

Senate clears passage of economic warfare legislation directed at China

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The US Senate moved towards passage of the United States Innovation and Competition Act Thursday night, providing more than \$200 billion to fund economic warfare directed primarily against China, but also against other US competitors in Japan and Western Europe.

The key vote came Thursday afternoon on a motion to close debate and block any filibuster, which passed by a margin of 68–30, easily clearing the 60-vote threshold. While 30 Republicans voted against cloture, it was supported by Senate Republican Leader Mitch McConnell and 17 other Republicans, in return for Democratic agreement to bring several amendments up for vote.

The bill, co-written by Senate Majority Leader Chuck Schumer and Republican Senator Todd Young of Indiana, incorporates a half dozen separate pieces of legislation, some introduced in response to the acute shortage of computer chips that has forced the partial shutdown of the US auto industry, others driven by allegations of Chinese “theft” of US intellectual property.

Co-sponsors of the legislation include Republicans Lindsey Graham and Mitt Romney, and Democrat Chris Coons of Delaware, the senator with the closest personal ties to President Biden.

The various bills reported from six Senate committees carried such titles as the Endless Frontier Act, the Strategic Competition Act and the Meeting the China Challenge Act. In their combined form they run to more than 1,400 pages. The right-wing Heritage Foundation summarized the overall bill as beginning “an overdue debate on how to tackle long-term strategic competition with China.”

Among the provisions are a list of ten “key technology focus areas” to be developed by the

National Science Foundation and the Department of Energy.

Openly anti-China provisions include sanctions on Chinese entities accused by the US government or US corporations of cyberattacks or intellectual property theft, as well as a review of US export controls to restrict export of technologies to China on a variety of “human rights” and “national security” grounds.

The bill also establishes a fund to counter Chinese influence globally and encourages “public diplomacy”—i.e., the promotion of illusions in the benevolent role of the United States—in the Indo-Pacific region. The bill also codifies in law the temporary prohibition of US-China cooperation in space, which had previously been extended from year to year.

Much of the bill is a gigantic slush fund for the computer chip industry. The US share of the global market has fallen from 40 percent in 1990 to only 12 percent today. The \$52 billion “CHIPS for America Fund” will subsidize US-based semiconductor producers, mainly Intel and Texas Instruments.

This is directed against other Asian countries in addition to China, since production delays in key chip producers in Japan and especially Taiwan have had a huge impact particularly on the US auto industry.

A raft of American cities are expected to engage in bidding wars for new semiconductor plants financed by the fund, similar to the contest for a new Amazon headquarters a few years ago. Both Indianapolis, Indiana, and Buffalo, New York, are said to have a leg up in this competition because of the role of Young and Schumer as the bill’s co-sponsors.

Some \$2 billion of the CHIPS fund is set aside to build chips specifically required by the US military-intelligence apparatus.

About \$81 billion over four years will be distributed

through the National Science Foundation for research in areas of critical technologies, both commercial and military. Another \$17 billion will go directly to research funded by the Department of Energy, which conducts or underwrites most US research into nuclear power and nuclear weapons.

An additional \$10 billion will finance NASA's manned landing systems program, operated under contract by Blue Origins, owned by Amazon CEO Jeff Bezos. In effect, this is a \$10 billion handout to the richest man in the world. It also has significant military applications, particularly as the US government prepares for a struggle with China in outer space.

In debate on the Senate floor, Schumer called the bill a "once-in-a-generation investment in American science and American technology." He boasted, "This legislation will set our country on the path to out-innovate, out-produce and out-compete the world in the industries of the future."

"At its core, the U.S. Innovation and Competition Act is about maintaining America's role as the global economic leader," he continued. "Today the reality is that semiconductors are a strategic industry... If we don't take steps to bolster our competitiveness, it's clear that our competitors will forge ahead of us."

The principal Republican co-sponsor, Todd Young, spelled out the ideological underpinning of the bill. "Right now, the Chinese Communist Party is emphasizing to the world that the United States is a divided nation," he said. "This is a rare opportunity to show the authoritarians in Beijing, and the rest of the world, that when it comes to our national security, and most importantly our China Policy, we are united."

More than 60 organizations, including antiwar and scientific groups, issued a joint letter warning that its "anti-China framing" would feed xenophobia. "Worryingly, both political parties are increasingly latching onto a dangerously short-sighted worldview that presents China as the pivotal existential threat to US prosperity and security and counsels zero-sum competition as the primary response," the letter declared.

These concerns cut no ice with either the Democratic or the Republican parties. The House version of the Senate bill is to be introduced by Representative Ro Khanna, who represents part of the San Francisco Bay Area and is the leading House ally of Senator Bernie

Sanders, thus constituting the so-called "left" of the Democratic Party.

The anti-China message was further reinforced by the speech delivered by President Biden Thursday afternoon in Cleveland, where he proclaimed the coronavirus pandemic all but over, hailed the US economic recovery which he said was now underway, and declared that his goal was to insure that the United States retained its economic status as "number one in the world."



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