

The New Right (2)

Economic Policy for the Working Class

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- The economic policy advocated by the New Right does not simply aim for economic growth or consumption expansion, but places emphasis on the interests of workers. A prime example is the creation of high-quality jobs for people who have been left behind under neoliberalism and globalization since the 1980s, with particularly high expectations placed on manufacturing, which can provide stable employment even for workers who have not graduated from university.
 - One of the major characteristics of the New Right's economic policy is the rejection of market fundamentalism. On the other hand, they believe that government regulations, tax systems, and industrial policies are not meant to restrict economic activities, but rather to correct market imperfections and help markets function more soundly.
 - The economic policies of the Trump administration can be evaluated as partially reflecting the ideas of the New Right. On the other hand, the New Right's influence on fiscal discussions is still limited. While the effects of the proposed economic policies will significantly influence the future, in the 2028 presidential election, the New Right's ideas may lead the discussion, and candidates who advocate for them might gather support.
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As exemplified by the various tariff measures of the Trump administration, the Republican economic policy, which has been centered on neoliberalism, is reaching a turning point as it reflects economic populism. The free market, deregulation, and small government that traditional conservatives have believed in are no longer absolute values, and as workers' interests are being prioritized, the idea of recognizing a certain role for government in economic activities is gaining support. One of the leaders of this new economic thinking is likely Oren Cass, founder and chief economist of American Compass, a think tank representing the New Right established in 2020.

Here, we focus on the New Right's claims regarding the economy and consider their influence on future US economic policy. For details on the background of the New Right's emergence and expansion of political influence, please refer to the analysis provided in [missing reference], which I encourage you to read as well. [Previous Washington Report](#)

Economic Policy for Workers

The economic policy advocated by the New Right does not simply aim for economic growth or consumption expansion, but places emphasis on the interests of workers. Many people are both consumers and workers, engaged in some form of productive activity. If people were only consumers, consuming more goods and services would increase their happiness, but since they are both consumers and workers, it is also important to achieve employment expansion and wage increases, which leads to stability and happiness for society as a whole.

A representative example of economic policy for workers is the creation of quality employment. It particularly focuses on people who have been left behind under neoliberalism and globalization since the 1980s, with high expectations placed on manufacturing, which can provide stable jobs even to workers without college degrees. Questions may arise about why there is such an emphasis on manufacturing, but the New Right points out problems with employment in the service sector. For example, labor-intensive service industries such as retail are not considered quality employment because productivity growth is

difficult to achieve and there is limited room for wage increases. On the other hand, they also criticize the finance and technology sectors, which have led the United States and driven the US economy, for not creating fundamental value.

The ratio of manufacturing in U.S. employment and gross domestic product (GDP) has been declining, recently accounting for about 10%. It is not easy to significantly reverse the trend of structural changes in industry, and there are many skeptical views about the revival of manufacturing in the United States. On the other hand, the New Right argues that precisely because of this, corporate incentive structures should be changed to bring manufacturing back domestically. A prime example is tariff policy; they believe that if tariffs enable domestic production of goods consumed domestically, this will lead to industrial development and employment expansion. Economic policies for workers go beyond creating quality jobs to include wage increases and the education and training of workers that is a prerequisite. This requires correcting the excessive concentration of power in large corporations that has progressed under neoliberalism, and they show a tolerant attitude toward organizing labor unions that protect workers' rights. These points have commonalities with left-wing arguments.

The New Right's emphasis on workers is based on the belief that families form the foundation for the prosperity of healthy societies and nations. Individuals do not exist in isolation but are part of families, communities, and localities, and values such as ethics and social responsibility are passed down to the next generation through these communities. American Compass's mission is "to build an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity," which reflects this same concept. When families and communities do not function adequately, it can lead to social problems such as crime, poverty, and drug abuse, and many of the current issues in American society are thought to stem from family breakdown. From this perspective, it is important that workers earn sufficient wages to support their families, and they hold views that support active government involvement in childcare support and housing policies. Additionally, strengthening industries centered on workers leads to strengthening the nation itself. From the viewpoint that markets exist for the nation rather than the nation existing for markets, there is also the idea that strengthening national power, even at the partial sacrifice of individual freedom and prosperity, leads to the happiness of many people. Meanwhile, they support immigration restrictions, particularly for unskilled labor, because the influx of immigrants tends to suppress wages by worsening the labor supply-demand balance.

Changes in Economic Thought

The debate over new economic policies is taking place against a backdrop of emerging drawbacks and limitations of conservative economic policies since the Reagan administration, and growing voter dissatisfaction. Based on market fundamentalism, companies have advanced the transfer of production facilities overseas, accelerating globalization. It has been considered natural for companies to seek the most efficient locations in pursuit of cheap labor and better competitive conditions to maximize profits, and companies that excelled at such operations were praised. The pursuit of efficiency was also affirmed domestically, with labor shortages supplemented by the influx of low-wage immigrant workers. Not only were politics and economics separated based on the belief that government intervention in economic activities worsens efficiency, but a more ideal environment for corporate activities has been pursued through deregulation and tax cuts.

These policies can be evaluated as having achieved certain results. For example, even with China's rise, the United States has maintained its share of global GDP in the high 20% range, and the proportion of the U.S. stock market size has expanded from the 40% range 20 years ago to 60% recently. On the other hand, it is well known that there were also harmful effects from excessive neoliberal economic policies. As a

result of companies pursuing profit maximization under market fundamentalism, the outflow of manufacturing overseas accelerated, leading to job losses and regional collapse. Previously, even without a college degree, one could support a family and maintain a middle-class lifestyle by working in manufacturing, but many workers lost such workplaces. Additionally, the transfer of core U.S. industries overseas created a situation of dependence on foreign countries for many goods, increasing security threats. Furthermore, while corporate profits increased significantly, wages were suppressed due to the influx of immigrants, and the wealth created was concentrated only among capitalists rather than being distributed to workers. One perspective is that market fundamentalism brought great benefits to the overall economy from a macro view and to some entrepreneurs, but did not necessarily benefit the nation and ordinary workers.

I would also like to reconsider why the New Right focuses on manufacturing. Economically, it is because manufacturing workers have been most directly affected by the flip side of the benefits of globalization. While there are aspects of declining manufacturing employment that cannot be stopped due to changes in industrial structure and the shift toward service economies, there is reflection on the lack of adequate support provided. From a security perspective, the importance of manufacturing has become prominent in recent years. As it becomes clear that not only core industries such as steel, semiconductors, automobiles, and clean technologies, but also essential goods like pharmaceuticals are dependent on foreign countries, the argument that domestic demand should be met by domestic production carries a certain persuasiveness.

There is a significant political aspect to focusing on manufacturing. In addition to the fact that the working class, which was once a solid support base for the Democratic Party, has begun to drift away from the party due to dissatisfaction with economic policies in particular, many regions where manufacturing has declined are included in battleground states that determine the outcome of presidential elections, making manufacturing a priority. Furthermore, global changes cannot be ignored. Post-war America was a trade surplus country with excessive supply capacity. Supporting global economic recovery through free trade was important not only for peaceful global stability but also for creating overseas markets as outlets for American products. Subsequently, the United States became a trade deficit country in the mid-1970s, but the continued promotion of free trade resulted in a unilateral expansion of the trade deficit and the rise of China.

Markets versus Government

A major characteristic of the New Right's economic policy is the rejection of market fundamentalism. For a long time, tax cuts, deregulation, small government, and free trade have been mainstream in Republican economic policy, with the dominant idea that market principles efficiently allocate resources and bring economic prosperity. However, in manufacturing, companies accelerated their overseas relocation in search of cheaper labor and optimal production systems, while domestically, capital and talent were drawn to certain industries like finance and technology, widening inequality. To begin with, the market itself is a complex amalgamation of various rules and institutions, and market participants conduct transactions according to conditions and environments at any given time. Therefore, one could argue that there is no guarantee that market fundamentalism leads to overall optimization.

The shift from market fundamentalism naturally leads to the recognition of the government's role in the economy. The New Right believes that government regulations, tax systems, and industrial policies are not meant to restrict economic activities but to correct market imperfections and help markets function more soundly. Policies such as wage increases through immigration restrictions, revival of domestic manufacturing and job creation through tariffs, and fostering key industries through industrial policies are

all measures to support workers and are expected roles of the government. Additionally, they advocate for some family support measures with strong welfare elements, such as benefits and tax credits for households raising children and housing assistance. They are also critical of the excessive notion of self-responsibility that has been dominant until now, and seek greater government involvement in the economic sphere to strengthen families and communities based on common social values and norms.

Originally, conservatives have deep trust in the nation, existing institutions, and social foundations. While there is an image that conservatives dislike change, there is also a view that conservatism is not about unconditionally resisting change, but about accepting modifications to maintain social foundations while facing reality. If market fundamentalism expands inequality and is the root cause of social problems, accepting a certain degree of government intervention becomes an option. Also, if the outflow of industries overseas has weakened communities, implementing corporate support measures that strengthen domestic industries can be justified. Government involvement in the economy is not necessarily a new idea, and it would be appropriate to view it as a movement to correct excessive market fundamentalism.

Influence in Trump Administration Policies

The Trump administration's economic policy partly reflects the ideas of the New Right. The most notable example is undoubtedly its tariff policy. While there are various debates about whether utilizing tariffs is the best strategy for realizing an economy that works for laborers, it can be seen as a step away from market fundamentalism. Going forward, adjustments will be made to avoid excessive disruption while measuring the effectiveness of these policies in achieving the goal of benefiting workers. The idea that industries important to the nation that should be protected and nurtured should be addressed through industrial policies and sector-specific tariffs is also gaining traction.

On the other hand, their influence on fiscal discussions still seems limited. The New Right supports conservative fiscal management because they believe that loosening fiscal discipline not only increases the risk of fiscal crisis but also could restrict economic policies that benefit workers. They take the position that expenditures should be scrutinized based on workers' interests, oppose blind tax cut extensions, and even support tax increases on the wealthy. During the Trump administration's tax reform, discussions proceeded with concerns about macroeconomic impacts, assuming the extension of Trump's 2017 tax cuts. Additionally, populist policies such as eliminating taxes on social security, tip income, and overtime work were added to justify the extension of personal income tax cuts that benefit the wealthy. While spending reviews were conducted to partially offset revenue losses, the likely targets for cuts are Medicaid, a healthcare assistance program for low-income individuals, and the Supplemental Nutrition Assistance Program (SNAP), ironically making worker support programs the funding source for tax cuts for the wealthy. However, the fact that President Trump made statements, albeit temporarily, supporting tax increases on the wealthy itself reflects changes in the Republican Party and can be seen as evidence of the New Right's growing influence.

Within the Trump administration, there are also libertarians represented by executives of technology companies and others. They seek to push deregulation to the extreme and are opposed to policy-driven market interventions using industrial policies and tariffs. Naturally, they also oppose support for labor unions and redistributive ideas. They believe that free competition is the source of national strength and do not place importance on the risks of wealth being concentrated in specific classes, industries, or regions. Especially as the hegemonic struggle with China intensifies and securing competitive advantage in cutting-edge technology areas such as AI becomes a national imperative, it may be considered that

industrial policy alone has limitations in terms of speed and scale. Given that the government inevitably depends on corporations to some extent, the reality is that the thinking of such forces cannot be ignored.

The economic policy of the New Right actually has points of agreement with the Democratic left, which traditionally has strong relationships with labor unions. While the right and left oppose each other ideologically on social issues, there is room to find cooperation on economic policy. Additionally, with rising living costs due to inflation and worsening economic inequality, policies focused on workers are gaining support among general voters. Distrust of the existing order and establishment remains strong, and how to appeal to the working class will likely continue to determine election outcomes. The effectiveness of the proposed economic policies has not been fully tested, and the results will greatly influence the future. However, it is noteworthy that in the 2028 presidential election, the New Right's ideas may lead the economic policy debate, and candidates who represent these views may gather significant support.

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