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Intelligence artificial, profits fictitious

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*“Wait, is the economy
A.I.-generated?”*

The U.S. economy isn't booming — it's levitating. What keeps it up isn't productivity or innovation, but speculation.

The so-called “AI revolution,” hailed as a new industrial dawn, is in reality a massive bubble — a speculative fever driving stock prices far beyond what the technology can actually deliver.

The anatomy of a bubble

A speculative bubble forms when the price of something — like tech stocks — rises far beyond its real, sustainable value.

That real value comes not from market hype or quick profits, but from workers' labor power — their capacity to create more value than they're paid for.

But in a bubble, prices rise not because real production or value creation is expanding, but because investors are chasing promises — each betting that someone else will pay even more for the same asset.

The pattern isn't accidental. It's built into capitalism itself.

Step one: Capital needs to expand

Capitalism runs on an "expand or die" engine. Every firm must grow constantly to survive — outspending, outproducing, and out-innovating its rivals.

When one wave of growth slows, capital hunts for another.

After smartphones and social media stopped generating explosive profits, investors went searching for a new frontier. They found one in artificial intelligence.

The dream of "intelligent machines" became a new gold rush. Investors declared that AI would transform every industry — from health care to law — and didn't care that most promises were decades from reality. The only thing that mattered was that AI looked big enough to sustain the expansion.

Step two: Credit makes it look real

Once hype takes hold, the credit floodgates open. Trillions pour into data centers, chips, and cloud infrastructure — all on the assumption that future profits will justify today's staggering costs.

Marx called this stage “fictitious prosperity” — an expansion of paper claims on future profits that have no immediate basis in the value created by labor. It makes the appearance of growth without its substance.

AI now fills that role. Capital is pouring into technologies that do not yet produce surplus value, but inflate the balance sheets of corporations through speculation and state contracts.

Stock markets surge, investment booms, and politicians hail the “AI economy” as proof of recovery for an economy still addicted to cheap credit. Beneath the surface, profits are scarce — it’s all fueled by expectations and debt.

At its peak, Nvidia’s stock traded at roughly 138 times its annual profits — a level of frenzy that made the dot-com era look restrained. Nearly 60% of the 2024 S&P 500 gains came from just seven companies. The AI mania has now surpassed the dot-com madness of 1999.

Step three: When illusion meets limits

Eventually, reality breaks through. Chatbots hallucinate. Image models can’t pay their own server bills. Consumers aren’t buying AI products in meaningful numbers.

Yet stock prices keep climbing because no one wants to be the first to admit that capital’s paper claims have outgrown the value created by labor. That’s when the bubble is complete — when financial values are totally unmoored from production and profit.

The new U.S. mirage

AI is the latest chapter in speculative capitalism. Beneath the rhetoric of innovation lies a simple truth: The U.S. economy is being propped up by fictitious capital, not productive labor.

Manufacturing is shrinking. Service jobs are fading. Household debt is climbing. The glittering tech boom hides stagnation everywhere else.

Even figures within the tech establishment — from Eric Schmidt, Google's former CEO, to analyst Selina Xu — admit Silicon Valley's obsession with Artificial General Intelligence (AGI) has bypassed the real opportunities to use the AI that already exists.

AGI refers to a hypothetical machine intelligence that could learn and reason across any task as flexibly as a human being — a kind of “universal mind.”

Unlike today's narrow AI systems, which are built for specific functions, AGI would supposedly understand and act in many domains on its own.

In reality, AGI doesn't exist. Its promise serves capital as a speculative frontier — a projection of limitless productivity used to justify vast investment and state subsidies.

From a Marxist perspective, the AGI hype embodies capitalism's technology fetish — the belief that machines, not labor, create value.

The pursuit of AGI is a chase for power and profit, not progress.

AI as empire

Behind the bubble lies empire. The Pentagon, CIA, and venture capital share the same fantasy: that AI supremacy will guarantee U.S. global dominance.

Massive government contracts — from surveillance software to autonomous weapons — now serve as subsidies for Silicon Valley. Nvidia, Microsoft, Amazon, and Palantir sit at the crossroads of finance capital and the military-industrial complex.

Even Joe Biden, in his farewell address from the White House in January 2025,

spelled it out plainly — a rare moment of honesty.

Biden said that “an oligarchy is taking shape in America of extreme wealth, power and influence that literally threatens our entire democracy, our basic rights and freedoms.”

He spoke of “a dangerous concentration of power in the hands of a very few ultra-wealthy people.”

He specifically talked about the rise of a “tech-industrial complex,” deliberately echoing Dwight Eisenhower’s 1961 warning about the “military-industrial complex.” Biden said this new power bloc is “infringing on Americans’ rights and the future of democracy.”

The fusion is now complete — a military-tech-industrial complex, edging toward what some have begun calling tech fascism.

Biden compared today’s situation to the Gilded Age of “robber barons” — a time when the U.S. economy was dominated by extreme wealth and imperialist expansion into Cuba, Puerto Rico, and the Philippines. It was also a time when Mark Twain and organizations such as the American Anti-Imperialist League were fighting the expanding empire.

Biden didn’t name names. But his remarks landed as Elon Musk, Mark Zuckerberg, and Jeff Bezos aligned themselves with the incoming Trump administration, planning to attend Trump’s inauguration.

Silicon Valley has metastasized into a merger of big capital, big tech, and big war. The empire’s newest weapon isn’t a missile — it’s the algorithm.

Washington’s chip bans on China, its trade sanctions against Huawei, and its AI-driven military pacts — from AUKUS to its defense-tech alliances with Japan and

South Korea — all follow the same imperialist logic. Civilian technology and military infrastructure are being fused into a single system of global dominance.

China's different path

China, by contrast, is treating AI not as a casino chip but as a tool. Instead of betting on abstract intelligence for future profit, China applies AI to real sectors — manufacturing, logistics, energy, and urban planning.

Chinese government white papers outline over 400 industrial-AI pilot zones focused on logistics, steel, and energy — showing production-first deployment.

The difference is stark. The U.S. is using AI to inflate a bubble. China is using it to build.

Industrial policy or financial subsidy

Washington insists it's rebuilding industry through the CHIPS and Science Act, the Inflation Reduction Act, and new "AI innovation zones." In reality, these are less industrial policy than corporate welfare — government funds funneled into private monopolies.

Billions more flow to Intel, TSMC, and Nvidia — the same firms driving speculation. The state isn't reviving manufacturing; it's financing and guaranteeing corporate profits, socializing risk while privatizing gains. The "AI economy" isn't rebuilding the U.S. productive base; it's inflating the next crash.

While the U.S. bankrolls hype, China retools for production. This isn't just a tech race — it's a clash between two systems: finance-driven capitalism versus planned development.

Breaking the cycle

Real progress means ending the profit system itself — where production serves private wealth, not human needs. Capitalism turns every advance into a new source of profit, not a means to improve life.

Technology should serve society, not capital. The wealth created by human intelligence — through research, education, and labor — shouldn't be siphoned off into yet another speculative frenzy.

Until we take tech out of the casino, every so-called “revolution” will end the same way: the bubble bursts, and workers are the ones who pay — with layoffs, wage cuts, and gutted public services.

The rich walk away richer. Everyone else is left to bear the cost of their crash.

