PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

# NO GOVERNMENT EQUITY STAKES OR RETALIATION

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**TOPLINE:** The federal government should not take equity stakes in companies and should divest its existing ownership stakes.

**BACKGROUND:** The federal government has acquired direct ownership stakes in about 30 private companies since January 2025. Before that, during the 2008 Financial Crisis, the Troubled Asset Relief Program (TARP) enabled the U.S. Treasury to acquire financial interests in struggling banks and automakers. Treasury gradually divested its TARP holdings between 2010 and 2014, but the current Trump administration does not seem to be inclined to return its acquired equity to private ownership.

The highest-profile company in the Trump administration's portfolio is Intel. In August 2025, the government bought a 10% stake in the company, making it the company's largest shareholder. Self-described democratic socialist Bernie Sanders praised the move (unsurprisingly, given that government control over the means of production is the central tenet of socialism). The administration has also acquired stakes in mineral, quantum computing, and energy companies, as well as "golden" management shares of U.S. Steel in exchange for allowing its acquisition by Nippon Steel.

Some executives may welcome such interventions in their companies as signaling government policies that will favor them. Coercion may also be a factor. In describing the deal with Intel's CEO, President Trump said, "He walked in wanting to keep his job, and he ended up giving us $10 billion."

### Action Items (Congress and the Executive Branch):

- **Congress should pass legislation that requires federal agencies to divest all direct ownership in companies** by a set date and prohibit new acquisitions.
- Regardless of congressional action, **agencies should divest direct ownership stakes in companies**.
- Lawmakers and government **officials should not use their power and position to improperly coerce, give preference to, or retaliate against companies**.

### Merging State Power with Corporations Benefits Insiders, Harms Everyday People:

- It skews public policy in favor of the well-connected by making the government's business interests a factor in policy decisions.
- It directs taxpayer dollars to companies favored by the government.
- It makes businesses focus on currying the favor of politicians, not consumers.
- It pushes investors toward companies chosen for their proximity to power.
    - Capital is inefficiently allocated, productivity is lost, and real wage growth is stifled when political interests drive investment decisions.

**BOTTOMLINE**: Lawmakers must reject the Chinese model of using government power to control the economy. Free enterprise is the key to unleashing American prosperity.