

Trump's Corporate Nationalism

Implications for the EU

- Donald Trump's "corporate nationalism" marks a new era of U.S. state capitalism—blending ownership, control, and regulation to extract rents from strategic sectors.
- Europe should respond by moving forward in creating a single market, as recommended by Mario Draghi's 2024 report on EU competitiveness.

Introduction

Donald J. Trump's second-term economic strategy is redefining the relationship between the U.S. government and corporate America. Trump's "corporate nationalism" marks a new era of U.S. state capitalism, combining financial control, selective ownership, and regulatory leverage to pursue political and national security objectives. It accelerates earlier interventionist trends rooted in U.S. economic security traditions—from the Defense Production Act in 1950 to the CHIPS Act and the Inflation Reduction Act in 2022—yet its novelty lies in subordinating market logic to transactional sovereignty.

Trump's approach—best described as corporate nationalism—combines financial control, selective ownership, and regulatory leverage to pursue political and national security objectives

New modalities

Trump's model departs from classical protectionism and coherent industrial policy as it is transactional, discretionary, and rooted in populist economic nationalism.¹ It relies on novel, often legally ambiguous, instruments that extend state control beyond regulation or subsidies. The administration has used regulatory chokepoints—such as export licenses, merger approvals, and federal loans—to negotiate ownership rights, governance influence, and revenue participation in private firms.

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The most striking example from U.S. economic orthodoxy is the U.S. government's "golden share" in U.S. Steel, which it secured during Nippon Steel's acquisition. This share gives Washington veto power over significant corporate decisions, production changes, and future sales. It does not require financial investment, granting strategic control while preserving the appearance of market ownership.² It symbolizes the state's reassertion of authority in strategic sectors once considered sacrosanct to private capital.

A second mechanism involves equity-for-funding exchanges. The federal government has taken minority stakes in companies receiving public support, including chipmaker Intel and rare-earth producer MP Materials,

converting grants or loans into ownership positions.³ A similar arrangement with Lithium Americas Corp. tied public financing to government-held warrants and revenue participation.⁴ These transactions mark a departure from rule-based subsidies toward conditional equity control—effectively creating a portfolio of semi-state assets across strategic industries.

Revenue-sharing deals with firms like Nvidia and AMD further blur the lines between commercial and fiscal interests.⁵ In exchange for renewed export licenses to China, these companies agreed to provide 15% of the companies' China-related revenues from those sales.⁶ This creates a precedent that introduces “pay-to-play” elements into foreign trade policy and risks politicizing access to global markets.

Taken together, these measures constitute a hybrid model of state capitalism through negotiation, combining industrial policy, regulatory leverage, and fiscal opportunism. It aligns corporate behavior with national security imperatives while eroding the boundaries between public and private decision-making.

Implications of a new U.S. model

By attaching ownership stakes and veto rights to strategic firms, the government directly influences corporate governance in sectors such as semiconductors, critical minerals, and steel

This approach shifts the United States from a rules-based subsidy regime to one of discretionary control. By attaching ownership stakes and veto rights to strategic firms, the government directly influences corporate governance in sectors such as semiconductors, critical minerals, and steel. Proponents argue this ensures supply-chain security and aligns private incentives with national priorities. Critics counter that it introduces cronyism, politicized capital allocation, and long-term legal uncertainty, potentially chilling foreign direct investment. The resulting system resembles a form of transactional sovereignty, in which national security justifies selective intervention that subordinates economic efficiency to political expediency.

This approach also includes many contradictions that undermine its economic policy objectives. The U.S. government distorts capital efficiency by channeling public funds and regulatory privileges toward politically favored sectors. This incentivizes companies to align with political priorities rather than market signals and encourages lobbying and rent-seeking over innovation.

Corporate nationalism replaces competition with transactional allegiance. Firms that demonstrate political loyalty or symbolic “patriotism” receive access to subsidies and contracts, while others face punitive tariffs or regulatory exclusion. This logic favors rent extraction—profits derived from state privilege—rather than productivity gains. Over time, the resulting drop in efficiency can erode competitiveness.

Corporate nationalism yields political dividends—repatriated jobs, reshored factories, and the appearance of national self-sufficiency. Yet the underlying economic structure becomes weaker and dependent on sustained state intervention and fiscal expansion.

U.S. favoritism in strategic industries, particularly energy, defense, and advanced manufacturing, creates inflationary pressures. Public subsidies and domestic-content mandates raise input costs across supply chains, amplifying price rigidities and undermining monetary stabilization efforts. The result is circular: higher costs justify further subsidies, deepening fiscal deficits, and embedding inflationary inertia.

Warnings for the EU

The U.S. turn toward corporate nationalism should serve as an urgent wake-up call for the EU.

Trump's corporate nationalism is a competitive challenge and a governance warning. It threatens to reshape transatlantic economic relations and intensify global subsidy races.

European firms may face heightened politicization of cross-border mergers and acquisitions. Washington's use of equity and veto rights may complicate European investments in U.S.-linked supply chains and expose firms to unpredictable political conditions. Strategic sectors such as automotive, renewables, and defense could experience disruptions or re-routing of key inputs.

The U.S. shift also risks triggering intra-EU subsidy competition. The EU's relaxation of State aid rules under the Temporary Crisis and Transition Framework has already allowed wealthier member states to deploy disproportionate support, threatening Single Market cohesion.⁷ Replicating U.S.-style discretionary tools could deepen fiscal divergence and undermine common competition principles.

Finally, the new U.S. approach exposes the EU's structural limitations in responding and deploying a unified response. Decision-making through regulation and subsidiarity, while effective for long-term integration, is slower and less agile than the United States' executive-driven model.⁸

EU policy recommendations

The appropriate European answer is to make progress in creating a single market, as recommended by Mario Draghi's 2024 report on EU competitiveness, rather than attempting to replicate U.S.-style interventionism.⁹

Conclusion

Trump's corporate nationalism reflects a decisive U.S. turn toward interventionist capitalism—a competitive challenge and a cautionary tale for the EU. It exposes the EU's vulnerabilities in strategic agility. Deepening its structural unity can help sustain Europe's competitiveness and autonomy in an increasingly politicized global economy.

The new U.S. approach exposes the EU's structural limitations in responding to this new era of global economic competition and in deploying a unified response

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Beyond the economic dimension, corporate nationalism represents a normative challenge to rules-based global governance

Beyond the economic dimension, corporate nationalism also represents a normative challenge to rules-based global governance. It redefines sovereignty not as a legal principle but as a transactional currency. Defending rules-based multilateralism is therefore an economic and constitutional imperative.

Notes

- ¹ <https://www.iiss.org/online-analysis/online-analysis/2025/09/americas-quiet-turn-towards-state-capitalism>
- ² <https://www.washingtonpost.com/business/2025/06/18/steel-nippon-golden-share-trump>
- ³ <https://www.reuters.com/business/us-take-10-equity-stake-intel-trumps-latest-corporate-move-2025-08-22/>
- ⁴ <https://www.energy.gov/articles/department-energy-restructures-lithium-americas-deal-protect-taxpayers-and-onshore>
- ⁵ <https://www.iiss.org/online-analysis/online-analysis/2025/09/americas-quiet-turn-towards-state-capitalism>
- ⁶ <https://www.washingtonpost.com/technology/2025/08/10/nvidia-amd-china-chips-deal-trump>
- ⁷ https://competition-policy.ec.europa.eu/state-aid/legislation/temporary-crisis-and-transition-framework_en
- ⁸ <https://www.europarl.europa.eu/news/en/press-room/press-tool-kit/1/all-you-need-to-know-about-the-eu-s-long-term-budget>
- ⁹ https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en