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THBT the US government should buy equity stakes in private companies.

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Intel Agrees to Sell U.S. a 10% Stake in Its Business

New York Times, By Tripp MickleLauren Hirsch and Ana Swanson, 08/22/2025

The deal is among the largest government interventions in a U.S. company since the rescue of the auto industry after the 2008 financial crisis.

Note: This article has been abridged for concision.

President Trump said on Friday that Intel, the troubled Silicon Valley chipmaker, had agreed to sell the U.S. government a 10 percent stake in its business, worth \$8.9 billion, in one of the largest government interventions in a U.S. company since the rescue of the auto industry after the 2008 financial crisis.

At a news conference, Mr. Trump said the agreement had come out of negotiations last week with Lip-Bu Tan, Intel's chief executive.

"I said, 'I think it would be good having the United States as your partner.' He agreed, and they've agreed to do it," Mr. Trump said. "And I think it's a great deal for them."

Intel said the United States would invest \$8.9 billion in its stock, on top of \$2.2 billion that the government has paid the company under the CHIPS and Science Act, a federal program signed into law in 2022 that delivered billions in grants to revive U.S. semiconductor manufacturing. The government will not take a board seat or have other governance rights at Intel.

"We are grateful for the confidence the president and the administration have placed in Intel, and we look forward to working to advance U.S. technology and manufacturing leadership," Mr. Tan said in a statement.

In a social media post, Commerce Secretary Howard Lutnick called the agreement "historic" and said it would strengthen U.S. leadership in semiconductors, which act as the brains of computers and are used in everything from toasters to cars and weapons. He included a photograph of himself beside Mr. Tan, whom he thanked "for striking a deal that's fair to Intel and fair to the American People."

The deal is perhaps the most notable government intervention in a U.S. company since 2008, when the government poured tens of billions into Chrysler and General Motors to prevent their collapse. The agreement was also the Trump administration's latest effort to put its own stamp on the CHIPS Act, while trying to reinvigorate Intel. Mr. Trump and other officials have derided the CHIPS Act for handing out money without getting anything in return. Mr. Lutnick said on CNBC this week that Mr. Trump had decided to "turn the money that Biden was going to just give away" into "equity for the American people." He added, "Donald Trump is fixing what Biden got completely, totally and utterly wrong."

Shares of Intel rose more than 6 percent on news of the U.S. deal. Founded in 1968, the company was an industry

pioneer that produced faster and increasingly powerful chips over the years, turning Silicon Valley into the bedrock of the U.S. tech sector. But Intel has been on the ropes after it missed several waves of innovation, including the smartphone and artificial intelligence revolutions. Other chipmakers, such as Nvidia, have ascended instead...

The Trump administration has taken an interventionist approach with private companies, but especially with the semiconductor industry. In recent months, the president has threatened to take away government grants from chip companies, restricted billions of dollars in sales of A.I. chips to China before changing his mind, proposed high tariffs on chips made outside the United States and demanded investments in new U.S. factories.

Mr. Trump has particularly targeted the CHIPS Act, which President Joseph R. Biden Jr. signed into law in 2022. It created \$50 billion in funding to rebuild the U.S. semiconductor industry. Over the past 50 years, production of chips has shifted to Asia, with many being produced in Taiwan, a self-governing island that faces the threat of a Chinese takeover.

In March, Mr. Trump said he wanted to “get rid of the CHIP Act.” Since then, his administration has pressured chipmakers to increase their U.S. investments to receive some \$36 billion in grants promised by the Biden administration.

Intel was awarded \$10.86 billion in such funding: \$3 billion to produce chips for the Defense Department and \$7.86 billion for projects in Arizona, New Mexico, Ohio and Oregon.

The Biden administration had debated how heavily to subsidize Intel, seeing it as an important American company but a troubled one. Shortly after the company received approval of its \$7.86 billion federal grant, it fired its chief executive, Pat Gelsinger.

In March, Intel hired Mr. Tan, a well-regarded semiconductor investor and manager, to fix the business. He outlined a plan to cut staff, develop a new A.I. strategy and focus on finding customers for a future iteration of Intel’s chip-making technology.

At the same time that Mr. Trump pressured Mr. Tan to resign, the administration was withholding some of Intel’s federal grants, according to the company’s financial filings. Intel, which had received \$2.2 billion of the money it was awarded, said in a filing in June that it had submitted a request for an additional \$850 million in reimbursements that it had not received.

A White House official said Intel’s prospects warranted federal government involvement given the importance of semiconductors to the economy. The official said the government was exploring other actions it could take to shore up Intel’s position, but declined to specify.

Having the government be an investor in Intel could add to the perception that the company is too big to fail. It is also likely to raise questions about whether Mr. Trump and other U.S. officials could ultimately play a role in pressuring other companies to become Intel customers.

A government stake may not solve Intel’s problems. The company has struggled to compete in producing the latest chips. Even if the Trump administration leans on companies like Apple, Nvidia and Qualcomm to buy from Intel, it remains to be seen if Intel can make the products that tech companies demand.

“Once the government becomes a stakeholder, the question is: What will they do to protect their investments?” said Ben Bajarin, principal analyst at Creative Strategies, a tech research firm. “You don’t want to force companies to choose Intel. You want them to willingly choose to use Intel, but you may need to create incentives like tax breaks.”

Trump Administration Now Holds Stakes In 5 Public Companies: Here's A List—INTC, MP, LAC And More

Yahoo! Finance, by Rishabh Mishra , October 7, 2025

In a significant shift in U.S. industrial policy, the Donald Trump administration has acquired direct ownership stakes in five major publicly traded companies. This series of interventions, framed as a national security strategy, marks a new era of government involvement in key industries to secure domestic supply chains for semiconductors, critical minerals, and steel.

Trump Administration’s New Portfolio

The government’s acquisitions include a 10% stake in semiconductor giant Intel Corp. (NASDAQ:INTC), a 15% stake in rare earth producer MP Materials (NYSE:MP), a 10% stake in Lithium Americas Corp. (NYSE:LAC), a 10% stake in Trilogy Metals Inc. (NYSE:TMQ), and a “golden share” in US Steel Corporation.

Intel

The administration converted previously awarded CHIPS Act grants into a \$5.7 billion investment for a 10% equity stake in the semiconductor giant. The unprecedented deal is designed to prevent a potential spinoff of Intel’s deeply unprofitable foundry business.

The agreement also includes a five-year warrant allowing the government to acquire an additional 5% at \$20 a share

if Intel's ownership in the foundry unit drops below 51%.

Completing the deal on Aug. 22, the stock closed at \$24.80 per share on that day, returning nearly 47.54% by Oct. 6, closing at \$36.59 per share.

This stock maintained a stronger price trend over the short, medium, and long terms, with a poor growth ranking.

MP Materials

To counter China's dominance in the global rare earth market, the Department of Defense (DoD) entered a public-private partnership with MP Materials.

Through the deal, the DoD acquired a stake representing about 15% of all shares, making it potentially the company's largest shareholder. MP Materials operates the only fully integrated rare earth mining and processing facility in the U.S.

Finishing the deal on July 11, the stock has gained 64.77% since then, jumping from \$45.11 per share to \$74.33 as of Oct. 6 close.

MP maintained a stronger price trend over the short, medium, and long terms, with a poor growth ranking.

Lithium Americas

The administration pursued a 10% ownership stake in Lithium Americas as part of negotiations to restructure a \$2.26 billion federal loan.

The loan supports the company's Thacker Pass lithium mine in Nevada, which is expected to become the largest lithium operation in the Western Hemisphere when production begins in 2028. The project is intended to strengthen America's domestic lithium supply chain for products like electric vehicle batteries.

It has advanced by 20% since the government's stake acquisition on Oct. 1 at 7.04 per share to \$8.45 as of Oct. 6 close.

LAC maintained a stronger price trend over the short, medium, and long terms.

Trilogy Metals

The White House announced plans to take a 10% stake in Trilogy Metals through a \$35.6 million investment to support mining exploration in Alaska's Ambler Mining District.

The investment includes warrants to purchase an additional 7.5% of the company. The move is designed to unlock access to one of the world's largest undeveloped copper-zinc mineral belts.

The deal announcement saw the stock skyrocket 215.30% in after-hours trading on Monday.

TMQ maintained a stronger price trend over the short, medium, and long terms. Additional performance details are available [here](#).

US Steel Corporation

In a unique arrangement, the administration secured a "golden share" in US Steel as part of its acquisition by Japan's Nippon Steel Corp. (OTCPK: NISTF).

This does not represent a typical equity stake but instead grants the U.S. government permanent veto authority over key corporate decisions, including relocating the headquarters from Pittsburgh, shifting production overseas, or closing facilities.

The government acquired this golden share in the firm on June 18, and since then, the OTC market stock is down 77.80%.

Trump Administration Eyes Defense Contractors

This strategy of direct investment may extend further, as Commerce Secretary Howard Lutnick confirmed the administration is considering buying ownership stakes in major defense contractors.

Lutnick pointed to firms like Lockheed Martin Corp. (NYSE:LMT), noting that since they derive nearly all their revenue from the U.S. government, they are "basically an arm of the U.S. government". The news prompted a rally in defense stocks.

Trump's Intel Deal Breaks Mold, Builds U.S. Wealth Fund

Real Clear Politics, By Daniel McCarthy 09/26/2025

Note: This article has been edited for concision.

Is it Comrade President now?

Some conservatives are up in arms about Trump's decision to have the government buy a stake in Intel.

That's state ownership of the means of production, isn't it? Classic, textbook socialism...

In fact, a whole school of thought on the right, going back decades, has championed industrial policies as bold as Trump's, if not bolder...

Trump sees the Intel deal as a first step toward creating an American "sovereign wealth fund," with many more investments to follow.

The president isn't looking to the past: this is about keeping America competitive with other nations in the 21st

century, including Communist China, which controls the world's second and third largest sovereign wealth funds. A sovereign wealth fund is much like private investment funds, consisting of stocks, bonds and other assets expected to appreciate in value.

Traditionally, countries rich in national resources, particularly oil, have used sovereign wealth funds to diversify and grow their economies.

Instead of being at the mercy of oil prices, petroleum-rich nations like Norway and Saudi Arabia channel some of their oil revenue into sovereign wealth funds, which then -- much like, say, multibillion-dollar university endowments in America -- can produce enormous returns.

Norway pays for about 20% to 25% of its national budget with the world's largest sovereign wealth fund, the Government Pension Fund, which holds more than \$1.7 trillion in assets...

The president, however, also wants to conduct industrial policy with a sovereign wealth fund, by buying into strategically important but economically troubled companies like Intel.

Yet the question isn't just whether America can run a sovereign wealth fund right -- it's also what happens if we do nothing and rivals perfect the strategy.

Beijing has the \$1.3 trillion China Investment Corporation, Hong Kong's \$1 trillion SAFE Investment Company, as well as smaller funds with billions in assets.

During the Cold War, when America faced an international communist threat sponsored by Moscow, conservatives knew absolute devotion to free markets was self-defeating.

William F. Buckley Jr., just coming into his own as a conservative leader in 1952, was staunchly committed to capitalism and small government.

Nevertheless, he wrote:

"Conservatives, and many Republicans, have got to think this problem through. And if they deem Soviet power a menace to our freedom (as I happen to), they will have to support large armies and air forces, atomic energy, central intelligence, war production boards and the attendant centralization of power in Washington ..."

Trump is thinking through the problem of our time and how a sovereign wealth fund can tackle it.

State Capitalism in America: The Government as Investor, Broker, Rentier...Thug?

Greenberg Center for Economic Studies at the Council on Foreign Relations, by William Henagan and Ely Sandler, October 28, 2025

Note: This article has been abridged for concision.

In the nine months since President Donald Trump began his second term, the state has taken unprecedented action in the U.S. private sector. The departments of Commerce, Defense, and Energy have acquired equity stakes in individual companies, promising to use state power to increase the value of their investments. The president is personally brokering deals to shape where companies and countries allocate capital, while also directing the activities of professional services firms and weighing-in on Fortune 100 personnel decisions. Most notably, the U.S. government is now wielding powerful instruments such as export controls and tariffs to extract payments from, and shape the investment decisions of, specific private firms (including Apple and Nvidia). Together, these actions preface a new chapter for the world's largest economy: American state capitalism.

Politicians from the market-skeptic left to the populist right have cheered efforts to subdue the invisible hand, uniting figures from Senator Bernie Sanders (I-VT) to Vice President JD Vance. Supporters of free-market capitalism, meanwhile, have condemned the Trump administration for "picking winners and losers," with libertarians such as Senator Rand Paul (R-KY) finding common cause with liberals such as Senate Minority Leader Chuck Schumer (D-NY). Right-wing commentators have called those measures socialism, while segments of the business press have warned of a "command and control economy." Opponents of the Trump administration have framed them as evidence of a slide toward authoritarianism.

Attention to individual acts of market intervention, however, has so far failed to fully understand the Trump administration's actions as part of a single, evolving pattern of state behavior. Government intervention in the U.S. economy is not new; presidents have sought to steer investment before, from Franklin Delano Roosevelt's New Deal and wartime mobilization to Barack Obama's financial-crisis firefighting and Joe Biden's industrial policy. What marks the current moment as distinct—and what warrants treating it as a novel, distinctly American form of state capitalism—is the government's readiness to directly dictate the decisions of, and invest in, individual firms in a bid to create national champions and to wield state power to extract rent.

Certainly, many of the Trump administration's goals are laudable—national security, job creation, and domestic reindustrialization—and its novel methods could make the nation more competitive against non-market economic

adversaries. To quote U.S. Treasury Secretary Scott Bessent, the state will seek to create publicly held “assets for the American people rather than debt.” But unless government behavior is legal, predictable, and subject to due process, the administration risks doing exactly the opposite: destroying value for the American people.

This new form of “American state capitalism” can be conceptualized through three distinct ways in which the United States is now intervening in specific firms—as an investor, as a broker, and as a rentier. Clarifying those categories, and the legal and practical challenges they pose, can offer an antidote to a fourth, more corrosive mode of government intervention: the state as a thug, operating outside the law to the detriment of the American people and the global economy.

Defining American State Capitalism

Academic definitions of state capitalism are broad, but most describe it as “an economic system in which the state uses various tools for proactive intervention in economic production and the functioning of markets.” Those tools are not limited to non-market economies such as Cuba or Venezuela. Political economists Peter Hall and David Soskice’s *Varieties of Capitalism* include the “liberal market economy” as a form of state capitalism, where countries such as the United States and the United Kingdom shape firm behavior through financial incentives and regulatory frameworks while relying on market forces to allocate capital. They contrast this with coordinated market economies, which are common in Europe, and rely on more formal coordination between firms, labor, and the state. The Trump administration’s approach, and what could signal the emergence of a distinct American form of state capitalism, is the normalization of firm-level intervention outside periods of economic crisis. Rather than rescuing failing companies (as in crisis-era bailouts), shaping sector-wide incentives (as in Obama- and Biden-era industrial policy), or operating through state-owned enterprises, the government is now directing individual firms’ capital allocation decisions to cultivate national champions in strategic industries.

Scholars Aldo Musacchio and Sergio Lazzarini note that states typically act either as majority owners (controlling management and operations) or as minority shareholders (acting passively with limited influence). The emerging American model fits neither category: the government holds small equity stakes and brokers deals yet nonetheless wields significant leverage over corporate decision-making, acting in effect as an activist investor.

In this light, American state capitalism as observed during the Trump administration can formally be described as: “An economic system in which the government operates as an activist investor, deal broker, and rentier, leveraging its power to (i) direct firm-level capital allocation into chosen national champions in strategic industries; (ii) increase the value of its investments, and (iii) extract rent from access to its market.”

How President Trump’s Economic Intervention Breaks From the Past

State intervention in the economy is not automatically authoritarian, socialist, or even cause for alarm. Past U.S. government interventions have not injured the core capitalist features of the nation’s market economy. Such interventions ranged from the functional government takeover during the Great Depression and World War II to major company-specific government bailouts in the 1970s. However, while state intervention is not new, the last nine months have seen the government act in three interrelated ways that represent a unique and far-reaching change:

Activist Investor — The government has never attempted to directly exert such significant long-term control over specific companies’ investment decisions in order to create individual national champions.

Broker — The state has never consistently attempted such aggressive intervention in specific companies’ management decisions or taken such an active role in brokering investment, down to specific terms like the geographic location of job creation or capital expenditure.

Rentier — The government is now intervening to capture “upside” or rent from specific companies. The state has begun to extract economic rent, i.e., payments for the right to participate in the American economy, and introduced expectations of upside participation in exchange for government support.

The risk this type of intervention poses: endangering rule of law and putting private property rights into doubt injects systemic risk into the architecture of the American economy and financial system. Picking a single national champion in a specific sector risks picking wrong; the government could not only choose incorrectly but also deny new, innovative companies the chance to succeed.

If the state wishes to use new tools to deploy or direct capital, Congress should first amend the law and regulation to both enable, and appropriately limit, its pursuit of policy gains. Outside competition concerns, intervention at the level of individual firms is inherently vulnerable to abuse. Under American state capitalism, the president and members of the cabinet can decide the fate of individual companies rather than a whole sector or strategic industry... That power can create immense wealth almost overnight... Strict safeguards of material non-public information are needed... as well as the extension of the authority of existing watchdogs like the SEC to state capital allocation.

Recommendations: Institutionalizing American State Capitalism

If the U.S. government's objectives are to create jobs through investment or deal-making, promote national security and supply-chain resilience, and build true public assets, it needs institutional architecture that asks and answers three questions prior to an investment decision: Will this investment disincentivize competition, innovation, and investment in this sector? What is the exit strategy for the taxpayer? And how can it avoid both corruption and picking a loser?

After congressional authorization, a single institution should be established to fairly and consistently answer the complex diligence, policy, and legal questions the government needs to resolve prior to investing, brokering, or extracting rent from a specific company. Building a sophisticated state bureaucracy capable of executing even basic financial transactions will be hard — and ensuring it is insulated from political pressure and corruption even harder — but as the defining features of American state capitalism crystalize, now is also a generational opportunity to do things right from the start.

Conclusion

The Trump administration's firm-level interventions have already altered the DNA of American economic governance. By normalizing the state's role as investor, broker, and rentier, the administration has expanded the boundaries of acceptable behavior in ways that will likely grow far beyond the Departments of Commerce, Defense, and Energy. Without legal boundaries, this new model of ad-hoc policymaking will replicate across the government with poor results.

Of course, some rebalancing of power between markets and the state is both warranted and needed. Strategic intervention can help restore competitiveness, strengthen critical supply chains, and counter foreign industrial policy. Yet the foundation of American prosperity rests on the stability of its democratic institutions and on an ironclad commitment to the rule of law, not of men. Without legal guardrails and institutional capacity, the same tools that make the state a more capable economic actor can also make it a more corrupt and coercive one.

The future of American state capitalism therefore depends on institutionalization. If the United States wishes to wield the tools of an activist state, it needs to do so within the law by authorizing new financial instruments through Congress, empowering a competent bureaucracy to manage them and subjecting interventions to transparent cost-benefit review. Without those reforms, the line between a confident state and a predatory one will blur, and the world's most dynamic capitalist economy will risk becoming the world's most powerful thug.

Trump wants more deals like Intel's, worrying business community

Reuters, By David Gaffen, August 25, 2025

WASHINGTON, Aug 25 (Reuters) - U.S. President Donald Trump said he wants to make more investments in healthy U.S. companies on Monday. Whether Corporate America is on board is another story.

The White House announced a near-10% stake in chipmaker Intel (INTC.O), opens new tab on Friday that converts government grants into an equity share.

Read about innovative ideas and the people working on solutions to global crises with the Reuters Beacon newsletter. Sign up here.

Trump doubled down on the idea of similar deals in other sectors on Monday, telling reporters at the White House, "I hope I'm going to have many more cases like it."

The administration's approach upends a decades-old view of the U.S. economy, in which the government only took corporate stakes in rare emergencies like the 2008 global financial crisis and the subsequent bailout of U.S. auto companies. Intel is struggling, but still has a cash cushion of \$9 billion and a market value of \$105 billion.

To critics, the Intel move - along with the White House's pressure on the U.S. Federal Reserve to lower interest rates, its use of emergency powers to slap tariffs on imported goods and involvement in various mergers - threatens the U.S. business world's nimbleness.

"We're moving from a pure capitalistic economy to a much more state-engaged economy... That's a huge change for America and over where we've been. I've never seen an era like this," said Bill George, former Medtronic CEO and executive education fellow at Harvard Business School.

Trump said in a social media post on Monday that he would help companies that make similar "lucrative" deals with U.S. states, but did not provide details.

Columbia Business School professor Shivaram Rajgopal said on balance he thinks the Intel deal is a good way to support the chipmaking industry, noting how other companies benefit from favorable policies, such as Amazon (AMZN.O), opens new tab not having to collect sales tax in many states for years. "That enabled Amazon to become a giant. Why is taking a 10% equity stake in Intel any worse?" Rajgopal said via e-mail.

However, the risks of the government's involvement were apparent in Intel's own regulatory filing on Monday, in which it laid out how the government's investment could potentially harm international sales, make it harder to win additional government grants, or subject it to additional regulations or restrictions in other countries.

In a video posted on Monday by the Commerce Department, Intel CEO Lip-Bu Tan said: "I don't need the grant," adding, "but I really look forward to having the U.S. government be my shareholder."

Some Republicans criticized the move, with Kentucky Senator Rand Paul calling the Intel stake a terrible idea.

"If socialism is government owning the means of production, wouldn't the government owning part of Intel be a step toward socialism?" Paul said.

Analysts also questioned how the Intel deal will affect its customers, who might be subject to entreaties to buy Intel products in lieu of others.

"Is it conceivable that as part of something like this the administration might 'encourage' customers to use Intel's capacity?" Bernstein analyst Stacy Rasgon wrote in a note last week.

INVOLVEMENT IN OTHER SECTORS

Intel is not the only company in which Trump has become personally involved.

The White House intervened to complete the purchase of U.S. Steel by Japan's Nippon Steel in June, taking what Trump called a "golden share" that gives Washington say over its operations.

It took a stake in rare earths company MP Materials (MP.N), opens new tab, and brokered a deal with chipmakers Nvidia (NVDA.O), opens new tab and AMD to take 15% of revenue from sales to China of chips that had previously been prohibited. On Monday, White House economic advisor Kevin Hassett said the government could take additional stakes in other companies.

Companies beyond chips and defense could also end up issuing shares to the government, said Douglas Chia, an independent consultant at Soundboard Governance. "It's a step in the direction of turning publicly-held companies into state-controlled enterprises whenever the government feels like it, using 'national security' as the justification," Chia said.

No business issue seems too small to escape Trump's eye. He applauded American Eagle's controversial ad campaign for jeans featuring actress Sydney Sweeney, which some criticized for possibly raising genetic traits in a racial context. He suggested Goldman Sachs hire a new economist after the firm said consumers would eventually bear the brunt of Trump's import tariffs.

"The president of the United States is telling Goldman Sachs they should fire an employee? That's crazy," said Nell Minow, chair of Portland, Maine-based ValueEdge Advisors.

Numerous CEOs met with Trump shortly after his re-election in November 2024, and that parade of visitors has continued into his term.

Representatives from industry groups say their ability to find an audience with the administration comes through having CEOs from the largest companies reach out to the White House.

Even so, they have still found themselves blindsided at times, particularly around trade, where Trump has levied heavy tariffs on importers of overseas goods. A retail industry lobby group source said members are largely frustrated with Trump's trade policy.

The CEO meetings have yielded moments of spectacle, such as earlier this month when Apple CEO Tim Cook gifted Trump a customized souvenir plaque with a 24-karat gold base mined from Utah.

The smartphone giant, valued at more than \$3 trillion, has been trying to shift production from China, which Trump targeted in his first-term trade war, to India, a move Trump has also criticized. Apple has announced roughly \$600 billion in planned investment in the United States, though the White House has suggested it could also build smartphones domestically.

The United States does not have significant capacity to make smartphones.

"I think companies are just starting to realize, how much control do you want to give up and how much ownership do you want to give up to the government?" Harvard Business School's George said.

The Government's Intel Stake Is Antithetical to American Greatness

Washington Post, By Scott Lincicome (Cato Institute) August 24, 2025

The Trump-engineered 10% stake in long-struggling Intel is a dangerous intrusion of government into private enterprise.

President Trump's Aug. 22 announcement that the U.S. government had taken a 9.9 percent stake in troubled chipmaker Intel is a marked shift in U.S. policy, which for decades has provided grant and tax incentives to encourage private-sector activities but has generally avoided outright ownership stakes in private firms. The idea of the government taking equity, however, did not come entirely out of the blue. In July, the Trump administration announced plans to take an equity stake in mining company MP Materials as part of a strategy to boost supply chains for critical minerals and earlier this year announced it would take a "golden share" in U.S. Steel as a condition of permitting a Japanese firm to buy the century-old steelmaker.

The concept of government stakes in companies has some bipartisan support as well. Sen. Bernie Sanders (I-Vt.)

quickly expressed support for the government taking a stake in Intel. Progressive thought leaders including Vanderbilt's Ganesh Sitaraman and Yale's Anne Alstott have argued for a "public option," with the government (usually a state or local government) owning companies in a range of industries to encourage competition with private competitors.

This political shift toward government equity in companies raises complex policy issues regarding the government's role in the economy. On the one hand, when the government takes a risk on a new technology, or on sponsoring a corporate enterprise, it seems only fair that the taxpayer should have a chance to profit on the upside. On the other hand, the U.S. has typically avoided government ownership of private firms out of fear that it will reduce innovation and efficiency and encourage cronyism.

Unlike Truman, who seized the mills against the wishes of their owners, the Trump administration has so far taken equity stakes with the consent of the companies involved. In the case of Intel, Trump used money appropriated in the 2022 CHIPS Act to encourage U.S. semiconductor manufacturing to purchase the shares.

There is still, however, the matter of whether the government stakes are lawful. While the Trump administration has not published a detailed legal basis for its acquisitions of corporate stakes, it is likely relying on a combination of broad contracting authorities to take equity stakes as part of a number of grant programs or other contracting vehicles. Statutes do not appear to preclude the government from demanding stakes as part of certain regulatory processes, including the so-called CFIUS process that resulted in the government's stake in U.S. Steel.

Perhaps most important from the administration's perspective, so long as the companies formally consent to the government shares, the government is unlikely to face lawsuits in court. Intel, for example—having just agreed to sell itself to the federal government—seems unlikely to turn around and pursue its day in court. This is true even if recently announced details of the deal, which appear to relieve Intel of some of its prior commitments to the U.S. government to actually build fabrication plants in the U.S., contradict the spirit of the CHIPS Act.

The concept of the U.S. government owning stakes in private companies has been debated since the early days of the Republic. In the late 18th and early 19th centuries, the federal government chartered and held a minority stake in the First Bank of the United States and its successor, the Second Bank of the United States. In the 1930s, however, New Deal programs enacted in response to the Depression began to transform both the U.S. economy and the relationship between the economy and the state. By the mid-1930s, for example, the Reconstruction Finance Corporation (RFC), which Congress had established to rescue America's failing banking sector, owned stakes in about half the nation's banks.

That said, since the 1950s the U.S. government has typically owned stakes in private companies only as part of temporary bailout programs designed to resolve problems at specific companies or in industries seen as important to the U.S. economy. In 2008 and 2009, the government took ownership in a range of companies from banks to carmaker GM as part of the congressionally authorized Troubled Asset Relief Program (TARP), passed to address the global financial crisis. In 2020 and 2021, the government took warrants to purchase airline stock as part of the CARES Act's support for the U.S. airline industry, which was then reeling from the coronavirus pandemic. Across these cases, however, the U.S. government generally planned to own the stakes for only a limited period of time, until the crisis had passed.

Take the U.S. government's golden share in U.S. Steel, which reportedly gives the U.S. government a perpetual say in certain governance decisions, such as any attempt to redomicile outside the U.S., waive or reduce planned investments, or relocate jobs. The U.S. government, Nippon Steel, and U.S. Steel negotiated this golden share as part of the so-called Committee on Foreign Investment in the United States (CFIUS) review of Nippon Steel, a Japanese firm, acquiring U.S. Steel.

The government is likely taking a similarly broad read of the CHIPS Act—which Congress passed as part of an annual defense bill in early 2021 and funded in 2022 to provide incentives for manufacturers to make computer chips in the U.S.—as authorizing the government to take its 9.9 percent stake in Intel. Here, the specifics of the government's actions in some ways appear to violate the spirit of the law, albeit they likely technically comply. Under the CHIPS Act, the Commerce Department is specifically authorized to provide companies with funding to expand semiconductor manufacturing in the U.S. The statute makes clear that the federal support could include outright grants as well as loans, and also that the government can negotiate clawback provisions and other contractual provisions to protect the taxpayer if companies failed to perform what they agreed to under the grants. Under the Biden administration, the Commerce Department awarded Intel nearly \$8 billion to build factories in the U.S. (The Defense Department awarded another \$3 billion.)

Today, at least with respect to Intel, the Trump administration is confronted with a different practical reality. Intel faces profound technological issues and has reportedly considered a major strategic overhaul to break up its business. The company this year announced repeated delays of its semiconductor fabrication plant in Ohio and plans to lay off factory workers in Oregon and Arizona. While neither Intel nor the government has ever published the full

details of Intel's CHIPS award, it seems plausible that Intel's troubles mean that the company could not meet commitments under the award. Pursuant to the CHIPS statute, noncompliance with a grant gives the government an opportunity to claw back the money.

A document Intel recently filed with the Securities and Exchange Commission indicates that, instead of trying to claw back CHIPS Act money for the delayed fabrication plants, the Commerce Department actually accelerated planned CHIPS Act payments to Intel. In addition, the Commerce Department agreed that "that to the maximum extent permissible under applicable law, the Company's obligations pursuant to the [CHIPS grant] will be considered discharged." In short, under the specific terms of the deal, Intel got CHIPS Act money quicker and without actually having to meet the full extent of its prior U.S. manufacturing obligations. In exchange for the accelerated payment and being relieved of these obligations, Intel's board awarded the government its 9.9 percent stake.

President Donald Trump's announcement on Friday that the U.S. government will take a 10 percent stake in long-struggling Intel marks a dangerous turn in American industrial policy. Decades of market-oriented principles have been abandoned in favor of unprecedented government ownership of private enterprise.

Sold as a pragmatic and fiscally responsible way to shore up national security, the \$8.9 billion equity investment marks a troubling departure from the economic policies that made America prosperous and the world's undisputed technological leader.

The most immediate risk is that Intel's decisions will increasingly be driven by political rather than commercial considerations. With the U.S. government as its largest shareholder, Intel will face constant pressure to align corporate decisions with the goals of whatever political party is in power.

Intel chief executive Lip-Bu Tan agreed to the deal only after Trump demanded he resign over benign investments in China. Trump's description of their Aug. 11 meeting says it all: "He walked in wanting to keep his job, and he ended up giving us \$10 billion for the United States."

The deal's terms, meanwhile, are heavily tilted toward the government: It purchased shares at \$20.47 instead of Friday's \$24.80 closing price — a discount at current shareholders' expense. Intel's board green-lit the below-market transaction without shareholder approval, showing how management now prioritizes government interests over fiduciary duties.

The semiconductor industry, more than most, requires nimble responses to rapidly changing technology and market conditions. Intel already faces significant operational and competitive challenges; it has been a technological laggard for more than a decade as Nvidia, AMD, TSMC and other competitors have raced ahead. Adding a layer of political oversight to Intel's already complex turnaround effort is far more likely to hinder than help.

Other U.S. technology firms may now feel pressured to purchase Intel products, not because they represent the best technology, but to curry favor with or avoid being targeted by an administration that has a direct financial and political interest in Intel's financial success.

Intel has expressly stated that its foundry business — the one in which the U.S. government is now extra invested — depends on finding customers, and now, Trump has a strong, and political, incentive to find them. Overall, this dynamic could lead to bad technology choices by private U.S. firms, ultimately weakening the United States' long-standing tech dominance in global markets.

There are also risks for Intel's U.S.-based competitors, who might find themselves at a disadvantage when vying for government contracts or subsidies, winning trade or tax relief, or complying with federal regulations.

All this undermines the risk-taking and innovation that have made American technology companies global leaders, replacing free-flowing, market-based allocation of capital with second-guessing and brute politics.

Yet, America's technological leadership emerged not from government direction but from competitive markets rewarding innovation and punishing corporate mistakes and inefficiency. If national security demands Washington support U.S. chipmakers, many policies — market and nonmarket — can achieve that objective while avoiding the risks raised by the Intel equity stake.

Congress should recognize this dangerous trajectory and reject the Intel deal before government ownership becomes the norm in strategic American industries and U.S. economic leadership is lost.

US Senator Sanders favors Trump plan to take stake in Intel and other chipmakers

Reuters, By Alexander Alper August 21, 2025

WASHINGTON, Aug 20 (Reuters) - Liberal U.S. Senator Bernie Sanders on Wednesday threw his support behind President Donald Trump's plan to convert U.S. grants to chipmakers, including \$10.9 billion for Intel, into government stakes in the companies.

"If microchip companies make a profit from the generous grants they receive from the federal government, the

taxpayers of America have a right to a reasonable return on that investment," Sanders, an Independent who caucuses with Democrats, said in a statement to Reuters.

The awards were part of the 2022 Chips and Science Act, which sought to lure chip production away from Asia and boost American domestic semiconductor output with \$39 billion in subsidies.

But Commerce Secretary Howard Lutnick is now [looking into the government](#) taking equity stakes in embattled Intel and other chipmakers in exchange for the grants, sources told Reuters on Tuesday, as the Trump administration seeks "equity" in return for "investments."

The unusual alignment between Sanders and President Trump on government ownership stakes in private companies highlights a marked shift by Trump toward policies of state intervention in the economy that are typically associated with the left.

Since Trump took office for a second time in January, he agreed to [allow AI chip giants](#) Nvidia and AMD to sell AI chips to China in exchange for the U.S. government receiving 15% of revenues from the sales. The Pentagon is set to [become the largest shareholder](#) in a small mining company to boost output of rare earth magnets. And the U.S. government [negotiated for itself a "golden share"](#) with certain veto rights as part of a deal to allow Nippon Steel to buy U.S. Steel.

Liberal Senator Elizabeth Warren, however, who has supported the government taking a stake in Chips Act award recipient companies in the past, was not ready to give Trump any credit for keeping large corporations in line.

"Donald Trump seems to have stumbled on an idea that I pushed years ago to promote corporate accountability," she said in a statement to Reuters.

"The president just saying he wants the public to have a stake in a major company isn't the same as having a real strategy to rein in stock buybacks, onshore jobs, and support long-term economic growth in America."

Sanders and Warren had proposed an amendment to the Chips Act that would have forbidden the Commerce Department from granting a Chips Act award without the Treasury Department receiving a warrant, equity stake or senior debt instrument issued by the recipient company.

"I am glad the Trump administration is in agreement with the amendment I offered three years ago," Sanders said.

"Taxpayers should not be providing billions of dollars in corporate welfare to large, profitable corporations like Intel without getting anything in return."

Much of the funding for Chips Act award recipients such as Micron , Taiwan Semiconductor Manufacturing Co and Samsung has not been disbursed.
