on related parties, so that the USA emerges the movement of populist backlash against globalization. This paper proposes 4 measures to solve this dilemma, i.e., to impose higher tax rates on the winners of American globalization in the Neoliberal Era, to subsidize more to the losers of American globalization in the Neoliberal Era, to moderately relocate manufacturing and other industries back to the U.S., and to further strengthen transnational cooperation.

1. Introduction

"He is considered to be one of the greatest historians and philosophers of 20th-century China."^[1] Here he is Mu Qian (1895-1990), who is dubbed master of sinology and master of history in China. Mu Qian proposed the concept and thought of level-standard economy during his study of China's economic history.

Qian Mu has not been recognized as an economist, so his level-standard economic concept and thought have little influence in the field of economics, but I think his level-standard economic concept and thought are still very valuable, at least they can be used to explain the phenomenon of anti-globalization movement in the United States.

2. Literature Review

Tonelson (2003) listed some flaws and harms of globalization to the United States as the following: (1) trade agreements devastated the USA's manufacturing base and workforce; (2) tens of thousands of technology jobs had lost to cheaper workers abroad in several years; (3) 1980s the relocation of manufacturing jobs to Southeast Asia and Latin America has led to the Rust Belt; (4) both the wage growth of white-collar workers and the wage growth of blue-collar workers were suppressed.^[2]

Richter (2010) thought the United States might be the nation to lose the most in the globalization competition.^[3]

At the early of 21th century, the people believed the world would be flat, but at the age of Trump, there have

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massive claims for retreat from globalization, Ghemawat (2017) thought that both views are exaggerated^[4], in recent years, globalization activities have stagnated, but without a significant decline, globalization strategies and practices will move forward in innovation, and the retreat from globalization will not benefit mankind.

Cherkaoui (2018) argued that Trump represents the “white conservatives with a dominant European ancestry, and the least representative of the multi-racial and colored America”^[5], those WASP are frustrated people of globalization, nostalgia for the mythical past and old good days that have disappeared. Trump pullbacks from the globalization using the measures as follows: “evidently stigmatized a well-celebrated virtue of engagement and collaboration among nations and international institutions”; “associated globalism with the negative connotations of ‘ideology’”; “deliberate ideological exploitation of the gap between the political elite in Washington and ordinary Americans”; “an extension to his demagoguery in playing the card of identity politics”.^[5]

Milanovic defined three definitions of globalization inequality concept at 2005: (i) unweighted international inequality; (ii) population-weighted international inequality; (iii) global interpersonal inequality^[6]. A computation (Bourguignon, 2011) showed that unweighted international inequality increased, while global interpersonal inequality declined, between 1989 and 2006, however, some countries’ inequality has increased. Nevertheless, mankind should not retreat from globalization. Bourguignon (2011) thought that social protection, improving international redistribution instruments, and a greater level of development policy coherence may be the answer to the issue of increased inequality within some countries.^[7]

Lakner and Milanovic (2013) published a graph dubbed elephant chart due to elephant shape of this chart, which has been used to support argue who are the beneficiaries of globalization.^[8] The elephant chart shows that: (i) the top 1 percent, i.e. the global elite, capturing a large share of global income growth which can be seen as raised trunk; (ii) the global upper middle class, showing income stagnate with zero growth over two decades for the 80th which can be seen as the depth of the trough at the base of the elephant’s trunk, who are the frustrated of globalization; (iii) the global middle class of some developing countries have begun to converge toward rich countries, which can be seen in the graph’s peak as the elephant’s torso; (iv) the global extreme poor, having largely been left behind, which can be seen as the elephant’s slumped tail. Alvaredo, et al. (2018) report new estimates of global inequality: the global top 1 percent has captured twice as much total growth than the global bottom 50 percent be-

tween 1980 and 2016.^[9]

Mendieta-Muñoz, Rada, and von Arnim (2019) analyze the sources of the decline in the United States labor share in the post-war period.^[10] They use Log Mean Divisia decomposition method to measure the labor share by fourteen sectors from 1948 to 2017. Their main conclusions are as follows: (i) manufacturing plays an important role in the decline of the labor share; (ii) relative prices of services are increasing; (iii) employment shifts towards service sectors with higher labor shares.

Mendieta-Muñoz, Rada, Santetti, and Von Arnim (2020) use an SVAR model to derive and quantify the effects of four structural shocks on the US labor share of income, the model results show that, in descending magnitude, productivity, aggregate demand, and shocks to wages affect the labor share of income significantly during the immediate post-war era; and shocks to wages, productivity and, aggregate demand affect the labor share of income significantly during the neoliberal era.^[11] Their main conclusion is that wage setting is the most fundamental reason for the decline of the US labor share of income during the neoliberal period.

3. The Connotation of Level-standard Economy Concept and Its Relationship with Ricardo and Marx’s Subsistence Minimum Wage Concept and Price Demand Elasticity Theory in Neoclassical Economics

3.1 The Connotation of Level-standard Economy Concept

In a lecture on the research methods of Chinese economic history in 1961, Qian said: “Economy is necessary for life, but this necessity also has a limit. It can also be said that life is not infinite in terms of economic needs. As economic necessity has a limit, then I call this limit an economic level-standard economy. If the economic level-standard exceeds this necessary limit, it is not necessary for life. I call this unnecessary economy a super level-standard economy. As it has exceeded the necessary limit of life, this means not limit here, that is, there is no level-standard at all.”(Qian, 2005, p.16)^[12]

The concept of level-standard economy proposed by Qian (2005) is a new concept, and how to correctly understand this new concept becomes critical. Although Qian (2005) used the term economy in this concept, in fact, level-standard economy just mainly involves people’s aspect of survival needs or wants.^[12] so that I infer that the concept of level-standard economy is greatly related to the concept of Maslow’s physiological needs,

but they are not the same. Abraham Maslow divided the needs of human beings hierarchically into five levels at the beginning of his career and six levels during his later years: (a) physiological, (b) safety, (c) social belonging, (d) esteem, (e) self-actualization, and (f) self-transcendence.^[13]

“Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.”^[14] (Robbins, 1935, p. 15), this means that economic theory has a premise, i.e., for human beings, economic resources are limited, but human wants/needs are unlimited. Based on this premise in economics we can logically infer that Maslow’s hierarchy needs theory is flawed, because Maslow assumes that after the lower hierarchy of needs for people are met, then higher hierarchy of needs for people pop up. But because of the limit of economic resources and the infinity of wants, how can the lower hierarchy of needs for people be met? If the lower hierarchy of needs for people couldn’t be met, how can people pursuit the higher hierarchy of needs? The concept of level-standard economy solves the shortcomings in Maslow’s hierarchy of needs theory, that is, every need for a person has a level-standard, and need/want beyond this level-standard is not necessary. Therefore, the goal of satisfying people’s needs is to reach this level-standard. After reaching this level-standard, one can enter the pursuit and realization process of a higher hierarchy of needs.

3.2 The Relationship between the Level-standard Economy Concept and Ricardo and Marx’s Subsistence Minimum Wage Concept

Ricardo (1817) expressed his iron laws of wages as the following: “The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution.”^[15] Ricardo’s subsistence minimum wage theory is based on the Malthus’s population theory. When the wage level of workers rises above the subsistence minimum wage level, a worker is able to raise more children, then a greater supply of labor power will normally entail a decline in wages, vice versa. So that When the wage level deviates from the subsistence minimum wage level, there is an inherent tendency to return again to the natural price, i.e. the subsistence minimum wage level.

Marx accepted Ricardo’s labor theory of value, i.e. “the value of a good could be measured by the labor that it took to produce it.”^[16] Marx also thought the wages paid by capitalists to workers barely keep the workers alive, i.e., subsistence minimum wages. However, Marx subscribed to a subsistence theory of wages for a different reason:

“Ricardo compares the fluctuations of market prices around value with the fluctuation of the population, which also displays rises and falls. Marx, on the other hand, makes these fluctuations dependent on fluctuations in the capitalist economy.”^[17] (Manuel and Ábalos, 1997-98, p.97). In Marx’s view, the existence of large numbers of unemployed workers drove wages to the subsistence level.

The subsistence minimum wage is equal to the minimum cost of survival of the worker plus the cost of raising children. Qian’s level-standard economy is an individual’s moderate survival cost, excluding the cost of raising children. The individual’s moderate cost of survival should be slightly higher than the individual’s minimum cost of survival. Therefore, comparing the subsistence minimum wage with level-standard economy, I would like to infer that the two data about the subsistence minimum wage and level-standard economy are similar in size, or the data about the standard economy is slightly lower than the subsistence minimum wage.

3.3 The Relationship between the Level-standard Economy Concept and Price Demand Elasticity Theory in Neoclassical Economics

Concept of price elasticity of demand is one of the core concepts in Neoclassical economics, which is to measure the change in the quantity demanded or purchased of a product in relation to its price change. Expressed mathematically, it is: $e_{(p)} = \frac{dQ/Q}{dP/P}$. $e_{(p)}$ is a numerical value, which can be divided into three situations with 1 as the dividing line: $e_{(p)} = 1$, $e_{(p)} > 1$, $e_{(p)} < 1$. If $e_{(p)} > 1$, it means consumer’s demand for a certain commodity is elastic; if $e_{(p)} < 1$, it means consumer’s demand for a certain commodity is inelastic. Inelastic products are necessities and usually do not have substitutes they can easily be replaced with, so that when the price goes up or down, consumers will not change their buying habits. Therefore, it can be inferred that the level-standard economy generally includes goods with inelastic demand and goods with demand elasticity values around 1.

3.4 the relationship between the level-standard economy theory and Maslow hierarchy of needs theory

Qian divides the whole life into three hierarchies: the first hierarchy is called natural life or economic life, which is relative to material, so that all clothing, food, shelter, and transportation, fall into this hierarchy; the second hierarchy is called social life or political life, or group life, which at this time is mainly in the relationship between

many people, only since then people begin to live in the human world, in this human world, human needs to face and involve into family organization, national system, ethnic classification, etc.; the third hierarchy is called spiritual life or psychic life, which is relative to the concept, reason, fun, taste, such as religious life, moral life, literary life, artistic life and so on, the third hierarchy life is the most long-term retention, long-term existence.^[18]

These three hierarchies of life which are divided by Qian are also ordered. Human enter the first hierarchy of life firstly, from the first hierarchy of life enter the second hierarchy of life, and from the second hierarchy of life enter the third hierarchy of life. Therefore, the theory of Qian's three hierarchies of life can be corresponded to Maslow's five/six hierarchies of needs division.

Qian's first hierarchy of life is focusing on the relationship between people and materials, so that Qian's first hierarchy of life could be corresponded to Maslow's physiological need; Qian's second hierarchy of life is focusing on the relationship between people and people, so that Qian's second hierarchy of life could be corresponded to Maslow's safety need, social belonging need, and esteem need; Qian's third hierarchy of life is focusing on the spirit and mind, which is an intangible cumulative life and super-epoch life, so that Qian's third hierarchy of life could be corresponded to Maslow's self-actualization need and self-transcendence need.

3.5 Extension of Qian's Level-standard Economy Concept

From Qian's definition of level-standard economy, it can be seen that Qian defines level-standard economy from the perspective of demand. A complete economy includes both supply and demand. Therefore, the concept of level-standard economy can be extended to the supply side from a logical perspective. So, how to define the level-standard economy from the perspective of supply? I try to give the following definition.

What is the level-standard supply or the supply of the level-standard economy? The supply corresponding to the demand of the level-standard economy is the level-standard supply or the supply of the level-standard economy. For example, all things pandemic belongs to the level-standard supply or the supply of the level-standard economy.

In Mar 20, 2020 President Donald Trump said he can compel American companies to suspend their normal production schedules and begin manufacturing particular materials needed in response to the deadly coronavirus pandemic.^[19] However, "What the federal government — the president or secretaries possessing delegated au-

thority — have not done yet is use the D.P.A. to create a permanent, sustainable, redundant, domestic supply chain for all things pandemic: testing, swabs, N95 masks, etc.," said Jamie Baker, a former legal adviser to the National Security Council and a professor of national security law at Syracuse University^[20]. This shows that the wave of globalization has also eroded the level-standard supply or supply of the level-standard economy in the United States.

4. The Erosion of the Level-standard Economy of the United States in the Context of Globalization

4.1 Who are the Winners of American Globalization in the Neoliberal Era Viewing from Level-standard Economy Perspective?

Who are the beneficiaries and winners of globalization in the United States and who are the losers of globalization in the United States? Lakner and Milanovic's elephant curve actually gives a clearer answer: the top 1 percent, i.e., the global elite, capturing a large share of global income growth which can be seen as raised trunk; the global upper middle class, showing income stagnate with zero growth over two decades for the 80th which can be seen as the depth of the trough at the base of the elephant's trunk, who are the frustrated of globalization.^[8] So, the biggest winners of American globalization are global elites. "The overall outcome was thus that 44% of the increase of global income between 1988 and 2008 went to the top 5% of world population."^[8] (Lakner and Milanovic, 2013, p. 30).

Table 1. average annual incomes per capita (in 2005 PPP-adjusted USD), by percentiles

	1988	1993	1998	2003	2008	1988-2008 change (%)
Bottom 10%	201	203	217	228	251	24.9
P40-P50	552	620	715	766	941	70.6
P50-P60	791	877	975	1045	1359	71.7
P60-P70	1323	1353	1538	1616	2089	57.9
P80-P90	7414	7158	7177	7097	7754	4.6
P90-P95	12960	13150	13472	14221	15113	16.6
P95-P99	21161	21452	22660	24474	26844	26.9
Top 1%	38964	39601	46583	51641	64213	64.8

Source: Lakner and Milanovic, 2013, p. 25

The income base of the top 1% group is very large, and the growth rate of 64.8% is also very high, viewing from Table 1, so they are the beneficiaries of globalization.

The ensuing question is who belong to the global elite group? Multinational consortia, Wall Street, Silicon Valley, and Hollywood belong to the global elite group obviously, their income is partly realized overseas, “Biden-Voting Counties Equal 70% Of The U.S. Economy”,^[21] that means 477 counties won by Biden generated 70 percent of the US GDP in 2018, and 2497 counties won by Trump generated 29 percent of the US GDP in 2018^[21]. Biden won virtually all of the U.S. counties with the biggest economies and “Trump was the candidate of choice in small towns and rural communities with correspondingly smaller economies.”^[22]

Top 10 donors to Biden 2020 campaign are (1) Paloma Partners, \$9 Million; (2) Euclidean Capital, \$7 Million; (3) Deborah Simon, \$6.1 Million; (4) Marcus & Millichap Co., \$4 Million; (5) Sequoia Capital, \$3.5 Million; (6) Arista Networks, \$3 Million; (7) The Baupost Group, \$3 Million; (8) Greylock Partners, \$2.5 million; (9) Lone Pine Capital, \$2.5 million; (10) Intersystems Corporation, \$2.5 Million^[23].

Top 10 donors to Trump 2020 campaign are (1) Pan Am Systems, \$10 million; (2) Energy Transfers, \$10 million; (3) G.H. Palmer Associates, \$6 million; (4) America First Action, \$4.5 million; (5) Philanthropist/Entrepreneur, \$3 million; (6) The Blackstone Group, \$3 million; (7) Uline, \$2 million; (8) ABC Supply, \$2 million; (9) Stephens Inc., \$1.5 million; (10) Hawaiian Gardens Casino, \$1.3 million^[24].

Judging from the composition of Biden’s donations, Biden has received support from international consortia, and Trump has received support from companies that are localized in the United States.

4.2 Who are the Losers of American Globalization in the Neoliberal Era Viewing from Level-standard Economy Perspective?

It is said that most of the country-deciles between the 81th and 90th percentile in 1988 belong to the group of lower halves of national income distributions in mature economies^[8]. Viewing from Table 1, we can find that the average income of this group has only increased by 4.6% in 20 years, and in some years their income has obviously declined. Therefore, the group of lower halves of national income distributions in the United States are the losers of American globalization.

Professors Mendieta-Muñoz, Rada, and von Arnim (2019) use Log Mean Divisia decomposition method to measure and analyze variance reasons of the USA’s labor share by fourteen sectors from 1948 to 2017^[10]. They

divide the post-war period after World War II into two periods: the first is called Golden Age, which is from 1948 to 1979, and the second period is called Neoliberal Era, which is from 1979 to 2017, BLS data show that the labor share is increasing during the Golden Age, while the labor share is decreasing during Neoliberal Era. Professors Mendieta-Muñoz, Rada, and von Arnim (2019) firstly attribute the cause of the variance of the USA’s labor share to four elements,^[10] i.e., sectoral real wage (ω), sectoral labor productivity (ϵ), the structure of the economy (λ), and the structure of market (p); then measure the contribution of these four elements to the variance of the USA’s labor share. I think their data calculation results can be further explored to see who are the losers of American globalization.

Table 2. Changes in the values of the four indicators during the Golden Age

Sector	Variation of labor share	Variation of employment share	Variation of value added share	The average annual growth rate of labor productivity
Agriculture, forestry and fishing	8.0	-3.8	-7.5	3.2
Mining	-1.8	-1.1	-0.7	0.0
Utilities	-7.7	-0.2	0.8	2.3
Construction	0.3	0.7	1.3	1.1
Manufacturing	2.4	-8.7	2.5	3.0
Wholesale trade	1.6	0.4	0.5	3.3
Retail trade	12.6	2.8	-2.2	0.6
Transportation and warehousing	1.1	-3.1	-2.0	2.8
Information	-14.2	-0.3	1.8	3.9
Finance and insurance	-3.0	2.1	3.3	1.0
Professional and business services	8.1	4.4	3.8	1.1
Education, health and social services	20.7	6.0	3.8	-0.8
Arts, entertainment and recreation	-0.6	2.1	0.3	-0.3
Other services	-8.6	-1.4	-0.6	1.3

Source: Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 37

Table 3. Changes in the values of the four indicators during the Neoliberal Era

Sector	Variation of labor share	Variation of employment share	Variation of value added' share	The average annual growth rate of labor productivity
Agriculture, forestry and fishing	15.3	-1.0	-2.4	4.4
Mining	2.4	-0.7	-0.8	3.0
Utilities	-4.9	-0.4	-0.7	1.0
Construction	-4.3	-0.4	-0.5	-0.7
Manufacturing	-23.0	-15.8	-13.5	3.6
Wholesale trade	-13.4	1.3	-0.5	3.4
Retail trade	-7.5	-1.2	-2.1	1.7
Transportation and warehousing	-6.0	0.2	-1.0	0.7
Information	-24.8	-0.7	1.4	3.9
Finance and insurance	-4.9	0.0	4.2	2.7
Professional and business services	6.1	8.0	9.1	0.5
Education, health and social services	-1.9	9.2	5.6	-0.8
Arts, entertainment and recreation	3.0	4.8	1.4	-0.2
Other services	7.8	-0.8	-0.1	0.7

Source: Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 37

Use the data in Table 2 as a reference to analyze the information shown in the data in Table 3, we can find that:

(1) Manufacturing sector is the biggest loser, then the manufacturing industry's most workers should be the biggest losers, as the employment share of manufacturing sector falls the most among the 14 sectors, with a drop of 15.8 percentage point. And the value added' share of manufacturing sector falls the most among the 14 sectors, with a drop of 13.5 percentage point. Then the labor share of manufacturing sector falls greatly too, with a drop of 23 percentage point.

(2) The information sector's workers are the second biggest loser, as since the 1990s has been an era of great development in the information industry, but the share of value added of information sector with just an increase of 1.4 percentage point does not show such a big development; the employment share of information sector falls 0.7 percentage point. And the labor share of information

sector falls the most among the 14 sectors, with a drop of 24.8 percentage point.

(3) Because the US manufacturing sector is the loser of globalization, the transportation and warehousing sector, which is highly related to manufacturing industry, will naturally become the loser too.

(4) The data in Table 3 show that the US Agriculture, forestry and fishing sector, Professional and business services sector, Education, health and social services sector, Arts, entertainment and recreation sector should be the winners of globalization. The employment shares of these sectors increase -1.0 percentage point, 8.0 percentage point, 9.2 percentage point, 4.8 percentage point respectively; the shares of value added of these sectors increase -2.4 percentage point, 9.1 percentage point, 5.6 percentage point, 1.4 percentage point respectively; the labor shares of these sectors increase 15.3 percentage point, 6.1 percentage point, -1.9 percentage point, 3.0 percentage point

Table 4. the four factors' contributions to annual changes in the US labor share of the losers and winners of American globalization the during the Neoliberal Era

Sector (1)	Sum (2)	sectoral real wage (ω)(3)	the structure of the economy (λ)(4)	sectoral labor productivity (ϵ) (5)	the structure of market (p)(6)
Sum	-100	775	121	-1049	54
Manufacturing	-111	156	28	-472	177
Information	-52	35	8	-132	38
Transportation and warehousing	-5	12	0	-18	1
Agriculture, forestry and fishing	16	9	10	-48	45
Professional and business services	58	145	22	-36	-74
Education, health and social services	43	77	29	40	-102
Arts, entertainment and recreation	9	30	4	6	-30

Source: *Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 36*

respectively.

4.3 Further Analysis of the Winners and Losers of American Globalization in the Neoliberal Era

Table 4 can be constructed as below:

Viewing from Table 4 we can know that (sum, sum) is -100, that means the labor share of the USA is decreasing during the Neoliberal Era, and its drop can be represented by -100 points. Among the -100 points, the manufacturing industry of the USA contributes the most to this decline, contributing -111 points, followed by the information industry, contributing -52 points. However, the Agriculture, forestry and fishing sector, Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector have positive contributions to the change in the labor share of the USA during the Neoliberal Era, contributing 16 points, 58 points, 43 points, and 9 points respectively. It is obvious that manufacturing industry and information industry belong to level-standard economy, and Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector super belong to level-standard economy. Above results show that level-standard economy's sectors decrease the labor share of the USA, as level-standard economy's sectors are the losers during the process of American globalization in the Neoliberal Era; and super level-standard

economy's sectors increase the labor share of the USA, as super level-standard economy's sectors are the winners during the process of American globalization in the Neoliberal Era. The Agriculture, forestry and fishing sector is an exception, although the Agriculture, forestry and fishing sector belongs to the level-standard economy rather than super level-standard economy, it is still the winner during the process of American globalization in the Neoliberal Era, then increases the labor share of the USA, this stems from the strong competitiveness of American agriculture, forestry and fishing sector.

Further analysis of the data in the Table 4:

(1)viewing the last column data, i.e., the index of structure of market p, in the Table 4, we can find that the index of structure of market p of the losers (i.e., manufacturing industry, information industry, and transportation and warehousing industry) during the process of American globalization in the Neoliberal Era are all greater than zero, which is due to the industrial transfer and job transfer. The above-mentioned sectors transfer low-end and low-value-added industries and jobs to other countries and regions, and retain high-end, high-value-added industries and jobs in the United States; the index of structure of market p of the winners (i.e. Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector) during the process of American globalization in the Neoliberal Era are all smaller than zero, which is relative to the elas-

ticity of demand for goods and services. Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector all belong to the sector with elastic demand. For goods and services with elastic demand, lowering the price level can expand market share and increase turnover. Agriculture, forestry and fishing belong to the sector with inelastic demand, by increasing the price level, the market share can be expanded and the turnover can be increased, so, the index of structure of market p of Agriculture, forestry and fishing sector during the process of American globalization in the Neoliberal Era is greater than zero.

(2) viewing the third column data, i.e., the index of sectoral real wage ω , in the Table 4, we can find that the index of the sectoral real wage ω are all greater than zero for all sectors, that means that the real wages are increased in all sectors in the Neoliberal Era. The losers of American globalization in the Neoliberal Era increase the real wages by transferring the jobs and low-end and low-value-added industries; the winners of American globalization in the Neoliberal Era increase the real wages by their gains.

(3) viewing the fourth column data, i.e., the index of the structure of the economy λ , in the Table 4, we can find that the index of the structure of economy λ are all not smaller than zero for all sectors, that means that the effect of the structure of economy of all sectors on labor share are all not negative in the Neoliberal Era. The losers of American globalization in the Neoliberal Era increase the labor share by decreasing their employment; the winners of American globalization in the Neoliberal Era increase the labor share by increasing their employment.

4.4 Solutions to the Dilemma of U.S. Globalization in the Neoliberal Era

From a logical point of view, higher tax rates should be imposed on the winners of American globalization in the Neoliberal Era, and more subsidies should be given to the losers of American globalization in the Neoliberal Era.

Higher tax rates should be imposed on the winners of American globalization in the Neoliberal Era. I think Biden's future economic policies include the idea of imposing high taxes on winners of American globalization. It is said Biden will implement the following tax plan: ① raise the top income tax rate back to 39.6% from 37%; ② tax capital gains and dividends at ordinary rates for those with annual incomes over \$1 million; ③ tax unrealized capital gains at death; ④ apply Social Security payroll tax for those earning over \$400,000 a year; ⑤ close the stepped-up basis loophole; ⑥ raise the top corporate income tax rate to 28% from 21%; ⑦ impose a 15% minimum tax on book income of large companies

(at least \$100 million annual net income); ⑧ tax profits earned from foreign subsidiaries of U.S. firms at 21%.^[25] The argument in this article provides theoretical support for Biden's economic policy. "The highest-income 20% of households (who will make about \$170,000 or more) would bear nearly 93% of the burden of Biden's proposed tax increase, and the top 1% nearly three-quarters."^[26] What Trump implemented is a policy of reducing taxes for the rich, and the policy of reducing taxes for the rich is not consistent with the argument in this article. Hope and Limberg's research on 18 advanced economies shows that the massive tax cuts imposed on the rich over the past 50 years have increased inequality, which impact on economic growth or unemployment is statistically indistinguishable from zero.^[27]

More subsidies should be given to the losers of American globalization in the Neoliberal Era. This paper has argued that the manufacturing sector, the information sector, and the transportation and warehousing sector are the losers of American globalization in the Neoliberal Era. These sectors and their workers are relative to the demand and supply of level-standard economy. Due to relative to the demand and supply of level-standard economy, these related losses have a great impact on the foundation of the U.S. economy, as well as the living standards and welfare standards of the relevant people. So, first, financial subsidies must be provided to these directly related groups. In fact, the principle of subsidizing the losers of American globalization in the Neoliberal Era demonstrated in this article is similar to the principle of UBI project. "Universal basic income (UBI) is a government program in which every adult citizen receives a set amount of money on a regular basis. The goals of a basic income system are to alleviate poverty and replace other need-based social programs that potentially require greater bureaucratic involvement."^[28] The idea of providing a regular, guaranteed payment to citizens has been around for centuries, which can be traced back to at least the 16th century work "Utopia", written by English philosopher and statesman Thomas More. Martin Luther King, Jr. proposed "guaranteed income" concept and idea in 1967 which expressed an idea similar to UBI.^[29] Andrew Yang proposed such a plan in his 2020 president campaign platform: his Freedom Dividend would give every American over the age of 18 a \$1,000 check every month.^[30]

U.S. manufacturing and other industries need a moderate return. U.S. manufacturing and information industry, etc. belong to level-standard economy, which have been hurt due to industries transfer and work outsourcing during the Neoliberal Era. For example, the Rust Belt: "The Rust Belt is a colloquial term used to describe the

geographic region stretching from New York through the Midwest that was once dominated by the coal industry, steel production, and manufacturing.”^[31] The outsourcing of these industries and work outsourcing have not only affected the supply of products in these industries, but also affected the wages of workers in these industries, which in turn affected the demand for workers in these industries. Therefore, from a logical point of view, these industries need to be moderate return to America. By vowing to revitalize the U.S. manufacturing workforce, Trump’s path to the Oval Office was paved by his victory in this factory-intense region in 2016, Trump’s goal of revitalizing the manufacturing industry is too ambitious, which is both unnecessary and impossible to achieve. So that “Trump has been all in on this huge resurgence of manufacturing employment, and that has not materialized.”^[32]

Transnational cooperation needs to be further strengthened. The erosion of the level-standard economy of the United States in the context of globalization and Trump’s America First strategy provide a breeding ground for the populist backlash against globalization. However, when you look at globalization from economic, political, and military perspectives, you will find that transnational cooperation has become an integral part of today’s global landscape. Globalization presents an unstoppable trend, so further transnational cooperation is the most correct way. Scholar Francis Fukuyama still believe globalization is the end of history and “what the future ought to look like is something I once labeled multi multilateralism where you have a dense layer of very disparate types of international organizations they’re used for different purposes they can interact you can pick and choose between them to some extent and I think that that’s really the kind of international cooperation that we can actually realistically hope to achieve even on another generation.”^[33]

5. Conclusions

This paper uses the level-standard economy approach to analyze the losses and gains of American globalization in the Neoliberal Era, and draw the following conclusion: the US manufacturing sector, information sector, and the transportation and warehousing sector are the losers of American globalization in the Neoliberal Era; the US Agriculture, forestry and fishing sector, Professional and business services sector, Education, health and social services sector, Arts, entertainment and recreation sector are the winners of American globalization in the Neoliberal Era. That means level-standard economy’s sectors are the losers during the process of American globalization in the Neoliberal Era; and super level-standard economy’s sectors are the winners during the process of American

globalization in the Neoliberal Era. The failure and loss of level-standard economy’s sectors have great harm and impact on related parties, so that the USA emerges the movement of populist backlash against globalization, the solutions to this dilemma are to impose higher tax rates on the winners of American globalization in the Neoliberal Era, to subsidize more to the losers of American globalization in the Neoliberal Era, to moderately relocate manufacturing and other industries back to the U.S., to further strengthen transnational cooperation.

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