

On October 2, 2025, WSJ reporter Greg Ip published an article titled “Trump Keeps Blurring the Line Between Capitalism and Socialism.” On the heels of the Administration’s deal with Pfizer whereby the drug maker would lower prices in exchange for reduced tariffs on pharmaceutical imports, Mr. Ip questions the distinctions between the President’s actions, including the introduction of “TrumpRx,” and New York City “Democratic Socialist” mayoral candidate Zohran Mamdani’s policy proposals. He compares Mamdani’s suggestion regarding city-owned grocery stores to TrumpRx’s discounted drug promise. Furthermore, he writes, “Trump and Mamdani share a fondness for strong-arming private companies that raise prices.”¹

We believe the article and its thrust highlight a grave turn in U.S. industrial policy. In a manner akin to socialism, the Trump Administration’s interventionist approach to the economy, the private sector, and segments of the public sector set a dangerous precedent regarding the independence of private organizations and the unfettered functioning of free markets. Government intrusion will likely result in weaker growth, reduced efficiency and stifled entrepreneurship.

Every nation pursues some form of industrial policy seeking to exploit domestic advantages, enhance employment, and boost growth. Policies and legislation range from complete ownership and management of companies or industries like oil and natural resource producers to more targeted strategies for selected industries. The U.S. has traditionally taken a more subtle approach to industrial policy using tax incentives, import duties, or the provision of subsidized financing to promote certain industries within the context of free markets. During the last decade, as countries like China and Russia spurred growth by spending heavily to promote certain sectors, other nations took notice and questioned the merit of their own policies by comparison. In a 2023 Harvard Business Review article titled “The New Era of Industrial Policy is Here,” author Willy C. Shih wrote, “Governments around the world are increasingly intervening in the private sector through industrial policies designed to help domestic sectors reach goals that markets alone are unlikely to achieve.”²

Many complex questions arise when thinking about optimal or even desirable industrial policy. Goals and objectives are paramount, followed by implementation methodologies. However, we believe core ideological principles should guide decision-making and ultimate policy choices. As a free and democratic society, the U.S. has long been a leading advocate of free and open markets. Free markets guided industrial development, entrepreneurship, education, and policy. The U.S. also led on global free trade which powered GDP growth and brought many nations, including China, out of poverty. Global trade played a critical role in taming inflation and boosting productive efficiency.

Recently, free markets have been criticized by many across the political spectrum. The loss of manufacturing competitiveness has been highlighted as a free market failure, while China’s ascension has been ascribed to unfair play and an appropriation of western nations’ openness. Mr. Shih adds, “A more controversial, and increasingly common, type of intervention focuses on helping specific industries and sectors.”³ He cites examples like Europe’s subsidization of Airbus, and China’s support for their domestic electric vehicle industry as interventions that enabled the beneficiaries to achieve financial success and a global prominence they might not have reached if left purely to free markets.

Actions by politicians and governments, including President Trump, make it seem as though the pendulum has swung. Disenchanted voters empowered politicians who disparage existing policy and accuse countries like China of “stealing jobs” and “endangering national security.” While the rhetoric has a powerful political dimension, we believe the response must

¹ The Wall Street Journal, “Trump Keeps Blurring the Line Between Capitalism and Socialism,” Greg Ip, October 2, 2025.

² Harvard Business Review, “The New Era of Industrial Policy is Here,” Willy C. Shih, September – October 2023.

³ Harvard Business Review, “The New Era of Industrial Policy is Here,” Willy C. Shih, September – October 2023.

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embrace the successes of prior policy and be rooted in the ideology that guides the nation's societal structure. During the Biden Administration, the Inflation Reduction Act provided tax credits and other incentives for renewable energy and clean technologies. The CHIPS Act allocated money for the domestic production of semiconductors with the intent of ensuring supply and eventually motivating further domestic innovation. Neither of these initiatives took equity interests in companies, played off competitors against each other, or threatened beneficiaries into potentially uneconomic decisions. Even Trump's One Big Beautiful Bill Act provided broad-based incentives for capital investment across the economy.

The Trump Administration's transactional interventions breach a fundamental element of our democracy, the freedom to operate independently and choose the products and services one wants to consume. A properly democratic government should not choose winners and losers, nor decide what goods and services citizens should purchase. Examples abound of failed or underperforming companies managed jointly by public and private sector groups. Elected governments should have the freedom to reflect voters' preferences via their policies without mandating society be beholden to a preferred company or industry. Ultimately, free (and democratic) markets provide an immensely efficient (and objective) mechanism by which to allocate capital and achieve economic competitiveness. No government has the insight and managerial competence to supersede a free market. Even China, deemed by many to be leading many development races through its authoritarian industrial policy, faces the uncomfortable hurdle that its citizens know their choices are not ultimately free.

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