

## **Government ownership is a path to poverty**

*Editoriale*

Sen. Bernie Sanders (I-Vermont) doesn't want the artificial intelligence industry to exist. But if it has to exist, he wants the government to own it.

Sanders last drew attention for his proposal to [ban the construction of data centers](#), which would effectively stop AI progress by limiting the computing power available. This week, he is calling for the government to [own 50 percent](#) of AI companies.

It would be easier to dismiss his ideas if they weren't partially built on bipartisan consensus. President Joe Biden's [aides explored](#) and President Donald Trump [issued an executive order](#) about the creation of a sovereign wealth fund. Sanders is calling his bill the American A.I. Sovereign Wealth Fund Act.

While there isn't an official sovereign wealth fund yet, the government has taken or is planning to take ownership stakes in [22 corporations](#) under Trump so far. The president brands his actions as "investments," and Sanders brands his as a tax. The effect is the same.

One of the reasons that these geysers of wealth spout off in the United States is that investors and entrepreneurs are confident that the government will not do exactly what Sanders and Trump seem so keen to do. Fortunately, Sanders's proposal has no chance of becoming law, and Trump's actions so far have not dissuaded investors that capital in general is safe from government expropriation in America.

Sanders and Trump both believe that government ownership is in the public interest. Trump frames it as an opportunity for taxpayers to make money; Sanders frames it as a way to pay for welfare programs. But they both act as though government serves the people when it buys into private corporations.

The truth is, the democratization of stock ownership — made possible by greedy capitalists competing with each other and driving transactions costs to near-zero — has made it easier than ever for the masses to share in the gains from titans of industry.

The people can already purchase shares of stock in the companies driving the AI revolution such as Microsoft, Alphabet, Nvidia, Apple, TSMC, Meta, Micron, Broadcom, AMD, ASML, and Amazon, where Post owner Jeff Bezos is executive chairman. Soon they'll be able to do the same for Anthropic and OpenAI.

It's also far from a foregone conclusion that these companies will continue to dominate AI in the long run. The industry is extremely competitive, and some companies will fall behind while new ones rise up. In the early days of personal computers, Wang Laboratories and Commodore were major players, mostly forgotten. The names of some of the AI companies that seem unbeatable today are going to ring like AOL or Yahoo in ears of the future.

And the benefits that businesses provide far exceed the returns they generate to ownership. Most Ford drivers don't own shares of Ford, but they receive the benefits of having a car. Someone whose cancer is detected earlier thanks to AI-enhanced radiology doesn't have to own any stock in an AI company to reap the benefits of the technology.

Central planning, which is where government ownership of corporations inevitably winds up, is a surefire way to destroy wealth, not create it. The preferences of politicians are substituted for the preferences of customers, and markets are frozen and managed rather than being allowed to develop and flourish organically. That's true no matter what the intentions of the politicians.