



The Daily Dish

A U.S. Sovereign Wealth Fund – a Bankrupt Idea

DOUGLAS HOLTZ-EAKIN | FEBRUARY 5, 2025

President Trump issued an executive order on Monday entitled: “[A PLAN FOR ESTABLISHING A UNITED STATES SOVEREIGN WEALTH FUND](#).” (The man does have an obsession with the caps lock key.) It contains two key ideas. The first is entitled “Policy and Purpose” and reads:

It is the policy of the United States to maximize the stewardship of our national wealth for the sole benefit of American citizens. To this end, it is in the interest of the American people that the Federal Government establish a sovereign wealth fund to promote fiscal sustainability, lessen the burden of taxes on American families and small businesses, establish economic security for future generations, and promote United States economic and strategic leadership internationally.

Interesting. Evidently the president believes there is something called “national wealth” that he can direct solely to benefit Americans. Last time I checked, private citizens accumulated wealth and the government protected their freedom to use it on behalf of whomever they wished.

In addition, his policy is to tax citizens’ wealth and put it in a so-called “sovereign wealth fund.” Hmmm. To do that would require more taxes, not less. And it would contribute not one iota to fiscal sustainability, which can only be achieved by Social Security and Medicare reforms that the president obstinately blocks.

In short, the policy and purpose section reads more like a progressive screed than the reasoned position of a market-oriented leader, which explains why former President Biden proposed a sovereign wealth fund.

The second key piece is the sovereign wealth fund itself:

The Secretary of the Treasury and the Secretary of Commerce, in close coordination with the Assistant to the President for Economic Policy, shall develop a plan for the establishment of a sovereign wealth fund consistent with section 1 of this order. The Secretary of the Treasury and the Secretary of Commerce shall jointly submit this plan to the President within 90 days of the date of this order. Such plan shall include recommendations for funding mechanisms, investment strategies, fund structure, and a governance model. The plan shall also include an evaluation of the legal considerations for establishing and managing such a fund, including any need for legislation.

Here's a quick suggestion that will not take 90 days: Drop the whole misbegotten idea.

When Trump floated this idea on the campaign trail, Eakinomics [reviewed](#) the arguments and concluded that the federal government already has the ability to address every concern the president raised. All creating the fund would do is insulate the money from the appropriate oversight of Congress and the normal policy process. The fact that the president followed the signing with the suggestion that the United States buy TikTok is proof there is no reason to provide any president with mad money.