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The Maga movement is out to get Elon Musk – and so is China

Trump may have to sacrifice the tech billionaire – Washington is too small for two such egos

If it were possible to short a public figure with maximum leverage, Elon Musk would surely be the top target. The political and enterprise value of “Musk Inc” is built on treacherous ideological sands.

You can short Tesla as an impure proxy for the larger Icarus story. The shares have almost tripled since April to \$430 (£350) even though the company no longer has the sort of growth story that can justify a price-to-earnings ratio of 110.

Tesla has suffered its first year of falling car sales worldwide. It is running into ferocious competition on price and quality in China and is rapidly losing German market share in electric vehicles (EV) to BMW and Mercedes

The company is valued at \$1.37 trillion, four times the entire auto industry of Germany, the greatest engineering nation on earth.

Such anomalies do not last for long.

The driving rationale for the parabolic spike in the share price since Donald Trump’s election is the belief that Musk will enjoy techno-regulatory privilege and crony capitalist favour. The Tesla chief was still in

good enough grace to earn a spot with the Trump family at the inauguration, where he could be seen on Monday gazing with fixed attention at the cupola of the Capitol.

His privilege is recompense for spending a quarter of \$1bn helping Trump over the line in swing states – whether by fostering free speech or by exploiting the black arts of algorithmic propaganda, depends on your angle of view.



The problem with the market's political bet on Tesla is that Musk has already made himself arch-enemy of the Maga priesthood, who increasingly regard him as a globalist carpet-bagger. They think he is trying to subvert the ethno-cultural revival of the American nation state, spreading money around to capture the Trump movement for his own purposes.

“He is a truly evil person. His sole objective is to become a trillionaire. He will do anything related to make sure that his companies are protected,” said Steve Bannon, the Gramscian chief ideologue of the Maga cause, in an interview with Italy’s Corriere della Sera this month.

“Quite frankly, the people around Trump are tired of it. We’ve seen peak Elon, his intrusive nature, his lack of understanding of the true issues,” said Bannon.

“Before, because of all the money he put in, I was prepared to tolerate it: not any longer. His half-baked ideas are really about the implementation of techno-feudalism on a global scale,” he said.

The final rupture was over Musk’s backing for H-1B skilled visas, mostly for Indians working for “big tech”. But it would have happened sooner or later because the Maga theology of primordial traditionalism is at odds with everything about the Silicon Valley plutocracy.

Bannon later told the New York Times that the clash goes to the core of competing belief systems. “I would almost argue it’s an unbridgeable gap,” he said.

The tech Right salivates over network states run on blockchain, seeking to re-invent human life and society upon new technological foundations. This threatens the essence of the traditional nation, bound together by what Abraham Lincoln called the mystic chords of memory.

“These people are techno-feudalists and it’s a dangerous thing. It’s going to be the populist-nationalist movement that’ll take them on and break them,” said Bannon. Bluster or not, can one dispute his larger point?

Musk has sought to deflect the Maga backlash by plunging into European politics and cosying up to Alternative für Deutschland (AfD) and Britain’s Reform. I doubt that many will be fooled by this crude ploy.

Trump can try to stand above the two warring factions of his coalition but ultimately he may have to sacrifice Musk if he wants to hold on to his

mass base, which he will not find hard to do. Washington is too small for two such egos.

Musk may be sitting on a future gold mine with SpaceX and his network of satellites. But what is Tesla worth once Donald Trump tires of him? He has already alienated his core clientele in the West. What eco-liberal wants to be seen driving a Tesla any more? The brand has lost its cachet among that well-heeled tribe of EV early adopters and the market is bursting with other models to choose from.

Stichting Pensioenfonds ABP, Europe's largest pension fund, has sold all its \$600m worth of Tesla shares, ostensibly over Musk's blocked \$56bn pay package – but undoubtedly for a mix of reasons.

Adam Jonas, Morgan Stanley's star analyst, is keeping the faith. He has just raised his price target from \$600 to \$800 in his bull scenario, premised on sales of 7m vehicles a year by 2030. The underlying car business would be a small fraction of this.

The real share value would be in everything else: driverless robotaxis, streaming media, software upgrades, navigation services, robots and so forth. "While autos still matter, we see embodied AI as the driver," he said.

The \$800 case is that Tesla is so far ahead on data and autonomous driving that it will carry away the prize in the late 2020s. But Musk still has no Level 4 approval for Full Self-Driving capabilities and no robotaxi with software good enough for unsupervised driving. Rival Waymo is already running 100,000 paid rides a week, albeit "geo-constrained" to limited areas.

You can hail a driverless robotaxi today in Wuhan. WeDrive is rolling out services across Chinese cities. It is patchy but the Chinese are catching up fast. BYD is investing \$14bn in self-driving tech. It already dominates the Chinese market for sales of EVs and hybrids.

Tesla's sales in China are still rising but not nearly as fast as the overall EV market. They made up 37pc of the company's worldwide deliveries last

year, though the price wars have been brutal. The Shanghai plant exports the Model 3 to Europe, which now faces an extra (modest) tariff. Musk is about to lose the \$7,500 tax credit for EVs in the US as well, and that threatens profit margins on his coming affordable model.

Perhaps he will talk Trump out of his economic war with China but I strongly doubt it. If he does not, he is so closely associated with the new White House that his Chinese operations will become a prime target for retaliation.

Besides, Xi Jinping wants China to dominate the world market for EVs, self-driving AI, humanoid robots, fixed energy storage and everything that Tesla makes.

Musk has manoeuvred himself into an invidious position, caught between the Chinese Communist Party and the Maga movement and reliant on the fickle favour of a volatile American president. Those Icarus wings of beeswax and feathers have flown too close to the sun.

Elon Musk Blows Hole In Trump's Big AI Infrastructure Announcement: 'They Don't Actually Have the Money'

Colby Hall

Trump advisor and the world's richest man **Elon Musk** threw a proverbial wrench into the much-ballyhooed gears of Trump's AI infrastructure plans, insisting that billionaire investors in the project called Stargate — who stood next to Trump in a much-promoted announcement — “don't actually have the money.”

During a Tuesday afternoon press conference in the White House, President **Donald Trump** was joined by **Masayoshi Son** of SoftBank, **Sam Altman** of OpenAI, and **Larry Ellison** of Oracle — all of whom gave credit to the president for making the project possible, even though the construction of the massive building in Texas has already started. The project began under former President **Joe Biden** in 2024. The AP reported on the new entity, Stargate, describing that the partnership “will start building out data centers and the electricity generation needed for the further development of the fast-evolving AI in Texas, according to the White House. The initial investment is expected to be \$100 billion and could reach five times that sum.” “It’s big money and high-quality people,” said Trump during the press event, adding that it’s “a resounding declaration of confidence in America’s potential” under his new administration.

OpenAI’s Altman added, “This will be the most important project of this era,” said Altman. Oracle’s Ellison noted that the data centers are already under construction, with 10 being built. The chairman of Oracle suggested that the project was also tied to digital health records and would make it easier to treat diseases such as cancer by possibly developing a customized vaccine.

OpenAI explained the initiative, and specifically, the investors, in greater detail in a statement posted to X:

The Stargate Project is a new company which intends to invest \$500 billion over the next four years building new AI infrastructure for OpenAI in the United States. We will begin deploying \$100 billion immediately. This infrastructure will secure American leadership in AI, create hundreds of thousands of American jobs, and generate massive economic benefit for the entire world. This project will not only support the re-industrialization of the United States but also provide a strategic capability to protect the national security of America and its allies.

The initial equity funders in Stargate are SoftBank, OpenAI, Oracle, and MGX. SoftBank and OpenAI are the lead partners for Stargate, with SoftBank having financial responsibility and OpenAI having operational responsibility. Masayoshi Son will be the chairman.

Arm, Microsoft, NVIDIA, Oracle, and OpenAI are the key initial technology partners. The buildout is currently underway, starting in Texas, and we are evaluating potential sites across the country for more campuses as we finalize definitive agreements.

As part of Stargate, Oracle, NVIDIA, and OpenAI will closely collaborate to build and operate this computing system. This builds on a deep collaboration between OpenAI and NVIDIA going back to 2016 and a newer partnership between OpenAI and Oracle. This also builds on the existing OpenAI partnership with Microsoft.

OpenAI will continue to increase its consumption of Azure as OpenAI continues its work with Microsoft with this additional compute to train leading models and deliver great products and services. All of us look forward to continuing to build and develop AI—and in particular AGI—for the benefit of all of humanity. We believe that this new step is critical on the path, and will enable creative people to figure out how to use AI to elevate humanity.

However, in reply to the OpenAI social media post, Musk said, “They don’t actually have the money,” shortly followed by, “SoftBank has well under \$10B secured. I have that on good authority.”



Screenshot

There are several ways to interpret Musk's comments, and he could simply be revealing that fund-raising efforts are still underway. There is no denying, however, that his comments that this is still an ongoing project stand in stark difference to the tone of victory and project completion that Trump promoted during Tuesday's White House event.