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Congress of the United States
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RESEARCH AND TECHNOLOGY

October 31, 2025

Chair Jerome Powell
Chair of the Federal Reserve
20th Street and Constitution Avenue, NW
Washington, DC 20551

Chair Paul Atkins
Chair of the Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair Powell and Chair Atkins,

I am deeply concerned about data suggesting that we are currently experiencing an “AI bubble” and ask that we investigate whether this is true and what impact it may have on the American economy if such a bubble bursts.

Tech companies heavily invested in AI make up a large share of major public index funds. As of October 2025, 35% of the market value of all companies in the S&P 500, or more than \$20 trillion, was attributed to seven technology companies: Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia and Tesla, all of which have significant AI investments.¹ A drop in value of these companies would devastate public markets as well as the savings and retirement accounts of working families and seniors across the country.

Furthermore, many of these technology companies engage in circular spending and investment, popping up the valuations of these companies. One of the most recent circular deals was made in September 2025, when Nvidia announced a \$100 billion investment in Open AI’s data centers, and Open AI in turn committed to using Nvidia chips to build out the data centers the chip company invested in.² Many other examples of circular spending exist, including Open AI’s agreement to use AMD chips for datacenters and their ability to take a 10% stake in the chip

¹ “The AI boom's reliance on circular deals is raising fears of a bubble”, October 6, 2025, NBC News.
<https://www.nbcnews.com/business/economy/openai-nvidia-amd-deals-risks-rcna234806>

² “OpenAI, Nvidia Fuel \$1 Trillion AI Market With Web of Circular Deals”, October 7, 2025, Bloomberg.
<https://www.bloomberg.com/news/features/2025-10-07/openai-s-nvidia-amd-deals-boost-1-trillion-ai-boom-with-circular-deals>

company.³ Additionally, CoreWeave, a cloud infrastructure company, purchases chips from Nvidia, which has a 5% stake in CoreWeave. Nvidia has further agreed to purchase unused cloud capacity from CoreWeave.⁴

Even the leaders of major AI companies like Sam Altman, CEO of Open AI, and Jeff Bezos, Executive Chairman and founder of Amazon, have admitted that in their opinion an AI bubble currently exists.⁵ This bubble follows the pattern of other technologies, including technological uncertainty, the involvement of many novice investors, and the high valuation of several companies whose fate is tied to the success of AI.⁶

I am also concerned that the impact of an AI bubble bursting will not be confined to institutional investors. Financial bubbles in the past, such as the dotcom bubble, have devastated the economy. After the dotcom bubble burst, the Nasdaq Composite stock index fell by 77% and took 15 years to recover.⁷ Research shows that in order to become profitable, the AI industry would need to earn \$2 trillion in annual revenue by 2030 to recover projected data center related costs.⁸ As of 2024, Morgan Stanley estimates the AI industry profited \$45 billion, a fraction of the necessary annual revenue needed to earn a profit.⁹ Despite this, in the first half of 2025, without factoring in data centers, the GDP growth of the United States was only .1%.¹⁰ Investments in data centers and AI are skyrocketing, but data is not showing that the returns are equivalent or greater than the costs.

³ “AMD signs AI chip-supply deal with OpenAI”, October 6, 2025, NBC News.

<https://www.nbcnews.com/tech/tech-news/amd-signs-ai-chip-supply-deal-openai-rcna235860>

⁴ “Is the Flurry of Circular AI Deals a Win-Win—or Sign of a Bubble?”, October 22, 2025, The Wall Street Journal. https://www.wsj.com/tech/ai/is-the-flurry-of-circular-ai-deals-a-win-win-or-sign-of-a-bubble-8a2d70c5?gaa_at=eafs&gaa_n=AWetsqdtEz0OSKrdOfAKmiliBaFd7Uob2YXVtHPkES_V-jdx7_46LUQDgavN_Sle8U%3D&gaa_ts=68ffdac9&gaa_sig=UXZqFgFsCULbfgQBHqfxCol1wu0VMKd8ryA2Xh216C20WC0wuf29uR-denYOWk8kxFolUNeN8xXIj562ViUdew%3D%3D

⁵ “Jeff Bezos Says AI Bubble Is Good Because It Will Eliminate the Weak”, October 8, 2025, Futurism.

<https://futurism.com/artificial-intelligence/jeff-bezos-ai-bubble-good-eliminate-weak>

⁶ “AI Is the Bubble to Burst Them All”, October 27, 2025, Wired. <https://www.wired.com/story/ai-bubble-will-burst/>

⁷ “The AI boom's reliance on circular deals is raising fears of a bubble”, October 6, 2025, NBC News.

<https://www.nbcnews.com/business/economy/openai-nvidia-amd-deals-risks-rcna234806>

⁸ “‘I Believe It’s a Bubble’: What Smart People Are Saying About AI”, October 10, 2025, Bloomberg Law.

<https://news.bloomberglaw.com/artificial-intelligence/i-believe-its-a-bubble-what-smart-people-are-saying-about-ai>

⁹ “Spending on AI Is at Epic Levels. Will It Ever Pay Off?”, September 25, 2025, Wall Street Journal.

[https://www.wsj.com/tech/ai/ai-bubble-building-spreec-55ee6128?gaa_at=eafs&gaa_n=AWetsqedcozJjEcjhSWZo53KC_dR8Vb8Dg5iT4abP8AKVEeEOPg_kOuHWbZdUHkO-](https://www.wsj.com/tech/ai/ai-bubble-building-spreec-55ee6128?gaa_at=eafs&gaa_n=AWetsqedcozJjEcjhSWZo53KC_dR8Vb8Dg5iT4abP8AKVEeEOPg_kOuHWbZdUHkO-04%3D&gaa_ts=68fa99bc&gaa_sig=NrRcOO7B4asP4RR12zCkZLLgV4GrNVxQJEEAH_07Ue_3C363okolr8rRfET8W0dcU4JillU8eoLfwRODYQYUcw%3D%3D)

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¹⁰ “Without data centers, GDP growth was 0.1% in the first half of 2025, Harvard economist says” October 7, 2025, Fortune. <https://fortune.com/2025/10/07/data-centers-gdp-growth-zero-first-half-2025-jason-furman-harvard-economist/>

The AI bubble could also have an impact on my community in Virginia which is over reliant on data centers for local revenue. As billions of dollars are poured into building new data centers, an AI bubble could mean these data center projects are built and unused in the future, leaving huge stretches of abandoned buildings in communities like mine across the country.¹¹ The effects of an AI bubble could result in ballooning unemployment and a recession.

I am calling for an investigation into the likelihood of an AI bubble and what the impact would be on our economy if the AI bubble were to burst. Please respond to the questions below by December 15, 2025:

1. What is the projected impact of any potential AI-related bubble on the United States economy, customer spending, and job losses?
2. In the event of an AI bubble, what do you expect would be the projected impact on the United States' GDP growth?
3. What is the projected impact of an AI bubble on different critical sectors of the economy?
4. What are the potential impacts of an AI bubble on small businesses and their ability to recover as compared to the larger technology companies driving this bubble?
5. What policies, if any, are you considering to mitigate the worst impacts of a potential AI bubble?
6. How can the Federal government prepare for the negative ramifications of an AI bubble on the economy and employment rates?

Sincerely,



Suhas Subramanyam
Member of Congress

¹¹ “AI Data Centers Are an Even Bigger Disaster Than Previously Thought”, October 10, 2025, Futurism.
<https://futurism.com/future-society/ai-data-centers-finance>