

Countering the Intensification and Socialization of **AI Bubble Risk**

How federal policy is fueling the bubble and offloading its risks onto working people, retirees, and communities – and what federal, state, and local officials can do about it

*Presented by Maya Jenkins, senior policy analyst at Americans for Financial Reform
Education Fund*

“Never before or since have so many
become so wondrously, so effortlessly, and
so quickly rich.”

JOHN KENNETH GALBRAITH

The Great Crash, 1929

ROADMAP

Four parts

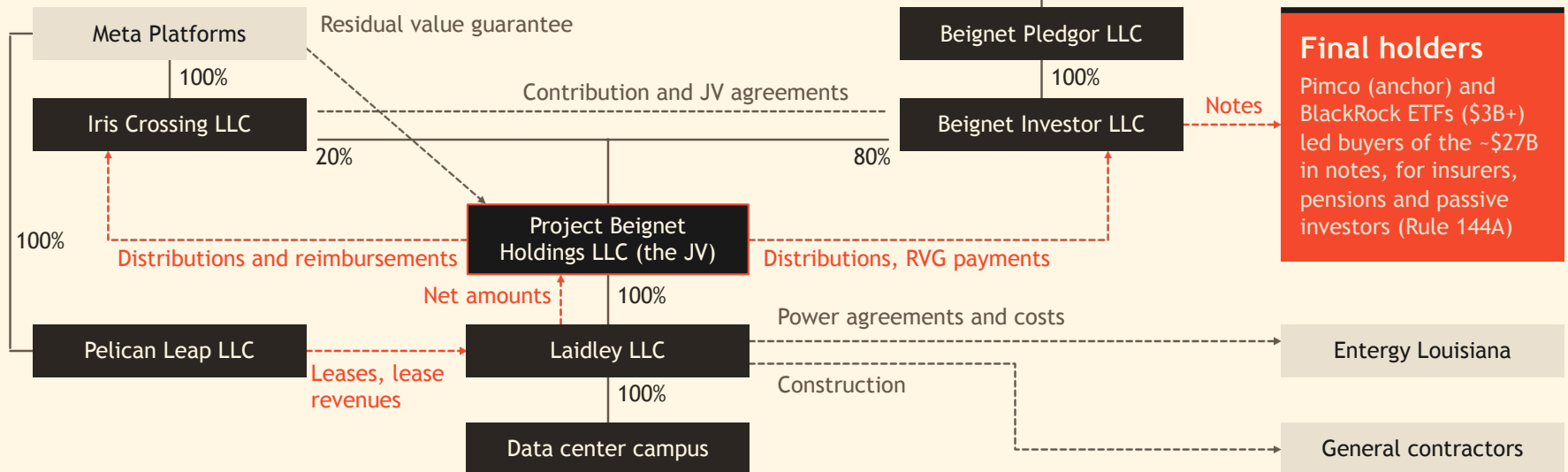
I	Follow the money	Debt, equity, and fund flows reaching workers' savings
II	Intensification	Federal deregulation and subsidies feeding the risk
III	Socialization	How the downside reaches working people
IV	Countermeasures	Federal, state, and local action, plus crisis principles

PART ONE · FOLLOW THE MONEY

Whose money is financing the AI buildout?

How Meta's SPV moves its debt

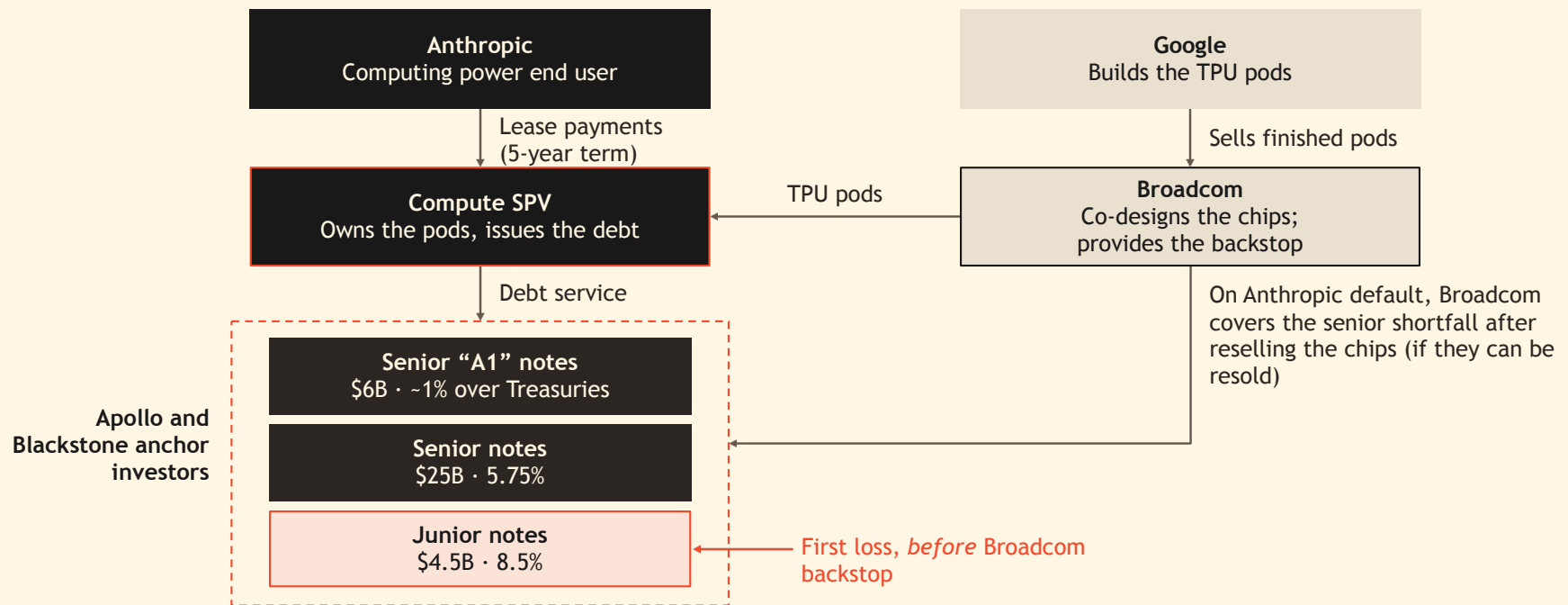
Blue Owl funds	← ~\$3B in equity, backed by pensions, insurers and wealth funds for individuals
100%	



Sources: S&P Global Ratings via *Financial Times* (Oct. 2025); IFR (Dec. 2025); *Wall Street Journal* (Oct. 2025); Blue Owl (Oct. 2025); Meta (Oct. 2025)

PART I: FOLLOW THE MONEY

How Anthropic's chip SPV moves its debt



Sources: *Financial Times* research (June 2026); Pitchbook (2026)

PART III: SOCIALIZATION

Private credit funnels workers' savings into AI

\$1.3-2T

U.S. private credit market, depending on definition

\$200B+

Private credit lent to AI-related firms as of 2025, up from near zero

\$800B

Data center debt private credit could hold by 2028

6.3%

U.S. private credit default rate, 12 months to Aug. 2026, highest since Fitch began tracking in 2024

Pension funds

Buying data center debt as banks hit lending limits, and committing to data center funds, such as Illinois teachers' \$100M in 2025.

Retail funds

Blue Owl investors sought to pull 22-41% of two funds; Blue Owl capped withdrawals, trapping billions (April 2026).

401(k)s, next

A Labor Dept. rule proposed in March 2026 would ease private credit into workers' 401(k) plans.

Sources: *Brace for Impact* (Oct. 2026); Federal Reserve (May 2025); Moody's via PitchBook (Jan. 2026); BIS (Jan. 2026); Morgan Stanley (July 2025); Tech Times; IREI (Feb. 2025); Bisnow; Morrison Foerster (Apr. 2026); Fitch via The Lead (Sept. 2026)

PART I: FOLLOW THE MONEY

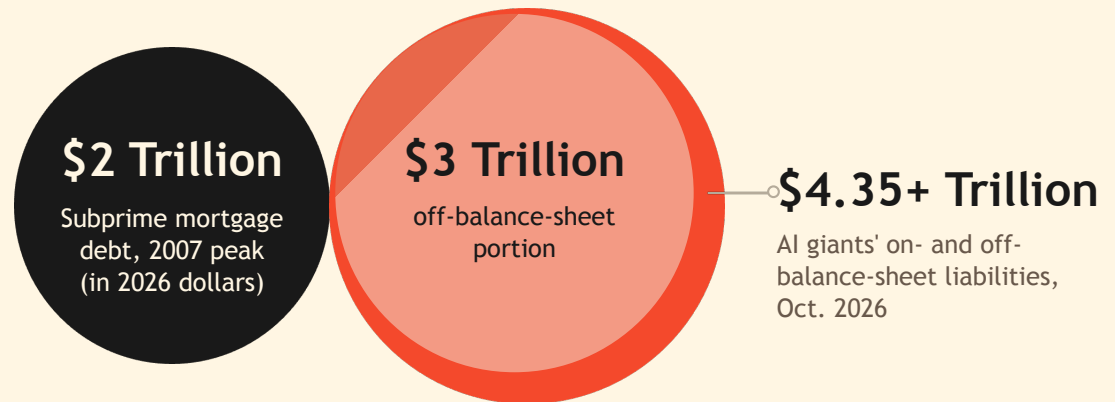
Debt the public can't see

Five AI giants report **\$1.35T** in total liabilities on their balance sheets, per Nikkei.

But across the *nine* biggest hyperscalers and chipmakers, off-balance-sheet obligations top **\$3T**, per WSJ.

Most of it is non-cancelable leases and purchase commitments that land on the books years later.

Plus explicit backstops (that we know of):
Nvidia, **\$109B**; Alphabet, **\$51B**;
Broadcom, **\$29B**; Meta, **\$28B**.



Sources: *Nikkei Asia* (July 2026); *Wall Street Journal* (Aug. 2026); company filings (2026); Nvidia (July 2026); *Bloomberg* (June 2026); *Brace for Impact* (Oct. 2026)

PART I: FOLLOW THE MONEY

Index fast-tracking for mega-caps: passive investors forced into SpaceX

Feb.	SpaceX's advisers approach index providers, including Nasdaq, seeking early index entry (Reuters)
Mar. 10	Early Nasdaq-100 entry is a “necessary condition” for listing on Nasdaq, sources tell Reuters, while the NYSE competes for the deal
Mar. 30	Nasdaq adopts “Fast Entry”: giant listings join the Nasdaq-100 after 15 trading days; seasoning and liquidity tests waived
June 4	S&P declines to fast-track the S&P 500, but FTSE Russell and others loosen their rules
June 12	Record IPO at \$135: under 5% of shares trade; Musk holds 80%+ of votes
July 7	SpaceX joins the Nasdaq-100: index funds forced to buy ~\$4.3B at the July 6 close (JPMorgan est.)

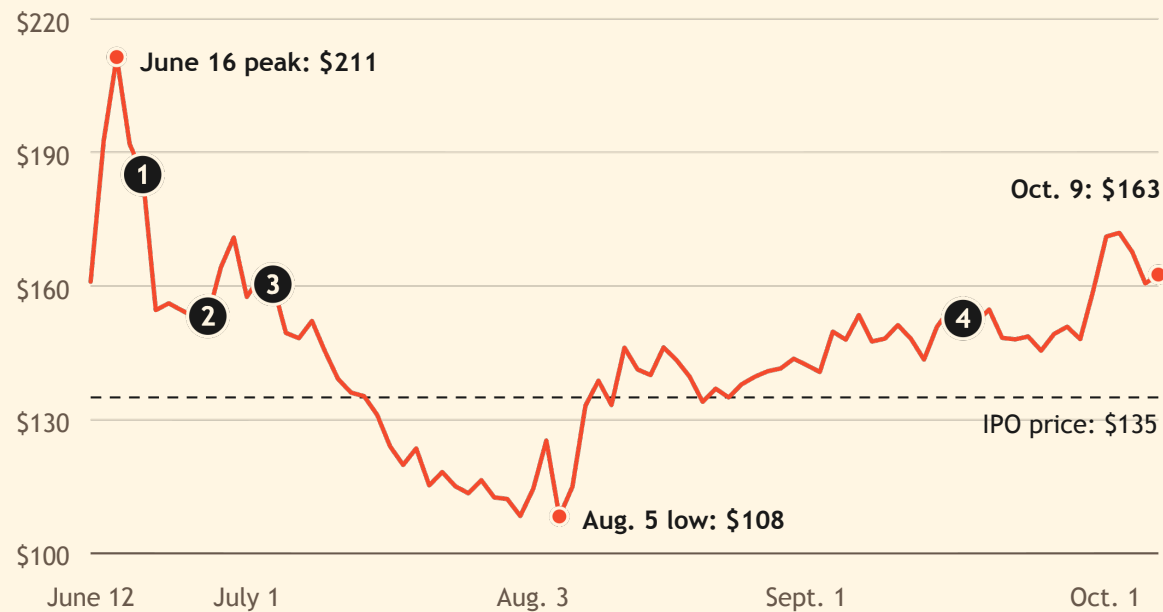
Fast-track rules “turn passive 401(k) investors into exit liquidity for insiders.”

Patrick Boyle, finance professor and commentator, quoted by Acadian Asset Management

Sources: Reuters (Mar. 2026); Nasdaq (Mar. 2026); CNBC (June 2026); JPMorgan via Yahoo Finance (July 2026); Acadian (Mar. 2026); *Brace for Impact* (Oct. 2026)

PART I: FOLLOW THE MONEY

What index funds are getting with SpaceX (so far)



AUTOMATIC INDEX BUYS TO OCT. 9

- 1 June 18 • ~\$185** -12%
Total market funds (CRSP), ~\$4-7B
- 2 June 26 • ~\$153** +6%
FTSE Russell and MSCI funds, ~\$9-14B
- 3 July 6 • ~\$160** +1%
Nasdaq-100 funds, ~\$4.3B; down 33% a month later
- 4 Sept. 18 • ~\$15.5B at \$153** +6%
Nasdaq-100 rebalance, set off when August lockups freed 1.2B+ insider shares

S&P 500 funds: no buys. S&P kept its rules.

Daily closes: Yahoo Finance; StockAnalysis. Index dates: FTSE Russell, MSCI, Nasdaq notices; CRSP via press reports. Buying estimates: Moneywise (June 2026); Morgan Stanley (Sept. 2026). Lockups: MarketBeat (Sept. 2026)

PART I: FOLLOW THE MONEY

Banks are in on the AI bet

\$192B

Borrowed by the six biggest U.S. banks, partly to fund AI lending in 2026

\$450B

Bank commitments to AI-adjacent borrowers, end of 2025

\$2.3T

Bank exposure to nonbank lenders overall, 2024

Who absorbs the losses?

Losses at deposit-taking banks hit the households and businesses that rely on them for credit, and the FDIC's insurance fund. After SVB, banks, and ultimately their customers, paid to cover insured and uninsured deposits alike.

Doubly exposed

The 2020 rollback of the Volcker Rule, a post-2008 shield for customer deposits, lets banks invest in and sponsor venture and credit funds. Big banks now lend to AI-financing funds *and* own stakes in them.

Now attempting to shed risk: big banks have sought to pass the riskiest slices of data center loans to credit funds and insurers. A \$38B Oracle-linked loan has struggled to sell.

Banks as owners, too

Goldman Sachs bought QScale, an AI-ready data center developer, through an infrastructure fund it sponsors (May 2026)

Goldman Sachs is one of six Nvidia partners planning platforms to raise \$500B+ for AI computing (preliminary, Aug. 2026)

Morgan Stanley took a co-controlling stake in data center operator Flexential through its infrastructure fund (2024)

JPMorgan is making up to \$10B in direct equity and venture investments, including in AI (Oct. 2025)

Sources: Bloomberg, citing Barclays, via Advisor Perspectives (Oct. 2026); Goldman Sachs (May 2026); Axios (Aug. 2026); DCD (Oct. 2024); Reuters via Yahoo (Oct. 2025); *FT* and Bloomberg via MarketScreener (May 2026); Chicago Fed (2026); Cleveland Fed (2026); *Brace for Impact* (Oct. 2026)

PART TWO • INTENSIFICATION

How federal policy is fueling the risk

PART II: INTENSIFICATION

Stripping investor protections, increasing opacity

Securities and Exchange Commission (SEC)

- **PROPOSED** · Easing sales of risky, opaque private funds to retail investors
- **PROPOSED** · Moving ~81% of public firms to scaled-down reporting (May 2026)
- **PROPOSED** · Letting companies report twice a year, not quarterly (May 2026)
- **PROPOSED** · Letting companies selectively time offerings and key communications
- **PROPOSED** · Scrapping the shareholder proposal rule (Sept. 2026)
- **ADOPTED** · Allowing forced arbitration of shareholder claims (Sept. 2025)
- **ADOPTED** · Staff letter exempting some data center securitizations from post-2008 rules (July 2026)
- **PROPOSED** · Limiting its own power to require disclosures

Result: more AI risk in savers' portfolios, less information about it, and fewer ways to hold insiders accountable.

Department of Labor (DOL)

PROPOSED · A March 2026 rule would open workers' 401(k)s and other ERISA retirement plans (\$15T) to private equity, private credit, crypto, and other alternative investment vehicles.

Public Company Accounting Oversight Board (PCAOB)

ADOPTED · Voted in Sept. 2026 to end independent, external review of big audit firms' quality controls; awaits SEC approval.

Source: *Brace for Impact* (Oct. 2026)

PART II: INTENSIFICATION

Weakening bank safeguards, reducing supervision

Federal Reserve • Federal Deposit Insurance Corporation (FDIC) • Office of the Comptroller of the Currency (OCC)

- **FINAL** • Gutting the enhanced supplementary leverage ratio, big banks' loss cushion (Nov. 2025)
- **FINAL** • Overhauling stress tests in ways that, as our report shows, weaken them (Sept. 2026)
- **FINAL** • Watering down LFI ratings: SVB could have rated "well managed" (Nov. 2025)
- **DONE** • Slashing examiners and supervision; telling staff to defer to banks
- **FINAL** • The 2020 Volcker rollback lets banks back venture and credit funds

Result: banks are more exposed to AI losses and less able to absorb them, with customer deposits at stake.

Financial Stability Oversight Council (FSOC)

PROPOSED • A March 2026 proposal would hamstring the agency's ability to designate large nonbanks like stressed private credit giants for supervision and enhanced regulation

Agency capacity

Hundreds of examiners forced out; the Office of Financial Research lost nearly two-thirds of its staff.

Source: *Brace for Impact* (Oct. 2026)

PART II: INTENSIFICATION

How opacity turns a downturn into a crisis

- 01** **Revenue falls short, and credit tightens.** Shareholders may wait for AI's promised payoff; lenders will not. If the Fed keeps hiking and the 10-year Treasury yield stays above 5%, firms may struggle to refinance regardless.
- 02** **Fragile structures give way.** Vendor financing contracts, SPVs default, and forced sales of GPUs erode the collateral itself, much as falling home prices accelerated the 2008 crisis.
- 03** **Hidden exposures come to light.** Stress reveals who bears the losses: banks that financed SPVs, insurers invested in private credit, and private equity credit facilities, some committed beyond what they can absorb.
- 04** **Uncertainty becomes contagion.** When institutions cannot judge their counterparties' solvency, or their own, lending freezes, and investors flee banks and the money market funds that hold their short-term debt.

Opacity is itself a dangerous feature of the AI boom.

Sources: *Brace for Impact* (Oct. 2026); Federal Reserve History; *WSJ* (Dec. 2007); Federal Reserve (Nov. 2008); Federal Reserve (Sept. 2026); SEC (June 2012); Reuters (Sept. 2026)

We've been here before

1933: As runs spread, 37 states had closed or restricted their banks by March 4. After a national bank holiday, only banks examiners found sound reopened; some 4,000 never did.

2007-08: Citigroup took \$49B of off-balance-sheet SIVs onto its books in Dec. 2007. By Nov. 2008, it needed \$20B in federal capital and a guarantee on \$306B of assets.

2008: After Lehman failed, investors pulled ~\$300B from prime money market funds in one week, and funds cut their commercial paper holdings 29%, shutting firms out of short-term credit.

PART II: INTENSIFICATION

Pouring public money into the bubble

Federal: **\$26.8B** in tax breaks (2025)

Company	US income (\$M)	Tax rate	Breaks (\$M)
Alphabet	\$144,359	7.9%	\$3,324
Amazon	\$89,041	1.4%	\$6,549
Meta	\$79,399	3.6%	\$4,942
Microsoft	\$100,934	2.4%	\$11,976
Oracle	\$8,638	12.4%	N/A
All five	\$422,370	4.5%	\$26,791

The above reflects accelerated depreciation tax breaks alone.

Source: ITEP (Sept. 2026); tax rate = effective current federal rate.

States: data center tax breaks

State	Cost	Period	Scope
Georgia	\$2.5B	FY2026	State + local
Virginia	\$1.9B	FY2025	State + local
Ohio	\$1.6B	2025	State only
Texas	\$1.3B	2026	State only
Indiana	\$656M	2019-25 total	State only
Pennsylvania	\$115M	2026	State only

Not a total: years and scope differ, and 14 of 37 exempting states don't publish their losses.

Source: Good Jobs First (June 2026), compiling state reports

PART THREE · SOCIALIZATION

What's at stake for working people?

PART III: SOCIALIZATION

Four doors into workers' savings

Pensions

Invested in AI-related debt instruments and private credit vehicles

Life insurers

Premiums invested in private credit vehicles

Passive investing

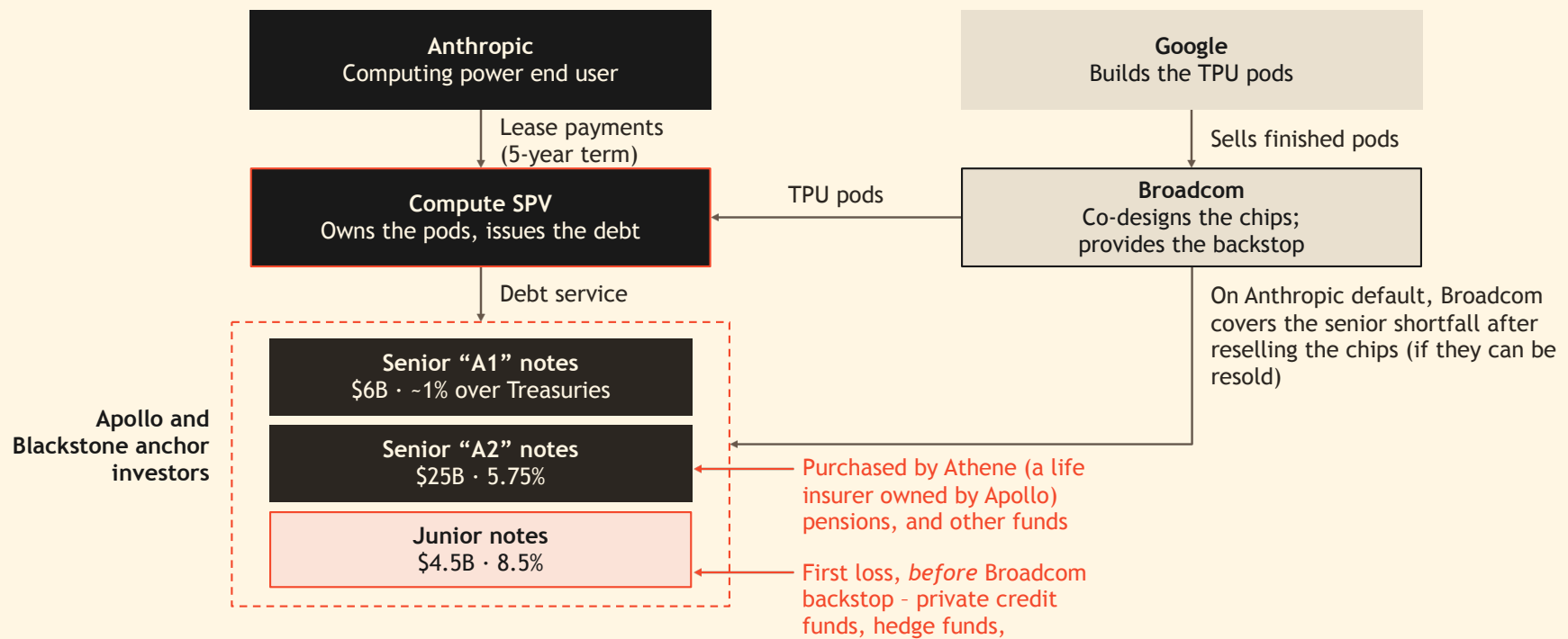
Fast-tracked index inclusion of newly-public mega companies

401(k)s

Private funds and crypto, via proposed DOL rules

PART III: SOCIALIZATION

How Anthropic's chip SPV moves its debt



Sources: *Financial Times* research (June 2026); Pitchbook (2026)

PART III: SOCIALIZATION

Life insurers: the “lifeblood of private credit”

~20%

of life insurers' fixed-income assets tied to private, illiquid bonds

65%

of U.S. insurers plan to invest more in private credit in the next 12-24 months

90M

U.S. families rely on life insurance for security and retirement income

Last in line

Insurers often hold the junior, first-loss slices of private credit and collateralized loan obligations (CLOs). Banks sit senior and get paid first.

Risk in disguise

Private-equity-owned insurers are far more invested in private credit than their counterparts, often via structures that make equity-like risk look like safe debt.

Run risk

Many annuities can be cashed out early for small penalties, and insurers lean on short-term funding that can vanish.

Contagion

Guaranty funds are capped, and in 40+ states, companies receive tax credits for the fees incurred. If a broad shock topples many insurers at once, the public will bear part of the cost.

Even regulators can't see it

Insurers hold ~\$1.2T in private credit. NAIC says identifying more granular exposures to infrastructure debt and asset-based finance “is challenging.”

Already happening: PHL Variable

PE-backed since 2016, with ~30% of assets in less liquid investments, some issued by its own parent (Bloomberg). Now ~\$2.3B in the hole; payouts largely frozen since 2024. Regulators are preparing for formal liquidation.

Sources: *Brace for Impact* (Oct. 2026); Moody's (June 2026); Marsh via Bloomberg (July 2026); Granato & Drall, SSRN (July 2026); NAIC (2026); Bloomberg (Nov. 2025); Conn. Insurance Dept. via InsuranceNewsNet (May 2026); Conn. Insurance Dept. via InsuranceNewsNet (July 2026)

PART III: SOCIALIZATION

Household wealth is on the line

34%

of U.S. household wealth was in equities in Q2 2026, the most since at least World War II

Dot-com peak: 26.7%

Equities now top real estate as the primary driver of U.S. household wealth

PAPER WEALTH ERASED IF...

The Magnificent Seven fall 25%

 **\$5T**

The market falls 45%, to pre-ChatGPT levels

 **\$35T**

Valuations return to their historical average

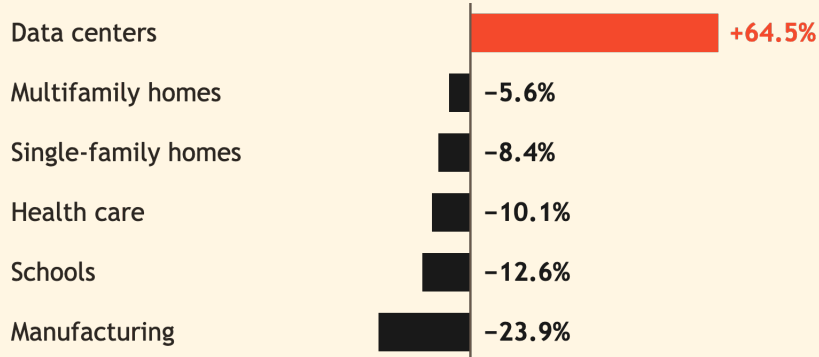
 **\$45T**

Sources: *Brace for Impact* (Oct. 2026), using St. Louis Fed data; Goldman Sachs via Reuters (July 2026)

PART III: SOCIALIZATION

We're already paying a price

REAL CONSTRUCTION SPENDING, PAST YEAR



Money poured into AI is money not creating homes, factories, schools, hospitals, or jobs.

To the extent that this spending represents overbuilding, as Jefferies' Chris Wood argues, that money is simply lost: Jefferies expects "massive capital destruction" from the U.S. AI boom.

Fewer jobs

An \$8B data center employs about 120 people long term; the same money elsewhere supports 10,000+. Krugman estimates the buildout means ~10 million fewer jobs.

Higher power bills

Data centers drove \$29.4B (46%) of capacity costs in PJM's last four auctions, paid by customers in 13 states and D.C. One hyperscale data center raises household power prices in its area ~4%.

Rising prices

CIBC estimates AI is adding ~0.4 percentage points to U.S. inflation this year. Memory chip prices are up 400%+ since 2024, raising what we pay for cars, laptops, phones, TVs, and game consoles.

Starved businesses

AI took 86% of U.S. venture dollars in the first half of 2026, leaving everyone else to split the rest.

Sources: Census data via Furman and Krugman (Oct. 2026); Monitoring Analytics via *Utility Dive* (July 2026); PitchBook-NVCA (July 2026); CIBC (July 2026); J.P. Morgan via AP (July 2026); CEPR (Aug. 2026); Reuters (June 2026); Jefferies via Bloomberg (Oct. 2026)

PART FOUR • COUNTERMEASURES

What federal, state, and local officials can do

STEP ONE

Reverse course on dangerous deregulation.

PART IV: FEDERAL REGULATORS

Promote fairness in U.S. capital markets

SEC

“As calls for retail investor access to private markets accelerate, I am concerned that we are headed for a high-speed collision - with main street retail investors left **without airbags.**”

Caroline Crenshaw, then-SEC commissioner, Sept. 2025

WITHDRAW

Rescind proposed disclosure rollbacks: scaled-down reporting for **~81%** of public firms (May 2026 proposal), less frequent reporting, selectively timed communications, scrapping the shareholder proposal rule, and limits on SEC disclosure authority

REVERSE

Reverse the data center carve-out: guidance that exempts some data center securitizations from post-2008 asset-backed rules

ACT

Close the private-company loophole: count fund investors individually (“look-through”) so firms like OpenAI and Anthropic can’t raise billions while skipping registration and disclosure

ACT

Empower regular investors: ban mandatory arbitration and keep insiders accountable to shareholders and the law

ACT

Investigate deception: credible allegations of inflated revenue, undisclosed debt, and unreliable revenue projections

Source: Caroline Crenshaw, “The Autobahn and Private Markets,” SEC (Sept. 2025)

PART IV: FEDERAL REGULATORS

Protect savers and restore market transparency

DOL

WITHDRAW

Withdraw the March 2026 proposed rule opening workers' retirement plans to private equity and private credit

ACT

Clarify that fiduciaries must weigh whether fast-tracked newly public offerings belong in index funds, and whether funds holding them can be invested in in a manner consistent with fiduciary duties

PCAOB

REVERSE

Restore independent, external review of large accounting firms' quality controls (rescission adopted Sept. 2026, pending SEC approval)

ACT

Inspect accounting firms' treatment of AI and data center clients with special attention to off-balance-sheet tricks; bring enforcement actions against violators

FASB

ACT

Publish research on data infrastructure projects and private credit vehicles

ACT

Define a “systematic and rational” useful life for GPUs

ACT

Tighten on-balance sheet requirements for SPVs and other variable interest entities

PART IV: FEDERAL REGULATORS

Protect depositors and fortify the banking system

Fed · FDIC · OCC

“Reducing financial regulation is effectively reducing insurance against risk, and I fear that we are becoming **underinsured.**”

Michael Barr, Federal Reserve governor, June 2026

REVERSE

Restore the capital cushion: undo the gutting of the enhanced supplementary leverage ratio and the weakened LFI ratings framework, then strengthen both

REVERSE

Restore the Volcker Rule: undo the 2020 weakening that let banks invest in and sponsor venture and credit funds

ACT

Rebuild the ranks: rehire after mass staff exits, especially examination and resolution staff

ACT

Find the exposure: run supervisory reviews of banks' AI-related debt and equity exposures

ACT

Stress-test private credit and AI: model credit-line drawdowns and asset losses together, without assuming assets sell at full value

ACT

Set capital floors: banks below them halt dividends and buybacks and divest risky vehicles until compliant

ACT

Supervise big nonbanks: build a framework for nonbanks FSOC designates as systemically important

Source: Michael Barr, “Deregulating in a Financial Boom: What Could Go Wrong?” Federal Reserve (June 2026)

Regulate shadow banks

FSOC

WITHDRAW

Withdraw its March 2026 proposal to hamstring its own oversight of nonbank risk

ACT

Put large, complex nonbanks, especially AI-exposed ones, under Fed supervision and tougher guardrails

Office of Financial Research

ACT

Rehire to replace the nearly two-thirds of staff forced out

ACT

With FSOC, collect and publish AI risk exposure across the shadow banking system

Federal Insurance Office

ACT

Monitor insurers' AI-related exposures and routinely share findings with Congress, the public, and the Fed

STEP TWO

Strengthen the financial system's guardrails.

PART IV: CONGRESS

Write new guardrails into law

The guarantee

If the agencies won't rebuild the guardrails, Congress should direct them to by statute.

Ban the debt-hiding playbook

Prohibit large circular equity deals, large debt deals with undisclosed sources, and SPVs that hide debt-like obligations.

Codify look-through

Count beneficial owners individually, so giant VC- and PE-backed firms can't undercount investors to avoid registering.

New registration triggers

Require registration based on valuation, capital raised, revenue, employees, and other metrics.

Supervise big nonbanks

Make Fed supervision and enhanced prudential rules mandatory for large or complex nonbanks.

Shore up life insurers

Heighten oversight, and grant the federal government tools to help states curb insurers' excessive risk-taking.

PART IV: STATE AND LOCAL

Don't have to wait for D.C.

Attorneys general · securities, accountancy, and insurance regulators · lawmakers

Prosecute fraud

Investigate and, where warranted, prosecute or penalize companies and executives that used or approved fraudulent practices.

Probe the fast track

Investigate how and why Nasdaq and other index providers sped SpaceX into indexes.

Shore up insurers

Heighten supervision of life insurers' risky AI investments, limit excess risk, and ban opaque, code-named holdings in their filings.

End the giveaways

Prohibit tax subsidies for data center and other AI infrastructure developers.

**STATES ALREADY LIMITING DATA
CENTER TAX GIVEAWAYS**

Washington · Oregon · Arizona · Nebraska · Maine · New Jersey · Delaware ·
Alabama

PART IV: A STATE-LEVEL PRECEDENT

TSBPA vs. Arthur Andersen, 2002

Enron's statements were “materially misstated, in part because the company used certain ‘special purpose entities’ to record debt that should have been booked to Enron's financial statements.”

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

OUTCOME

The board revoked Andersen's CPA license in August 2002 as the firm collapsed

TODAY

AI firms are using SPVs to keep debt off their books. States still hold the same tools.

Source: *Brace for Impact* (Oct. 2026)

PART IV: A STATE-LEVEL PRECEDENT

Banks may be conflicted, as SpaceX IPO reveals

- 01** **Underwrite:** split a \$500M fee pool on the \$75B base deal. Goldman and Morgan Stanley also reportedly leading Anthropic IPO.
- 02** **Get paid back:** banks price the IPO low and steer the cheap shares to favored funds, which by one expert's estimate return ~30% of their first-day gain through inflated trading commissions: ~\$5B on SpaceX (*Fortune* est.).
- 03** **Write the research:** research arms of banks that sold SpaceX shares rate it a buy (targets up to \$800); Ex-head of equity capital markets at BofA warns that 'independent' Wall Street research is a myth. Morningstar's fair value assessment of the offering is \$62.
- 04** **Lobby the raters:** Goldman and Morgan Stanley pressed rating agencies for investment-grade ratings for unprofitable Anthropic and OpenAI immediately after they go public.
- 05** **Hand off risk:** index fast-tracking, corporate bond purchases, and alternative investment vehicles move risky assets into savers' passive funds, pensions, and insurer funds.

Room for state attorneys general to act

After the dot-com crash, New York's attorney general and state regulators helped win a **\$1.4B** settlement with 10 Wall Street firms over conflicted research and IPO "spinning," hot shares traded for business (2003).

QUESTIONS TO EXAMINE NOW

- Are hot shares traded for commissions?
- Can research be fair while banks court Anthropic, OpenAI, and others?
- Do underwriters lend to or invest in issuers?
- Are banks lobbying rating agencies for investment-grade ratings of the companies they're underwriting?

Sources: Craig Coben, *Financial Times* (July 2026); *Financial Times* (Sept. 2026); Bloomberg (June 2026); *Fortune* (June 2026); SpaceX prospectus, SEC (June 2026); Morningstar (June 2026); NASAA (Apr. 2003); *Brace for Impact* (Oct. 2026)

Make data center developers open their books

Without disclosure, communities can't know if they're inviting soon-to-be unfinished husks of industrial projects into their communities.

Transparency also helps debt markets to price risk more effectively, slowing the speculative bubble's growth by raising the cost of borrowing for projects with weaker financials.

-
- 01** **Before approval:** audited public financial disclosures from developers and related parties

 - 02** **Every quarter:** full audited financial statements from developers and their backers

 - 03** **Granular detail:** segmented, outlining related-party deals, GPU depreciation schedules, capex, utilization

 - 04** **No giveaways:** no state or local tax subsidies or abatements for data center developers

IF THE BUBBLE BURSTS

Principles for facing the acute phase of a crash

01

No billionaire bailouts

No rescue funds, credit lines, golden shares, or lightly conditioned Fed facilities. Failed AI firms go through bankruptcy; failed banks through FDIC resolution.

02

Support Main Street

Enhanced unemployment insurance; housing, healthcare, nutrition, and care; help for savers and pensioners; aid to state and local governments.

03

Hold wrongdoers accountable

Executives who directed unlawful conduct, and fiduciaries who failed plan participants, face consequences, unlike after 2008.

CONCLUSION

A severe crash is not yet inevitable

THE LESSON OF 1929

Galbraith called the response to the Great Crash a “triumph of dogma over thought.” We shouldn’t make the same mistake with our response to the AI bubble.

IF POLICYMAKERS ACT SWIFTLY AND DECISIVELY

- 01 Halt the public money flowing into the AI bubble
 - 02 Shine a light on the true health of AI companies' finances
 - 03 Stop the risk transfer to working people and everyday investors
 - 04 Bolster the guardrails that keep banks and other critical institutions resilient under stress
-

Source: John Kenneth Galbraith, *The Great Crash, 1929* (1955)

COUNTERING THE INTENSIFICATION AND SOCIALIZATION OF AI BUBBLE RISK

This presentation is based on *Brace for Impact: Protecting People and the Economy When the AI Bubble Bursts*

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