DATA&
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POLICY BRIEF

The Big AI State

How the Trump Administration Is Shaping US Industrial Policy Toward "Global Technological Dominance"

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Executive Summary

To many, the story of the Trump administration's actions on AI and technology is about deregulation. To get data centers built, the administration has ordered agencies to weaken environmental protections and permitting requirements. It is attempting to block local and state regulation of AI. And it has rolled back Biden-era executive orders that provided guidance on AI-driven harms, such as algorithmic discrimination. The deregulation of the US tech sector is particularly clear when seen as part of the administration's agenda to dismantle the US administrative state.

At the same time, the Trump administration is executing massive government projects in pursuit of "unchallenged global technological dominance." Enabled by a confluence of geopolitical and commercial interests, the federal government is proactively coordinating the AI market in three respects: it is (1) derisking the construction of data centers and energy infrastructure, (2) opening up new markets for US-aligned AI infrastructure, and (3) acquiring equity stakes of key firms in the AI supply chain.

This is not the invisible hand of the market: this is the world of big government, executive action, and federal intervention. The problem is not that President Trump is deregulating the AI industry. The problem is that the federal government is using extraordinary power to pursue political goals that will likely prove disastrous to workers, communities, and the environment.

Many policymakers have rightly criticized the unilateral and authoritarian manner of the government's actions — from the transactional ways in which the President "cuts deals" with companies to the aggressive use of trade policies to achieve geopolitical goals. In the long run, however, the demand should not be to retreat from state power, but to redirect it.

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The main question this policy brief aims to open for discussion is this: beyond the current administration, **how might the United States use its extraordinary state power to support an egalitarian, worker-driven agenda for innovation, rather than to grease the wheels of capital accumulation?**

Introduction

There are many ways to plausibly assess the health of the US economy: employment, real wages, and so on. In recent months, one metric is overshadowing the rest: spending in the AI sector. In a Truth Social post, President Donald Trump declared that "investment in AI is helping to make the US economy the 'HOTTEST' in the world."[1]

How is AI making the US economy so "hot"? As far as growth and economic dynamism, no one knows. Companies are justifying cuts in labor by claiming that AI is making workers more productive; yet LLMs often fail at basic reasoning tasks, and their use in the workplace has so far tended to resemble more prosaic dynamics of job de-skilling and surveillance.[2] The long-term effects of generative AI on the economy and worker output remain unsettled.[3]

Regardless of what the future brings, what is clear is that current spending on AI is producing an economic boost now. In 2025, the largest tech firms (Meta, Alphabet, Microsoft, Amazon, and Oracle) poured massive investments into AI and data centers, on the order of some $342 billion.[4] US GDP growth in the first half of 2025 was almost entirely driven by investment in data centers and information processing technology. Absent such investments, GDP growth would have been just 0.1% on an annualized basis.[5] America's economy, in other words, has benefited from the "private sector stimulus package known as data centers."[6]

Even so, it is far from certain that investments in data centers, the enormous facilities housing the hardware that facilitates AI training and inference, will pay off.[7] The value of data centers depends on the ability of their tenants (whether the largest tech firms or smaller AI startups) to predictably bring in revenue. But tenants' cash flows have looked increasingly uncertain, especially as the basic business fundamentals — i.e., how will generative AI make money? — remain elusive.[8] Meanwhile, the centers are stocked with, and their loans collateralized by, expensive GPUs dragged down by fluctuating leasing and resale value (despite their substantial upfront costs). If AI demand fails to meet expectations and there is a sudden stop in cash flows, asset values may plummet. The energy

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1 Donald J. Trump (@realDonaldTrump), Truth Social (Nov. 18, 2025), https://truthsocial.com/@realDonaldTrump/posts/115573090200730933.

2 Aaron Benanav, *Is the AI Bubble About to Burst?*, Verso Books (blog) (June 9, 2025), https://www.versobooks.com/blogs/news/is-the-ai-bubble-about-to-burst.

3 Aiha Nguyen and Alexandra Mateescu, *Generative AI and Labor: Power, Hype, and Value at Work*, Data & Society Research Institute (Dec. 4, 2024), https://datasociety.net/library/generative-ai-and-labor/.

4 Stephanie Aliaga, *Is AI already driving U.S. growth?*, J.P. Morgan Asset Management (Sept. 12, 2025), https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/on-the-minds-of-investors/is-ai-already-driving-us-growth/.

5 Jason Furman (@jasonfurman), X (Sept. 27, 2025), https://x.com/jasonfurman/status/1971995367202775284.

6 Comments of Paul Kedrosky, appearing on Joe Weisenthal and Tracy Alloway, *Why Paul Kedrosky Says AI is Like Every Bubble Rolled into One*, Bloomberg Odd Lots (podcast) (Nov. 14, 2025), https://www.bloomberg.com/news/articles/2025-11-14/why-paul-kedrosky-says-ai-is-like-every-bubble-all-rolled-into-one.

7 *See generally* Tamara Kneese and Maia Woluchem, *Data Centers Aren't the Future of American Prosperity*, Data & Society Research Institute (July 22, 2025), https://datasociety.net/library/data-centers-arent-the-future-of-american-prosperity/.

8 For a comprehensive analysis of data center project finance, *see generally* Advait Arun, *Bubble or Nothing*, Center for Public Enterprise (Nov. 12, 2025), https://publicenterprise.org/report/bubble-or-nothing/.

finance analyst Advait Arun has cautioned that "this combination of structurally compressed profits and rapidly depreciating collateral is evidence of a snake eating its own tail."[9]

Still, the spending continues. J.P. Morgan estimates that the projected $5 trillion global investment in AI infrastructure will require revenue of $650 billion a year from AI products, indefinitely, to give investors a reasonable 10 percent annual return.[10] At the same time, the dominant AI business model in the US — more expenditure, hyperscalers, energy, inference, all to scale up and lock in a consumer and enterprise base — faces hurdles to becoming a sustainable revenue generator in the long run.[11] Few people are paying for AI; those who do tend to be superusers whose usage costs exceed the revenue they bring in, especially as the costs of inference (generating a response to a user prompt) rise despite efficiency improvements.[12] While nearly eight in ten companies report using generative AI, just as many report seeing no change to their bottom line.[13]

This is the political terrain, shaped by market pressures as well as perceived competition with China, that is driving the Trump administration's AI strategy. At a summit announcing his administration's AI Action Plan, President Trump acknowledged the national imperative to keep the boom times going: "To make America great again, we're going to make this industry absolutely the top, because right now it's a beautiful baby that's born. We have to grow that baby and let that baby thrive."[14]

To that end, the US government is engaged in ambitious industrial policy to bolster the technology sector's success. Viewing AI as a national security and economic imperative, the federal government is using its economic heft to shape the market. If prior administrations sought to shield US dominance of global value chains, the Trump administration is going further, opening new markets for AI expansion. President Trump has not been modest about the scale of intervention: "My administration will use every tool at our disposal to ensure that the United States can build and maintain the largest, most powerful, and most advanced AI infrastructure anywhere on the planet."[15]

This approach complicates familiar narratives that have been promulgated by industry and policymakers alike: namely, that American tech companies must be free to innovate, unburdened by government overreach. But when it comes to AI, the Trump administration has not had a light touch.[16] It has enthusiastically embraced the tools of industrial policy, reflecting the increasingly

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9 *Id.* at 41.

10 Christopher Mims and Nate Rattner, *When AI Hype Meets AI Reality: A Reckoning in 6 Charts*, Wall Street Journal (Nov. 14, 2025), https://www.wsj.com/tech/ai/when-ai-hype-meets-ai-reality-a-reckoning-in-6-charts-bf8043b4.

11 Kate Brennan, Amba Kak, and Sarah Myers West, *Artificial Power: AI Now 2025 Landscape*, AI Now Institute (June 3, 2025), https://ainowinstitute.org/2025-landscape [hereinafter "AI Now 2025 Landscape"].

12 Arun at 18 ("While the cost of inference per 'token'—a measurement of a unit of data contained in a prompt—is falling, the total cost of inference continues to rise as the amount of tokens per prompt rises[.]").

13 Alexander Sukharevsky, et al., *Seizing the Agentic AI Advantage*, McKinsey (June 13, 2025), https://www.mckinsey.com/capabilities/quantumblack/our-insights/seizing-the-agentic-ai-advantage#/.

14 *Remarks on Signing Executive Orders at the Artificial Intelligence Summit*, The American Presidency Project, University of California Santa Barbara (July 23, 2025), https://www.presidency.ucsb.edu/documents/remarks-signing-executive-orders-the-artificial-intelligence-summit.

15 *Id.*

16 Alondra Nelson, *The mirage of AI deregulation*, Science Magazine (Jan. 15, 2026), https://www.science.org/doi/10.1126/science.aee4900.

mainstream consensus that "government should play a role in shaping industries based on vital national priorities."[17]

This brief situates the Trump administration's policies in three categories:

Derisking the construction of data centers and energy infrastructure (*Page 6*)

Underwriting the export of the American AI technology stack (*Page 9*)

Acquiring equity stakes of key firms in the AI supply chain (*Page 13*)

Whatever else can be said about President Trump's tech policy, it is emphatically not technocratic; its foundations are irreducibly political. The administration recognizes an essential truth: advanced technologies are constituted by political power. Consequently, the federal government is making major policy interventions, using its regulatory, diplomatic, and financial powers to organize the US AI industry and sustain its mode of capital accumulation.

In that light, this moment calls for much more imaginative thinking on public tools to reconfigure the tech sector. A policy agenda to strengthen industrial democracy will require more than reversing the actions of the Trump administration. By exploring several features of the administration's emerging industrial policy, this policy brief proposes alternative directions to shape technological innovation.

17 Felicia Wong, et al., *Sea Change: How a New Economics Went Mainstream*, Roosevelt Institute (Nov. 2023), https://rooseveltinstitute.org/publications/sea-change/.

The Trump administration is derisking the construction of AI data centers and energy infrastructure

The administration is speeding the build-out of data centers by rolling back requirements for environmental impact assessments, opening access to federal lands, and providing public funds to support tech and energy firms.

On January 23, President Trump welcomed technology and finance leaders to the White House's Roosevelt Room to celebrate the launch of "Stargate," a $500 billion private venture involving OpenAI, SoftBank, Oracle, and MGX to build up to 20 data centers in the US. Although the project does not involve public funds, its flashy Washington announcement foreshadowed the intense attention to AI infrastructure that has come to define the government's tech policy agenda.

More than anything, the Trump administration has prioritized derisking the build-out of data centers and accompanying energy infrastructure.[18] From an industrial policy perspective, "derisking" entails government efforts (i.e. subsidies, incentives, and regulatory changes) that entice private investment to support particular public policy priorities.[19] It is often associated with problems of insufficient investment toward a green transition. The US Inflation Reduction Act was one such initiative, establishing subsidies and credits to derisk private investment for clean technologies.[20]

With AI data centers, whose constrained supply is seen by government leaders as a threat to national and economic security, the problem is not one of insufficient private capital. The Trump administration's derisking approach is not so much to produce investments (for which there is no shortage) but to sustain them via certainty of returns (land use reform and financial guarantees).

The largest hurdle to growing data center operations is a domestic energy infrastructure that can meet their energy demands. Although data center proposals often overstate their projected energy consumption — thus applying pressure on the demand side for producers to quickly build gas or coal-fired power plants — they are enormous consumers of energy.[21] In 2024, US data centers consumed 183 terawatt-hours (TWh), more than four percent of the country's total electricity consumption; this amount is comparable to the annual electricity use of the entire nation of Pakistan. By 2030, data centers' electricity use is projected to more than double to 426 TWh.[22] As energy consumption increases, ordinary households, not data center operators and their corporate tenants, face disproportionate increases in their utility expenses.[23]

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18 *AI Now 2025 Landscape* at 25 ("[M]any dominant firms are doubling down on this approach by seeking public investment and the rollback of regulation to de-risk the expansion of the AI market.").

19 Daniela Gabor, *The (European) Derisking State*, SocArXiv (2023), https://ideas.repec.org/p/osf/socarx/hpbj2.html.

20 Skanda Amarnath, et al., *Varieties of Derisking*, Phenomenal World (June 17, 2023), https://www.phenomenalworld.org/interviews/derisking/.

21 Kelly Poole, Abigail Paris, and Jeremy Fisher, *Compute and Consequence: AI Energy Demand in a Rapidly Evolving Grid Landscape*, As You Sow and Sierra Club (Sept. 11, 2025), https://www.asyousow.org/report-page/2025/compute-and-consequence; *AI Now 2025 Landscape* at 41 ("But these high-demand projections have acted as a strategic policy lever for firms petitioning the government to quickly bring more power sources online as a matter of national importance.").

22 Rebecca Leppert, *What We Know About Energy Use at US Data Centers Amid the AI Boom*, Pew Research Center (Oct. 24, 2025), https://www.pewresearch.org/short-reads/2025/10/24/what-we-know-about-energy-use-at-us-data-centers-amid-the-ai-boom/.

23 Sasha Luccioni and Yacine Jernite, *How Your Utility Bills Are Subsidizing Power-Hungry AI*, Tech Policy Press (Aug. 6, 2025), https://www.techpolicy.press/how-your-utility-bills-are-subsidizing-power-hungry-ai/.

Simply put, the US does not produce enough energy to power industry estimates of AI demand. But this limitation has not forced a reconsideration of the upper bounds of resource consumption. Instead, the Trump administration has focused on reshaping longstanding environmental review regulations, as well as directly offering federal land and financial assistance to facilitate new construction.

Environmental reviews

Under the National Environmental Policy Act (NEPA), for projects that involve significant federal agency involvement, agencies must require developers to assess and report potential environmental impacts before they begin construction. Such protocols allow for local input into major building projects and the planned mitigation of environmental impacts. They can also help to mitigate racialized impacts of infrastructure construction, which has disproportionately cut through and clustered around communities of color. Civil rights groups have voiced concerns about data centers reproducing histories of displacement.[24] Nevertheless, project developers typically regard environmental reviews as an impediment to rapid construction.

Through a trio of presidential executive orders — one each on data centers (EO 14318),[25] coal infrastructure (EO 14261),[26] and nuclear infrastructure (EO 14299)[27] — the Trump administration has encouraged the use of categorical exclusions (CE) to allow projects to bypass the environmental analysis required under NEPA. Under the coordination of the White House's Council on Environmental Quality, agencies are ordered to identify existing CEs, as well as to establish new CEs, to expedite the review process for data center projects.[28] This means that communities will have fewer procedural opportunities to voice concerns and oppose the construction of new data centers.

Federal lands

Mirroring elements of a January 2025 Biden-Harris executive order to lease federal land for AI infrastructure,[29] the Trump administration has opened up its inventory of publicly-owned lands to private project developers. The administration has ordered relevant agencies to identify and lease federal lands for data center projects, coal infrastructure, and nuclear power plants. For example, the government's nuclear power EO, emphasizing the need for US-designed nuclear power to

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24 Russell Contreras, *AI Boom Fuels "Environmental Justice" Fears in Communities of Color*, Axios (Dec. 8, 2025), https://www.axios.com/2025/12/08/ai-civil-rights-black-latino-water-electricity.

25 Exec. Order No. 14318, *Accelerating Federal Permitting of Data Center Infrastructure*, The White House (July 23, 2025), https://www.whitehouse.gov/presidential-actions/2025/07/accelerating-federal-permitting-of-data-center-infrastructure/ [hereinafter "Data Center EO"].

26 Exec. Order No. 14261, *Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241*, The White House (Apr. 8, 2025), https://www.whitehouse.gov/presidential-actions/2025/04/reinvigorating-americas-beautiful-clean-coal-industry-and-amending-executive-order-14241/ [hereinafter "Coal EO"].

27 Exec. Order No. 14299, *Deploying Advanced Nuclear Reactor Technologies for National Security*, The White House (May 23, 2025), https://www.whitehouse.gov/presidential-actions/2025/05/deploying-advanced-nuclear-reactor-technologies-for-national-security/ [hereinafter "Nuclear Power EO"].

28 Data Center EO at § 5.

29 Exec. Order No. 14141, *Executive Order on Advancing United States Leadership in Artificial Intelligence Infrastructure*, The White House (Jan. 14, 2025), https://bidenwhitehouse.archives.gov/briefing-room/presidential-actions/2025/01/14/executive-order-on-advancing-united-states-leadership-in-artificial-intelligence-infrastructure/.

"enhance American technological superiority," authorizes the Department of Energy (DOE) to permit the construction and operation of privately-funded nuclear reactor technologies on DOE-owned property.[30] To date, the DOE has selected four sites — Idaho National Lab, Oak Ridge (TN), Savannah River Site (SC), and Paducah (KY) — for AI data center build-outs.[31] As of this writing, the DOE is evaluating project proposals by data center developers and energy companies.

Government financial assistance

In its data center EO, the White House orders the Commerce Department, working with the Office of Science and Technology Policy (OSTP), to provide financial support for qualifying projects (data centers and supporting infrastructure). Such support includes "loans and loan guarantees, grants, tax incentives, and offtake agreements."[32] The EO further describes that agencies shall submit to OSTP "any such relevant existing financial support that can be used to assist Qualifying Projects[.]"[33]

Only a few months later, OpenAI offered its thoughts on where to find such financial support. In a November letter to OSTP, the company argued that the administration should work with Congress to revamp the Advanced Manufacturing Investment Credit, established by the US CHIPS and Science Act, to expand coverage to other parts of the semiconductor supply chain, including to AI data centers. Such an initiative would, according to OpenAI, "lower the effective cost of capital, de-risk early investment and unlock private capital to help alleviate bottlenecks and accelerate the AI build in the US[.]"[34] The letter also identified other financial aid, from such offices as the DOE's Loans Programs Office and the US Department of Agriculture's Rural Utilities Service, to accelerate energy transmission line construction.[35]

As of this writing, OSTP has not announced more details on the forms of federal assistance it will put forward for AI infrastructure. For now, what is evident is that the Trump administration aims to subsidize capital investments via loans and grants, while offtake agreements (agreements that commit a buyer to purchase goods or services for a defined time) provide revenue certainty for large projects.

The above executive orders may be the most visible artifacts of President Trump's data center policies, but there is an entire shadow realm of indirect government spending that has quietly supported AI infrastructure spending. For example, the reinstation of 100 percent upfront bonus depreciations for qualifying assets in the One Big Beautiful Bill Act permits firms to reduce their overall taxable income and increase cash flow. Similarly, the exemption of computer equipment from tariffs — functionally subtracting from the federal budget an estimated $19 billion for 2025

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30 Nuclear Power EO at § 4.

31 *DOE Announces Site Selection for AI Data Center and Energy Infrastructure Development on Federal Lands*, US Department of Energy (July 24, 2025), https://www.energy.gov/articles/doe-announces-site-selection-ai-data-center-and-energy-infrastructure-development-federal.

32 Data Center EO at § 3.

33 *Id.*

34 *Letter from Chris Lehane to Michael Kratsios*, OpenAI (Oct. 27, 2025), https://cdn.openai.com/pdf/21b88bb5-10a3-4566-919d-f9a6b9c3e632/openai-ostp-rfi-oct-27-2025.pdf; Maggie Eastland and Shirin Ghaffary, *OpenAI Asks US to Expand Chips Act Tax Credit to AI Data Centers*, Bloomberg (Nov. 7, 2025), https://www.bloomberg.com/news/articles/2025-11-07/openai-asks-us-to-expand-chips-act-tax-credit-to-ai-data-centers.

35 *Id.*

— is an indirect government expenditure to facilitate AI investment.[36]

These financial tools socialize the risks of private AI spending to the American public, but without a corresponding mechanism to share the rewards. For data center developers and operators, federal assistance helps to stabilize cash flow and provide certainty amid underlying financing liabilities. This has consequences for those resisting the deployment of AI, whether they are communities opposing the construction of a data center or workers organizing against algorithmic management in their workplace. Federal assistance tilts the grounds of contestation, fueling more investments that must find their returns, even in the face of growing concerns about the technology's impact.

What could an alternative look like?

Derisking the construction of AI infrastructure may accelerate new degrees of environmental degradation and entrench the power of dominant firms, but viewed strictly from the perspective of the Trump administration's goal to achieve technological dominance on an accelerated timeline, it at least has its own logic. An alternative approach requires radically different national goals, foremost among them an articulation of socially useful innovation that exists apart from geopolitical competition.

Questions for further policy exploration:

- What structural changes to labor and employment law are needed to undergird a worker-led industrial policy?
- What is the role of public financing in standing up alternative R&D pathways for technology innovation? What would a long-term public investment strategy look like?[37] How much money would be required to be a viable market alternative?
- What institutional reforms are necessary to advance democratic accountability in national industrial planning (within such entities as the National Economic Council and the Federal Reserve[38])?

The Trump administration is underwriting the export of the American AI technology stack

The administration is using financial and diplomatic tools to establish US-aligned data centers in foreign countries.

Many nations, navigating geopolitical tensions and internal pressures about economic competitiveness, are focusing on strengthening their "digital sovereignty," roughly understood

36 Joseph Politano, *The Tariff Exemption Behind the AI Boom*, Apricitas Economics (Oct. 5, 2025), https://www.apricitas.io/p/the-tariff-exemption-behind-the-ai; *see also* Melinda Cooper, *Counterrevolution* 39 (2024) (*citing* Stanley S. Surrey's work theorizing tax cuts as tax expenditures).

37 *See* Saule T. Omarova, *The National Investment Authority: An Institutional Blueprint*, Berggruen Institute (Mar. 23, 2022), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4685133.

38 *See, e.g.*, Leah Downey, *Our Money: Monetary Policy as if Democracy Matters* (2024).

as the ability to have autonomy over their technology infrastructure. In Europe, for example, policymakers have called for the continent to reduce reliance on US cloud and AI firms, and instead to build homegrown expertise and innovation.[39]

On paper, this development would appear to challenge American tech companies' business model of widescale adoption with cascading network effects that lock in market dominance. But most countries outside the US and China lack sufficient compute power and engineering skill to stand up domestic firms that can replicate the US Big Tech model. Meanwhile, what those countries do offer is exactly what the US and its aging grid cannot deliver any time soon: additional sources of land and energy. This has prompted an opening to advance Big Tech's multinational interests.

OpenAI, for example, has launched an "OpenAI for Countries" initiative, positioning its services as the "democratic" counterpoint to Chinese AI technology. The company is partnering with governments to build domestic data center capacity and establish national startup funds.[40] The first partnership under this initiative, called "Stargate UAE," will build a 1GW data center cluster in Abu Dhabi.[41] It was announced less than one week after the Trump administration struck a deal to provide access to leading US-designed chips to the United Arab Emirates and Saudi Arabia. Meanwhile, Microsoft is investing in Europe, emphasizing the geopolitical importance to the EU — and the value to Microsoft shareholders — in building domestic AI infrastructure across the continent.[42]

The Trump administration's 2025 National Security Strategy underscores the tension between national sovereignty and US-backed dependencies. Referencing "US leverage in finance and technology," the document makes clear that foreign countries should choose "whether they want to live in an American-led world of sovereign countries and free economies or in a parallel one in which they are influenced by countries on the other side of the world."[43]

A July 23 executive order on "the export of the American AI technology stack" is setting this strategy in motion.[44] Like OpenAI's corporate strategy to counter Chinese tech firms, the EO emphasizes that the US government's goal is to "decrease international dependence on AI technologies developed by our adversaries by supporting the global deployment of United States-origin AI technologies." Dean Ball, the primary author of the AI Action Plan, later explained it

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39 *Deploying the EuroStack* (May 19, 2025), https://eurostack.eu/the-white-paper/; Tambiama Madiega, *Digital Sovereignty for Europe*, European Parliamentary Research Service Idea Paper (July 2020), https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/651992/EPRS_BRI(2020)651992_EN.pdf.

40 *Introducing OpenAI for Countries*, OpenAI (May 7, 2025), https://openai.com/global-affairs/openai-for-countries/; Justin Hendrix, *OpenAI Is Wrapping Itself in the American Flag to Sell "Democratic AI,"* Tech Policy Press (May 12, 2025), https://www.techpolicy.press/openai-is-wrapping-itself-in-the-american-flag-to-sell-democratic-ai/.

41 *Introducing Stargate UAE*, OpenAI (May 22, 2025), https://openai.com/index/introducing-stargate-uae/.

42 Elena Giordano, *Microsoft CEO: We're Investing in Europe's Tech*, Politico (Dec. 1, 2025), https://www.politico.eu/article/microsoft-ceo-satya-nadella-europe-tech-artificial-intelligence/.

43 *National Security Strategy of the United States of America* 18, The White House (Nov. 2025), https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf.

44 Exec. Order No. 14320, *Promoting the Export of the American AI Technology Stack*, The White House (July 23, 2025), https://www.whitehouse.gov/presidential-actions/2025/07/promoting-the-export-of-the-american-ai-technology-stack/ [hereinafter "Tech Stack Export EO"].

in more straightforward terms: "The primary point of the AI exports program is to facilitate the construction of AI-focused data centers in other countries."[45]

The American AI Exports Program is organized around "full-stack American AI technology packages," encompassing everything from hardware, data systems, and foundation models to end user applications. The program empowers the Department of Commerce to evaluate proposals submitted from US tech companies and select some to receive "priority access," which entails special federal financing tools. This process is coordinated by the Economic Diplomacy Action Group (EDAG), chaired by the secretary of state. This group was launched by President Joe Biden in June 2024 to "ensure our foreign policy continues to create opportunities for American businesses globally and attract foreign investment into the United States in sectors vital to US national security."[46]

What are the mechanisms by which the EDAG will, as Ball describes, "improve the economics" of foreign data center financing?[47] As of this writing, program details are forthcoming from the Commerce Department's International Trade Administration. At a high level, the federal tools available to the group are expansive: the EO directs the EDAG to deploy "direct loans and loan guarantees" via the US Export-Import Bank; "equity investments, co-financing, political risk insurance, and credit guarantees" via the US International Development Finance Corporation; and "technical assistance and feasibility studies" via the US Trade and Development Agency.[48] Market reform is also on the table, as the EDAG is empowered to make the export of US AI infrastructure contingent on "pro-innovation regulatory, data, and infrastructure environments conducive to the deployment of American AI systems[.]"[49]

These efforts will support what has already been a major commercial push to establish foreign data center operations. Data centers in China and the US account for over half, and perhaps as much as two-thirds, of current global capacity.[50] For purposes of growth and diversification, the next frontier of data center expansion is investment by multinational companies to establish operations in foreign countries (this is also called "greenfield" foreign direct investment (FDI), as opposed to FDI that acquires ownership in a local enterprise).

Analysis by McKinsey indicates that greenfield FDI in so-called "future-shaping industries" (including AI data centers, semiconductor fabrication facilities, and advanced manufacturing) accounts for three quarters of all greenfield FDI announcements from 2022 through May 2025. In inflation-adjusted dollar terms, such FDI numbers represent 55 percent growth from an earlier comparison period.[51]

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45 Dean Ball, *Don't Overthink "The AI Stack"*, Hyperdimensional (Nov. 7, 2025), https://www.hyperdimensional.co/p/dont-overthink-the-ai-stack.

46 *United States Establishes Economic Diplomacy Action Group to Bolster US Competitiveness*, US Department of State (June 24, 2024), https://2021-2025.state.gov/united-states-establishes-economic-diplomacy-action-group-to-bolster-u-s-competitiveness/.

47 Ball.

48 Tech Stack Export EO at § 4(d).

49 *Id.* at § 4(c)(iv).

50 *Energy and AI*, International Energy Agency (April 10, 2025), https://www.iea.org/reports/energy-and-ai.

51 Tiago Devesa, et al., *The FDI Shake-Up: How Foreign Direct Investment Today May Shape Industry and Trade Tomorrow*, McKinsey (Sept. 22, 2025), https://www.mckinsey.com/mgi/our-research/the-fdi-shake-up-how-foreign-direct-investment-today-may-shape-industry-and-trade-tomorrow.

Still, foreign data center projects face hurdles to becoming operational, as they must navigate region-specific zoning rules, environmental laws, and data regulations. About half the FDI-driven data center projects outside the US and China that have been announced since 2022 are still under construction.[52] This timeline is perceived as unacceptable to the Trump administration, which wants to cement US technological dominance within the current presidential term.

As Ball writes, "There are countries of geopolitical significance where . . . development finance subsidies are de facto table stakes for getting in the door at all. In others, development finance is not strictly necessary, but can accelerate the timeline to construction."[53] This approach of public spending to derisk new asset classes and sell development finance to the market, dubbed the "Wall Street Consensus" by the economist Daniela Gabor, protects investors in development assets while transferring risks onto the balance sheet of the state.[54]

On some level, brokering private deals for foreign land is not an unusual practice for the US government. Commercial diplomacy is an unremarkable fact of global trade. What distinguishes the AI exports initiative from other FDI projects is twofold: (1) AI's opacity creates unique vulnerabilities, even more than past technologies, that make AI's integration into national infrastructure particularly concerning;[55] and (2) there is an expectation that foreign partners will purchase the "full stack" of AI exports, constraining governments' latitude to purchase or decline systems as they see best fits their needs. With these constraints, the US can further exploit "weaponized interdependence" through its domination of large-scale networks, permitting the US to gather or choke off information, exploit vulnerabilities, and compel policy change.[56]

What could an alternative look like?

Technology exports from advanced economies have historically helped to drive development, even if the gains tend to be captured by local elites. To date, the push for digital sovereignty has not disturbed these trends. An alternative approach will need, among many other features, to disrupt power dynamics embedded in the tech stack and establish digital infrastructure as a public service.[57]

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52 *Id.*

53 Ball.

54 Daniela Gabor, *The Wall Street Consensus*, 52 Development and Change 429 (March 2021), https://onlinelibrary.wiley.com/doi/abs/10.1111/dech.12645.

55 Marietje Schaake, *Beware America's AI Colonialism*, Financial Times (Aug. 20, 2025), https://www.ft.com/content/80bc0d67-faaf-4373-ad18-db15da721054.

56 Henry Farrell and Abraham L. Newman, *Weaponized Interdependence: How Global Economic Networks Shape State Coercion*, 44 International Security 42 (2019).

57 *See* Cecilia Rikap, et al., *Reclaiming Digital Sovereignty*, Democratic and Ecological Digital Sovereignty Coalition (Dec. 2024), https://www.ucl.ac.uk/bartlett/publications/2024/dec/reclaiming-digital-sovereignty.

Questions for further policy exploration:

- What are the non-voluntary mechanisms of a technology transfer regime that would promote domestic expertise and technology ownership within the Global South? [58]
- Given the geographical concentration of critical minerals and data laborers in the Global South, how can Southern countries exercise their market power to set new terms with the US and China?[59]
- To what extent is a focus on nation-state sovereignty undermining the formation of regional and multilateral strategies that might be more advantageous to secure local value, generate development, and minimize natural resource consumption?

The Trump administration is acquiring equity stakes of key firms in the AI supply chain

To reduce supply chain dependencies, especially on China, the US is boosting domestic production of critical minerals and GPUs.

The Trump administration has taken an unorthodox policy approach to acquire equity stakes in firms that it views as crucial to national security.[60] Such firms — encompassing the domestic production of critical minerals and AI chips — comprise key stages in the AI supply chain. These actions have been criticized as "socialist" by both Democrats and Republicans.[61]

On August 22, the US government announced an $8.9 billion investment in Intel, the once-dominant US company that designs and fabricates semiconductors.[62] Converting money from the US CHIPS and Science Act, the government agreed to purchase 433.3 million primary shares of Intel common stock at a price of $20.47 per share, equivalent to a 9.9 percent stake in the company. As part of the agreement, Intel has committed to continue delivering chips to the US Department of Defense.

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58 José Miguel Ahumada and Ha-Joon Chang, *A New International Economic Order for the Twenty-First Century: An Agenda for Industrial and Trade Policies from the Global South*, 13 Review of Keynesian Economics 562, 568-70 (2025), https://www.elgaronline.com/view/journals/roke/13/4/article-p562.xml (identifying "the host state's right to demand collaboration from the owner in providing knowledge to local networks, to accelerate their energy transition, and ensure that such investment contributes to the host country's national development goals").

59 *Id.* at 577.

60 Ana Swanson, *$10 Billion and Counting: Trump Administration Snaps Up Stakes in Private Firms*, The New York Times (Nov. 25, 2025), https://www.nytimes.com/2025/11/25/us/politics/trump-intel-steel-minerals-china.html; Victoria Guida, *'He's Actually Weakening the Economy': Why Trump's Strategy May Fail*, Politico (Nov. 12, 2025), https://www.politico.com/news/magazine/2025/11/12/trump-economy-strategy-industrial-policy-interview-00646509.

61 Governor Newsom Press Office (@GovPressOffice), X (Aug. 22, 2025), https://x.com/GovPressOffice/status/1959053477348511785?lang=en; Ashley Capoot, *Sen. Rand Paul Blasts Trump's Stake in Intel as 'a Step Towards Socialism'*, CNBC (Sept. 3, 2025), https://www.cnbc.com/2025/09/03/sen-rand-paul-calls-trump-stake-in-intel-a-step-towards-socialism.html.

62 *Intel and Trump Administration Reach Historic Agreement to Accelerate American Technology and Manufacturing Leadership*, Intel (Aug. 22, 2025), https://www.intc.com/news-events/press-releases/detail/1748/intel-and-trump-administration-reach-historic-agreement-to.

The Trump administration's decision to take equity arguably departs from the text and spirit of the CHIPS Act, which was structured as a program of grants and loans to derisk domestic semiconductor production.[63] Indeed, in certain respects the administration's investment is spiritually closer to a failed CHIPS amendment, introduced by Senators Bernie Sanders and Elizabeth Warren, authorizing the federal government to take equity "for the benefit of taxpayers, in equity appreciation in the case of a warrant or other equity interest, or a reasonable interest rate premium, in the case of a debt instrument."[64]

At $8.9 billion, the Intel deal is by far the largest of the US government's recent equity investments, but it does not stand alone. Further upstream in the technology supply chain, the US is making direct investments in firms that produce critical minerals and rare earth magnets — the building blocks of many advanced technologies. Currently, the US is dependent on foreign imports. On net, about 80 percent of US consumption of rare earths is imported. To reduce dependence on China, which has enacted rare earth export controls, the Trump administration is enhancing domestic capacity of critical mineral production and refining.

In a March 20 executive order, the White House directed the US International Development Finance Corporation to extend loans to mining firms and to create a domestic mineral fund in order to increase US production.[65] Available funds for investment have been boosted by the One Big Beautiful Bill Act, which contains $7.5 billion for the Defense Department to shore up rare earths and critical minerals supply chains.[66]

MP Materials, the largest rare earths producer in the US, was the first such investment.[67] On July 10, the Pentagon acquired a 15 percent stake in the firm with a $400 million investment, making the US government the largest shareholder of MP. The deal set a price floor for certain MP products, provided a $150 million construction loan, and included an offtake agreement under which the DoD commits to purchase output from a new magnet facility for double the market rate over the next ten years.

The MP deal with the DoD was executed pursuant to Title III of the Defense Production Act, which authorizes the president to "make provision … for purchases of or commitments to purchase an industrial resource or a critical technology item, for Government use or resale; [and/or] . . . for the development of production capabilities."[68] The consequences of the deal are not limited to defense. Five days after the July 10 announcement, Apple committed to buy $500 million of

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63 Peter E. Harrell, *The Legal Bases for Government Stakes in Private Firms*, Lawfare (Aug. 28, 2025), https://www.lawfaremedia.org/article/the-legal-bases-for-government-stakes-in-private-firms.

64 S. Amdt. 5145, 117th Cong. (proposed amendment to H.R. 4346 (2021)) (2022), https://www.congress.gov/amendment/117th-congress/senate-amendment/5145/text.

65 Exec. Order No. 14241, *Immediate Measures to Increase American Mineral Production*, The White House (Mar. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/03/immediate-measures-to-increase-american-mineral-production/.

66 Michael Wagner and Stephanie Barna, *One Big Beautiful Bill Act Makes $150B Investment in Defense*, Covington & Burling LLP (July 14, 2025), https://www.insidegovernmentcontracts.com/2025/07/one-big-beautiful-bill-act-makes-150b-investment-in-defense/.

67 *MP Materials Announces Transformational Public-Private Partnership with the Department of Defense to Accelerate U.S. Rare Earth Magnet Independence*, MP Materials (July 10, 2025), https://mpmaterials.com/news/mp-materials-announces-transformational-public-private-partnership-with-the-department-of-defense-to-accelerate-u-s-rare-earth-magnet-independence/.

68 50 U.S.C. § 4533(a)(1)(A&C).

"American-made" rare earths from MP Materials over the next four years.[69] The administration is leveraging technology components with "dual use" applications (commercial and defense) to its advantage, exploiting policy levers on the defense side to pump private investments on the commercial side.

Company	Price	What the US government gets
Intel *Chips*	**$8.9 billion** *(from Department of Commerce, via restructured CHIPS money)*	**9.9 percent stake**
Vulcan Elements *Final processing of rare earth minerals*	**$670 million** *(combined from $50M Commerce and $620M DoD)*	**$50 million equity** and the right to future stock purchase at set price
MP Materials *Rare earth minerals*	**$400 million** *(Department of Defense)*	**15 percent stake,** with DoD as the company's largest shareholder
Lithium Americas *Lithium*	**$182 million** in deferred debt services *(Department of Energy)*	**5 percent stake**
ReElement Technologies *Recycling and refining of mined minerals into high-purity rare earth oxides*	**$80 million** *(Department of Defense)*	**Right to future stock purchase at set price**

A snapshot, from highest to lowest. Adapted from Keith Collins/New York Times[70]

For the Trump administration, the government's investment helps ensure the solvency of firms viewed as critical to national and economic security. It may also help to foster private networks of patronage. While some have raised concerns about how the federal government's stake may unduly influence private business, the administration does not appear eager to influence company behavior. Despite its nearly $9 billion investment, the US government will not receive board seats at Intel. Aside from MP Materials not being able to issue stock buybacks — a constraint that pushes capital towards productive investments — the US government has not shown an interest to shape private behavior via equity stakes.

The administration's AI Action Plan suggests a view of equity investment that explicitly rejects "extraneous policy requirements" that attach to publicly-funded projects.[71] Though it does not name the CHIPS conditions, which include providing high-quality child care to workers, the AI Action Plan discloses the administration's distaste for "saddling companies with sweeping

69 *MP Materials and Apple Announce $500 Million Partnership to Produce Recycled Rare Earth Magnets in the United States* (July 15, 2025), https://mpmaterials.com/news/mp-materials-and-apple-announce-500-million-partnership-to-produce-recycled-rare-earth-magnets-in-the-united-states/.

70 Swanson.

71 *America's AI Action Plan* 16, The White House (July 2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf.

ideological agendas."[72] (Nonetheless, it is hard to dismiss the possibility that the federal government, even absent formal mechanisms of control, may compel action by merely threatening a sale of its stake.)

President Trump's motivations aside, equity stakes without governance are a missed opportunity. The primary benefit of an equity stake is that it provides the ability to influence firm decisionmaking via corporate governance rights. The economist Lenore Palladino emphasizes, "It is critical for successful policy design that public investment in private companies contain mechanisms to ensure that the public interest goals of public policy are met. This is utterly essential if we are to maintain the innovative capacity of the US economy for the long term."[73] Transparency rules and structured oversight can help ensure that public equity stakes deliver public value and are not manipulated for private gain.[74]

What could an alternative look like?

If the current administration has used public ownership as a means to technological dominance, what the moment calls for is public ownership as part of a democratic industrial policy for public goods. Government ownership is the most direct way to oversee company investments and activities, as well as to model behavior in a sector. At the firm level, the possible policy levers are many: board seats, veto power, mandated worker representation, restrictions on buybacks, commitments to union neutrality, climate and labor covenants, and more.

Questions for further policy exploration:

- How can the government use ownership at strategic chokepoints of the AI supply chain to compel changes to the behavior of downstream firms?
- What would it look like for the US government to take entire sectors into public utility models?[75]
- What new forms of democratic governance are needed for publicly-owned firms to avoid partisan influence from changes in the US presidency?

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72 *Id.*

73 Lenore Palladino, *Public Equity Stakes in US Economic Policymaking, Berggruen Institute* (Mar. 7, 2024), https://berggruen.org/news/public-equity-stakes-in-u-s-economic-policymaking.

74 Todd Tucker, *Don't Let Trump Define What State Capitalism Can Be*, The New Republic (Sept. 6, 2025), https://newrepublic.com/article/200025/trump-state-capitalism-intel-steel-democrats.

75 *See* comments of Melanie Brusseler in Amarnath, et al.

Conclusion

To secure US dominance of AI, the federal government is organizing the AI industry in three ways: it is (1) derisking domestic infrastructure investments, including by land use deregulation and favorable financing arrangements, while (2) leveraging commercial diplomacy to open new markets for foreign data centers, and (3) making equity investments to ensure sufficient demand and solvency throughout the supply chain.

For now, the sums of public money on the table are modest. But in time, we may be seeing the emergence of a new industrial policy — an incipient "Big AI State"[76] — by which substantial US capacity is dedicated to sustain AI-related investments that prop up core economic sectors: tech, fossil fuel, real estate, and asset management.

What could go wrong?

A severe market correction is only part of the story. AI bubble aside, President Trump's strategy is dumping the downside risks onto the American public while actively accelerating AI's impact on workers, job quality, the climate, and the political power of a handful of finance and tech elites. What the moment calls for is a renewed push to reclaim innovation as an essential public good. It will take the prodigious powers of the democratic state to do so.

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76 This phrase borrows very loosely from Daniela Gabor's work theorizing a "big green state." Daniela Gabor, *Private Finance Won't Decarbonise Our Economies – But the 'Big Green State' Can*, The Guardian (opinion) (June 4, 2021), https://www.theguardian.com/commentisfree/2021/jun/04/private-finance-decarbonise-economies-green-state.

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