

Opinion **US politics & policy**

## America's new 'patriotic' capitalism

In the land of the (supposedly) free markets, government stakes and price controls are met with silence on Wall Street

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Another week, another eye-popping comment from Howard Lutnick, the Wall Street broker turned US commerce secretary — and one of President Donald Trump's favourite henchmen.

On Tuesday, Lutnick was quizzed about the US government's [startling move](#) to pay \$8.9bn for a 10 per cent stake in Intel, the chipmaker — which he defended roundly. Then he suggested the government might buy stakes in industrial groups such as Lockheed Martin.

The reason? Lockheed is so reliant on military contracts that it is “basically an arm of the US government”. Free-market evangelists might spin in their graves.

And if you want an even more eye-popping — albeit less noticed — development consider this: last month the Pentagon [spent \\$400mn to take a 15 per cent stake](#) in MP Materials, a Nevada-based group that aims to be “a fully integrated rare earths producer”.

praseodymium.

That is a piddling sum. But the government also gave MP Materials a decade-long guaranteed price floor for its products, such as the rare earths neodymium-praseodymium, at twice recent market rates (leaving aside the fact [prices have soared this week](#) as MP Materials has cut ties with China).

Yes, you read that right: in the land of the (supposedly) free markets, quasi price controls have now emerged in a corner of US mining. And this could be contagious; Randall Atkins, chief executive of Ramaco Resources, a rival to MP Materials, [told the FT](#) that the sweetheart deal should be a “template”. Other commodity groups are apparently now lobbying for similar support — or so I heard when I recently participated in a seminar at the Naval War College.

So what should investors conclude? One obvious lesson is that the White House is deeply worried about national security in general, and rare earth minerals in particular. No wonder: [China dominates global production](#) of the magnets needed for many key civilian and military processes, and controls more than 55 and 70 per cent of global mining and processing — respectively.

America [has shamefully poor stockpiles](#). Barring an innovation miracle, it could take a decade to create US supply chains, as Michelle Foss, a minerals professor, told security officials, stressing that the key problem is processing — not mining. Moreover, this will require collaboration with Australia, Canada and African countries — places Trump has irritated with his tariffs.

The second key lesson from this saga is that no one should doubt the scale of zeitgeist shift under way in the White House. Men such as Lutnick built their Wall Street careers with a neoliberal, free-market mantra. But a mercantilist, state-run vision of capitalism is now taking hold, particularly (but not exclusively) in the national security realm.

Trump's advisers tell me they have no choice in a world where China is using state-run capitalist policies to challenge the US. Military officials seem to agree; if Beijing is

subsidising its rare earth industry, slapping on export controls and lower prices to win market share, America cannot compete with free-market forces; or so the argument goes.

This may be correct in areas such as neodymium and praseodymium. But what is startling is the resounding silence from America's C-suite about this zeitgeist shift, particularly since Trump is now meddling in realms beyond national security (like restaurant brands) — at a time when [many business voices have lambasted](#) Zohran Mamdani, the NYC mayoral candidate, for floating “socialist” ideas like [city-owned grocery stores](#).

Maybe this silence reflects executives' own national security concerns. But judging from recent private debates I have heard, it is also driven by fear and greed: no company wants to become a target for Trump's wrath by challenging him. Most executives also think they can make money from the shift.

That leads to a third point: anyone valuing US assets today needs to do so through the lens of “patriotic” capitalism. More specifically, investors should ponder some once-unimaginable questions: could the US government soon limit companies' choice around tech and cloud vendors to curtail cyber security risks? Might it buy stakes in industrial giants and utilities, such as SpaceX?

Might it use a sovereign wealth fund or development bank to gobble up non-US assets — beyond Greenland? Might it dictate how a company such as Google runs seabed cables? Will it slap export controls on sensitive tech sales beyond China, say to Europe? I have heard all these ideas tossed around, however fanciful.

This will horrify some observers. But it will also thrill anyone worried about US security vulnerabilities — and those who were savvy or well-connected enough to have invested in this trend. Just look at how MP Materials' share price has recently quadrupled, creating a price-to-sales ratio that is far higher than even Apple or Nvidia.

Either way, we are now witnessing a most peculiar twist of history. Two decades ago,

western leaders thought China was becoming more “American”, in the sense of adopting free market, capitalist principles. Now it is the US that looks more Chinese. Future historians may yet chuckle at the irony — or weep at the future cost.

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