

**American Industrial Policy****Trump 2.0, the “Abundance Agenda”, and the Emerging Political Order**

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- The United States has shifted away from the longstanding libertarian focus on free markets and minimal state intervention. Under both Trump and Biden, industrial policy has reemerged as a tool for strengthening domestic industries—through tariffs, targeted subsidies, and direct government investments—to shore up sources of national power.
  - Beyond the conventional “protectionism vs. free markets” framing, the “abundance agenda” advocates expanding the supply of critical goods—housing, health care, infrastructure, national security—through a blend of deregulation and strategic public investment. This approach has gained traction across the political spectrum, suggesting a potential realignment toward policies that build more rather than merely redistribute or regulate.
  - Historically, U.S. political orders shift about every 40–50 years. The second Trump administration’s emphasis on deregulation, selective federal spending, and protectionism—combined with growing interest in abundance-driven strategies—points toward a possible transformation of the policy landscape. Businesses and policymakers alike must track these developments closely, as they could reshape American economic policy for decades to come.
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One of the fundamental facets of the post-neoliberal order has been the US reversion to industrial policy that traces its first principles to Alexander Hamilton’s prescription on industrial growth. Industrial policy refers to government efforts to promote specific domestic industries through subsidies, tax incentives, trade protections, and R&D support. The primary goal is to enhance national competitiveness in strategically important sectors. Which sectors are considered “strategic” depends on the administration, but typically include artificial intelligence, semiconductors, clean energy, shipbuilding, defense, and advanced manufacturing. Industrial policy also has an international dimension, particularly when the government facilitates private-sector investments abroad to align with U.S. economic and strategic interests. Further, such concepts merges with adjacent policy areas like economic statecraft, trade policy, and foreign direct investment strategies. This paper examines aspects of industrial policy under the second Trump administration and political undercurrents that appear to be gravitating towards a new political order based on “abundance”.

Since the late 1970s, U.S. economic policy has largely been guided by market fundamentalism, a political economic order rooted in supply-side economics and the belief that markets, not governments, allocate resources most efficiently. In practice, this approach often prioritized markets over national interests. However, by the time Donald Trump

launched his 2015 presidential bid, dissatisfaction with this philosophy was growing as economic challenges emerged that markets alone could not address, such as the chronic housing shortage, dilapidated physical infrastructure, and higher costs in medical care and education. This shift in sentiment led to a broader rejection of free trade and a turn toward protectionism.

During his first administration, Trump embraced tariffs and export controls as tools for economic renewal. The COVID-19 pandemic further underscored vulnerabilities in supply chains, exposing shortages of essential goods like masks, ventilators, and pharmaceutical ingredients. In response, the Biden administration channeled direct federal funding to rebuild domestic manufacturing in strategic areas such as semiconductors, physical infrastructure, and green technologies. Biden also sought to expand industrial policy into social sectors like education and healthcare, though these efforts stalled in Congress.

With Trump back in office, not only is industrial policy a key facet of his domestic renewal strategy, but he also seems to be doubling down on the application of specific tools utilized during his first term – namely, tariffs and deregulation. He also rejects Biden’s industrial strategy that relied heavily on direct government intervention into markets. During the 2024 campaign, he criticized Biden’s signature initiatives—the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA)—which directed federal funds toward physical infrastructure and green investments. Upon taking office, Trump immediately froze funding for both.

However, signs of continuity exist. Some administration officials and Republicans have expressed support for aspects of Biden-era laws. Commerce Secretary Howard Lutnick, for example, offered some support for the CHIPS and Science Act, which allocated \$40 billion to boost domestic semiconductor manufacturing. Trump himself has advocated for U.S. production of 40 icebreakers<sup>1</sup>, a specialized vessel designed to break through frozen waters. There is even an international dimension to his industrial strategy. He announced his intention to “purchase” Greenland and negotiate with Ukraine, both to secure strategic mineral deposits. Still, there is little indication that he is willing to expand federal spending beyond what is necessary to make his signature tax cuts permanent, nor does he show any evidence that he is following a coherent strategy.

Beyond this, however, is a bipartisan groundswell of a new concept called the “abundance agenda” that could have a meaningful impact not only on Trump’s industrial policy, but also over the longer term. What is clear is that the Washington consensus around industrial strategy remains in flux. For companies, it is important to follow policy discussions to position themselves to best capture demand signals sent by the federal government.

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<sup>1</sup> Wall Street Journal, “Trump’s Arctic Goals Demand Icebreakers, but U.S. Struggles to Build Them”, February 5, 2025.

## **1. Shift in Consensus – Neoliberalism to Protectionism**

A break from the longstanding neoliberal orthodoxy took root during the 2016 US presidential election. Republican candidate, Donald Trump, ran on the message that other countries were taking advantage of the US through existing free trade agreements, vowing to renegotiate deals such as the North America Free Trade Agreement (NAFTA) that caused offshoring and job losses. On the Democratic side, candidate Hillary Clinton distanced herself from the Obama administration's signature free trade pact – the Trans-Pacific Partnership (TPP). Joe Biden, then Vice President, by virtue of his position, was supportive of the TPP but was clear eyed about the political realities – that “globalization has not been an unalloyed success” – recognizing the “genuine dislocations that cause a distinct sense of apprehension, fear, and loathing”<sup>2</sup> in American society.

Once in office, Trump followed through on its promise to use tariffs as a tool to protect domestic industries. Steel and aluminum tariffs were soon accompanied by tariffs on Chinese imports and other trading partners. By that point, the free trade consensus had already begun to unravel in Congress. In parallel, the administration introduced trade and investment restrictions aimed at “strategic decoupling” from China. The terms “economic security” and “strategic decoupling” became buzzwords, especially as the United States countered China's Belt and Road Initiative—a project leveraging foreign investment to expand Chinese influence abroad. To bolster U.S. private-sector involvement in international projects that serve national interests, Congress passed the Better Utilization of Investments Leading to Development (BUILD) Act in 2018, creating the U.S. International Development Finance Corporation (DFC). At the same time, the Trump administration maintained elements of supply-side economics—via tax cuts and deregulation—with the aim to spur domestic renewal.

It was towards the tail end of the first Trump administration was when we started to see a glimpse of direct federal intervention to reshape markets – a long dormant set of policies designed to fortify strategic sectors in the U.S. economy through public funding. While the Trump administration proposed sizable overall reductions in federal research spending in each of his four proposed budgets, they have also increased R&D investments for “Industries of the Future”<sup>3</sup>, including artificial intelligence (AI), and quantum computing. In his last budget proposal, Trump allocated \$1.2 billion for nuclear and fusion research. Additionally, in June 2020, Congress introduced the bipartisan CHIPS for America Act, designed to provide subsidies and revive domestic semiconductor manufacturing. Although the bill eventually passed never passed under Trump's term (eventually it passed under Biden in 2022), the

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<sup>2</sup> Council on Foreign Relations, [“A Conversation with Vice President Joe Biden”](#), September 21, 2016

<sup>3</sup> In August 2020, the Trump administration announced more than \$1 billion in awards for the establishment of 12 new AI and quantum information science (QIS) research and development institutes to study “Industries of the Future” that include Artificial Intelligence, advanced manufacturing, quantum information science, and 5G.

legislation signaled the emergence of a new bipartisan consensus that supported government intervention in key industries, challenging the prevailing libertarian orthodoxy.

The pandemic was another driver of this new consensus. The once in a 100-year pandemic exposed critical blind spots in America's supply chains. Exposing critical weaknesses in U.S. supply chains, the crisis prompted the Trump administration to invoke the Defense Production Act, compelling certain companies to manufacture masks and ventilators. Operation Warp Speed, meanwhile, injected billions into vaccine research and development—essentially covering most of Moderna's clinical and manufacturing costs and guaranteeing free vaccines to the public by compensating Pfizer and Moderna.

Following the transition to the Biden administration, the federal government took on an even bigger role in the economy. First was the American Rescue Plan (March 2021) which unleashed a broad package of redistributive measures that included direct payments to individuals, housing and rental assistance, and targeted bailouts for businesses. This was followed by the Infrastructure Investment and Jobs Act (totaling \$1.2 trillion), the Inflation Reduction Act, and the CHIPS Act—marking the Democratic Party's challenge to the libertarian orthodoxy.

Under the second Trump administration, this broad rejection of the libertarian orthodoxy appears alive and well. Policies, at least initially, appear to be reverting a policy set akin to those employed during his first term - a mix of deregulation, tax cuts, and protectionism. The question many are asking now is - will Trump embrace large federal spending measures that subsidizes industrial growth. During his 2024 campaign, Trump attributed rising inflation primarily to his predecessor's federal spending, while also criticizing Biden's regulatory conditions—such as diversity, equity, and inclusion (DEI), environment, and labor requirements tied to the disbursement of federal funds. So far, the evidence points to an administration focused on shrinking the federal government's regulatory and bureaucratic footprint and employing tariffs to protect domestic industries and encourage reshoring. But there are indications that Trump is willing to use the fiscal power of the government to support strategically important sectors such as shipbuilding. Whether this is feasible, particularly as Trump and his congressional allies seek to free up fiscal space to support further tax cuts, is closely being watched.

## **2. The Abundance Agenda**

Even though both major political parties have moved away from the free-market, free-trade, libertarian orthodoxy, their respective policy platforms still fail to address fundamental weaknesses in the American economy—particularly the high costs of housing, health care, and education. Even in areas that receive considerable attention, such as infrastructure, energy, and emerging technologies, funding gaps remain large. Increasingly, voices across the political spectrum agree that addressing the shortage of public goods and strengthening national security requires federal intervention. To achieve this, they argue, government at the federal, state, and local levels must deploy policies that expand supply rather than merely

subsidize demand—in other words, “build more stuff.”

This idea lies at the core of the “abundance agenda,” a term first coined by Derek Thompson in a 2022 Atlantic article<sup>4</sup>. At its heart, the abundance agenda centers on the problem of inadequate supply. For decades, progressives emphasized wealth redistribution, while conservatives generally championed tax cuts and deregulation. The abundance approach aims to synthesize these perspectives, combining the removal of regulatory barriers that stifle innovation with strategic public investments in infrastructure and R&D—thereby boosting supply and ensuring widespread access to critical goods and services.

Since then, the concept has gained traction among progressives, centrists, and conservatives alike. In October 2024, experts from think tanks, academia, philanthropy, and government convened in Washington, D.C., for the 2024 Abundance Conference. The event was sponsored by libertarian/conservative philanthropies such as Arnold Ventures (founded by former Enron executive John Arnold) and Charles Koch’s Stand Together, both of which aim to deregulate markets.

The abundance agenda also resonates with thought leaders on the left who are disillusioned by Biden-era industrial policies that they argue have failed to deliver results—despite historic levels of federal funding for telecommunications infrastructure, EV charging stations, and other public projects. Ezra Klein, for instance, has promoted “supply-side progressivism,” highlighting how regulations can act as constraints that drive up the cost of essentials like housing and health care<sup>5</sup>. He contends that efforts to increase the supply of public goods run into artificial barriers created by different parts of the Democratic coalition, including labor unions and environmental activists. Klein is co-authoring an upcoming book titled *Abundance*<sup>6</sup> with Thompson. Meanwhile, Matthew Yglesias, co-founder of the liberal news site Vox, is another prominent advocate who sees the abundance framework as a way to bridge old ideological divides.

A technologist contingent also embraces the “abundance agenda.” Renaissance Philanthropy—an organization launched by Thomas Kalil, former Deputy Director for Policy in the White House Office of Science and Technology Policy under the Obama administration and funded by Charles Koch and former Google CEO Eric Schmidt—was listed as a sponsor of the 2024 Abundance Summit. Schmidt recently argued that “we’re not going to hit the climate goals anyway because we are not organized to do it...but I’d rather bet on AI solving the problem than constraining it.” In other words, he believes the benefits of AI far outweigh its environmental costs. Schmidt’s other effort, the Special Competitive Studies Project

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<sup>4</sup> The Atlantic, “[A Simple Plan to Solve All of America’s Problems](#)”, January 12, 2022.

<sup>5</sup> The New York Times, “[The Problem With Everything-Bagel Liberalism](#)”, April 2, 2023.

<sup>6</sup> New book by Klein and Thompson is expected for release on March 18, 2025. ([link](#))

(SCSP)<sup>7</sup>, advocates for government investment in domestic industries like semiconductors, AI, and biotechnology, while warning that slow government bureaucracy can put the U.S. at a disadvantage in the global tech race. SCSP leadership includes figures from both parties, among them Michelle Flournoy, former Under Secretary of Defense for Policy under the Obama administration, and Nadia Schadlow, who served as Assistant to the President and Deputy National Security Advisor for Strategy in the first Trump administration.

### **3. The Abundance Agenda in Practice**

#### **(1) Case study – National Security**

Competition with China has been a key driver of policies designed to incentivize private investment in strategic domestic industries, including semiconductors, energy, and shipbuilding. This focus sharpened following the 2017 National Security Strategy, which, for the first time, labeled China a “strategic competitor.” Since then, the federal government has taken significant steps to bolster domestic semiconductor manufacturing, for example. Within the national security establishment, proponents of the abundance agenda have highlighted critical shortages in areas such as shipbuilding and Congress is currently debating the reintroduction of a bipartisan bill aimed at addressing the shortage of U.S.-flagged ships.

#### **(2) Case study - Health Care**

Another pressing area is health care. U.S. health spending averages about \$12,742 per person—far exceeding Switzerland’s \$9,044 and nearly double the \$6,850 average across other wealthy OECD countries. Despite this higher spending, Americans do not see correspondingly better outcomes; they face shorter life expectancies and more chronic diseases. Abundance proponents note that health care is labor-intensive and therefore not easily subject to productivity gains. Costs will likely keep rising unless innovation can reduce reliance on human labor<sup>8</sup>. To this end, they argue for deregulating the biotech and medical device sectors, allowing the development of products and technologies that prevent chronic conditions, reduce future demand for caregiving services, and ultimately reduce health care costs.

#### **(3) Case study - Housing**

One clear example is housing. High construction costs, and restrictive zoning laws have restricted housing supply, making homeownership unattainable for many, especially

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<sup>7</sup> The SCSP is a non-partisan non-profit project formed in October 2021 as an extension of the National Security Commission on Artificial Intelligence (NSCAI), an independent commission of the U.S. government. NSCAI was chaired by former Google CEO, Eric Schmidt, whose mission was to make recommendations to the President and Congress to advance the development of AI and associated technologies.

<sup>8</sup> High productivity sectors like manufacturing and technology experience rapid efficiency gains through automation and innovation, reducing the cost of goods over time, allowing employers to pay workers without raising prices. Low productivity sectors, like health care, education experience little productivity gains but still require employers to increase wages, leading to overall cost increases.

millennials entering parenthood. Abundance-minded solutions include higher-density housing, streamlined approval processes, and zoning reforms that encourage development. Mindful of vested interests, such as groups representing homebuilders that resist technological advances in home construction (such as modular homes), they might advocate for deregulation that lower the barrier of entry for new players<sup>9</sup>. Federal subsidies and tax incentives could then be tied to local adoption of pro-housing policies and innovation, aligning national resources with local reforms.

Ultimately, the abundance agenda promotes policies that encourage robust supply growth in public goods like affordable housing, health care, and education, as well as industrial capacity that strengthens national security such as shipbuilding and semiconductors. Advocates on both sides of the aisle see it as a path to lower costs, greater economic security, and a more competitive America. While there may not be an “Abundance Caucus” forming in Congress over the near term due to the hyper-polarized political environment, paying attention to conversations inside Washington reveals a convergence towards a new political consensus.

#### **4. Where the Abundance Agenda is Instructive on Trump’s Policies**

Donald Trump is known for his freewheeling approach to policymaking, often lacking a consistent ideological framework. The ideas behind the “abundance agenda” have likely not taken root in his thinking. Instead, as with his successor, shifting political winds appear to determine which industries receive attention. Still, examining where Trump’s policies overlap with abundance principles can shed light on whether a broader shift toward “abundance” is emerging.

##### **(1) Deregulation as a Common Thread**

One of the clearest parallels to the abundance agenda is Trump’s emphasis on deregulation. On January 31, 2025, he signed the executive order Unleashing Prosperity Through Deregulation, which requires federal agencies to identify at least ten existing regulations to repeal whenever they propose a new one—an even more aggressive version of the two-for-one rule from his first term.

Several sectors illustrate this push. In energy, the administration aims to boost domestic production by easing permitting requirements and loosening environmental and labor standards. Trump may publicly disparage wind and solar, but Secretary of Energy Christ Wright and Secretary of the Interior Doug Burgum both favor a “fuel-agnostic” approach that cuts consumer costs and appeals to tech companies seeking large data-center power supplies. In semiconductors, the administration is reportedly renegotiating CHIPS Act subsidies to remove provisions requiring union labor and on-site childcare facilities. Taken

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<sup>9</sup> Traditional homebuilders resist modular homes because they threaten existing business models that rely on on-site construction, which involve labor intensive processes that modular construction can reduce. Modular home building also requires fewer on-site workers, threatening union jobs. Despite this resistance modular homes are gaining traction due to their cost-effectiveness, speed and sustainability benefits.



together, these efforts align with the abundance agenda's emphasis on expanding supply by removing barriers to innovation and growth.

## (2) National Security as a Driver

Competition with China continues to shape policy efforts in Washington, as leaders identify critical gaps in America's national security infrastructure. Recently, the focus has shifted to shipbuilding. In December 2024, a bipartisan group of senators introduced the SHIPS for America Act to bolster domestic shipyard capacity, increase the U.S.-flagged fleet, and train a specialized maritime workforce. While Trump has not officially endorsed the bill, he has voiced support for revitalizing U.S. shipbuilding. In a recent interview, he stressed the need to expand the naval fleet in response to China's rapid shipbuilding, saying, "we need ships. And maybe we'll use allies, also, in terms of building ships. We might have to."

Trump has also shown interest in acquiring approximately 40 icebreakers for the U.S. Coast Guard, emphasizing a preference for domestic production. This marks a departure from the 2024 Icebreaker Collaboration Effort (ICE Pact) with Canada and Finland. Given America's limited technical expertise and shipyard capacity, achieving these goals may prove challenging. Nonetheless, Trump's focus on shipbuilding underscores how abundance-minded policies—those that prioritize expanded production through deregulation and federal funding—can intersect with national security objectives.

## (3) "Freedom Cities" for Housing

Trump has proposed unconventional ways to address the chronic shortage of affordable housing. During the 2024 campaign, he floated the idea of establishing up to ten new "freedom cities" on federal land—deregulating environmental and labor standards to spur innovative city planning, promoting "flying cars," and offering "baby bonuses" to spark a "second baby boom." On the other side of the aisle, many Democrats favor building more affordable housing within existing communities, though some also back entirely new, walkable, car-free developments. While these ideas may remain at the margins, they highlight a certain attitude of President Trump around the abundance philosophy: increasing the supply of critical goods—be they ships, housing, or technology.

# 5. The Remaking of Political Orders

Over the long term, whether the "abundance agenda" will become the cornerstone of a new political order remains uncertain—but it is clearly an idea worth watching. In American history, coherent political orders—where Democrats and Republicans quietly converge on a shared set of ideas beneath the surface of partisan disagreements—tend to shift every 40 to 50 years. From the 1930s through the 1960s, New Deal Liberalism dominated. Though rooted in Democratic liberalism, it also shaped Republican policies under President Dwight Eisenhower, who embraced redistribution and public works for everyday Americans.

A fresh political order emphasizing free markets and deregulation emerged in the 1970s. Ironically, it was jumpstarted by Democrat Jimmy Carter, who stated in his 1978 State of the



Union that “there is a limit to the role and the function of government” and that “government was not the solution to America’s problems.” He proceeded to deregulate multiple sectors of the U.S. economy. President Ronald Reagan, later the symbolic face of libertarianism, echoed the sentiment by declaring, “government is not the solution to our problem; government is the problem.” This framework of limited government was effectively cemented when President Bill Clinton declared in 1996 that “the era of big government is over.”

Today, a new political order may be taking shape. The second Trump administration’s focus on deregulation and targeted federal funding for specific industries aligns with elements of the abundance agenda. Over time, it will be worth watching whether this bipartisan enthusiasm for deregulation endures and evolves into a broader abundance framework. Vice President J.D. Vance—who, during his Senate tenure, called for reducing regulatory barriers to expand housing and energy production—has yet to explicitly adopt the abundance banner, but his rising influence could signal a gradual Republican shift in that direction. On the Democratic side, some argue that current policies—often shaped by labor and environmental interests—do not always deliver tangible results. In the aftermath of Kamala Harris’s 2024 defeat, no clear “abundance-focused” faction has emerged within the party, though intellectual circles are increasingly discussing these ideas. Whether that translates into concrete political momentum remains to be seen.

Regardless, companies would be wise to monitor these debates. As Washington’s priorities shift, understanding the government’s “demand signals” and positioning strategically for new opportunities will be crucial. If the abundance agenda does gain traction, it could reshape the contours of American economic policy for decades to come.

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