

The Real Reason Why Blackstone Is Courting The Pentagon

The sudden push by Wall Street's largest private equity firm to heavily lobby the Pentagon and State Department for largely unspecified reasons is part of an increasingly visible conflict within the U.S. establishment regarding how to handle the Artificial Intelligence "arms race."



BY **WHITNEY WEBB** AUGUST 22, 2020 8 MINUTE READ



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One of Wall Street's largest private equity firms, the Blackstone Group, has been making a series of moves that have left mainstream analysts puzzled, with the most recent being [Blackstone's hire of David Urban](#), a Washington lobbyist with close ties to the Trump administration.

Blackstone's courting of a Trump ally was not surprising given that the firm's CEO, Steven Schwarzman, recently donated \$3 million to Trump's re-election efforts and had previously chaired the President's now-defunct Strategic and Policy Forum of "business leaders" and advisors. The close ties that have developed between Schwarzman and Trump following the latter's election in late 2016 have led mainstream media to describe Schwarzman as a confidant of the President.

However, what *was* odd about Blackstone's hiring of David Urban was its murky reason for doing so, as the firm plans to task Urban with lobbying the Pentagon and State Department on "issues related to military preparedness and training." This is odd, as CNBC noted, because Blackstone "doesn't have any publicly listed government contracts, and its known investments don't appear to have direct links to the defense industry." However, Urban has extensive experience in dealing with both Departments in addition to his close ties to the current administration and the fundraising apparatus of the Republican Party.

While media reports on Blackstone's recent hire of Urban were unable to elucidate the motive behind Blackstone's sudden desire to court the Pentagon and State Department, they did note that Blackstone's previous hire of a Trump-connected fundraiser lobbyist, Jeff Miller, had been remarkably successful earlier this year, with Miller lobbying Congress specifically on coronavirus relief legislation like the CARES Act. The CARES Act ultimately allowed private equity giants like Blackstone to access funds designated for coronavirus relief, likely thanks to the efforts of Miller and other lobbyists hired by Blackstone as well as other private equity giants like the Carlyle Group.

Though *CNBC* was left looking for answers as to Blackstone's sudden interest in aiding the Pentagon with "military preparedness" and wooing the State Department, the likely motive may be related to other recent moves made by the company, such as the hire of former Amazon and Microsoft executive Christine Feng. Feng, who was hired by Blackstone on August 3, previously led data and analytics mergers and acquisitions at Amazon Web Services (AWS), which is a contractor to the U.S. intelligence community and other U.S. federal agencies. Previously, Feng was a senior member of Microsoft's Corporate Development team. Microsoft recently won lucrative contracts for information technology (IT) services and cloud computing for the State Department and Pentagon, respectively.

According to Blackstone executives, the decision to hire Feng was made due to her "deep relationships in Silicon Valley" and "her experience working at Amazon and Microsoft." They also added that her hire was motivated by Blackstone's push to "identify new opportunities to invest and partner with innovative companies reshaping the world" and Blackstone's recent effort to "double down" on tech sector investments. Notably, Feng's hire came just a few months after Blackstone had hired Vincent Letteri, another tech-focused investor experienced with growth-stage tech companies, and amid a series of recent investments by Blackstone in tech firms, including HealthEdge software and Chinese data center provider 21Vianet, among others.

Schwarzman's Push for "Common Governance"

It strongly appears that Blackstone's recent moves, including Urban's hire, are part of the firm's bid to become one of the top "innovative companies reshaping the world" as the Artificial Intelligence (AI) arms race becomes a key driver in the "reshaping" of the global economy. Blackstone's Steven Schwarzman is a key part of the relatively tight-knit group of billionaires and influential political figures, like Henry Kissinger and Eric Schmidt, that are working to create a "global compact on the research, introduction, and deployment of AI," and Schwarzman has heralded the coming age of AI as representing a "fourth revolution" for humanity.

Schwarzman argued for greater global collaboration on AI-driven technologies, particularly between the U.S. and China, in a July 2020 Op-Ed for Yahoo! Finance where he wrote that the establishment of "common governance structures" for the research, introduction and deployment of AI is necessary if "we are to avoid the negative consequences of AI," ultimately comparing the current pace of development of

AI to that of past arms races, such as those involving nuclear and biological weapons. Per Schwarzman, these “common governance structures” would produce “explicit global commitments, agreements, and eventually international laws with consequences for violation” that relate directly to AI and its use.



David Urban on Amanpour & Co (PBS)

Blackstone’s head is convinced that these “common governance structures” should be built between the U.S. and China, hence his heavy investment in universities and artificial intelligence education in both countries. For instance, Schwarzman created the Schwarzman Scholars program in 2016 where around 100-200 students from around the world pursue a Master’s Degree in Global Affairs at Tsinghua University in Beijing annually. The official goal of the program, which was modeled after the Rhodes Scholars program, is to “create a growing network of global leaders that will build strong ties between China and the rest of the world.” The program’s advisors include former Secretary of States Henry Kissinger, Condoleezza Rice and Colin Powell and former UK Prime Minister Tony Blair as well as former World Bank President James Wolfensohn and former U.S. Secretary of the Treasury and Goldman Sachs executive Henry Paulson. Schwarzman has also donated hundreds of millions of dollars to create an AI-focused institute at Oxford University.

Then, in the U.S., Schwarzman gave \$350 million to MIT, prompting the school to create the Schwarzman College of Computing, which aims to specifically “address the global opportunities and challenges presented by the ubiquity of computing — across industries and academic disciplines — and by the rise of artificial intelligence.” *MIT News* later noted that “the impulse behind the founding of the college came from trips he [Schwarzman] had taken to China, where he observed intensified Chinese investment in artificial intelligence, and wanted to make sure the U.S. was also on the leading edge of A.I.” The college’s inauguration also featured Henry Kissinger as a speaker, where Kissinger mulled the potential impacts of AI and stated that “AI makes it technically possible, easier, to control your population.”

Eric Schmidt, the former CEO of Google, credits Schwarzman’s lead to invest in AI education in the U.S. and abroad as determining “the future of American philanthropy.” “Steve’s donation triggered an arms race among all the universities to match him. This is the next trend in philanthropy, in my view,” Schmidt told *Axios* regarding Schwarzman’s MIT donation last May. Schmidt also stated that his own

investment in Princeton University's Computer Science department had been prompted by Schwarzman's previous acts of "AI philanthropy."

Last May, a federal commission that Schmidt chairs, called the National Security Commission on AI (NSCAI), produced a document that was obtained by a FOIA request earlier this year. One particularly important page made a point that was essentially repeated in Schwarzman's July Op-Ed regarding a "global AI compact." Titled "The Importance of a US/China AI Cooperation," it begins with a quote from Kissinger, a key advisor to and "great friend" of Schmidt, about the need for "arms control negotiation" for AI and then states that "the future of [AI] will be decided at the intersection of private enterprise and policy leaders between China and the US." In other words, the Schmidt-chaired NSCAI argues that the future of AI will be determined by the political leaders and business leaders of China and the U.S. The page also adds that "we [The United States] risk being left out of the discussions where norms around AI are set for the rest of our lifetimes. Apple, Amazon, Alibaba, and Microsoft will not be."

This is particularly significant given the NSCAI is tasked with making recommendations to the federal government regarding how to move forward with AI regulations within the context of "national security" and its members include key members of the Pentagon, U.S. intelligence community and Silicon Valley behemoths that double as contractors to the U.S. military, U.S. intelligence or both. One of the NSCAI's interests, per the FOIA-obtained document, is the use of "AI in diplomacy," suggesting that it also seeks to explore potential State Department uses for AI. Notably, earlier this year, and a year after the aforementioned NSCAI document was written, the State Department saw key aspects of its IT infrastructure privatized and given over to NSCAI-linked companies like Microsoft.

The Establishment Divide over AI

Given Schwarzman's views on AI, his AI-focused "philanthropy," and Blackstone's recent pivot towards technology, it becomes easier to understand why Blackstone has recently hired David Urban to lobby the Department of Defense and the State Department. Over the last few years, Schwarzman ally Eric Schmidt has "reinvented himself as the prime liaison between Silicon Valley and the national security community" through his chairing of the NSCAI and other positions and has been lobbying "to revamp America's defense forces with more engineers, more software and more A.I." Blackstone's plans to use David Urban to woo the Pentagon are likely directly related to these efforts to speed up and determine not just when but how the U.S. military adopts A.I-driven technologies, particularly regarding the degree of collaboration with China.



Munshi Ahmed | Bloomberg | Getty Images

Schwarzman, Schmidt, Kissinger and their allies, as pointed out above, appear to favor direct collaboration with China regarding A.I., seeing it as better for business and the best way to avert “catastrophe.” This is particularly true for Schwarzman who has close business ties to China and has been described as “Trump’s China whisperer” by mainstream media. Indeed, Schwarzman and Blackstone have completed numerous, multi-billion dollar deals in China, with a Hong Kong-based publication even claiming that “Schwarzman has become the go-to man for Chinese buyers.” In addition, Schwarzman has a strong personal relationship with Chinese leader Xi Jinping and is credited with softening Trump’s rhetoric and stance on certain issues related to China since 2017. Part of the reason for this, per Henry Kissinger, owes to Schwarzman’s “unique standing” in China where Schwarzman has “done so many useful things.”

Despite his close ties to Schwarzman, Trump has sent mixed signals regarding how much of Schwarzman’s advice regarding China he will take. Trump’s tendency, in public anyway, has been to bolster the nationalist rhetoric of the cadre of neoconservatives and other figures who compose the Committee on the Present Danger, China (CPDC), chief among them former Trump strategist Steve Bannon.

Bannon and other CPDC figures have described Schwarzman as a “rival,” with Bannon specifically singling Schwarzman out, asserting that the Blackstone founder threatened to “undo his efforts” at guiding the President towards more nationalist policies popular with his base, such as fighting an “economic war” with China. Bannon’s concerns are also echoed by some hardliners in the Trump administration and the Pentagon who, like Bannon, view China as an existential threat to U.S. hegemony and, therefore, “national security.”

Ultimately, with David Urban’s hire, Schwarzman and Blackstone appear to be taking their efforts to shape AI’s future by lobbying the Pentagon and State Department directly in the event that Trump’s

nationalistic tendencies threaten their vision of U.S.-China collaboration in AI in the post-Coronavirus world.



Author
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Whitney Webb has been a professional writer, researcher and journalist since 2016. She has written for several websites and, from 2017 to 2020, was a staff writer and senior investigative reporter for Mint Press News. She currently writes for The Last American Vagabond.

11 comments



Ross says:
August 22, 2020 at 6:51 pm

Per usual, another very well-written and enlightening article on the current backdoor business manoeuvrings of TPTB; who, via the fog of the plandemic, are in prime position to push forward with the agenda of AI in all spheres of our society!

Reply



Jeff Carmack says:
August 23, 2020 at 10:22 am

Thank you, Whitney.

Reply



uncle tungsten says:
September 8, 2020 at 8:13 pm

With Steve Bannon now somewhat indisposed, perhaps the new arrangement of the hegemony men will damp down the rhetoric and Trumpian mendacity. IMO the damage done to China over the last few years will result in a major leap forward for China and ultimate exclusion of the USA.

Reply

romar says:



September 12, 2020 at 6:48 pm

By “damage done to China”, do you mean the ineffectual insults and provocations by Trump, Pompeo & co.? No damage was done, except to US-China relation – which will ultimately redound to China’s good, as you rightly point out.

China has the wind in its sails, and cannot be stopped. Trump is just wasting his saliva.

Actually, the real danger to China is that bunch Tech guys pretending to want to cooperate, while attempting to embed themselves into the belly of its tech research and deployment.

Yet even they are wasting their time: China wasn’t born yesterday...

Reply



Donald R Wilkerson says:

December 16, 2020 at 2:37 am

In my opinion the biggest threat is going to come in the form of a retaliation of a Biological weapon. If General, Zhang Shibo is correct then specific ethnic genetic attacks is most likely why China got hit so hard while the United States and other western countries put on a show about how bad it was, it also explains the protests that broke out in a lot of European countries. LOL.....guess the Governments forgot to tell the citizens to play along with the hype. But as you said, China isn’t dumb and knows that the Gain of Function Coronavirus was develop at the University of North Carolina in Chapel Hill and the Pentagon collaborated with certain Chinese scientist at Wuhuan to leak the virus into the public in order to create an uprising against the Communist Party. They seemed very prepare.

Reply



paranoid goy says:

September 30, 2020 at 7:24 pm

All very well, but at least one question remains: what with the obsessive conniving to partner with China? The simplest solution is because manufacturing will never come back home, China is the World Factory evermore. That does mean, however, that they have to comply with the back-door architecture prevalent ever since Microsoft and Intel had their suspicious court victories in the nineties. China has to be made and kept complicit, and all other potential actors on the virtual battlefield will be forced to use weapons designed in Tel Aviv and built in Chang Dong. Under Pentagon supervision, of course...

Reply



Henry says:

December 8, 2020 at 11:47 am

Blackstone, Blackrock, Vanguard etc. are all Jewish Rothschild owned companies. There are hundreds more.

These companies own the USA.

Reply



nonconformist says:

June 5, 2021 at 7:44 am

Goldman Sachs, Rockefellers, Lehmans and Kuhn Loeb's of New York; the Rothschilds of Paris and London; the Warburgs of Hamburg; the Lazards of Paris; and the Israel Moses Seifs of Rome, to be precise

Reply



Stewart Howe says:

December 17, 2020 at 12:16 am

First, thank you Whitney; excellent work.

So, it's now clearer how warring factions of ass-clowns are angling for greater control of the AI levers of power. I'm left wondering how best to illuminate and thwart the con artistry these weasels spew, as they roll out the "marketing campaigns" of their corporate & state actor agendas. Seen from a "big picture" perspective, at the level of causality, all (of their) roads lead to global tyranny, China style.

I'm thinking we need to call BS on the whole globalist satanic agenda. Remedy can only come from "The Truth, The WHOLE Truth, And Nothing But The Truth". Perhaps more people than we think will respond to learning, for example, that the whole notion of Artificial Intelligence is bogus. Artificial intellect sure, cold and pernicious calculated results generated as an extension of the like minded vermin who conjured up the algorithms that spawned them. But Intelligence, and wisdom, needed to come to conclusions and decisions which benefit humanity, require the components of the "gence" in intelligence; generative compassion, care, intuition, and divinely inspired unselfishness.

Leaving out the big picture, of which this deceptive battle for AI is a result not a cause, diminishes its beneficial effect. Perhaps I've failed to appreciate some reason to separate telling the story from telling the whole story.

In any case, thank you again Whitney. You are a warrior goddess of the highest order. Kudos.
Reply