

IAF SPACE TRANSPORTATION SOLUTIONS AND INNOVATIONS SYMPOSIUM (D2)  
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THE POTENTIAL SPECULATIVE BUBBLE IN THE U.S. COMMERCIAL SPACE LAUNCH  
INDUSTRY AND THE IMPLICATIONS TO THE UNITED STATES**Abstract**

The U.S. federal government has acknowledged the importance of having a robust domestic space launch industry since the 1980s for national military, civil, and commercial purposes. Since then, many policies have been structured to promote the growth of the industry. Due to these efforts, as well as other macroeconomic and external market factors, the U.S. launch industry is in a period of expansion. In 2006, only one company existed in the market to serve the U.S. government's launch needs. In 2012, the number of companies grew to three. The United States is looking to have 12 independent companies with the capability to launch payloads to low-Earth orbit by year 2020. Moreover, a venture capital firm specializing in space industries listed 116 launch companies in operations or in development around the world. In the midst of the growth in supplies, this research article aims to alert the readers that such an expansion closely resembles a speculative economic bubble and the U.S. government should be concerned. This is first achieved by examining a set of unique characteristics of the commercial launch industry that create uncertainty and risks. Second, the current commercial launch market is applied to Robert Schiller's model of a speculative economic bubble. Third, a comparative analysis between the Telecom bubble, the Dot-com bubble, and the U.S. launch industry is conducted to explain the similarities between the three. Finally, the research article concludes with what the bubble means to the United States and why the government should intervene with recommendations to support the stability of the launch industries.