



## The Daily Dish

# Loonie Lithium

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*Fools rush in where angels fear to tread.*

*Alexander Pope, 1711*

CNBC [reports](#) that the administration is pursuing an equity stake in Lithium Americas:

*The White House proposed the equity stake as Lithium Americas renegotiates the terms of a \$2.2 billion loan from the Department of Energy for its [Thacker Pass](#) mine in Nevada, a Trump administration official told CNBC.*

This follows on the heels of the “[golden share](#)” in Nippon Steel (with already [disastrous consequences](#)), the [10-percent equity](#) stake in Intel, and the Department of War, er, Defense taking an [ownership stake](#) in MP Minerals. The equity rush is on.

This is truly a fool’s errand. First, it distorts capital markets by providing unequal access to capital (at the taxpayers’ expense). Second, it distorts competition because there is no way that the government will allow competitors to get the best of Lithium Americas.

Third, Lithium Americas will join the others as state-sponsored enterprises, which will disqualify it for some overseas contracts. The hypocrisy is also stunning; the United States has vociferously protested China’s government subsidies to its firms. Just as the United States imitated Japan as its demise began, the Trump Administration has decided China is economic-policy best practice just as we’ve seen peak China.

Fourth, the political dynamic is that this is now a national champion; there is no way that it will ever be allowed to fail. I know it. You know it. Lithium Americas knows it. Kiss market discipline goodbye.

You can anticipate the defenses even now. “This is a good investment for taxpayers. They should be grateful.” No, if it is a good deal for taxpayers, they can put their money in it on their own. That’s how capital markets work. Private individuals choose the most promising investments and firms have to continually re-prove their worthiness to keep access to capital. This is an involuntary exposure to Lithium Americas risk that nobody asked for. And it diminishes capital market discipline for the company, making it more likely to be a loser than if the government stayed out.

“We need this for national security.” For God’s sake, stop it. In 2025, everything is a national security risk, including Ikea and German rom-coms. We might need lithium for national security purposes, we don’t need government ownership. Get a good long-term contract for Thacker Pass product and move on.

The ultimate kicker is that Lithium Americas is a Canadian company. So much for America First! But Eakinomics can draw some small comfort from the fact that the administration is just as willing to muck up another country’s companies as they are dead set on damaging our own.

P.S. This all began with an Energy Department loan. There is no more desultory track record than the DOE loan programs. It is time to shut them off.