Recent news about Tesla sheds light on the company's future, the global EV market, and crony capitalism, along with the state of American democracy. It may also say something about Elon Musk's role in the company. That's a lot of information wrapped up in Tesla's stock prices and related developments. Overall, the upshot is good news for the environment but bad news for democracy.

The first of these developments is that Tesla experienced its first drop in annual sales despite generous purchaser incentives. That's partly due to softness in the EV market in places like the U.S. But a global boom in EV sales is leaving Tesla behind.

While Tesla's sales were going down, the Chinese company BYD increased its sales by 40%. BYD is now almost neck-and-neck with Tesla, and it will likely displace Tesla as the world's largest EV company in 2025. This is part of China's strategy of dominance in clean technology, a domain that offers both a lucrative export market and a way of increasing Chinese influence. Nothing the Trump Administration does is likely to budge Chinese policy or make its products less appealing to other countries. If anything, Trump seems interested in undermining U.S. clean tech manufacturing and ceding those markets to the Chinese.

Interestingly, this news caused only a 3% decline in Tesla stock. This may be a sign, from what I've read, that investors don't really view Tesla as a car company. Instead, they are hoping for a bonanza from AI and and the technology for self-driving cars, which Tesla can license to others. Still, while awaiting that hoped-for jackpot, the company does need to keep selling EVs, so there was a small price decline.

The 3% loss due to Tesla's languishing car business was dwarfed by its gains from Trump's victory. Tesla had an instant price surge of 14% immediately after the election. Prices continued to rise as Musk's influence over Trump became clear. Notably, Tesla's price surge outstripped comparable companies, so Tesla wasn't just benefitting from Trump's general pro-business policies.

Tesla stock has seen spectacular results during a period in which Musk appears to be paying no attention at all to the company's strategy or products. Investors also seem unfazed by the prospect that Musk will remain immersed in diversions from his business role as he devotes himself to running DOGE. From the perspective of Tesla shareholders, Musk may now be more valuable as a lobbyist and influence peddler than as an engineer or business leader.

Musk’s influence over Trump has also been a boon for him personally. Within a month of the election, Musk’s wealth was up 69%. Every dollar in the nearly $300 million he spent to elect Trump paid off several hundred times. In fact, Musk now seems to be camping out at Mara Lago on a long-term basis to cozy up to Trump, concentrating his efforts in the area with the biggest economic payoff: politics.

When researchers study crony capitalism, they look for signs that closeness to a ruler translates into financial gain. By that sign, the increase in Tesla’s prices is a clear signal of crony capitalism. It seems clear that investors see Musk’s cozy relationship with Trump as bankable profit. Otherwise, you’d have expected Tesla to do about as well post-election as other tech companies rather than leaving them all in the shade.

Conservatives seem to have attained their dream in which there are no barriers to the political influence of corporations and the wealthy. Musk invested what was for him a trivial amount of money – a few hundred million dollars. In return, he has achieved a unique position of national dominance, with some Republicans referring to him as the “prime minister.” Of course, Musk’s impact was also bolstered by his ability to buy a major social media company as his personal mouthpiece.

Even if Musk turns out to have less sway than he seems to have at the moment, it’s clear that he’ll retain a lot of clout. Of course, Musk is far from being the only billionaire to find political involvement to be a good business strategy.

From an environmental point of view, there may yet be a silver lining. Tesla remains invested in electric vehicles, battery power storage, and solar. For that reason, Musk’s influence may limit what might otherwise be an all-out effort by Trump to destroy these newer energy technologies. Since Tesla’s longterm future does not seem to lie in selling EVs, other firms will have to fill that role. It’s also encouraging that, with or without the U.S., the global shift to electric vehicles and clean tech seems to be proceeding. Yet these environmental considerations may not be much of a consolation to those who care about democracy.