

It's Time to Stop Spending Taxpayer Dollars on Elon Musk and Cronyism

[David Williams](#) //

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Elon Musk, chairman of SolarCity and CEO of Tesla Motors, speaks Oct. 2, 2015, at SolarCity's Inside Energy Summit in New York. Among SolarCity, Tesla, and SpaceX, Elon Musk's interests got at least \$4.9 billion in taxpayer subsidies over the past 10 years. (Photo: Rashid Umar Abbasi/Reuters/Newscom)

[David Williams](#)

David Williams is president of Taxpayers Protection Alliance, a Washington-based nonprofit and nonpartisan organization that researches, and educates the public about, the government's effects on the economy.

From Enron to Bernie Madoff, at the end of every great American financial scandal, the totality of the perpetrators' greed seems to be matched only by the public's incredulity at how such a thing could be allowed to happen.

And thanks to Elon Musk, there's a good chance we may all be asking this question again soon.

The Senate Finance Committee and the House Ways and Means Committee [have launched a probe](#) into tax incentives paid to solar companies, according to The Wall Street Journal. The committee probes, led by their respective Republican chairmen, Rep. Kevin Brady of Texas and Sen. Orrin Hatch of Utah, have found an appropriate and disturbing target to begin this work.

SolarCity, a solar installation company set to be purchased by Tesla Motors Inc., is one of the seven companies named in the initial investigation.

Already grossly subsidized, Musk's SolarCity has become an albatross of waste, fraud, and abuse of tax payer dollars. As legitimate earnings and cash become even scarcer for SolarCity, its entanglement in the Tesla empire suggests that a drastic reckoning not only is imminent, but in fact emboldening Musk to become more outlandish and reckless.

Notably, SolarCity is run by Musk's cousins, Lyndon and Peter Rive. During his chairmanship at SolarCity, Musk's family enterprise has taken in [billions of taxpayer dollars in subsidies](#) from both the federal and local governments. But the subsidies and sweetheart deals were not enough, as losses and missed projections continued to mount.

Ultimately, rather than endure the embarrassment of collapse and further damage to the public image of Musk and Tesla, the cousins conspired to have Tesla simply purchase SolarCity this year. The conditions of the deal screamed foul play.

To say nothing of what sense it might make for an automaker to purchase a solar installation company, Tesla stockholders were being forced to absorb a failing, cash-burning company and pay top dollar to do so.

While cost cutting and corporate restructuring should have been the priority for a company swimming in debt and burning through available cash, SolarCity in fact has been doubling down on the failed model of taxpayer

support. The desperate thirst for handouts has manifested itself in some of the murkiest political waters imaginable.

Thanks to Musk's cozy relationship with New York Gov. Andrew Cuomo, a Democrat, the state has granted at least \$750 million of its taxpayers' money to SolarCity, building the company a factory and charging it only \$1 per year in rent.

It would be hard to imagine such an operation would not be lucrative for its shareholders. And [yet somehow](#), SolarCity never has made a profit.

It's not just in New York. In this year's race for Arizona Corporation Commission, the state's public utilities overseers, only one outside group funneled cash into the contest.

All of the \$3 million donated by that group, Energy Choice for America, [came from SolarCity](#). The beneficiaries are candidates who have signaled their willingness to be part of the "green machine" that greases the skids for lucrative government subsidies.

Burning through taxpayer dollars, buying elections, and expanding a network of crony capitalism has become so inherent to the SolarCity model that \$3 million to a public commissioner's race, brazen though it may be, is only a drop in the bucket for Musk and SolarCity.

In 2013 alone, SolarCity received \$127.4 million in federal grants. The following year, in which it received only \$342,000 from the same stimulus package, total revenue was just \$176 million and the company posted a net loss of \$375 million.

Despite an expansion of operations and claims to be the leader in the industry, SolarCity never has been able to survive without serious help from government subsidies and grants. The failure to responsibly turn taxpayer dollars into a profitable renewable energy provider has led to SolarCity's collapse into the welcoming arms of Tesla.

And with Tesla, SolarCity in fact will be right at home, compounding a disastrous shell game that Elon Musk is playing with government resources.

It has been widely reported that among SolarCity, Tesla, and the rocket company SpaceX, Elon Musk's confederacy of interests has gotten [at least \\$4.9 billion in taxpayer support](#) over the past 10 years.

This is almost half of Musk's supposed net worth—taken from the pockets of American citizens and put into companies that can survive only by cannibalizing each other, spending without end, and promising that success is always just beyond the horizon and yet never arrives.

The American people are being taken on a ride by SolarCity, Tesla, and Musk. The ride is fueled by a cult of personality in Musk. And it costs billions of taxpayer dollars as he promises us not only the moon, but to harness the power of the sun and send us all to Mars.

In the cases of Enron and Bernie Madoff, in the end the cheated victims wished to have woken up sooner to the hubris that enabled such a downfall—or that at least regulators had pulled their heads out of the sand before the full impact of the collapse was realized.

We've seen this story before and we know how it ends.

The congressional investigations underway not only are necessary but a signal that more must be done, and soon. We may not be able to help Elon Musk stop himself from failing again, but we certainly shouldn't be the ones to pay for it.

It's past time for the American people to stand up to Musk and demand that our legislators and other elected officials bring him back to earth before spending one more dollar of our money. He's wasted enough of it already.

Can we wean Elon Musk off government support already?

By Jenny Beth Martin



© Getty Images

Tesla's new Model 3 has finally arrived, and not a moment too soon. The critics seem to love it, and Tesla management says it's already received deposits for 500,000 of the vehicles. Perhaps now Elon Musk can finally get his hand out of U.S. taxpayers' wallets?

Musk is, to be sure, an ideas man. Private, commercial space travel? Check. Washington to New York in less than half an hour in what he calls a "hyperloop" train that will travel at 800 miles per hour? Check. A new kind of tunneling engineering? Check. Solar energy? Check. Electric cars? Check, check.

As wide-ranging as these various entrepreneurial ventures may be, they all have one thing in common – not a single one of them would get funding in a competitive private capital market if it weren't for massive (and I do mean massive) taxpayer-funded government subsidies.

A study published two years ago by The Los Angeles Times [revealed](#) that just three of Musk's ventures – SolarCity Corp. (which manufactured and installed solar energy systems before its 2016 merger with Tesla Motors Inc.), Tesla Motors Inc. (which manufactures electric vehicles), and Space Exploration Technologies Corp., known as SpaceX (which builds rocket ships) – had received \$4.9 billion in government subsidies to that point in time. By now, Musk's various ventures have sucked well over \$5 billion from government coffers.

But granting literally billions of dollars in taxpayer subsidies to Musk's firms isn't the worst of it. No, that honorific is reserved for this little gem: In order to induce car buyers to spend their money on electric vehicles, the federal government offers a \$7,500 rebate on the purchase price.

Some states enhance that rebate with rebates of their own. In California, for instance, purchasers of electric vehicles get a state-funded rebate of \$2,500 more.

There's a phrase for that – it's called "crony capitalism." And it stinks.

Crony capitalism relies on government picking winners and losers. It depends on government choosing to move resources to a favored enterprise, even as it refuses to move resources to disfavored enterprises.

As such, it adds a political aspect to the economic criteria of the investment financing decision-making matrix. Those who can curry favor with key government officials have another avenue of funding available to them that those who cannot curry such favor do not.

By definition, that distorts the marketplace, and warps investment decisions better made by private stewards of finance unencumbered by political considerations, whose only fiduciary responsibility is to those whose funds they manage. By adding the political calculus to the decision-making matrix, it alters outcomes, and prevents the most economically efficient deployment of limited financial resources.

That's all fancy economic professor talk I learned in college.

Here's the question I hear when I'm talking to friends in Georgia who ask me to explain Washington to them: "Why should those guys in Washington take my hard-earned tax dollars and use them to lower the price of an electric car for some movie star in Hollywood?"

That's a good question. Given that the average household income of a Tesla Model X owner is \$503,000, that the average household income of a Tesla Model S owner is \$267,000, and that we can only assume the average household income of a Model 3 owner will be somewhere in six-figure territory, it's a tough question to answer.

If Leonardo DiCaprio – who commands \$20 million per movie (and there's nothing at all wrong with that, if Hollywood studios think he's worth the investment) – wants to buy a Tesla electric car, more power to him. But he certainly doesn't need to be taking money out of the pockets of middle-income people elsewhere to do it. He can afford it on his own.

So that's why I'm hoping Tesla's Model 3 is a yuuuuuuuge hit. I hope Elon Musk sells enough of those cars that he can make a profit on his own, without needing to dip any further into our pocketbooks and wallets.

Maybe then we could actually get a tax cut, and get some of our money back, so we can make our own choices about how best to spend them, rather than letting bureaucrats and politicians in Washington make those decisions for us.

President Trump, are you listening?

We witnessed Elon Musk and his investors engage in felony-class corruption with State and Federal tax money. James Comey and Eric Holder were informed of this, in writing, and they covered it up. Christopher Wray, the new head of the FBI, has now been informed of this, in writing!

Read More About Musk at <http://www.gizmodom.net>