OPEN LETTER TO CONGRESS

The Honorable Roger Wicker
Chair
Senate Armed Services Committee
425 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
728 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mike Rogers
Chair
House Armed Services Committee
2469 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Adam Smith
Ranking Member
House Armed Services Committee
2264 Rayburn House Office Building
Washington, D.C. 20515

November 10, 2026

SUBJECT: Coalition Warns Against Plan to Codify Government Ownership of Equity Stakes in Private Corporations

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Dear Chairman Wicker, Ranking Member Reed, Chairman Rogers, and Ranking Member Smith:

As the Senate and House Armed Services Committees negotiate a final version of the Fiscal Year 2027 National Defense Authorization Act, we the undersigned organizations and individuals from across the political spectrum urge legislators to set aside provisions that would authorize the Department of Defense (DOD) or other agencies to acquire equity stakes in private companies. This proposal would have serious consequences for the rule of law and for our national security.

Regardless of scale, government ownership of private companies could set a dangerous precedent. Legislators should oppose efforts to codify ongoing ownership grabs on the part of the DOD and other federal agencies. The creation of a statutory pathway does not resolve significant problems with the underlying premise.

Congress exercises its power of the purse each time it decides whether an activity funded in the past still warrants public support. Although Congress would fund the initial equity stake in a private company, the proposed structure fails to provide long-term congressional oversight and control of those amounts. This puts Congress at a disadvantage when

considering the next defense appropriation. Members would need to determine how much of the DOD's request reflects a military need versus a desire to protect an earlier investment.

On a fundamental level, government ownership of private entities impedes independent decision making by both the government and private companies. This risks creating dangerous conflicts of interest that could impact future contracting decisions and put financial interests ahead of security imperatives. Federal investment likewise undermines Congress's power of the purse and flouts the possibility of independent oversight and accountability—a critical facet of our democracy and congressional authority.

National and economic security demands a dynamic and nimble defense industry. Government favoritism preserves neither, impeding innovation and perpetuating inefficiencies instead. What is considered "critical" may change over time, and both the Pentagon budget and industrial sector must respond to that. Washington has a poor record of picking winners and losers. The federal government already has tools to effectively address perceived market failure and procure necessary technology, components, and materials through traditional appropriations, acquisitions, loans, and grants. Though these methods are imperfect, the government favoritism that may result from ownership of equity stakes in private companies would make it even harder for start-ups (and even established contractors) to compete.

Whether through executive action or congressional sanction, continued federal investment in private companies is deeply troubling and sets a dangerous precedent for the future in which the full force of government ownership could be used to execute partisan, moral, or philosophical agendas in the marketplace. Enshrining this practice into statute would deal a serious blow to our security and democratic institutions.

Sincerely,

R Street Institute
Citizens for Responsibility and Ethics in Washington
Protect Democracy
American Commitment
Americans for Prosperity
Business for America
Center for a Free Economy
Competitive Enterprise Institute
Concerned Veterans for America
Consumer Action for a Strong Economy
Demand Progress
Principles First
Project on Government Oversight
National Taxpayers Union
Rio Grande Foundation
Taxpayers for Common Sense

Taxpayers Protection Alliance
Douglas Holtz-Eakin, President, American Action Forum*
Fred Ashton, Director of Competition Policy, American Action Forum*
Michael Baker, Director of Health Care Policy, American Action Forum*
Jacob Jensen, Director of Trade Policy, American Action Forum*
Kevin Kosar, Senior Fellow, American Enterprise Institute*
Vance Ginn, President, Ginn Economic Consulting*
Kent Kaiser, Ph.D., Executive Director, Trade Alliance to Promote Prosperity*
60 Plus Association
American Association of Senior Citizens

**Organization listed for identification purposes only.*