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Elon Musk's $40 Trillion Nightmare Is Suddenly Coming True As The Bitcoin Price Soars

By Billy Bambrough, Senior Contributor. ⓘ I write about how bitcoin,...

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Summary

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Elon Musk, the SpaceX and Tesla chief executive who rode their soaring valuations to become the world's first trillionaire this year, is seeing his $40 trillion U.S. "bankruptcy" nightmare come true—sending the bitcoin price soaring.

Musk, who has quietly begun a financial revolution at SpaceX, has repeatedly warned the U.S. is hurtling toward bankruptcy, going as far as to declare the U.S. dollar and other fiat currencies "hopeless," saying last year that he'd prefer his vaporware America Party to use bitcoin instead.

Now, as BlackRock suddenly flips on bitcoin, billioniare investor Ray Dalio has said he fears a devastating U.S. debt crisis could come as soon as next year—and advised people to buy bitcoin and gold to protect themselves.

collapse the U.S. dollar—something some think could send the bitcoin price higher.
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"My guess, which I suppose will be a bad one, is that [a debt crisis] will come in three years, give or take two, if the course we're on is not changed," Dalio, who wrote about the U.S. debt trap in his 2025 book *How Countries Go Broke: The Big Cycle*, posted to X, adding he thinks we should be "very" worried unless spending is cut, tax revenue is increased and interest rates are lowered.

"As general advice, I suggest diversifying well in asset classes and countries that have strong income statements and balance sheets and are not having great internal political and external geopolitical conflicts, underweighting debt assets like bonds, and overweighting gold and a bit of bitcoin. Having a small percentage—maybe

10%-15%—of one's money in gold can reduce a portfolio's risk, and I think it would also raise its return."

Dalio revealed last month on *The Diary of a CEO* podcast that he currently has 1% of his portfolio in bitcoin.

Dalio's warning comes after U.S. federal-government debt passed $40 trillion for the first time this week—just as the Treasury said it will buy back more long-term government bonds in a desperate attempt to contain soaring borrowing costs.

"We're going to increase the size of the buyback," Treasury secretary Scott Bessent told *CNBC*. "I would note that it could be more than the $4 billion per issue. We have a big toolkit, so we'll see."

Bessent added that there was "nothing magic about the $40 trillion figure," predicting that the U.S. would grow its way out of the debt despite GDP growing at just 1.5% in the second quarter, missing expectations of around 2%.

"Our message to our allies, our trading partners, is that global growth is the way to take care of this mountain of debt," Bessent said, whose comments were seized on by the bitcoin and crypto crowd as evidence of more money printing to come.

The combined debt levels and the Treasury's desperate attempts to bring down bond yields have fed fears that the U.S. will not be able to escape the debt death spiral without a technological "Hail Mary."

"We are 1,000% going to go bankrupt as a country, and fail as a country, without AI and robots," Musk said on the *Dwarkesh Podcast* in February. "Nothing else will solve the national debt. We just need enough time to build the AI and robots to not go bankrupt before then."

The bitcoin price has surged this week but remains well below its 2025 peak as SpaceX and Tesla's chief executive Elon Musk's U.S. "bankruptcy" fears suddenly come true.
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For now, bitcoin and crypto investors are betting the bitcoin price will continue to benefit from the return of the so-called debasement trade, which helped the gold price rocket to an all-time high last year.

“Earlier this week, investors were reminded of the U.S.’s difficult fiscal situation as federal debt topped $40 trillion with no indication that there is any plan to slow its growth," David Morrison, senior market analyst at Trade Nation, said in emailed comments, pointing to Covid, tax cuts, wars and $1.2 trillion worth of interest payment this year as accelerating the massive build up of debt.

“Bitcoin has, along with gold and silver, also benefitted from news that the U.S. Treasury will more than double its purchases of longer-term government bonds, as yields on 10 and 30-year Treasuries hit multi-year highs last week. The story here is that investors are looking for long-term safety as government debt across the developed world continues to grow. This was brought into stark relief as U.S. federal debt pushed above $40 trillion."

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