Chris Adams
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1d

“Regardless of what one thinks about the merits of AI or explosive datacenter expansion, the scale and pace of capital deployment into a rapidly depreciating technology is remarkable. These are not railroads—we aren’t building century-long infrastructure. AI datacenters are short-lived, asset-intensive facilities riding declining-cost technology curves, requiring frequent hardware replacement to preserve margins.”

paulkedrosky.com/honey-ai-capex

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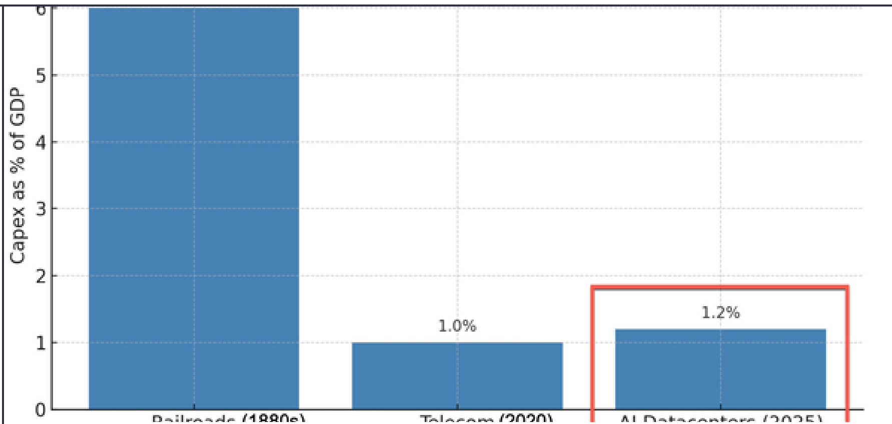

Paul Kedrosky · 2d

Honey, AI Capex is Eating the Economy

AI capex is so big that it's affecting economic statistics, boosting…

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@acdha this is a very succinct, incisive analysis. There is clearly some level of bubble brewing here. Lay a railroad and it’ll last forever. A GPU’s lifecycle is 6-12 months tops.

If even Xi, who has explicitly set AI as a policy goal, is getting nervous, and Apple, who waits till a tech is mature, can’t figure out how the hell to launch a polished product, and the big LLM builders must make internal LLM use a KPI itself instead of the vaunted tools organically boosting KPIs=🫧

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@boor @acdha This isn't simply a bubble. It's a cargo cult. Xi is getting cold feet because his primary interest is Grow Economy, and data centers clearly don't do that. We're being inundated with unwanted LLM chatbots and AI slop images because some of the richest men in the US are high on their own supply and believe, in a religious sense, that AGI is immanent.

Jul 20, 2025, 07:06 AM · · Web

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