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The Dialectic of Financial and Industrial Capital in the U.S. Economy: Globalization and Protectionism in Historical Perspective

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ABSTRACT

This article examines the enduring conflict between financial capital and industrial capital in the United States, manifesting as opposing drives toward globalization versus protectionism. Drawing on Marxist political economy, Polanyi's concept of the "double movement," and contemporary globalization theory, it traces how this conflict has evolved from the 19th through the 21st centuries. The analysis reveals that changing dominance between financial and industrial interests has repeatedly influenced U.S. trade and economic policy, from 19th-century protectionism to post-1945 liberalization and late 20th-century globalization. The findings indicate that U.S. economic policy emerges from a dynamic dialectic between these two fractions of capital. Globalization is not a one-way trajectory, but a contested process shaped by the push and pull of different capitalist interests, as the interplay between financial and industrial capital continues to unfold.

Keywords: Financial Capital, Industrial Capital, Globalization, Protectionism

INTRODUCTION

In contemporary U.S. political economy, a fundamental contradiction is evident between two major fractions of capital - financial capital and industrial capital - regarding their preferred development path of globalization versus protectionism. Financial capital, by its nature, seeks to expand beyond national borders and favors maximum liberalization of markets, enabling the free flow of money, goods, and labor globally. By contrast, industrial capital is often more concerned with protecting domestic markets through tariffs and other barriers that shield national producers from foreign competition. This tension between globally oriented finance and nationally oriented industry has recurred throughout U.S. history and continues to shape policy debates today.

Examining this conflict is vital because the tug-of-war between "globalist" and "nationalist" tendencies in the U.S. economy has far-reaching effects. It influences the evolution of the world trading system, the trajectory of globalization, and broader international economic relations. By understanding the historical roots of this dynamic, and its present manifestations, we can gain insight into future developments in the global economy and better anticipate shifts in policy.

This paper analyzes the ongoing dialectic between financial and industrial capital in the United States through the prism of the globalization versus protectionism dilemma, employing a classical political economy framework. The analysis first outlines the theoretical foundation for understanding the conflict, drawing on Marxist theory (1961a, 1961b, 1961c) and Polanyi's (2002) concept of the "double movement", as well as insights from modern globalization scholarship. Subsequently, it traces the historical evolution of the relationship between financial and industrial capital from the 19th century to the early 21st century, highlighting how different periods face shifts in the balance of power between these factions. A case study of economic policy under the administrations of Donald Trump and Joe Biden then illustrates how the conflict has played out in recent years in terms of protectionist versus globalist orientations. Finally, the discussion and conclusion consider the findings and their theoretical implications, reflecting on what this enduring dialectic suggests for the future.

Notably, recent trends indicate a potential shift in the balance between finance and industry. For example, whereas in the 1990s the public face of globalization was often a Wall Street financier, in the 2020s it has increasingly become a high-tech industrial entrepreneur. This changing cast of leading economic figures suggests that the pendulum of influence may be swinging again, underscoring the importance of examining the underpinnings of this enduring conflict.

MATERIALS AND METHODS

Theoretical Framework

This study adopts a Marxist political economy (1961a, 1961b, 1961c) perspective alongside Karl Polanyi's (2002) concept of the "double movement" as the primary theoretical framework. It also draws on contemporary globalization theory concerning the rise of a transnational capitalist class. These frameworks provide a lens for understanding how different capitalist interests drive either globalization or protectionism at various times.

From a classical Marxist viewpoint, capitalism has an inherent tendency to expand the market globally in pursuit of profits. Marx and Engels observed that the bourgeoisie, compelled by the need for new markets, would spread capitalism across the world. At the same time, Marxist analysis recognizes that capitalists have no fixed loyalty to free trade or protectionism; different factions of the bourgeoisie advocate whichever policy aligns with their immediate interests. Friedrich Engels (1955), for example, noted that big industrialists have historically promoted tariffs or free trade in a self-serving manner—neither regime inherently benefits the working class, as workers receive only a subsistence share for both cases. In the early 20th century, Vladimir Lenin (2021) argued that industrial and bank capital had fused into "finance capital," an oligarchic bloc that drove imperialist expansion. This finance capital sought global markets and resources abroad (fueling colonialism and foreign investments) even as it supported protective tariffs at home to guard its domestic monopolies. Thus, even as capital pushes outward internationally, powerful capitalist interests often simultaneously desire a safeguarded home market - a dual strategy that highlights the internal contradictions of capitalism's expansion.

Polanyi's theory of the double movement provides a complementary perspective. In *The Great Transformation* (1944), Polanyi argued that an unfettered market system will inevitably provoke a social backlash. Periods of market liberalization - characterized by free trade and deregulation - tend to generate dislocation and inequality, which in turn trigger demands for protection and re-regulation. In other words, society swings like a pendulum: a push toward globalization and laissez-faire prompts a countermovement toward protectionism and social intervention to buffer the market's effects. Applied to modern political economy, Polanyi's insight suggests that eras of globalization will eventually face resistance once the social costs become untenable, leading to a reassertion of national control over the economy.

Contemporary globalization theorists reinforce this view by highlighting the emergence of a transnational capitalist class. Scholars such as Leslie Sklair (2001) and William Robinson (2004) have noted that corporate executives, global financiers, and investors with worldwide operations form a class whose interests are not tied to any single nation. This transnational elite generally advocates for the removal of barriers to the flow of capital, goods, and investments across borders, as a fully open global economy maximizes their profit opportunities. However, the same globalizing forces can threaten local industries, workers, and communities. Those adversely affected—often aligned with nationally oriented industrial capital and labor—push back by lobbying for tariffs, subsidies, and other protective measures. The result is a continual tug-of-war between the forces of market liberalization and the forces of social and economic protection, much as Polanyi's double movement theory predicts.

Methodology

Guided by these theoretical perspectives, the research employs a historical analysis of U.S. economic policy across different epochs to examine how the balance between financial and industrial capital has shifted over time. Key periods of analysis include the 19th-century era of industrialization and protectionism, the World War I and interwar years, the post–World War II decades of U.S.-led globalization, the late 20th-century neoliberal era, and the early 21st-century period of financial dominance and emerging backlash. In each period, the study identifies the predominant influence of either financial or industrial interests on policy, as reflected in trade regimes and regulatory stances. In addition, a comparative case study of the Trump administration (2017–2021 and 2025 – up to date) and the Biden administration (2021–2025) is undertaken to illustrate the contemporary manifestation of this financial–industrial capital dialectic. This qualitative analysis relies on historical documentation of economic policies and outcomes in these eras, interpreted through the lenses of the aforementioned theories.

RESULTS

19th Century: Industrial Rise and Protectionism

Throughout the 19th century, U.S. economic policy was dominated by high protectionist tariffs designed to foster domestic industry. In the early republic, policymakers like Alexander Hamilton (1791) argued that infant American industries needed shelter from British and European competition. After the Civil War (1861–1865), the victory of the industrial North over the agrarian, free-trade-oriented South ensured that protectionism became entrenched national policy. Tariffs on imported manufactured goods were maintained at very high levels (often 40% or more), allowing U.S. manufacturing to grow rapidly behind tariff walls. This protectionist nation-building helped the United States emerge as a leading industrial power by the end of the century.

During this era, financial capital was still relatively underdeveloped and closely tied to industrial enterprise. Major financiers and bankers, such as J.P. Morgan, worked in tandem with industrialists, financing railroads, steel mills, and other nascent industries. Because the fortunes of banks and investors rose with the success of American manufacturing, the financial elite largely supported protectionist policies that nurtured domestic growth. By the late 1800s, however, American industrial capital had grown robust enough to start eyeing foreign markets. The United States began to expand overseas – acquiring territories after the Spanish – American War of 1898 and advocating an "Open Door" policy in China to secure access to Asian markets. Wall Street banks also cautiously ventured into international finance, lending to foreign governments and projects. Still, this outward expansion was paired with a continued insistence on protecting the home market from foreign competition. In effect, U.S. capital at the turn of the 20th century pursued a dual strategy: reserving the vast American domestic market for American firms, while seeking to penetrate and capture markets abroad for those same firms. This set the stage for future tensions as U.S. financial interests became more global in scope.

World War I and Interwar Period: Global Emergence and Retreat into Protectionism

World War I (1914–1918) transformed the United States into the world's leading creditor and industrial supplier. American banks, centered on Wall Street, financed the Allied war effort and amassed large international assets, while U.S. industry thrived on wartime production and exports. By the early 1920s, the U.S. had emerged from the war with unprecedented economic strength and a strong interest in global markets. However, U.S. policy took a sharply isolationist turn in the interwar period. The Republican administrations of the 1920s (Harding, Coolidge, and Hoover) embraced an "America First" economic stance. Despite America's newfound financial power, these governments raised trade barriers instead of lowering them. The Fordney – McCumber Tariff of 1922 imposed high duties on imports, and this protectionist trend culminated in the Smoot – Hawley Tariff Act of 1930, which raised U.S. tariffs to record levels on thousands of goods. These measures were driven by domestic pressures – industrialists and farmers lobbied for insulation from foreign competition as Europe's economies recovered and tried to export goods. Financial capital's reaction was mixed: while Wall Street benefited from domestic speculative booms in the 1920s, some bankers worried that high tariffs would prevent Europe from earning the dollars needed to repay war debts owed to U.S. lenders.

The onset of the Great Depression after 1929 dramatically underscored the limits of beggar-thy-neighbor protectionism. Global trade contracted severely – world trade fell by over 50% in the early 1930s – as countries raised retaliatory tariffs and economic activity plummeted. In the United States, the collapse of international trade and lending fed back into deeper economic misery. The administration of Franklin D. Roosevelt responded by prioritizing domestic recovery through the New Deal, while maintaining a stance of economic nationalism. The U.S. took the dollar off the gold standard in 1933 to devalue its currency (boosting export competitiveness) and kept tariffs high throughout the 1930s. This inward focus stabilized the economy to a degree but did nothing to revive world trade. By the late 1930s, it had become clear that a completely closed economic order was harmful to all sides: U.S. industry lacked export markets, and U.S. finance saw widespread default on foreign debts. The painful experience of the interwar collapse set the stage for a new approach after World War II, one that would seek a more balanced compromise between openness and protection.

Post–World War II Era (1945–1970): U.S.-Led Globalization

The end of World War II in 1945 ushered in a new era of U.S.-led capitalist globalization. The United States emerged from the war with an overwhelming economic advantage—its industrial base was intact and booming, while the industries of Europe and Japan lay in ruins. American policymakers, backed by both Wall Street and the major industrial corporations, moved to construct a liberal international economic order under U.S. leadership. In 1944, even before the war ended, the Bretton Woods Conference established a new global monetary system centered on the U.S. dollar (convertible to gold) and created the International Monetary Fund and World Bank to stabilize currencies and finance reconstruction. Soon after, the General Agreement on Tariffs and Trade (GATT) was launched in 1947 to begin reducing trade barriers. Through programs like the Marshall Plan (1948–1952), the U.S. helped rebuild Western Europe and simultaneously opened those markets to American exports and investment. In the ensuing decades, U.S. industrial firms dominated many global markets – from automobiles to electronics—facing little competition, and U.S. financial institutions expanded abroad under the protective umbrella of American power. The U.S. presented itself as the architect and guarantor of a "Free World" economic system, promoting freer trade and investment as part of its Cold War strategy against the Soviet bloc.

During this postwar "golden age," the interests of American financial and industrial capital largely aligned in favor of globalization—on U.S. terms. While U.S. trade policy championed openness, it did so in a managed way that safeguarded stability. For instance, under Bretton Woods, currencies were fixed, and capital flows were regulated to prevent financial crises, allowing trade to expand in a relatively stable environment. American industrial corporations began establishing subsidiaries overseas and integrating global supply chains, yet they continued to rely on the U.S. government to protect their interests (for example, securing access to raw materials like oil and enforcing intellectual property rights abroad). The U.S. state actively supported capital's global expansion, using diplomatic influence and sometimes military power to ensure favorable conditions for American business. The result was a period of unprecedented growth for both the U.S. and the Western capitalist world. However, by the late 1960s this equilibrium began to show cracks. The successful reconstruction of Western Europe and Japan meant those nations' industries had revived, creating new competitors for U.S. firms. American industrial supremacy started to erode in sectors like steel and automobiles as cheaper, high-quality imports arrived. At the same time, the costs of the Vietnam War and extensive domestic spending strained the U.S. economy. By 1971, mounting balance-of-payments deficits and gold outflows led the U.S. to end the dollar's convertibility to gold, effectively collapsing the Bretton Woods system. These changes marked the transition into a new era, as the postwar consensus between finance and industry gave way to fresh tensions amid shifting global dynamics.

Late 20th Century (1970s–1990s): Neoliberal Globalization and Financialization

The 1970s marked a turbulent transition in the global economy and a shift in the balance of U.S. capital. After the collapse of the Bretton Woods system in 1971, currencies began to float freely, creating new opportunities for global financial activity (such as currency trading and offshore banking). Meanwhile, U.S. industrial dominance was challenged: oil shocks, rising foreign competition, and stagflation plagued the decade. Under pressure from hard-hit manufacturers and their workers, the U.S. government took some protective actions even as it publicly upheld free-market ideals. For example, in 1980 the Carter administration imposed quotas on steel imports, and in 1981 the Reagan administration negotiated a "Voluntary Export Restraint" agreement that limited Japanese car imports to appease Detroit automakers. However, these moves were relatively modest and selective. At the same time, a powerful countertrend was emerging: the rise of neoliberal ideology and the ascendancy of financial capital. The Reagan administration (1981–1989) implemented sweeping deregulation of the financial sector, tax cuts for corporations and investors, and the removal of many controls on capital flows. Wall Street entered a golden age in the 1980s as banks expanded, new financial instruments (like derivatives) were invented, and global capital flows accelerated. By the end of the 1980s, the U.S. economy had significantly restructured: manufacturing's share of GDP had fallen sharply, while finance and services had grown. The United States also shifted from being the world's largest creditor to a net debtor nation, borrowing heavily from abroad (especially after the mid-1980s) to fund its budget deficits and consumer spending. In effect, financial capital had gained a dominant influence, and the U.S. became deeply enmeshed in global financial networks.

The 1990s saw the triumph of neoliberal globalization rhetoric, even as some structural issues simmered beneath the surface. With the Cold War over, U.S. policy elites embraced the notion that unfettered globalization would spread prosperity and democracy. The Clinton administration championed major free-trade agreements and institutions: it enacted the North American Free Trade Agreement (NAFTA) in 1994, integrating the U.S., Canadian, and Mexican markets, and helped establish the World Trade Organization (WTO) in 1995 to institutionalize a rules-based global trading system. Trade barriers fell worldwide, and U.S. multinational corporations accelerated offshoring production to lower-cost countries, especially in manufacturing sectors like apparel and electronics. These changes boosted corporate profits and provided consumers with cheaper goods, but they also hollowed out many American industrial towns and contributed to job losses and wage stagnation for less-skilled workers. Throughout this era, Wall Street's influence on policy was at its peak, ensuring that financial considerations often took priority. By the early 2000s, it was evident that while globalization had generated enormous wealth, its benefits were unevenly distributed. The stage was set for growing discontent among those who felt left behind by the relentless integration of the world economy.

Early 21st Century (2000s–2010s): Financial Hegemony and Backlash

By the early 2000s, the imbalances inherent in the late-20th-century model were becoming stark. The United States was running large trade deficits year after year, particularly with China, which had become a workshop of the world for manufactured goods. Many traditional U.S. manufacturing industries had either offshore production or succumbed to import competition, leading to factory closures and job losses in America's industrial heartland. While consumers enjoyed inexpensive imported products and investors benefited from globalized supply chains, entire communities in the Midwest and elsewhere were hollowed out. The nation's dependence on foreign suppliers for everything from electronics to strategic materials has begun to raise alarms about economic and even national security. In short, the fruits of globalization were unequally shared, and the costs – lost jobs, stagnant wages, and shuttered factories – were concentrated in specific regions and among working-class Americans.

The financial crisis of 2008 then delivered a profound shock to the system. Triggered by excessive risk-taking in the financial sector (a housing and derivatives bubble), the crisis led to the worst economic downturn since the 1930s. The U.S. government intervened with massive bailouts to rescue banks and investment firms deemed "too big to fail," using hundreds of billions of taxpayer dollars to stabilize Wall Street. Meanwhile, millions of ordinary Americans lost their homes, jobs, and savings in the Great Recession that followed. This stark contrast – swift protection for financial capital, but slow, uneven recovery for workers and industries – galvanized public anger. It became evident to many that the policies of the preceding decades had prioritized global financial interests over the real economy of average citizens. In the 2010s, discontent manifested across the political spectrum. On the right, populist movements emerged calling for an "America First" stance, and on the left, movements like Occupy Wall Street protested economic inequality and corporate influence. This wave of skepticism toward neoliberal globalization set the stage for the 2016 presidential election, in which Donald Trump ran on an overtly protectionist, anti-globalization platform. Trump's surprise victory marked the first major break in the bipartisan consensus on free trade and signaled that a significant segment of the American electorate—and segments of capital tied to domestic production—demanded a rebalancing of the economic order.

Case Study: U.S. Economic Policy under Trump and Biden (2017–2025)

Trump Administration (2017–2021): President Donald Trump's tenure marked a decisive shift toward protectionism in U.S. economic policy. Upon taking office, Trump withdrew the United States from the Trans-Pacific Partnership (TPP) trade deal and moved to renegotiate existing agreements. In 2018, his administration replaced the North American Free Trade Agreement with a new U.S.–Mexico–Canada Agreement (USMCA) that imposed stricter rules of origin and labor provisions favoring U.S. manufacturers. The Trump administration also launched an aggressive trade war with China, levying tariffs on hundreds of billions of dollars' worth of Chinese imports to pressure Beijing over trade imbalances and intellectual property practices. Additionally, citing national security, Trump imposed sweeping tariffs (25% on steel and 10% on aluminum) on a range of countries, including traditional allies (Patnaik 2018). These actions, unparalleled in recent decades, were aimed squarely at reviving domestic industries that had been hurt by import competition. In the short term, segments of U.S. industrial capital applauded the moves: domestic steel and aluminum producers, for example, saw imports decline and prices rise, leading to the reopening of some mills and the rehiring of workers. The "America First" agenda clearly reflected the priorities of nationally oriented industrial capital and displaced workers who had long felt ignored by the globalization consensus.

However, Trump's trade offensives also generated significant pushbacks and uncertainty (Atkins 2025). Global supply chains that U.S. companies had built over decades were disrupted, raising input costs for many American manufacturers (especially those reliant on Chinese components) and prompting retaliation against U.S. exports (such as agricultural products). The unpredictability of Trump's tariff announcements—often delivered via Twitter – contributed to volatility in financial markets and made corporate planning difficult. Wall Street and large multinational firms grew increasingly anxious about the trade wars, fearing that prolonged conflict would undermine global growth and profits. While the administration delivered policies that financial capital appreciated (notably a major corporate tax cut in 2017 and extensive deregulation), Trump pointedly did not restrict the flow of capital across borders. His protectionism targeted trade in goods but left the international financial system untouched. There were no capital controls or interventions in foreign investment; foreign investors continued to buy U.S. assets freely, and U.S. corporations were not prevented from operating abroad. In effect, the core features of financial globalization remained intact during Trump's term. This selective approach meant that by the end of Trump's presidency, the results were mixed. Certain rust-belt industries received temporary relief, and the political message had been sent that the U.S. was willing to challenge the post-1990s free trade orthodoxy. But consumers and downstream industries paid higher costs for imports, farm exporters lost markets due to counter-tariffs, and manufacturing employment gains were modest. Politically, Trump succeeded in reshaping the Republican Party's orientation: it shifted from a staunchly free-trade, pro-Wall Street stance toward a platform more openly skeptical of globalization and supportive of tariff-based industrial policy.

Biden Administration (2021–2025): When Joe Biden took office in 2021, many expected a wholesale return to a pro-globalization, multilateral approach. In practice, the Biden administration maintained much of its predecessor's protectionist groundwork. Biden did not lift the bulk of Trump's tariffs on Chinese goods, and he left in place the steel and aluminum import restrictions (later converting some into quota arrangements in cooperation with allies). Instead of undoing Trump's measures, Biden built upon the idea of bolstering domestic industry—but he pursued it through large-scale industrial investment and procurement rules rather than new tariffs. In 2022, the Biden administration passed the Inflation Reduction Act, which included hundreds of billions of dollars in subsidies and incentives for clean energy technology and electric vehicles. Significantly, these subsidies came with strict "Buy American" style conditions: for an electric car to qualify for a consumer tax credit, for example, a significant portion of its battery components must be manufactured in North America. Around the same time, Biden signed the CHIPS and Science Act, allocating over $50 billion to support domestic semiconductor manufacturing and research, with provisions barring companies that take the funds from expanding certain high-tech operations in China. Furthermore, the administration tightened Buy American requirements for federal infrastructure and procurement spending, ensuring that public investment would stimulate U.S. manufacturing (Hufbauer 2023). Together, these policies amounted to an assertive industrial policy aiming to reshore supply chains in strategic sectors (such as renewable energy, electric vehicles, and semiconductors) and reduce dependence on foreign (especially Chinese) supplies.

Biden's approach to economic relations with allies was more cooperative in tone than Trump's, but it still signaled a departure from the hyper-globalism of the 1990s. Rather than pursuing new free trade agreements, the administration focused on frameworks for international collaboration that stop short of market liberalization. For instance, the U.S. engaged allies through initiatives like the U.S.–EU Trade and Technology Council and the Indo-Pacific Economic Framework, which emphasize coordination on standards, supply chain security, and technology—without lowering tariffs. This reflects a recognition that domestic political support for sweeping free trade deals is now weak. Notably, many of the United States' largest corporations in high-tech and emerging industries supported Biden's industrial policies. Firms in sectors such as electric vehicles and semiconductors, which might once have lobbied primarily for global market access, now welcomed government support to strengthen domestic production. Even as Biden sought to mend diplomatic ties and present the U.S. as returning to international leadership, his administration's economic policy acknowledged the necessity of protecting key industries at home. In essence, Washington under Biden adopted a hybrid strategy: maintaining the existing global financial and trading system in general but carving out important exceptions where domestic industrial capacity and supply-chain resilience were deemed critical. The fact that a centrist Democratic administration fortified several Trump-era protectionist measures and introduced new ones of its own indicates how much the consensus has shifted. Industrial capital and national security considerations gained greater influence in policy, while unfettered free trade—once taken for granted—was increasingly viewed with skepticism.

Early 2025 Developments: In the 2024 election, Donald Trump returned to the presidency, and the early months of 2025 provided a further test of the balance between financial and industrial capital. The new administration immediately announced a suite of "America First" economic measures: fresh tariffs on a variety of imports, executive orders favoring U.S. companies in government procurement, and efforts to repatriate manufacturing in industries like pharmaceuticals and machinery. At the same time, Trump pushed through another round of large tax cuts for corporations and high-income individuals and moved to roll back financial regulations recently put in place. This mix of policies—nationalist and populist on one hand, highly business-friendly on the other—illustrated the ongoing attempt to satisfy both industrial and financial interests. Internationally, these moves accelerated tensions: allies bristled at the unilateral tariffs (some contemplating retaliatory steps or greater independence from U.S. supply chains), and China responded to renewed pressure with its own export controls on critical materials. Globally, the trend toward economic fragmentation deepened, as U.S. actions under Trump signaled a definitive break with the old paradigm of multilateral trade liberalization. Domestically, the impacts of Trump's 2025 agenda were mixed. Tariffs and local-content mandates provided continued support to certain factories and mines, but they also raised costs for many producers and consumers, contributing to inflationary pressure. Businesses that relied on complex global supply chains had to scramble to adjust, in some cases shifting sourcing to other countries to avoid tariffs. Meanwhile, the generous tax cuts and deregulation fueled a short-term surge in stock prices and corporate profits, benefiting financial capital. They also, however, caused federal deficits to swell further. By mid-2025, economists (Gensler *et al.* 2025) were warning that U.S. government debt had reached unsustainable levels, and credit rating agencies downgraded the U.S. outlook, driving up borrowing costs. Additionally, observers cautioned that loosening financial oversight could sow the seeds of future crises. In sum, Trump's early second-term policies intensified the dialectical push-and-pull: they simultaneously bolstered domestic producers and gratified Wall Street, but in doing so they also exposed contradictions—such as rising inflation and debt—that pose challenges for the long-term stability of the U.S. economy.

DISCUSSION

The historical narrative outlined above reveals a clear dialectical pattern in the evolution of U.S. political economy. Periods of aggressive globalization driven by capital's expansionary logic have repeatedly been followed by counter-movements asserting protective, nationalist policies. In Marxist terms, one fraction of the capitalist class (financial capital allied with globally oriented corporations) pushed the system toward wider markets and liberalization, only to eventually provoke a reaction from another fraction (industrial capital rooted in domestic production, along with affected workers and communities) demanding relief from the dislocations of free trade. Polanyi's concept of the double movement is evident in these oscillations: the laissez-faire globalization of the late 19th century gave way to protectionist nation-building; the liberal order after World War II eventually spawned the protectionist currents of the 1970s–1980s; and the extreme financial globalization of the 1990s–2000s set the stage for the populist-nationalist backlash witnessed in recent years. Rather than a linear, irreversible march toward a fully globalized economy, the U.S. experience shows a pendulum-like process, with financial and industrial interests each gaining the upper hand at different times, but neither able to secure a permanent victory.

In the contemporary context, this dialectic has produced a new hybrid paradigm in U.S. economic policy. The neoliberal consensus that once prioritized unfettered global markets has been fundamentally challenged and adjusted by a resurgence of industrial policy and strategic protectionism. As seen in the Trump and Biden years, the United States is now experimenting with a blend of globalization and selective decoupling: the financial sector and many high-tech industries still operate on a global scale, but there is greater willingness to shield or bolster certain domestic industries in the name of economic security, employment, and geopolitical competition. Financial capital remains enormously powerful – evidenced by the continuity of free capital mobility and the central role of the U.S. dollar and Wall Street in the world economy – but it must now contend with a political environment more attentive to the needs of manufacturing, supply chain resilience, and working-class communities. The state has become more interventionist in the economy once again, echoing in earlier eras when policymakers actively managed markets to achieve social balance. This recalibration reflects an understanding that pure market globalization can carry steep social and strategic costs. The challenge going forward will be to strike a sustainable balance: to reap the efficiencies and growth benefits of global integration, while maintaining enough national oversight and protection to preserve industrial capabilities and social stability. The ongoing tug-of-war between financial and industrial capital will continue to shape how that balance is defined. In essence, the dialectic remains open-ended—an evolving negotiation that will adapt to new technologies, future crises, and geopolitical shifts. Recent developments validate the insights of classic political economic theories, illustrating that capitalism's trajectory is neither smooth nor predetermined, but is continually refashioned by the push and pull between competing class interests and the policies that mediate their conflict.

CONCLUSION

From a long-term perspective, the trajectory of U.S. economic policy—from the protectionist industrialization of the 19th century, through the era of mid-20th-century globalization, to the mixed strategies of the present—demonstrates that the balance between free-market expansion and protective intervention is continually in flux. This study's analysis underscores that globalization is not a one-way, inexorable process; rather, it is a contested arena shaped by the push and pull between different fractions of capital. Financial and industrial capital have acted as opposing forces, each dominating at certain times but inevitably constraining one another. In theoretical terms, this finding validates classic political economic insights: Marxist theory anticipates that intra-capitalist conflicts will influence the course of capitalism, and Polanyi's concept of the double movement is borne out by the periodic swing between market liberalism and social protection.

Practically, these conclusions suggest that policymakers must navigate a nuanced path. Neither unfettered globalization nor rigid protectionism offers a permanent solution. A key implication is that a viable economic strategy for the United States will likely involve a judicious blend of global engagement and domestic safeguarding – leveraging the efficiencies of international trade and finance while securing critical national industries and addressing the needs of those harmed by global competition. The current shift toward such a balance appears to acknowledge this reality. Going forward, the interplay between financial and industrial interests will continue to determine how far the pendulum swings toward openness or protection. The outcome of this ongoing dialectic will have profound implications not only for the U.S. economy but for the global economic order. Ultimately, the contest between the imperatives of financial capital and industrial capital remains a defining feature of capitalism's evolution—one that ensures the future of globalization will be negotiated rather than preordained.

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