



Insight

AI: Brought to You by the Feds?

FRED ASHTON | JUNE 10, 2026

Executive Summary

- President Donald Trump and Senator Bernie Sanders have separately called for the federal government to take direct stakes in artificial intelligence (AI) companies; proponents of this approach have argued that government involvement could both benefit taxpayers and encourage more responsible management of these companies.
- These initiatives add to a growing list of recent corporate-government joint enterprises in which the federal government acquired direct equity stakes - or “golden shares” - in dozens of companies.
- Direct government involvement - from inside the boardroom - in the rapidly developing AI market would undermine competition by creating a perverse set of incentives that slow innovation and rob consumers and businesses of new products.

Introduction

President Donald Trump and Senator Bernie Sanders (I-VT) have separately called for the federal government to take direct stakes in artificial intelligence (AI) companies.

This interventionist impulse reflects growing public backlash - driven by anxiety about potential job displacement and data centers' impact on energy prices - and policymakers struggling to develop an appropriate regulatory framework.

Any new federal acquisition of AI firms would add to a growing list of recent corporate-government joint enterprises in which the federal government acquired direct equity stakes - or “golden shares” - in dozens of companies. This development is notable, however, in that it would be the first time the federal government took direct equity stakes in an industry's most dominant firms.

Inserting the state into the corporate boardroom threatens market competition. The government turned shareholder would likely create a perverse set of incentives that could blunt innovation, protect incumbents and the well-connected, and rob consumers and businesses of new products.

The Initiatives

Senator Bernie Sanders

In a recent [opinion](#) in *The New York Times*, Senator Sanders announced the forthcoming American A.I. Sovereign Wealth Fund Act, legislation designed to secure a direct public ownership stake in the nation's leading AI firms. Rather than a traditional tax, the legislation would create a sovereign wealth fund "through a one-time 50 percent tax" on the company stock. In other words, it would mandate a transfer of half the equity of industry leaders - including OpenAI, Anthropic, xAI - directly to the federal government.

Senator Sanders argued that, armed with its voting shares and representation on each company's board, the government would be able to "block decisions that hurt our citizens and push for policies that help them." Mirroring Alaska's state oil revenue fund, the potential proceeds from these equity positions would "provide direct payments to the American people."

President Donald Trump

In contrast, the Trump Administration would continue to lean on its state-capitalism approach through government-corporate dealmaking. Beginning with the acquisition of a "golden share" in Nippon/U.S. Steel as part of the merger approval process, the Trump Administration has taken direct equity positions in more than a dozen companies. The administration has done so using the Defense Production Act, the CHIPS Act, and by converting loans from various agencies into equity positions.

The potential foray into the AI sector began when the Trump Administration opened talks with OpenAI's CEO about a possible government stake in the company. In an [April 2026 policy document](#), OpenAI proposed a "Public Wealth Fund" to "ensure that people directly share in the upside of [AI] growth." According to [reports](#), OpenAI "could donate equity to the U.S. government to seed" the fund. This potential fund was the subject of a February 2025 [executive order](#) calling for the establishment of a United States Sovereign Wealth Fund "to promote the long-term financial health and international leadership of the United States." Rather than a Sanders-style tax, President Trump stated that he has discussed potential "[partnerships](#)" with AI companies such as OpenAI and Anthropic, with the federal government sharing in the profits.

With the details still pending, it is unclear how this equity transfer from OpenAI to the federal government would work. It would, at minimum, require Congress to establish a sovereign wealth fund. Moreover, Congress would need to designate a government agency – the Department of Commerce or Treasury, or another federal agency – with the authority to receive and hold the equity transfer. Finally, Congress would need to dictate how future investments would be made, existing positions sold, and how to use any potential proceeds.

Either venture would intertwine the federal government with corporations and further blur the boundaries between regulators and market participants in a way that reshapes the historic incentive structure.

Undermining Competition and Encouraging Cronyism

A direct equity stake by the government in a private firm is a fundamental displacement of markets for state-directed capitalism. The rapidly evolving AI market has seen specific AI models and end-use products routinely leapfrog competitors, only to yield their leadership position as quickly as it came. Markets are continuing to sort out new models and tools and how they will be implemented into corporate workflows.

Muddying private markets with government stakes would likely introduce a drag on the pace of innovation. Rather than markets allocating capital based on the merits of new ideas and technologies, the government would necessarily be required to pick winners and losers, with pressure to divert additional taxpayer resources into both losers and winners. The selections, however, are unlikely to decouple from market demand. Instead, government board members would likely consider using these companies to advance other political aspirations.

Moreover, the morphed incentive structure created via a government equity stake would likely lead to regulatory capture and crony capitalism. Firms could leverage the government’s board position to advocate for regulations that erect new barriers to entry, for example. There are also incentives for the government to ensure that firms generate increased financial returns, which could give those with government-backing an advantage over government contracts.

This shift could also distort the incentives of firms seeking to incorporate AI tools in their own workflows. Rather than evaluating an AI tool based on price, quality, and application, a firm may be forced to weigh the potential political benefits – or fallout – of aligning itself with a government-backed AI firm. In other words, selecting these tools would devolve from “who has the best product?” to “who do you know at the White House?”

Instead of advising an individual firm to operate efficiently, lower prices for customers, and

innovate to compete in new markets, cross-industry federal direct investment would introduce a structural hazard of common ownership. While the individual representatives sitting in corporate boardrooms at competing firms may be different, they would still represent the same entity: the federal government. Government board members would be incentivized to manage the direction of the entire industry rather than an individual fierce competitor. In other words, the activities of the entire industry could be government-directed. While legislators may not have considered government representation inside the board room, the potential for this activity is why Congress created [Section 8 of the Clayton Act](#) - which prohibits individuals from serving as an officer or director of two competing firms, known as interlocking directorates. A government agent in boardrooms across the entire AI industry could lead to widespread coordination and depressed innovation.

Conclusion

The trend of government-corporate joint enterprises is cause for alarm, and another example of the dangers posed by replacing market forces with government dictates. The potential for an industry-wide federal equity stake in AI firms increases the urgency to resist its use. Government involvement from the inside would create a perverse set of incentives that undermine competition that would likely slow innovation and rob consumers and businesses of new products.