



Government subsidies helped Elon Musk attain \$13.3 billion net worth



Robert Downey, Jr. at Comic Con 2012. Taken by Mayank Naruto.

In the *Iron Man* motion picture saga, as well as the *Avenger* movie series which is also produced by Marvel, the wealthy industrialist Tony Stark is a troubled genius and an astoundingly successful businessman. He attends glittering evening *soirées* accompanied by beautiful women, somehow becoming more likable as he grows more flippant. This brusque demeanor belies the fact that he becomes increasingly concerned with a growing threat facing all of humanity, in his case the appearance of the Chitauri, a destructive alien race that almost levels New York City. His incessant desire to develop super weaponry that can protect the world almost destroys his romantic relationship and

taxes his personal health during the course of *Iron Man 3*.

[An April 2010 piece published in TIME and penned by Jon Favreau](#), director of *Iron Man* and *Iron Man 2*, reveals the fact that major aspects of the Tony Stark character created by Robert Downey Jr. are based upon Elon Musk. The South African-born entrepreneur, who holds dual citizenship in both Canada and the United States, is lauded by the film director as a “rocket scientist,” a “green pioneer” and a “Renaissance man” over the course of a mere 188 words. Elon’s business ventures as CEO of [Tesla Motors](#) and [SpaceX](#) and their intended impact on humanity over time is closely aligned with the fictional Stark and his determination to protect civilization as he knows it.

In the Netflix drama *House of Cards*, a different wealthy industrialist plays a large role in the events leading up to Frank Underwood's ascendance to the United States presidency. His name is Raymond Tusk. Tusk, played by actor Gerald McRaney, is a magnate of the energy industry who uses his ties to business interests in China and his personal relationship with President Walker to create a political victory for Walker and greater wealth for himself. His inability to do so creates a scandal that leads to Walker's resignation and Tusk's own downfall.

There are those who have wondered aloud [whether similarities in the names "Raymond Tusk" and "Elon Musk" may have some greater significance](#), further punctuated by the fact that both are, in a sense, leaders in the energy industry, albeit the fact that only Musk serves as such in real life. Although the strong correlation between Musk and Tony Stark actually exists, any perceived link between Musk and Tusk is probably just conjecture. However, there are aspects of Musk's relationship with the United States government which have been seen as troubling by some, namely [the reliance of Musk corporations on government funding in order to achieve their wild success](#). Somewhat more insidious is the fact that Musk is potentially using government funding in order to increase his own personal wealth. As of June 3rd, [Elon Musk's net worth was \\$13.3 billion](#).



"Elon Musk – The Summit 2013" by Heisenberg Media – Flickr: Elon Musk – The Summit 2013. Licensed under CC BY 2.0 via Wikimedia Commons

To Musk's credit, he has not denied that his companies received substantial government assistance, and it seems as though he's never refuted the amount of money he has received, which one reporter for the *Los Angeles Times* [pegged as high as \\$4.9 billion when accounting for public assistance to any of Musk's companies](#). In Musk's mind, [the benefits that his corporations pose in the form of new age technologies and well-paying jobs](#) more than make up for the public investment into his business activities. He's also keen to point out that [his companies would still be in business without government assistance](#), a point that is nearly impossible to prove. Further, he sought to deflect inquiry by pointing out that the incentives his company has received "are a tiny, tiny, pittance compared to what the oil and gas industry receives every year."

Whether the money Musk's companies received was a subsidy, or an "incentive" as he prefers to call it, there is no doubt that \$4.9 billion goes a long way in helping finance his Stark-ian business ambition or [continue enjoying a party lifestyle](#). Consider Tesla. [Musk bought into the company with a \\$6.35 million investment made in 2004](#), shortly thereafter becoming Tesla's chairman. In 2010, the company received a \$465 million loan through a U.S. Department of Energy program which had funded such impressive energy industry failures as [Solyndra](#) and [Fisker Automotive](#). Tesla made a big to-do about the fact that [the company was able to repay the DoE loan in full in May 2013](#), nine years before it was due. However, Tesla wasn't able to repay the loan based on profits from sales; it instead relied on Goldman Sachs to drum up hundreds of millions of dollars that same month by [managing a four million share issuance of common stock as well as \\$660 million in convertible notes](#). So the company paid for debt with debt. A myriad of other public subsidies can't be hurting the company. These include [a \\$7,500 federal tax credit for purchasing a Tesla vehicle](#) on top of [thousands of dollars of income tax breaks offered by a couple of states](#).

[The Powerwall home energy technology recently released by Tesla Energy](#), a newly created division of Musk's company, is hoping to reach a larger consumer market with the help of public funding. Federal tax credits will [take 30 percent off of the purchase price of the battery](#). Again, state tax credits compound the public assistance that will spur private sales for Musk; California, for instance, is [offering an additional tax credit of 60 percent of the purchase price](#). If you live in the right part of the country, you could almost write off the entirety of your Powerwall home battery purchase. Currently, Tesla technologies utilize battery cells developed by Panasonic, which itself [receives subsidies from the Japanese government through its New Energy and Industrial Technology Development Organization](#). When Tesla finally opens up Nevada's Gigafactory, which is [receiving \\$1.25 billion in public assistance from that state government's over 20 years](#), it will have a steady stream of battery cell technologies subsidized by American public dollars.

Government contracts through NASA have been extremely profitable for SpaceX, perhaps the most ambitious of Musk's projects, one which he hopes will [lead towards the eventual colonization of Mars](#). In August 2012, [SpaceX won a \\$440 million grant from NASA](#) to design and develop the next generation of the space shuttle for bringing human passengers back into orbit. Last September, [NASA awarded SpaceX \\$2.6 billion for certification and safety testing of its Dragon space capsule](#). It bears mentioning that Boeing received \$4.6 billion from NASA in that same round of funding and [both awards were approved by the Government Accountability Office in January](#) after a challenge was filed by Sierra Nevada Corporation.

One might think that, with all of this reliance on the public coffers, an educated guess could be made as to Musk's political leanings. It might come as a shock for some to learn that, politically, Musk seems to be most well-respected in libertarian circles, a demographic that is not comfortable with the idea of

government handouts. The 2012 edition of the Atlas Summit, a conference for those who believe in the libertarian principles espoused by Ayn Rand, [held a panel on SpaceX and the future of space travel](#) during which panelists couldn't help but draw parallels between Musk and John Galt, the protagonist of Rand's *Atlas Shrugged*. In 2012, [almost half of Musk's \\$74,200 total political campaign contributions went to Obama Victory Fund 2012](#) but he also spent thousands of dollars on Republican candidates like former U.S. Senator Scott Brown, Congressman Dana Rohrabacher ([R-CA](#)) and Sen. Marco Rubio ([R-FL](#)). [In 2014, Musk's two biggest donations went to the National Republican Congressional Committee](#) (\$32,400) and a campaign fund for Sen. Kevin McCarthy ([R-CA](#)) (\$30,000). Yet there were significant members of the Democratic Party receiving campaign contributions from Musk, including Sen. Cory Booker ([D-NJ](#)), Sen. Dick Durbin ([D-IL](#)) and Congressman Dutch Ruppersberger ([D-MD](#)). Musk certainly wants to fashion himself as a realist but, ultimately, he is a pragmatist who is very good at picking winners.

What's most troubling to us here at IPWatchdog is the fact that Musk is trying to make a loser out of the American patent system. [We've reported on Musk's negative view of patents](#), which he has portrayed as stumbling blocks that get in the way of truly meaningful innovation. Many of our readers will know that nothing could be further from the truth. As we discussed, many of Musk's ventures have continued to apply for patents even though he maintains that [he has avoided patenting any technology since he left Zip2, a former business venture](#), in 1999. Once again, the pragmatic Musk has been able to paint himself as Musk the idealist in a very successful manner.

Applying for a patent to bring a useful innovation to the commercial market is an honest and open way to create personal wealth in the United States. Tesla co-founder and former CEO Martin Eberhard has suggested that the government subsidies received by Elon Musk haven't been vital for their survival, to be sure, but they've allowed Musk to grow his businesses into incredibly profitable empires within a few years' time. They've also allowed Musk to [protect his personal share of his companies without having to dilute his share of corporate holdings to grow his personal capital](#).

Strip away the storied, somewhat fictional elements of Musk's idealistic pursuits and Elon Musk is Raymond Tusk. He's an incredibly practical man who knows how to build political goodwill and cash in on it. His bright ideas might effect positive change in our world, but he is in business to make a profit, not solely to save the environment. So far his companies have been good enough to draw a profit while avoiding the scandalous fate that has befallen other governmentally funded enterprises that have been unable to deliver on their promises. However, if he is unable in the future to keep robbing Peter to pay Paul, as it were, the next thing that should follow is a precipitous fall from grace.