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July 23rd, 2025

## Why Trump may have an incentive to leverage crypto into Silicon Valley's political downfall



*Corporate power in America often means that politicians, including presidents, have difficulty in confronting business elites. Nikhil Kalyanpur writes that Donald Trump and Elon Musk's recent falling out is an unusual example of a president taking on one of their former corporate backers. He suggests that Trump could use his and his family's stake in cryptocurrency to turn his conflict with Silicon Valley elites into profit, a fight that he may be guaranteed to win.*

The deck is stacked against politicians who actually want to represent the people. Plutocrats don't need to conspire. They just need to lose confidence. When they pull back investment, growth slows, jobs disappear, and re-election prospects dim. Social scientists sometimes call it a "**capital strike**."

Worse, this economic chill can trigger asset price drops, which is now the middle class's **main engine of wealth and with that welfare**. A falling market doesn't just hurt billionaires. It hurts 401(k)s. It hurts homeowners. It hurts the voters. And that turns into **political backlash**. It's why we get **bailouts**.

An American leader's ability to take on major CEOs is further hurt by the structure of today's stock market. Most people invest in the S&P500, and the bulk of the index that nominally tracks the US stock market is dominated by Big Tech. So even if you take on one of the companies, the losses to that company's stock price could drag the entire index down. And with that the entire stock market.

From that vantage point, Donald Trump and Elon Musk's recent falling out is surprising. Most people **did of course see something coming**. The inevitable clash of personalities. Maybe Trump just doesn't care about re-election. But there's a range of political benefits that come from taking on your biggest backer.

## How to make money taking down an oligarch

Evidence suggests that the **bond market often rewards the government for expropriations** (when the government claims private property or assets) – governments can borrow for cheaper because they now have more (initially private) assets under their belts. Studies of Latin American dictatorships show that **leaders that take on the incumbent oligarchy stay in office substantially longer**.

But I want to think about the economic incentives, because that's where a leader is meant to pay the most costs. Here are a few tried and true ways a political executive could make money off tackling elites:

- **Expropriate for you and your friends:** They could expropriate the most profitable companies, as the Trump administration **has been de facto doing** with TikTok's US operations. It could then be auctioned off to a close ally, as the Russian state did with the Khodorkovsky's oil empire in Russia or as Trump appears to be looking to do with TikTok.
- **Front-run then attack:** A leader could make a bunch of threats against a company and trade on that information before it becomes public. In the Elon case, this would be Trump or his coterie hypothetically shorting Tesla shares before Trump announces the intention to revoke Musk's government contracts.
- **The pay-to-play racket:** They could turn political persecution into a market. Only take on someone who you are bribed to take on. Only relent when they literally pay fealty. This model is why I was surprised Trump paused enforcement of the **Foreign Corrupt Practices Act** – the DOJ enjoys *wide* latitude to investigate bribery, ironically making it the ideal law to get some bribes for yourself.

All of this requires coordination, secrecy, effort. And, yes, it's *probably illegal*. But Trump's track record suggests that legal boundaries don't scare him. Whether protected by his party, his base, or his own power to pardon, he's mostly operated above the law. But there's an alternate, plausibly more popular, method to turn elite conflict into profit. The companies are already set up.



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## Trump's crypto wildcard

Trump and his family have already made a fortune off their memecoins and substantial stake in a crypto exchange World Liberty Financial: a recent estimate puts it at **\$2.9 billion or roughly 37 percent of the family's worth**.

But these aren't just speculative financial plays. "The Trumps joining in the bitcoin bonanza." To my knowledge, it's the first direct way for investors to buy stock in a politician.

The Trump coin (and similar assets) trade partly on vibes, but also on power. When Trump looks strong, the price rises. When he looks weak, like after the tariff backlash, it falls. There's scope for a dynamic, lucrative feedback loop: actions that consolidate his political dominance—especially by taking down rivals—can literally raise the value of his personal digital currency.

In this context, targeting Silicon Valley elites isn't just a show of strength. It's a market signal. If Elon Musk is seen as a rival, he is **starting his own party** after all, then undermining him isn't just politically strategic. It's profitable.

## Why Trump can't lose on crypto

A hit to Musk could rally Trump coin holders, pump the price, and turn political aggression into capital gains. There's no need for messy backroom deals. Just a political pump. Of course, this comes with risk. Going after someone like Musk could provoke backlash from the broader crypto world, especially the libertarian-leaning investors who see Trump's move as a precedent for state-linked attacks on decentralized tech. They wouldn't be wrong. Because the most profitable scenario for Trump would be turning his coin into the dominant crypto asset—sucking in liquidity from Bitcoin, XRP, and everything else.

Even if that fails, Trump's downside is protected. A crash in Trump's coin would likely generate massive transaction volume—much of it routed through the Trump-affiliated World Liberty Financial, which takes a cut every time someone buys or sells. It's heads he wins; tails he wins more.

The crypto bros should be nervous. Decentralized finance wasn't supposed to centralize around one man's ambition. But that could be where we're headed.

- *This blog post is based on an **article** at Nikhil Kalyanpur's Substack, **The Price of Power**.*
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**Posted In:** Democracy and culture | Trump's second term



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