

US Senate passes CHIPS and Science Act to bolster US tech against China

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The US Senate passed on Wednesday a bipartisan bill that commits \$280 billion over five years to the American semiconductor industry and scientific research in several strategic high-tech disciplines. The 64 to 33 vote in favor of the funding expressed the unity of Democrats and Republicans in support of intensifying US economic and military aggression against China.

The legislation, called the “CHIPS and Science Act,” will provide \$52 billion in subsidies and tax credits to chip manufacturers to expand or build new facilities in the US and \$200 billion for research into artificial intelligence, robotics and quantum computing as well as other technologies.

Seventeen Republicans voted with 47 Democrats to adopt the bill and move it to the House, where Speaker Nancy Pelosi has said it will be acted on quickly. President Biden has said that the CHIPS and Science Act is a top priority of the administration, and he will sign it as soon as possible.

The alliance of Democrats and Republicans was in support of a bill that directly articulates the domestic and foreign policy goals of the American ruling establishment for great power conflict with China.

Senate Majority Leader Charles Schumer (Democrat, New York), who has been working on the bill for three years, said the semiconductor companies could do fine “on their own” in the 1970s and 1980s. He went on, “But in the 21st century, with countries like China and Germany investing heavily, we could sit back on the sidelines and who would lose out? American workers, American economic dominance, and our national security.”

Schumer’s reference to American workers is, of course, entirely cynical. He knows full well that the massive investments in US high tech industries will

benefit corporate America and the Pentagon, not the working class. A reliable supply of advanced semiconductors is required for manufacturers of high-tech and “smart” weapons systems, as well as the auto industry and the IT industry more generally.

The passage of the bill in the Senate was not without typical Washington horse trading. In order to obtain the endorsement of Senate Minority Leader Mitch McConnell (Republican, Kentucky), the Democrats were forced to abandon any effort to undo the Republican tax cuts that were signed by then-President Donald Trump in 2017. There were also negotiations with right-wing Democrat Joe Manchin of West Virginia, who backed McConnell on upholding the Trump tax cuts that handed trillions over to the wealthiest layers of American society.

The only Democrat who opposed the bill, “independent” Senator Bernie Sanders of Vermont, attacked it as a handout to an already enormously profitable industry. Sanders was joined by right-wing Republicans like Senator Rick Scott (Republican, Florida), who called the package “one of the grossest gifts to corporate America I’ve ever seen.”

Sanders also criticized the semiconductor industry from the standpoint of economic nationalism saying, “Any company who is prepared to go abroad, who has ignored the needs of the American people, will then say to the Congress, ‘Hey, if you want us to stay here, you better give us a handout.’”

In a statement, Biden claimed the bill was an answer to the state of the US economy and rising inflation. Getting down to the strategic purpose of the bipartisan measure the US president said it would improve “American supply chains, so we are never so reliant on foreign countries for the critical technologies that we need for American consumers and national security.”

At the White House, Commerce Secretary Gina Raimondo expressed the widespread concerns within the ruling circles that the US technology industry has ceded its leadership position to the Chinese. She said the US share of global chip manufacturing had fallen from 40 percent to 12 percent and that the most advanced chips were all made in Taiwan.

Secretary Raimondo said the US had invested “next to nothing” in the semiconductor manufacturing sector, as opposed to China, which had spent \$150 billion on domestic capacity. The government had to provide subsidies, she said, in order to compete with other countries and to incentivize companies to expand their production facilities.

The bill also contains provisions that prohibit any company that receives US funding from building manufacturing plants in China “or any other country of concern” for 10 years after accepting grant money.

Senator Roger Wicker (Republican, Mississippi) said that the aim of the bill was the “technological supremacy” of the US over China. Expressing the element of fear and desperation that underpins the recklessness behind the drive of the US for global military and economic hegemony, Wicker said, “Regrettably, at this moment, we are not in the driver’s seat on a range of important technologies. China is. China and other nations are increasingly dominant in tech innovation, posing a massive threat to not only our economy but to our national security.”

Among the corporations that will be lining up for government funding will be Intel Corp., Taiwan Semiconductor Manufacturing Co., Global Foundries, Micron Technology and Applied Materials. The global semiconductor market reached \$556 billion in 2021 with US companies controlling approximately 46 percent of it, or \$258 billion.

In many ways, the semiconductor industry expresses the integrated character of the global economy and the dependence of modern society upon the foundational systems that make electronic communications and digital technologies possible. Every segment of the economy as well as everyday life for billions of people on earth are increasingly dependent upon the development, supply and production of these increasingly miniaturized chips.

An attempt to reverse the internationalized process that brought these technologies into existence, by

pulling production back within the borders of any one nation, is a deeply reactionary and catastrophic endeavor. However, this is precisely the direction that US imperialism must pursue in the drive to stem its historic decline and subordinate the entire world economy to its hegemonic interests.



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