

# War money, tech profits: The real history of Artificial Intelligence

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To accelerate military decision-making, the Pentagon began developing AI and machine learning systems.

We are told, endlessly, that we live in the age of the entrepreneur. You know the story: a lone genius tinkering in a garage, pulling miracles out of solder and silicon, eventually conquering the world with nothing but grit, brains, and a half-dead

Macintosh. This is the catechism of Silicon Valley.

However, if you follow the wires backward, the story is entirely different. The most significant technologies of our time — the internet, GPS, touchscreen devices, and even artificial intelligence — were not born in garages. They were incubated in government laboratories, nourished on Pentagon contracts, and carried into the world on the shoulders of public universities.

From the Cold War's sprawling defense labs to the current supremacy of Google's AI empire, the state has been the real venture capitalist: planner, financier, and enforcer. It was the government that absorbed the risks, that spent billions on projects whose payoff might take decades, or never arrive at all. And when those gambles produced results, private corporations were waiting to privatize them.

The working class supplied the brains and the labor, as graduate students, engineers, and technicians, often underwritten by public grants. The capitalist class reaped the profits. Innovation, in other words, was socialized. Wealth was privatized.

### **The marriage of state and monopoly**

There is an enduring myth that big business and big government stand on opposite ends of U.S. life. But if you look at Wall Street bailouts or Big Tech's entanglement with the Pentagon, you see something closer to a marriage.

The pattern is consistent: subsidies for research and development, bailouts when markets collapse, regulations drafted to suit monopolies, copyright and patent law weaponized to keep rivals at bay, and defense contracts that run into the tens of billions. The state doesn't just oversee the game — it bankrolls the team.

Monopoly capitalism has never meant a weakened state. It has always meant a stronger one: imperialist powers fusing state resources with corporate power, ensuring their "national champions" can outgun competitors abroad. The more

advanced the technology — especially in the case of artificial intelligence — the clearer this fusion becomes.

## Forget the garage

The myth of the tinkering genius is fictional; the reality is blunt.

- **The Internet** began life as ARPANET, a Pentagon communications project designed to survive nuclear war.
- **GPS** was conceived and maintained by the U.S. Air Force before being transferred to the U.S. Space Force.
- **Radar, microwaves, composite materials** — all poured forth from wartime research budgets in the 1940s and 1950s.

The sequence rarely varies: The state socializes risk, spending billions on long-horizon research. Once the technology proves viable, it is delivered into the hands of private corporations, which harvest the profits while the government is left with the costs.

It is, arguably, the largest wealth transfer in modern history. But it is disguised under the genteel euphemism of “innovation.”

## The University-Industrial Complex

The state’s role extends far beyond the Pentagon. Public universities, lubricated by federal grants, train the engineers and computer scientists who are quickly absorbed into the orbit of companies like Google, Microsoft, and Amazon. Faculty labs — often government-funded — produce breakthroughs in algorithms and hardware that are then patented, licensed, or outright purchased by private firms.

The result is a vast ecosystem: the military, public universities, government research agencies, and corporate monopolies locked together. Far from being “footloose” or

stateless, Silicon Valley's firms are firmly tied to the U.S. empire, rooted in infrastructure and research pipelines subsidized by the public.

Google is not Google without DARPA (the Pentagon's Defense Advanced Research Projects Agency). Microsoft is not Microsoft without the National Science Foundation. Amazon Web Services is not AWS without Pentagon contracts.

## Case study: Artificial Intelligence

Artificial Intelligence is the purest distillation of this system.

- **Military birth.** From the Cold War onward, the Pentagon poured money into AI for logistics, surveillance, and battle management. DARPA kept the field alive during its lean decades.
- **Government-funded breakthroughs.** The intellectual backbone of AI — machine learning and neural nets — emerged from university labs funded by the state. Today, the government remains the single largest customer for AI applications, from predictive policing to drone warfare.
- **Privatized profits.** Tech monopolies scoop up researchers trained at government expense, buy the data infrastructure, and commercialize algorithms whose foundations were laid with federal money.

The result is a textbook demonstration of monopoly capitalism: costs socialized, profits privatized.

## Empire, not entrepreneurship

AI isn't a triumph of the free market. It's proof that big government and big business still move in lockstep, working for empire.

The state remains the ultimate venture capitalist, underwriting research, guaranteeing markets, and shoring up monopolies when they falter. Innovation is

steered not toward public needs — such as clean energy, public health, and accessible housing — but toward war, surveillance, and corporate control.

The history of U.S. technology isn't about daring entrepreneurs. It is the story of monopoly capital and the imperialist state, marching in lockstep. Until that bond is broken, technology will remain what it has been for more than half a century: a servant of empire, rather than of people.

