

The New Right (3)

Ideal “Production” for New Right

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- The New Right's trade policy places emphasis on bounding the market, arguing that government intervention is necessary to ensure that the interests of domestic workers and communities come first, and that tariffs are the most effective way to achieve this.
- Regarding China policy, there is an argument that the U.S. should have "hard break" with China which has harmed domestic U.S. workers. China is the cause of the negative effects of globalism and has now become a threat to the U.S. in every aspect. On the security front, while not seeking regime change in China, there is a need to adopt a "denial strategy" that prevents China from achieving hegemony.
- The example of industrial policy is the threat of import restrictions in the 1980s, which urged Japanese automakers to enter the US. As of the tax policy, they are reluctant to implement tax cuts, as they believe tax cuts will not act as an incentive for domestic investment.
- A number of events are currently taking place simultaneously that reveal the extent to which the New Right has penetrated American politics, including tariff policy, Iran policy, tax cuts, and conflict with the tech industry.

Marubeni Washington Report, New Conservative "New Right" Report Series [\(1\)](#), [\(2\)](#), analyzes the emerging conservative movement known as the New Right, focusing on its origins and economic policies, with a central focus on the emerging think tank "American Compass" led by Oren Cass. In this article, based on Cass's latest edited volume "The New Conservatives", I will delve deeper into the trade policies, China policies, and industrial policies advocated by the New Right and American Compass, and examine the differences between these and the Trump administration and other ideologies.

Contributor to “The New Conservatives”

"The New Conservatives" was published in June 2025 as the first book of American Compass. The content consists of essays by Mr. Cass and other conservative commentators previously published in American Compass and other media, which have been revised. The book has a three-part structure: Part One, "Principles," outlines the New Right's principles regarding markets, states, labor, and capital. Part Two, "Production," discusses globalization, China, and industrial policy, and this paper will focus on examining the New Right's economic and foreign policies primarily through Part Two. Part Three, "People," addresses the worker power, education, family, and the public purse.

In the Part Two, Mr. Cass presents his New Right ideology on globalization and industrial policy, followed by a contribution on trade policy from Robert Lighthizer, who served as the U.S. Trade Representative (USTR) in the first Trump administration and is also listed as a member of American Compass's board of directors. Additionally, Secretary of State Marco Rubio, who will lead the State Department and National Security Council in the second Trump administration, and Elbridge Colby, who serves as Under Secretary of Defense for Policy, have contributed previously published essays on China policy. While these three individuals are not necessarily spokespersons for the New Right, American Compass likely included

them in their first publication because they judged that their arguments represent New Right thinking. Secretary Rubio gave a speech alongside Vice President JD Vance at American Compass's fifth anniversary gala, suggesting he is closely aligned with the organization. Meanwhile, Wells King, who previously served as research director at American Compass and as a policy advisor to Vice President Vance's campaign, and who currently serves as a special assistant for domestic policy in the White House, has contributed numerous pieces across all three parts of the publication.

Bounded Market is an Ideal Trade Policy

As stated in the New Right Report (1), one of the characteristics of the New Right is that it challenges the conventional political/economic/trade system that has been based on neoliberalism. Within this context, criticism of globalization can be said to have a certain degree of influence on the Trump administration's policies and future U.S. trade perspectives. The New Right does not completely reject globalization or capitalism per se but argues that bounding market by the government is necessary. For example, Mr. Cass (whose title at American Compass is Founder and Chief Economist) points out that David Ricardo himself stated that his "theory of comparative advantage,"¹ which promotes globalization, only holds under conditions where capital mobility is somewhat restricted. He argues that in today's environment of free movement of goods and capital, a certain balance of imports and exports should be established, prioritizing investment in domestic industries and employment and social stability in domestic communities.

Regarding the capitalism advocated by Adam Smith, Mr. Cass argues, "A model focused on ensuring that wealthy people can earn the greatest possible return on their capital is not capitalism; it's oligarchy, ... Capitalism works for capital, labor, and consumers when all are indispensable to each other's goals and each gains from their achievement. Interdependence is what translates the pursuit of private profit into public benefits. An indispensable element for maintaining this interdependence is the bounding of the market." He also points out that regarding the "invisible hand" of the market, corporations, and investment behaviors, Adam Smith originally presumed that when maximizing one's profits, capital should be mobilized within one's own country or nearby communities. He argues that corporate managers, investors, and entrepreneurs should focus on public education and the difficulties faced by job seekers with less than high school education, rather than donating to local organizations or think tanks with profits earned from investing abroad or employing foreigners. In other words, in New Right thinking, there is a clear distinction between one's own country and foreign countries. The government should manage boundaries to benefit domestic capital, labor, and consumers, and corporate managers and investors should prioritize employment and stability in their own country and community as a premise for profit maximization. This concept underlies their ideal economic model and trade environment.

As a concrete measure to approach these ideals, Lighthizer's contribution further details the harms of the massive and chronic trade deficits, and proposes tariffs as the best solution. He also points out that Ricardo's theory of comparative advantage presupposes balanced trade relationships, noting that while

¹ In his 1817 work *Principles of Political Economy and Taxation*, Ricardo proposed the idea that global economic welfare can be improved when each country focuses on exporting goods in which it has a comparative advantage.

the annual trade deficit was \$80 billion 30 years ago, it now exceeds \$1 trillion, with cumulative trade deficits exceeding \$12 trillion over about 20 years—a situation that can hardly be called a balanced trade environment. He criticizes that this is the result of Americans sacrificing productive assets and the future of the economy for short-term consumption, arguing that today's consumers are impoverishing their own children. As a solution, he proposes implementing temporary across-the-board tariffs until the trade environment regains balance. This contribution is an essay he wrote for *The Economist* in October 2021, and it is noteworthy that the idea of across-the-board tariffs is being adopted in the second Trump administration.²

However, Mr. Lighthizer's argument is to first introduce an universal 10% tariff, and if the trade deficit does not decrease, gradually raise the rate to 20%, 30%, and also states that exceptions would apply for critical goods. From the New Right's perspective, tariffs are the correct approach, but the "reciprocal tariffs" proposed by the second Trump administration, which sets high tariffs by country, may not be a policy they can endorse at all.

"We should especially break away from China."

The New Right's China policy can be considered an extension of the aforementioned boundary management-based trade policy. If balanced boundary management is necessary even with foreign countries that have normal relations, including allies, let alone with China—which fundamentally differs from the United States in its political and economic model and poses a security threat to the US—there should promptly be a "hard break with China" (Mr. Cass). This would likely become the guiding principle of the New Right's China policy.

Secretary of State Rubio pointed out that allowing China to join the WTO in 2001 was a historic mistake that prioritized global economic integration over American workers, not only severely hurting U.S. manufacturing and workers but also strengthening the Chinese Communist Party and encouraging its control over the U.S. and international community. Secretary Rubio criticized industry groups such as the U.S. Chamber of Commerce and Business Roundtable that despite of the all CCP's rising and hostilities, still call for reduced tariffs on China. As an example of American workers' hardship, he noted that while the stock market has risen 120% over 20 years, middle-class incomes have increased by only 6% (both in real terms). He also cited the "Cost of Thriving Index" developed by Mr. Cass (which calculates how many weeks it takes to earn necessary living expenses using average weekly income and annual living costs), pointing out that it rose from 30 weeks in 1985 to 53 currently (62 in the latest 2022 data), indicating that average wages can no longer sustain a decent living. In short, he strongly argues that since China's WTO accession, American workers' lives have only grown more impoverished, and this trend must be immediately reversed.

Mr. Cass particularly warns that the massive investment flows between both sides should be stopped, stating that "Washington must stop trying to repair this marriage (between the US and China) and, citing irreconcilable differences, move toward a prompt divorce." It is interesting that Mr. Cass is extremely critical of Elon Musk, who has made large investments in China and generates significant revenue in the Chinese market (the relationship between the New Right and the tech industry, which has been

² For details on the trade policies advocated by Mr. Lighthizer, refer to the 2024 report ["The World after Trump's Reelection \(3\) Former USTR Lighthizer's Trade Policy"](#).

increasing its influence on US politics, will be discussed later). He also proposes that to decisively break away from China, domestic production capacity must be increased, requiring the establishment of a national development council and a domestic development bank. While acknowledging that breaking ties with China will involve short-term pain, he refutes the notion that these costs tend to be exaggerated. Mr. Colby advocates from a military perspective for the need to maintain a favorable, stable, and durable balance of power with China. He points out that the US has long been engaged in diplomatic discussions only targeting nations or actors weaker than itself, resulting in a lack of “ ”fingertip feel” and grammar for determining how to respond to a nation that is comparable to us in power” like China. He argues that overwhelming national strength and alliance relationships are necessary, in coordination with allies, to make China recognize the cost of threatening US interests. This thinking represents his advocated "Strategy of Denial," which calls for rapid action particularly to respond to a Taiwan contingency. However, what characterizes Colby's argument is that it prioritizes Asia over other regions, and the essential goal is preventing China from taking hegemonic actions, not democratizing China or overthrowing its regime. Colby is considered one of the representative figures of the "restrainers" who advocate for restraint in US foreign engagement, and it is believed that in terms of diplomacy and security, the New Right supports the restrainers' approach.

Is Japanese automakers' expansion into the US the Textbook of New Right's Industrial Policy?

Mr. Cass argues about comparative advantage theory that, in addition to the aforementioned perspective, it is "created, not “discovered” “. In other words, in the modern economy, he views it as something artificially created by policy or arbitrarily abandoned, rather than advantages derived from resources or geographical characteristics. He points out that while emerging countries like China create competitive labor forces and regulatory environments as policy, the United States has abandoned its technological advantages in manufacturing that it once maintained, as companies prioritized capital concentration. As stated in the New Right Report Series (2), Mr. Cass considers this a fallacy of market fundamentalism, and from a security perspective, he and others argue that it is necessary to maintain all types of manufacturing and technology domestically. In other words, the basic idea of the New Right's industrial policy is that the government needs to intervene to secure industries in a wide range of fields domestically, rather than just letting industries with advantages remain in the country at the market's discretion. While industrial policy typically had a negative impression in the United States as the government picking winners and losers, the New Right's industrial policy aims to not create losers.

Mr. Wells King and Mr. Chris Griswold, who currently serves as the policy director of American Compass, seem to view Japanese automakers' expansion into the US as a successful example of industrial policy. During the Reagan administration in the 1980s, they warned of high tariffs and import quotas on Japanese cars, resulting in Japan's "voluntary export restraints" (VER) and Japanese automakers' expansion into the US. Japan's VER not only gave the US Big Three room to survive, but Japanese manufacturers' expansion also created more than \$25 billion (in 2022 dollars) in direct investment, building 8 assembly plants and 300 related factories, generating over 100,000 jobs. Moreover, while government intervention was temporary (Japan's VER ended in 1993), these economic effects are permanent, which is likely one reason why the New Right considers this industrial policy their playbook. To transplant such models to other industries, Mr. King and others have shown support for policies such as the 10% uniform tariff

advocated by Mr. Lighthizer, as well as proposals by some Republican lawmakers to impose domestic content requirements of over 50% for critical items.

In New Right ideology, it might seem at first glance that the policies of the Reagan administration serve as a model. The economic policies of the Reagan administration were called supply-side policies, which stimulated the supply side to increase demand and create a positive cycle for the entire economy. These policies are generally understood to be represented by the tax cuts implemented by the Reagan administration. However, according to Mr. Griswold, equating Reagan's supply-side policies with tax cuts is incorrect. Supply-side policies are meant to reduce constraints on the supply side and increase investment incentives, but Mr. Griswold and others argue that tax cut policies do not provide sufficient investment incentives. As evidence, they point out that with both the G.W. Bush administration's tax cuts and the first Trump administration's tax cuts (TCJA), much of the surplus profits generated were allocated to shareholder returns such as stock buybacks rather than investments. He argues that the challenge facing U.S. industry today is not high tax rates but the harmful effects of globalism, and that modern supply-side policies should not be limited to tax reform but should include measures like tariffs and domestic production ratios as mentioned above.

The New Right Movement at a Critical Point

As pointed out in both "New Right" report series (1) and (2), it remains unknown to what extent the New Right movement will be reflected in Trump administration policies and post-Trump U.S. politics. While the tariff policies emphasized by the New Right appear to be sufficiently reflected in the second Trump administration, Robert Lighthizer was not appointed to the cabinet, and the administration has chosen to pursue deals with the entire world through the radical method of reciprocal tariffs rather than a systematic approach of gradually increasing uniform tariffs. Regarding foreign and security policy, President Trump seems to have maintained a stance close to restrainers in his second administration, but he has not ruled out taking further hardline measures on the Israel-Iran issue. If the U.S. becomes directly involved again, it would suggest that the influence of the New Right and restraint advocates on the Trump administration's foreign policy has been limited. Regarding industrial and tax reduction policies, the budget reconciliation bill that President Trump aims to pass, including the extension of the TCJA, does not necessarily align with New Right ideology. As previously mentioned, the New Right does not actively support tax reduction policies, and particularly in the current environment where government debt continues to rise, Mr. Cass has stated that "[Tax rates should be going up, not down.](#)" How the budget reconciliation bill passes will also serve as a barometer for measuring the degree of penetration of the New Right movement.

Also, the relationship between the New Right and wealthy tech industry figures is intriguing. Tech companies, with their strong libertarian ideology that dislikes government intervention and business models that create few jobs, could be seen as positioned opposite to the New Right. However, both camps have infiltrated the Trump administration, and Vice President Vance, considered closest to the New Right movement, is himself from the tech world. While the tech sector has temporarily retreated from the spotlight after Elon Musk's departure from the administration and his revealed conflicts with President Trump, its financial power will undoubtedly continue to influence the Trump administration and American politics. Which camp will have more influence on Vice President Vance, who is closest to becoming the post-Trump leader, will significantly determine the future of the New Right movement.

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