

# Elon Musk, Trump and the Tesla boss's 'extraordinary conflicts of interest'

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Rob Waugh

**Former Democrat supporter Musk became a vocal Trump fan during the 2024 election campaign - but the ties between the two will now be under greater scrutiny.**



Elon Musk speaks at a Trump Rally on Sunday in New York. (Getty)

Elon Musk stands to benefit enormously after his vocal backing of the Trump campaign helped lead the former President to a stunning victory this week - but it's likely to be the source of controversy.

Former Democrat supporter Elon Musk has become an increasingly vocal supporter of President Trump, donating \$132million (£102.32million) to the Trump campaign, while also turning his social media platform X into a haven for pro-Trump posts, with misleading election claims from Musk having been viewed more than two billion times.

During the campaign, Musk appeared at Trump rallies, and appeared wearing a 'Dark MAGA' hat in Madison Square Garden, referring a pro-Trump aesthetic that portrays Trump as a Terminator-like character.

Musk also ran a controversial \$1-million-a-day\_giveaway in swing states through his political action committee (PAC) - and during election night, Tweeted a photo showing himself with Trump at Trump's Mar-A-Lago resort.

But the ties between the pair will be under close scrutiny.

Professor Usha Haley of Wichita State University told Yahoo News, "Elon Musk will face extraordinary conflicts of interest arising from his political views, grants and subsidies he receives from the US government, and national security concerns surrounding SpaceX.

"These concerns intensify because of his pronouncements on China's absorption of Taiwan (which he supports) and personal relations with Vladimir Putin (with whom he corresponds regularly according to reports)."

## **What have Musk and Trump said?**

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At the Madison Garden event, Musk suggested that he would be closely involved in Trump's government, saying. "Your money is being wasted... We're going to get the Government off your back and out of your pocketbook."

In the wake of Trump's victory, he Tweeted that the result was a 'clear mandate for change.'



Trump has described Musk as a 'super genius' (AP Photo/Alex Brandon)

Trump has described Musk as a 'super genius', and said in a speech at Mar-a-Lago, "He's an amazing guy,. You know, he sent the rocket up two weeks ago, and I saw that rocket."

"I called Elon. I said, 'Elon, was that you?' He said, 'Yes, it was.' I said: 'Who else can do that? Can Russia do it? No. Can China do it? No. Can the United States do it, other than you? No, nobody can do that.

'That's why I love you, Elon. That's great."

## **How could Tesla benefit from Trump's win?**

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In the wake of Trump's victory, Tesla shares jumped 12% in overnight trading, according to the Robinhood brokerage platform.

While Donald Trump has pledged to dismantle the green energy policies of the previous administration, Tesla could be a rare winner within the EV market, experts believe.

Sridar Tayur, Professor of Operations Management at Carnegie Mellon University's Tepper School of Business told Yahoo News: "EV tax credits will likely be reduced or eliminated, reducing the ability of Tesla's competitors to compete, and could be a net benefit."

Elon Musk and his mother Maye listen to former President Donald Trump (AP Photo/Alex Brandon)

Trump's close ties to Musk could also help the Tesla leader to navigate the company's complex ties with China, says Nikos Tzabouras, Senior Financial Writer at trading platform Tradu.

Tzabouras says, "Tesla's leadership allows it to withstand such a shift [the move to dismantled green regulations], which could hurt its competitors more. Furthermore, Elon Musk has already pivoted Tesla to become an AI and robotics company that's trying to deploy fully autonomous driving.

"These endeavours would need regulatory approvals and President Trump's deregulation push could speed up the process. Additionally, Elon Musk could have an open door to the White House, with President Trump talking for a long time about the Tesla CEO, during the post-election speech."

Musk's approach to self-driving (which uses cameras and AI, rather than more expensive Lidar scanners) could give the company a key advantage if the regulatory environment is favourable.

Musk said last month he expects to roll out driverless Teslas in California and Texas by next year, and start production in 2026 on a fully autonomous "Cybercab," which would have no steering wheels and pedals.

Tesla would need a waiver from National Highway Traffic Safety Administration (NHTSA) to produce such a vehicle. There are no nationwide regulations governing how autonomous vehicles can be deployed, meaning operators have to deal with different regulations in each state.

Musk bemoaned the challenges of the state-by-state regulatory landscape in a Tesla earnings call last month and advocated for one federal approval process.

Elon Musk jumps into the air at a Trump rally earlier this year (AP Photo/Evan Vucci)

Musk's ties to Trump could also help him navigate China-related issues (Teslas are made in Shanghai and the company has a large market there, with Musk having previously parroted Beijing's line that Taiwan is a part of China).

Tzabouras says, "The current administration has already imposed 100% tariffs on Chinese EV imports, shielding the domestic market. Sino-US relations are already fraught with tech trade wars front and centre.

Trump has proposed a blanket 20% tariff on all imported goods, and a 60% tariff on goods imported from China.

Tzabouras says, "This situation can diminish the appeal of US brands and Tesla is already facing stiff competition in China. Relations could deteriorate under President Trump and that could be negative for Tesla's Chinese business, but Musk is also a deal maker who can think outside the box."

## **Could Musk have a role in government?**

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Trump previously promised to appoint Musk as the head of a Government efficiency commission - and Musk claimed he could save \$2 trillion from the Federal budget.

Trump said, "I will establish a government efficiency commission responsible for conducting a thorough and performance of the federal government recommending significant reforms".

But in a later Fox interview, Trump said that while Musk could be "secretary of cost-cutting" he would also be "not in the Cabinet."

The proposed Commission is already controversial, with the president of the American Federation of Government Employees, which represents 750,000 federal workers, accusing Musk and Trump of wanting to replace nonpartisan civil servants with political allies.

He said in a statement to Reuters, "There's nothing efficient about that."

## **How else could Musk benefit?**

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Trump has promised to continue the tax cuts for corporations and wealthy individuals he began in his first term, which would benefit both Musk and the companies he runs.

The ties between Trump and Musk may also ease some of the regulatory pain faced by his companies such as SpaceX.

Trump has promised that his administration will have 'the lowest regulatory burden' for companies.

In recent years, Elon Musk has engaged in 19 legal and regulatory disputes with federal agencies and the Biden government - and a 'lighter touch' combined with his close ties to Trump might offer significant benefits.

Jamie E. Wright, trial attorney and Founder/CEO of the Wright Law Firm in Los Angeles, says that a friendlier regulatory environment could offer a boost for SpaceX.

She says, "SpaceX might benefit significantly, with Trump's pro-space stance and interest in increasing military spending.

"This new Trump administration will likely funnel more funding to NASA and defence, potentially opening the door for more government contracts as SpaceX pushes forward in both commercial and government-backed space ventures."

NASA has invested more than \$15 billion into SpaceX. SpaceX is also separately developing a network of hundreds of spy satellites with a U.S. intelligence agency, Reuters has reported.

"On the social media side, Musk's ownership of Twitter (now X) aligns well with Trump's approach to free speech. A Trump administration would likely avoid imposing strict content moderation laws, giving Musk greater freedom to operate X without the pressure of regulatory oversight."

Shervinr, a venture capitalist who invested in SpaceX and has said lower regulation would speed SpaceX's efforts to get to Mars.

Pishevar said, "He's going to make America function like a startup. There's no greater entrepreneur in American history than Elon Musk."

A former SpaceX official told Reuters that taking a lax regulatory attitude in an industry as dangerous as rocket-building "could blow up in everyone's face and set back the industry for a decade."