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BY [NIKKI GORDON-BLOOMFIELD](#)

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Tesla CEO Elon Musk, demonstrating the Model X third-row seat and falcon doors

In the toughest days of Tesla's early years, CEO Elon Musk said on film, he wired \$3 million of his personal fortune to the company so it could make payroll.

Now the always-quotable CEO is downplaying the effect the \$465 million in U.S. Department of Energy low-interest loan guarantees it received under the government's Advanced Technology Vehicles Manufacturing program. In fact, Musk says, it was Daimler – not the DoE – which saved Tesla from bankruptcy.

Never shy of saying interesting things, Musk made the debatable revelation at *The Wall Street Journal's* ECO:nomics conference in Santa Barbara yesterday.

"We were saved by Daimler," Musk said, adding that Daimler's \$50 million, 9 percent ownership of Tesla was enough to help the company stage a successful initial public offering without the DoE's help.

Technically, Musk is correct. Without the investment from Daimler, the DoE loan guarantees would never have been given to Tesla. In reality however, the DoE loans enabled Tesla to do much more than the Daimler investment did.

Not to be ungrateful for the \$465 million of tax-payers' money, Musk was sure to add "The DOE was a helpful catalyst," and that without it, Tesla's IPO "wouldn't have been as good."

With the 2012 Tesla Model S Luxury Sedan set to enter production this year and the 2013 Tesla Model X Crossover SUV already unveiled, it isn't difficult to see why Musk is keen to bask in Tesla's less-grim prospects. After all, history tends to be written by the victors.

But while we understand Musk's keenness to distance Tesla from other, less-successful DoE ATVM loan recipients, his next move baffled us.

"Musk said that generally he doesn't believe government subsidies are good, but in some cases they do help," reports *The Wall Street Journal*.

Instead of offering federal loans which artificially pick and choose winners and losers in the marketplace, he opined, companies should be allowed to survive on their own merits. The implication, of course, was that startups should rely on private investment, not government funds. In addition, he proposes taxing business and individuals on the carbon dioxide they produce, encouraging individuals to make greener choices through taxation.

Had Tesla not taken funds from the DoE, Musk's statements would be entirely understandable.

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Elon Musk

Given Tesla's participation in the program however, it doesn't seem all that fair for Musk to criticize the hand that -- at least in part -- helped to keep the company running.

In fact, we can't help but think that Musk's recent revelation is nothing short of an attempt to distance Tesla from the DoE and its now politically toxic ATVM loan program ahead of the 2012 Presidential campaign.

What do you think? Let us know in the Comments below.

+++++

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**John Briggs**

Posted: 3/22/2012 7:16am PDT

I think it is fine to oppose a government program in principle, but once the program is in place, participate in that program.

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Posted: 3/22/2012 7:26am PDT

What Musk should have said was that government loans sound appealing and can help companies, but because of the speed at which funds and decisions can be dispersed, along with the political instability of those loans, building a business plan around a government loan is a bad business practice.

While Tesla did benefit from the ATVM program, other companies spent hundreds of thousands of dollar of capital trying to meet ever-changing requirements from DOE.

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[Bad stuff?](#)**leptoquark**

Posted: 3/22/2012 8:00am PDT

Let's see if he's willing to give the DOE money back, if he doesn't actually need it. There are plenty of other worthy places to invest it....

[Post Reply](#)**-1**[Bad stuff?](#)**John Briggs**

Posted: 3/22/2012 8:24am PDT

Well, since the DOE money is only a loan, he will give it back... assuming they don't bankrupt first.

[Post Reply](#)**0**[Bad stuff?](#)**CDSpeed .**

Posted: 3/22/2012 8:37am PDT

I think Elon is right to say that a company should survive on its own merit. But had the Daimler investment and their DoE loan not come in, the stock market collapse would have and nearly did kill Tesla. They were defenatley moments away from their own demise. And I think he should distance Tesla from the ATVM program, the program's reputation has been tainted by a few company failures and it's not fair for Tesla to be associated with thee failed loan recipients. With all the stress Elon Musk endured during the financial crisis I think he deserves to sit back and gloat a little, especially now that both Tesla and Space X have made it through the darkest days and are now headed fo greener pastures. GO TESLA!!

[Post Reply](#)**+2**[Bad stuff?](#)**Michael Sagaria**

Posted: 3/22/2012 9:53am PDT

Well said, CDSpeed...

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[Bad stuff?](#)**Michael Wulfman**

Posted: 3/22/2012 9:58am PDT

Given the statements of Elon Musk, Musk should use all of his first profits to grandly and publicly pay back the DOE in full, before reinvesting those first fruits into the company. Musk should he not be using those borrowed monies in the first place, based upon his own stated philosophy of business development. Having touched that money, Musk owes it to the DoE program, to publicly redeem the program by showing the success of the government's commitment to his growth. He needs to wash his hands of it by accelerating payment. Musk needs to offset the damage done by media and Republican feeding frenzy to DoE green loans over the Solyndra debacle. Musk needs to establish visibly that, in the case of Tesla, the guarantees were well made!

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**Michael Wulfman**

Posted: 3/22/2012 10:07am PDT

In fct, Musk should go deeper than that. Not only should he establish visibly that, in the case of Tesla, the guarantees were well made! He damn well needs to announce that they were INVALUABLE to the success and survival of Tesla and that they were DEEPLY APPRECIATED by Tesla! ...even if he wishes he could play that down and doesn't really want to or can't bring himself to allow himself to believe it. The money was there for his taking. He took it. He can be thankful. You are welcome, Elon.

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Bad stuff?

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