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Iron Dome Technology: Elon Musk's License to Steal Taxpayers' Dollars



Photo Source: Office of Speaker Mike Johnson – Public Domain

Donald Trump and Elon Musk are making corruption and graft the main business of the US government. They have fired all the cops who might try to rein them in and attacked any of the judges, politicians, or reporters who object to them stealing everything in sight.

In this vein, it was entertaining to see reports that Elon Musk has plans to bid on, and presumably get, the contract for building Donald Trump's "Iron Dome" system for the United States. Before discussing Elon Musk's latest scheme for getting richer, it is worth noting that there is no obvious need for an Iron Dome-type system in the United States.

Donald Trump may not have noticed, but we have not had a problem of missiles raining down on the United States from other countries. But that's okay in Donald Trump's MAGAland. We also didn't have a problem of pet-eating migrants in Springfield, Ohio, but that didn't stop Trump and Vance from putting this "crisis" at the center of their campaign.

Donald Trump's solutions don't have to bear any relationship to real world problems. He assumes that his supporters will be just fine with spending hundreds of billions of dollars on a weapon system we don't need, and at least for Republican members of Congress, he is probably right. Needless to say, the "Department of Government Efficiency" won't be bothered by this waste.

But the potential waste here is even more than it first appears. In Musk's scheme he won't be selling the US government the Iron Dome system, he will be "licensing" it. That would mean that Musk maintains ownership of the system, allowing him to sell it to others, and just charges us an annual fee for its use.

There are obvious political issues with this scheme. For example, will Musk shut it down if we have a government that is not sufficiently far-right for his tastes? Suppose the government decides to let trans athletes compete in high school sports; will Musk take away its missile defense system?

But the issues go beyond just political considerations. There is a serious economic issue at stake. There is not currently a mass market for continent-wide anti-missile systems. If Trump decides to pay for the development of one, it will give it developer access to a potentially very valuable technology. It is hard to see how anyone with any business sense at all would hand that asset over to Elon Musk or anyone else.

There are actually some precedents for this sort of transfer of valuable ownership rights. The most famous is when IBM contracted with Bill Gates to design an operating system for its computers in 1981.

At that time IBM was by far the world's leader in producing personal computers and the computer industry more generally. Microsoft was still a relatively small start-up. But because IBM allowed Gates to maintain ownership of the operating system, Microsoft quickly catapulted past IBM in profitability and market value. It is unlikely Microsoft ever would have become one of the largest companies in the world, if IBM had made ownership of the system a condition of its deal with Microsoft.

To take a more recent example, after the COVID pandemic hit the United States, the government initiated "Operation Warp Speed" to develop vaccines and treatments for the disease. One of the first deals arranged by the program was with Moderna to develop a mRNA vaccine to protect against COVID. Under the contract, the government paid for the research needed to develop the vaccine; it then paid for the clinical trials needed to establish its safety and effectiveness.

However, despite paying the bulk of its development and testing costs, the government handed control over the vaccine to Moderna, which subsequently made tens of billions of dollars selling it in the United States and elsewhere in the world. Instead of making the vaccine a generic that would likely sell for around \$5 a shot, Moderna was charging up to \$130 a shot for its boosters. Yeah, that deal was signed by Donald Trump.

So, paying for the development of technology, and then giving it away, is not something new for Trump, but the sums involved are likely to be at least an order of magnitude higher for the missile defense system designed by Musk's team. The economy and financial markets have looked very shaky lately with Donald Trump's stop/go tariffs, as well as his mass firings and cancellations of government contracts. But there is still at least one investment that is secure in MAGA America: a payment to Donald Trump.

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This first appeared on Dean Baker's [Beat the Press](#) blog.

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