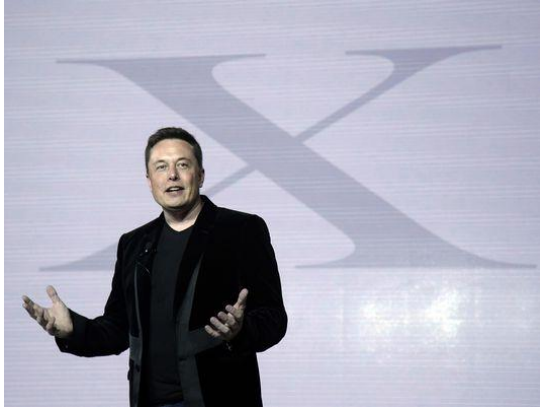


# The Detroit News

## Column: Elon Musk, crony capitalist king



*(Photo: Marcio Jose Sanchez / AP)*

If Elon Musk's various projects are so fabulous, why do they all need government "help"?

Musk will tell you all about the virtues of his Tesla cars. They are sleek and speedy. This is true. But they are also very expensive (the least expensive model, the pending Model X, will reportedly start around \$35K, about the same price as a luxury sedan like the Lexus

ES350).

The real problem with Tesla cars is that no one actually buys them. Well, not directly.

Their manufacture is heavily subsidized — and their sale is heavily subsidized. Either way, the taxpayer is the one who gets the bill.

On the manufacturing end, Tesla got \$1.3 billion in special "incentives" from the state of Nevada to build its battery factory there. This includes an exemption from having to pay any property taxes for the next 20 years. Another inducement was \$195 million in transferable tax credits, which Tesla could sell for cash. California provides similar incentives, including \$15 million to "create jobs" in the state.

Tesla does not make money by selling cars, either. It makes money by selling "carbon credits" to real car companies that make functionally and economically viable vehicles that can and do sell on the merits — but which are not "zero emissions" vehicles, as the electric Tesla is claimed to be.

Laws in nine states require each car company selling cars in the state to sell a certain number of "zero emissions" vehicles, else be fined. Since only electric cars qualify under the law as "zero emissions" vehicles — and the majority of cars made by the real car companies are not electric cars — they end up having to "purchase" these "carbon credits" from Tesla, subsidizing Tesla's operations.

The amount Tesla has "earned" this way is in the neighborhood of \$517 million.

It is estimated that Musk's various ventures — including his new SolarCity solar panel operation and SpaceX — have cost taxpayers at least \$4.9 billion, with Tesla accounting for about half of that dole.

Musk might point out that other businesses also get “help” from the government (that is, from taxpayers), but the real difference between Musk’s operations and those of say General Motors is that General Motors’ products are fundamentally viable while Tesla’s are not.

GM is happy to accept government “help” when offered, but it is not necessary for taxpayers to bankroll the production of Corvettes — nor provide thousands of dollars in cash incentives to each prospective buyer in order to “stimulate” sales.

Tesla could not build a single car without the government’s help. Or rather, the actual cost would be so prohibitive that virtually no one would buy a Tesla.

Yet even with massive subsidies at the manufacturing level and then again at the retail level, each Tesla still “sells” at a loss of several thousand dollars per car.

Why are taxpayers being forced to support the “purchase” of electric exotic cars? Why should taxpayers be made to subsidize any of Musk’s businesses?

The heroic real-life Tony Stark image notwithstanding, Musk is an operator — not a creator of value.

Eric Peters is the author of “[Automotive Atrocities: The Cars We Love to Hate](#).” This has been adapted from [InsideSources](#).