

The SpaceX IPO: Speculation on steroids

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The launching of the initial public offering (IPO) of Elon Musk's SpaceX company is a graphic expression of a process which is at the very center of the US economy and its financial system.

The aim of the IPO, for which Musk presented a 200,000-word prospectus last week, is the siphoning up of still more financial wealth into the hands of an oligarchy of which Musk is one of the foremost representatives.

As a result of the IPO, which according to reports is set for June 12 and will be the largest in history if it goes ahead, Musk, already the world's richest man with \$500 billion, will become the world's first trillionaire.

The IPO is being backed by the biggest names in the US financial system. Some 23 financial institutions, including Goldman Sachs, which has taken the lucrative "lead" position, Morgan Stanley, Citigroup, JPMorgan and BofA Securities, are underwriting the launch.

If it goes ahead as planned, the SpaceX launch will raise around \$80 billion, more than three times the previous record for an IPO, which was the \$25.6 billion for Saudi oil company Aramco in 2019.

The launch of SpaceX is of an entirely speculative character, based not on what Musk-owned companies are making today—they are recording significant losses in a number of areas—but on what he is touting they will make in the future.

Building exponentially on the traditions of the prominent hucksters of American capitalism—the name of financier Jay Gould in the days of the railway boom of the 1850s comes to mind—Musk set out a "vision" of going into outer space.

"Our mission is to build the systems and technologies necessary to make life multiplanetary, to understanding the true nature of the universe, and to extend the light of consciousness to the stars," the company said in its

filings.

Musk was clearly enamored of the phrase "light of consciousness" because it appeared around a dozen times in the prospectus.

But the fact that this was accepted and backed with large amounts of money from leading financial institutions speaks volumes about the state of the US financial system and its rapacity in seeking to make money out of ever more speculative ventures.

Musk claimed he was targeting an addressable market for SpaceX of \$28.5 trillion, which is around 90 percent of US GDP, with the bulk of that, \$26.5 trillion, comprising AI.

There have been some critical comments in the financial press. In an article headlined, "SpaceX's IPO is a bet gravity doesn't apply to Elon Musk," the *Wall Street Journal* noted that the SpaceX filing was "full of so many red flags that it would have scuttled other launches."

Underscoring the speculative charter of the IPO, the *Financial Times* commented that the finances of SpaceX today "are of no use in trying to work out what the company is worth." At a valuation estimated to \$1.75 to \$2 trillion, it would be the stock market's seventh biggest company, but based on its revenue of \$19 billion would be the 200th.

This has not stemmed the flow of financial support—no one wants to be missing out.

Last year, SpaceX made \$18.6 billion in revenue but recorded a loss of \$4.9 billion. In the first quarter of this year, it has made \$4.7 billion in sales but recorded a loss of \$4.3 billion. It had \$102 billion in assets but carried \$60.5 billion in debt.

But this has not in any way curbed the enthusiasm of speculative finance capital.

In a comment to the BBC, Ruth Foxe-Blader, a managing partner at the US venture capital firm Citrine Venture, said it was "not shocking for a project like this

to be loss making, even at the point of IPO,” and that the flotation was “extremely exciting.”

“SpaceX is just an absolutely sprawling enormous project with so many different selling points and so many points that really point to the future,” she gushed.

The structure of the company is aimed at giving Musk not only enormous wealth but unprecedented control over its operations. He will hold a special class of shares that will give him 85 percent of the voting power. This is well in excess of the founder control rights which already exist in many Silicon Valley companies.

A comment in the FT by Sujeet Indap, headlined, “SpaceX to drive a cyber truck through corporate governance norms,” cited a statement by three major public pension funds, which play an increasingly important role in financial markets.

They characterized the Space governance structure as “the most management-favorable governance structure ever brought to the US public markets at this scale.”

Under its rules, Musk will be able to appoint a majority of the SpaceX board and will not be able to be removed as chief executive without his consent. It will also be very difficult for ordinary shareholders to pursue litigation. In other words, while listed as a public company on NASDAQ, enabling its shares to be bought by major investors and Exchange Traded Funds, it will be public in name only and will operate as the private fiefdom of Musk.

If the SpaceX IPO goes ahead as planned, it will likely be followed by OpenAI and Anthropic and could well see other firms “going public.” This has brought warnings that the flow of capital into these ventures could drain the market, leading to a downturn in other areas. FT columnist Tej Parikh has noted that “history suggests that the issuance buzz may in fact mark the beginning of the end of the rally.”

Already the capital spending by the so-called “hyperscalers” as a share of GDP is set to surpass the railroad buildout of the 19th century, and it has been estimated that tech spending accounts for some 93 percent of US economic growth. The initial phase was largely financed through cash, but now there is an increasing reliance on debt under conditions where bond markets are indicating a significant tightening of financial conditions.

Besides illustrating the way in which the US

economy and financial system have become a machine for funneling wealth into the hands of a tiny financial oligarchy, the SpaceX phenomenon expresses the vast changes in the political superstructure.

Finance capital, as the Marxist economist Rudolf Hilferding noted in 1910 as its rise was beginning, demands vast changes in this arena. It is intensely hostile to liberal democracy. “Finance capital does not want freedom but domination,” he wrote. The ideal now, he continued, “is to secure for one’s own nation the domination of the world, an aspiration which is as unbounded as the capitalist lust for profit from which it springs.”

In the case of Musk, that lust now extends to outer space.

Politically Musk is a fascist hell-bent on suppressing all opposition to his speculative profit accumulation, above all from the working class which must be suppressed by all means necessary, as his history shows. But he is the personification of a social process.

The titans of finance capital supply him with money and at the same time gather around the fascist president Donald Trump, pledging him obeisance as their leader.



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