

Elon Musk's global empire of crazy has made him a burning problem for Washington and every nation

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Elon Musk's global empire of crazy has made him a burning problem for Washington and every nation

Between Twitter, Starlink, SpaceX and Tesla, the CEO's clout — and unilateral decision making — has made him a big headache for Biden



Photo illustration: Steph Davidson; Getty Images

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Argentina was headed toward its thrilling victory over France at the World Cup in Qatar, and Elon Musk, the Tesla Inc. CEO and Twitter owner, stood in the stands, laughing and holding a wine glass. A woman approached and asked for a selfie. He obliged and smiled. She briefly spoke to him and departed, according to a short video clip of the encounter posted on TikTok.

Musk didn't appear to recognise the woman or say anything to her. But back in Washington, after her snapshot with the billionaire circulated online, Biden administration officials grew uneasy.

She was Nailya Asker-Zade, a Russian state-controlled TV personality who is regarded by President Vladimir Putin's opponents as one of his top propagandists. And she had just blithely gained access to a man who — among other pursuits — leads one of the US government's most important contractors, rocket company SpaceX, and has held a federal security clearance.

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There's no indication that anything about Musk's December encounter with Asker-Zade was improper. But it illustrates, from the point of view of US officials, the trouble with Musk. Since buying Twitter Inc. in October for \$44 billion, Musk now controls five companies sprawling across the transportation, aerospace, health, telecommunications and social-media sectors. All of them intersect with government to varying degrees, giving the billionaire unmatched global clout.

Tesla's electric vehicles underpin President Joe Biden's climate agenda. SpaceX keeps NASA's ambitions for manned exploration of space aloft, and its Starlink network — likely the largest privately owned fleet of satellites in the world — offers a vital communication lifeline to Ukrainian forces fighting Russian invaders.

But it's at Twitter where Musk — the self-styled "chief twit" of the platform — causes Biden's team the most heartburn.

Since taking over the company, Musk has gutted its staff and all but abandoned any semblance of content moderation, allowing disinformation to flourish — sometimes on his own account, with its nearly 132 million followers. He's also increasingly allied himself with Republicans who claim they've been censored by Big Tech and Democrats, and has openly endorsed Biden's opponents.

His unorthodox management has introduced a fresh layer of volatility to a free-speech venue that is at once a human rights lifeline for those living under authoritarian regimes, like Iran, and an unwitting booster of baseless conspiracy theories that have sparked violence, like in the US. The Federal Trade Commission has interviewed at least two former Twitter employees and plans to depose Musk himself in an investigation of the platform's compliance with a 2011 agreement to protect user privacy.

"A shameful case of weaponization of a government agency for political purposes and suppression of the truth!" Musk posted March 7 on Twitter.

Within the Biden administration, some top officials fear that between his business empire, his vast wealth and his political alliances, Musk, 51, is close to untouchable. He appears to unilaterally decide, for instance, how Ukraine can use the Starlink service — a presidential-like power atypical for a US defense contractor. And they worry that because of Tesla's growing footprint in China and Musk's dependence on financing from the Middle East for his Twitter deal, he may be vulnerable to foreign manipulation.

One US official described Tesla as a Chinese company with an American subsidiary. The company's factory in Shanghai accounted for more than half of its global production last

year. Biden himself has said that the entrepreneur's foreign ties are "worthy of being looked at."

At odds with US policy, Musk has proposed both a Russia-friendly plan to end the war in Ukraine and a reunification scheme for Taiwan and China that was publicly applauded by the Beijing government.

"I don't think there is another American more dependent upon the largess of the Communist Party than Elon Musk," Senator Mark Warner, a Virginia Democrat who chairs the Intelligence Committee, said in an interview in New York in October.

Asked for comment on the Biden administration's concerns about him, Musk said in an email: "I believe in the Constitution. Do they?" Several US officials interviewed for this story asked not to be identified because discussions of Musk's influence — and how it might be constrained — have been private.

Growing empire

Musk and his companies have endured some scrutiny from federal agencies — he continues to clash with the Securities and Exchange Commission over his tweeting, for example, and the Justice Department, SEC and National Highway Traffic Safety Administration have subjected the company's automated-driving claims to greater scrutiny.

The approach has been akin to Whac-a-Mole, with regulators reacting to missteps and violations by Musk's companies after they happen.

"I really try to make this a matter of calling balls and strikes," Transportation Secretary Pete Buttigieg said in an interview with Bloomberg editors and reporters March 13. "When they do the right thing, we're gonna lift that up, and when they don't — or when there's a problem as a regulator — we will be there to make sure that, that people are taken care of."

But Buttigieg, one of the most unflappable politicians in the Biden administration, spoke haltingly when asked more directly about Musk, including whether his views of the entrepreneur have changed.

"I really try to separate the ..." He paused for more than 10 seconds. "Things people pay a lot of attention to, from the things I need to pay the most attention to."

The Transportation Department's job isn't to trust the companies it regulates, he added. "It's to oversee them when it comes to compliance and then to try to partner with them when we can get something good done together."

Some administration officials have speculated that the government may someday need to break up Musk's empire as it did John D. Rockefeller's more than a century ago. But US courts have for decades mostly frowned on trust-busting.

Instead, some in the administration have weighed whether to subject his Twitter purchase to review by a secretive interagency panel, the Committee on Foreign Investment in the United States, that can block corporate transactions involving foreigners over national security concerns.

At least three foreign entities helped to finance Musk's Twitter deal: Saudi Prince Alwaleed bin Talal; Changpeng "CZ" Zhao, founder and chief executive of the crypto exchange Binance; and Qatar's sovereign wealth fund. The prospect that those investors gained access to Twitter user data has caused anxiety across the US government's national security apparatus and intelligence community, according to multiple people familiar with the matter.

Any such move would carry political risk for Biden. Musk has forged close ties with Republican House Speaker Kevin McCarthy, whose California district is home to SpaceX operations. The billionaire spent time with McCarthy at a Wyoming resort last year and personally delivered birthday greetings at the lawmaker's office in January.

"There's no walking back the fact that a handful of super-rich guys have a lot of influence in the American economy," said Senator Chris Murphy, a Connecticut Democrat, who has advocated for a CFIUS review. "That's no reason to shy away from using the tools of government to make sure there's no undue foreign influence on US politics."

But the Treasury Department has ruled out a review on legal grounds, according to people familiar with the matter.

Washington heavyweight

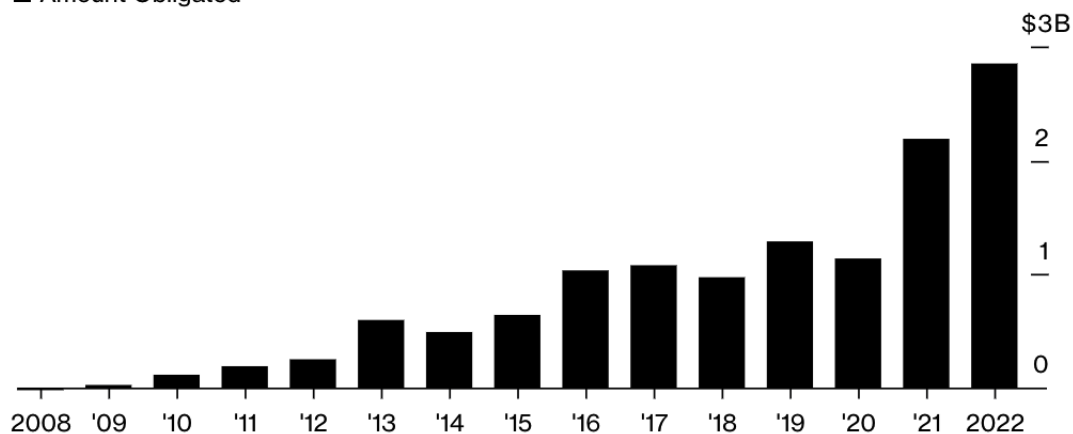
Even before buying Twitter, Musk enjoyed outsized influence in Washington.

SpaceX is a giant of US government contracting, with nearly \$3 billion in federal work in 2022. Musk and lobbyists for the company diligently worked Congress for years to build lawmaker support, and SpaceX sued the Air Force for the right to compete with a longstanding joint venture of defense giants Boeing Co. and Lockheed Martin Corp.

US spending on SpaceX - Obama shut down part of NASA and gave it to Musk

Musk's venture has grown into a top-100 contractor

■ Amount Obligated



Source: USASpending.gov

Musk has long since departed from normal CEO behaviour, mostly in comical ways. He briefly smoked pot on a live-streamed podcast, annoying some Tesla investors and SpaceX employees. He tweeted that he had lined up financing to take the carmaker private at \$420 per share — a marijuana joke that earned him an SEC investigation, a slap-on-the-wrist fine (for him) of \$20 million and a shareholder lawsuit.

In the last few months, his extracurricular behaviour began to more seriously alarm US officials and Biden's political allies.

Musk has said he "reluctantly" voted for Biden in 2020, but his public political persona has steadily veered rightward since the president took office. In June, Musk tweeted in reply to another Twitter user that he was leaning toward supporting Florida Governor Ron DeSantis for president in 2024. Days before the November elections, he urged his millions of Twitter followers to vote for Republicans.

In November, he threw his support firmly behind DeSantis, suggesting the conservative governor — who has flown migrants from Texas to Massachusetts as a political stunt while cracking down on the teaching of sexuality and racism in grade schools — is "sensible and centrist."

In October, Musk tweeted a plan to end the war in Ukraine that would entail Kyiv permanently surrendering Crimea, the peninsula that Russia illegally annexed in 2014, abandoning its ambition to join NATO, and agreeing to UN-supervised elections in areas Russia occupies to determine whether Moscow would keep control of the territories.

US intelligence officials were aghast. The proposal was applauded by Putin's allies while helping to popularize the idea that Ukraine should make concessions to Russia to end the war and that the US and its allies should curb support for Kyiv's military. That sentiment has taken hold among some Republican lawmakers, complicating efforts by Biden and GOP leaders such as Senator Mitch McConnell of Kentucky to maintain robust US military support for Ukraine's war effort.

DeSantis issued a statement March 13 saying that Ukraine's defense is not a "vital" US interest and describing the war as a "territorial dispute."

Musk has threatened (by tweet) to cut off Ukraine's free access to the Starlink network, which US officials regard as a key advantage for Kyiv, allowing the country's military leaders to maintain command-and-control of its forces without depending on more vulnerable radio and phone systems.

The billionaire backed off after outcry from Ukrainian leaders and their allies, but has continued to complain about the cost of the service and said last month that Kyiv won't be allowed to use Starlink to target drone attacks on Russian forces. That's drawn rebukes overseas and at home.

"I certainly hope we put pressure on Musk to join with the family of civilized nations in opposing Putin and doing everything we can to defeat him," Senator Dick Durbin, the No. 2 Senate Democrat, said in an interview.

Vital to Biden

To the extent that Musk is a problem for the Biden administration, it's one of interdependence. His ventures' ambitions align with key elements of the president's agenda, including increasing the share of electric vehicles on the road. This has created an uneasy marriage of convenience at times, one that has become more fractious as Musk begins to mix his inspiring rhetoric about the future of humanity with bare-knuckle politics.

White House officials met Jan. 27 with Musk and other Tesla leaders at the company's Washington office, where they discussed how the carmaker could help the Biden administration achieve its climate goals — including by opening its network of charging stations to vehicles made by competitors.

"They have a big footprint," Mitch Landrieu, a senior adviser to Biden, told reporters.

What followed illustrates the puzzle Musk poses to the president and his team.

Biden calls himself the most pro-labor president in US history, and has seldom mentioned Tesla or Musk while promoting electric vehicles because of their hostility toward unions. But on Feb. 15, after Musk announced he would open parts of Tesla's charger network to competitors, Biden responded with a complimentary tweet that name-checked the billionaire's Twitter handle.

A day later, dozens of employees at a Tesla plant in Buffalo filed a complaint with the National Labor Relations Board alleging they were fired for trying to organize a union. Tesla said the terminations were part of a routine performance-review process.