



AI Investments and Potential Government Stakes in Private AI Firms

August 28, 2026

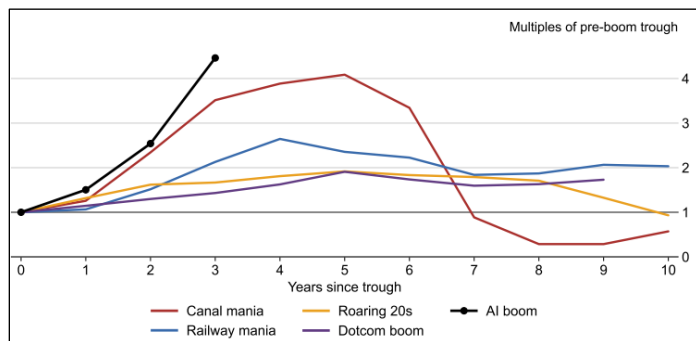
The rapid build-out of [artificial intelligence \(AI\)](#) infrastructure and capacity has prompted policy inquiries relating to (1) the significance of AI investments, (2) the potential impact of AI on the economy and society, and (3) policymakers' role in shaping how AI-generated productivity and wealth may be distributed across society. This In Focus provides background on these issues, focusing on asset allocation and wealth distribution in the context of potential government stakes in private AI firms.

AI-Related Investment Surge

AI-related capital expenditure (capex) is fueling what some observers describe as the largest technology-driven investment boom in history. In 2025, major U.S. technology companies (e.g., Amazon, Google, Meta, and Microsoft) spent an estimated approximately [\\$420 billion](#) on AI infrastructure. In 2026, AI-related investment is projected to [exceed \\$1 trillion](#) globally and close to \$600 billion in the United States. One investment manager estimates that the cumulative incremental global AI capex from 2026 through 2030 will total approximately [\\$7.5 trillion](#), roughly equivalent to the combined gross domestic product of Japan and France in 2025. Another investment firm places its baseline aggregate AI capex estimates to be approximately [\\$7.6 trillion](#) from 2026 through 2031 across AI infrastructure, including computing, data centers, and power systems to meet energy demands.

[Studies](#) of AI investment and other historical technology-driven investment cycles indicate that, from the U.S. canal mania of the 1830s and the British railway mania of the 1840s to the [roaring twenties](#) and the dot-com boom of the late 1990s—transformative technologies often accompany periods of excessive investment followed by adverse market corrections, sometimes with broader economic repercussions ([Figure 1](#)). This history may inform debates regarding AI investment.

Figure 1. AI Investment Boom and Historical Episodes



Source: Bank for International Settlements, [The AI Investment Race](#), July 2026.

AI's Potential Financial Economic Impacts

[Observers](#) generally agree that the surge in AI-related investments is financing a potential transformation in the economy and society, although the nature, magnitude, and

timing of that transformation remain uncertain. Some [industry observers](#), who predict the most transformational outcomes, foresee changes in certain principles underlying today's economic and financial systems, including the emergence of a post-scarcity economy, in which AI-generated productivity gains could lead to material abundance. Meanwhile, critics [argue](#) that such expectations may be overstated. More immediate concerns regarding AI investment include potential implications for wealth concentration and financial stability.

Investment and wealth concentration. Some observers have raised concerns about [investment market concentration](#) and potential [market volatility](#). In public equity markets, several large technology companies with significant AI-related activities—including NVIDIA, Alphabet, Apple, Microsoft, Amazon, Broadcom, Meta Platforms, and Micron—account for [more than 40%](#) of the S&P 500's total market capitalization. Companies associated with the development and deployment of AI technologies and infrastructure have also been major contributors to [stock market gains](#) in recent years. Some observers [argue](#) that these developments could increase investor exposure to AI-related risks and amplify the effects of stock price volatility, particularly for less-diversified portfolios.

Investment valuation vulnerability. As of August 2026, U.S. stock market valuations were [historically high](#) as measured by [price-to-earnings ratio](#) and other metrics. Adverse stock price movements could result from either the bursting of a speculative investment bubble, as valuations adjust downward toward perceived fundamental values, or AI-driven disruptions that reduce the revenue streams at incumbent firms (e.g., automated software coding capabilities provided by AI systems have contributed to reduced revenue at [certain software companies](#), leading to a wave of public stock and private fund [sell-offs](#) in 2026). Declines in asset prices could reduce investor wealth and, depending on the scale and interconnectedness, potentially generate contagion effects that raise broader [financial stability concerns](#). Some observers [argue](#) that given the scale of AI investment, a slower-than-expected return on AI investments may increase recession risks.

Financial stability transmission channels. Some observers have [questioned](#) whether AI-related potential [labor displacement shocks](#) would create financial stability concerns. In a scenario involving large-scale [AI-driven labor displacement](#), affected workers could experience income losses that reduce household consumption, potentially lowering revenues for businesses that depend on consumer spending. Such developments could also increase credit stress across financial markets, including mortgages, banks, and [nonbank financial intermediaries](#), through higher delinquency and default rates. In turn, these stresses could create structural vulnerabilities and contribute to broader financial stability concerns. Although this scenario has been discussed in theoretical terms, as of July 2026, AI had not reached its projected long-term capacity, and there was [no](#)

evidence of widespread labor market disruptions attributable to AI.

Policy Design for AI Equity Sharing

This section provides selected examples of proposals and existing practices that may inform the policy design for AI-related equity sharing. Policy proposals related to the broad sharing of AI equity may reflect concepts such as “universal basic income,” “universal grant of basic capital” and “citizens’ equity,” under which the government acquires financial assets or equity interests and distributes benefits across the population.

Industry proposals. Large AI companies, including Anthropic and OpenAI, have released policy frameworks acknowledging the potential of unprecedented AI-driven economic growth and expressing support for broadly shared prosperity. Potential wealth distribution mechanisms include universal basic income, AI sovereign wealth funds funded by equity stakes in AI firms, tax system reform, and other equity-sharing approaches.

Legislative proposal. The American A.I. Sovereign Wealth Fund Act (S. 4825) would require certain AI companies to make a one-time transfer of a 50% equity stake to a government-managed sovereign wealth fund overseen by a seven-member commission. As the fund’s value grows, it will directly pay out to the public. The proposal also provides the government with voting rights, board representation, and other governance rights associated with the transferred equity. If the bill were to become law, companies subject to its equity transfer requirement (or their shareholders) may challenge its constitutionality.

Regulatory infrastructure proposal. One proposal reportedly calls for the creation of an independent self-regulatory organization for AI that would report to the Securities and Exchange Commission, the primary capital markets regulator.

White House discussions. President Trump reportedly discussed the possibility of government equity stakes in private AI firms with industry participants. As of July 2026, no details had been publicly released. Some observers have looked at existing government investments and other stakes in private firms for potential options of comparison. The next section provides selected examples of these existing practices.

Examples of Government Investments and Other Stakes in Private Firms: U.S. and International Practices

The U.S. government, through agencies such as the Department of Commerce (DOC), Department of Defense, and Department of Energy, has entered into transactions with private firms using mechanisms such as equity investments, loans, partnerships, revenue sharing, and voting rights. Many of these transactions have occurred in sectors such as critical minerals, semiconductors, and quantum computing and are often supported by national security and international competition considerations. These arrangements enable the government to support selected industries while sharing associated financial risks and returns. Potential government stakes in private AI firms may or may not follow approaches similar to these:

- **Equity investments** that give investors an ownership interest in a company, such as DOC’s equity investment of \$8.9 billion in Intel, \$150 million in xLight, \$2 billion in

nine quantum computing companies (e.g., IBM and GlobalFoundries), and \$874 million in seven semiconductor companies (e.g. GlobalFoundries and Kepler).

- **Loans or debt financing** that allow companies to borrow from the government under pre-negotiated terms and interest rates, such as government loans to Lithium Americas, USA Rare Earth, and MP Materials.
- **Strategic public-private partnerships (P3s)** that are generally for complex longer-term projects involving shared resources, risks, expertise, and operational linkages such as offtake agreements. For example, certain government transactions related to minerals, nuclear energy, and missile industries involving Lithium Americas, USA Rare Earth, MP Materials, Korea Zinc, Trilogy Metals, Vulcan Elements and ReElement Technologies, Westinghouse, and L3Harris Technologies have reportedly used P3 arrangements.
- **Revenue sharing** in exchange for export permissions. NVIDIA and AMD reportedly gained export permission after agreeing to share their revenue with the government.
- **Participation in corporate decisionmaking through a “golden share”**—a special share that grants its holder certain governance rights, such as veto power or influence over major corporate decisions. The approval of Nippon Steel’s acquisition of U.S. Steel was conditioned on the federal government’s receipt of a golden share.

Internationally, some governments have directly invested in private AI firms. For example, the Chinese government has actively invested in AI for more than a decade, including through government-backed venture capital (VC) funds. One study found that 71% of Chinese AI firms receiving both government and private VC funding received government funding first, potentially serving as signals for subsequent private investment. These Chinese government investments often entitle the government to certain decisionmaking rights. In 2026, the United Kingdom launched a £500 million (around \$675 million) sovereign AI venture fund aimed at reducing dependence on foreign AI and supporting domestic AI start-ups.

Considerations for Congress

In light of AI-related developments in investments, wealth generation, and potential labor displacements, policymakers may consider legislative proposals related to AI equity sharing and resource distribution mechanisms, taking into account ways to balance equitable distribution, international competitiveness, incentives for innovation, and broader societal questions.

Regarding AI investments and capex, as previously discussed, periods of overinvestments have historically left certain transformative technology sectors vulnerable to boom-and-bust cycles. Policymakers may therefore consider AI’s benefits alongside the possibility that concentrated investments, from governments and others, could also divert capital from other sectors of the economy in the near term. If a boom-and-bust cycle were to occur, certain negative externalities may be borne broadly by society.

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IF13301

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