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In Musk v Trump, the markets will win



Rainer Zitelmann

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Rainer Zitelmann has been predicting a rift between Musk and Trump ever since the two started working together. Now that this has happened, the French daily newspaper L'Express has spoken to him again. The interview was conducted by Thomas Mahler.

"I never believed that the alliance between Elon Musk and Donald Trump would last," you told L'Express in April. Why were you so certain that the alliance between the two men would fall apart so quickly?

Zitelmann:

I have read every single biography about these two men and have been following their exploits closely for many years. Trump only tolerates people who completely subordinate themselves to him, whereas Musk won't bow to anyone. And especially not to someone he

is so superior to both in terms of intelligence and as an entrepreneur. This is something I have stated on numerous occasions, including in an interview with **L'Express** in April. On top of that, Trump is not an advocate of economic freedom, his only two convictions are these: he is the greatest and should be all-powerful, and that tariffs are amazing. Trump thinks that tariff is the most beautiful word in the dictionary (which, by the way, is just as absurd as saying that taxes are the most wonderful word in the dictionary). Musk, in contrast, is in many ways a libertarian – he hates high taxes, tariffs, and excessive federal spending that ramp up U.S. debt.

Tesla shares fell again after Musk's criticism of Trump's tax bill, and Trump threatened to cut public funding for SpaceX. As an entrepreneur, did Musk lose a lot with his political adventure?

Zitelmann:

That may be the case – but no one can say for sure just yet. I admire Musk, he is driven by deep personal convictions and has consistently taken huge risks throughout his career. So far, those risks have always paid off. Whether Musk will prevail against Trump is debatable, because while Musk is a far superior entrepreneur, Trump outguns Musk in the field of political communication. If Musk were as politically desperate as Trump, he would go to China, which would quickly become the most successful nation in space exploration. If the European Union was not so stupid, it would offer Musk the opportunity to bring SpaceX to Europe on excellent terms.

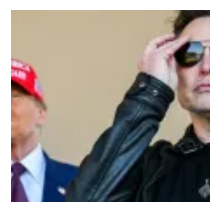
What would be the consequences for the US if they lose SpaceX?

Zitelmann:

Without SpaceX, the US does not currently have much to offer. Prior to SpaceX, they couldn't even transport their own astronauts to the International Space Station and had to rely on outdated Russian rockets – and paid exorbitant prices to do so. In 2024, there were 134 SpaceX launches out of 261 space missions worldwide. If SpaceX were a country, it would easily surpass the second-largest, China, which had 68 launches. Notably, SpaceX is responsible for 86% of all U.S. launches and has delivered more than 80% of the world's total payload weight into orbit and beyond. Incidentally, there were just three launches in Europe.

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According to you, was Musk right to call Trump's funding bill a "disgusting abomination"?

Zitelmann:

Absolutely. Not because of the tax cuts – they're the right thing to do! But because Trump has thrown his weight behind a budget that dramatically exacerbates the national debt. Trump's funding bill is a continuation of the insane debt-fueled policies of Obama, Biden, and Trump's first term in office. Consequently, the US is spending more and more on interest payments. Musk must be deeply frustrated: he's neglected his companies for months to help the US government do something it is completely incapable of – namely, reducing the national debt, even just slightly, through the DOGE initiative. And then Trump turns around and backs legislation that does the exact opposite, massively expanding an already astronomical debt mountain.

Does this mean that Trump will go even further in his obsessions for protectionism or immigration? Did the MAGA movement and Steve Bannon win the fight inside the Republican camp?

Zitelmann:

It's too early to tell. But if Bannon did come out on top, it would be a disaster for the United States. Musk believes in political and economic freedom. Bannon, at heart, is a right-wing anti-capitalist.

Are you worried about the US economy?

Zitelmann:

Absolutely. Trump has promised the American people that his protectionist policies will bring about a new "Golden Age." That's complete nonsense. No country has ever become wealthy through protectionism – but many have become poor because of it. A hundred years ago, Argentina was as rich as the U.S., and then, over decades, Peronists drove it into poverty with their protectionist policies. My only hope lies in the capital markets – the stock and bond markets. If anyone can force Trump to change course, it will be the financial markets. I hope the markets prove to be stronger than Trump.

Dr Rainer Zitelmann is a German historian, sociologist and author. His latest book is "The Origins of Poverty and Wealth" <https://origins-poverty-wealth.com/>