The U.S. ‘Act of War’ against China

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The July 12 New York Times Magazine headlined: “‘An Act of War’: Inside America’s

Silicon Blockade Against China."

The report is about the October 2022 "export controls" against China:

"Last October, the United States Bureau of Industry and Security issued a document that — underneath its 139 pages of dense bureaucratic jargon and minute technical detail — amounted to a declaration of economic war on China. …

"The Oct. 7 controls essentially seek to eradicate, root and branch, China's entire ecosystem of advanced technology. 'The new policy embodied in Oct. 7 is: Not only are we not going to allow China to progress any further technologically, we are going to actively reverse their current state of the art,' [Gregory] Allen [of the Center for Strategic and International Studies in Washington] says. C.J. Muse, a senior semiconductor analyst at Evercore ISI, put it this way: 'If you'd told me about these rules five years ago, I would've told you that's an act of war — we'd have to be at war.'"

The U.S. export controls (the act of war) on computer chips aim to undermine China's ability to produce or purchase high-end chips, which are crucial for the development of advanced technologies such as supercomputers and artificial intelligence (AI). Some call this a Silicon Curtain in the New Cold War against China.

The U.S. controls (again, an act of war) are not narrowly targeted at curbing Chinese military development, as claimed by the Biden administration. On her recent visit to China, Treasury Secretary Janet Yellen seemed openly insincere when she tried to say the controls were not aimed at the broader economy. China's Premier Li Qiang, who met Yellen, told her that she was "overstretching."

The export controls are broad. As the New York Times reports, they seek to undermine China's entire ecosystem of advanced technology, including its AI

industry. The semiconductor industry is seen as a means to achieve this goal.

The semiconductor industry is a global industry that the U.S. has dominated and controlled, as U.S. Big Oil has dominated the global energy industry.

The Pentagon's semiconductor project

The semiconductor industry began as a project of the Pentagon's Semiconductor Technology Advanced Research Network (STARnet), part of the Defense Advanced Research Projects Agency (DARPA). The industry in the U.S. was and is, to this day, heavily financed by the Pentagon and the U.S. government.

The CHIPS Act, passed by Congress and signed by President Biden in August 2022, pumped an additional $280 billion in new funding for the research and manufacture of semiconductors in the U.S. That was followed by a DARPA announcement in January 2023 that it was putting almost half a billion dollars into a project to help advance the semiconductor industry in the U.S.

None of this, by the way, was created or developed by any capitalist entrepreneur. Capitalism does not create anything on its own; it just finds a way to exploit new technology to make a profit. And many of the biggest, highest profit-making capitalist industries were created and funded by the government in various ways, including most of the technology industry, the internet, the pharmaceutical industry, the automobile industry, and even Big Oil.

The semiconductor industry is a knowledge-intensive industry. It is built on shared knowledge and resources. Initially, semiconductor companies were built on open innovation. Because of its complexity, development, and production required the collaboration of research centers, universities, scientists, engineers, and many others to develop the techniques and methodologies required.

The pace of innovation in the semiconductor industry has been incredibly rapid. New

chip designs are constantly being developed, and the capabilities of chips are constantly increasing. This is due to a number of factors, including:

- The increasing complexity of chips. Chips are becoming increasingly complex, with billions of transistors packed into a tiny space. This complexity requires the use of advanced manufacturing techniques and the development of new materials.
- New materials and manufacturing techniques. The semiconductor industry is constantly developing new materials and manufacturing techniques to improve the performance and efficiency of chips. For example, new materials, such as gallium arsenide, silicon carbide, and graphene, have allowed for the development of faster and more powerful chips.
- The increasing availability of computing power. The increasing availability of computing power has allowed chip designers to develop more complex and sophisticated chip designs.

Global means global

Global means that chips are designed and manufactured in many countries around the world, not just the U.S. This means:

- A global workforce of scientists, engineers, technicians, and other skilled workers. The semiconductor industry requires a large pool of skilled labor. This labor is not evenly distributed around the world. Most of the semiconductor industry is now concentrated in China, Taiwan, and South Korea.
- As a global industry, production depends on a complicated matrix of manufacturing, warehousing, shipping, and transportation. This global supply chain is highly interconnected and spans across many countries. Every chip has been produced from parts developed and produced in a dozen or more countries. This necessitates collaboration and sharing to

ensure smooth operations and product quality.

The U.S. export restrictions (an act of war) are designed not only to prevent further advances in China's technology sector but also to actively reverse its technological development. The controls are intended to eradicate China's advanced technology ecosystem and hinder its progress in economic growth and development.

U.S. export controls, introduced by the Trump administration and now expanded by the Biden administration, have already had devastating consequences for Chinese companies like Huawei, which was heavily impacted by the chip bans imposed by the Trump administration in 2019. Huawei, once the largest smartphone seller in the world, saw its revenues plunge and its market share drastically decline as a result of these measures.

Biden expands what Trump started

The Biden administration has continued the Trump administration's campaign against Chinese technology companies, but it has taken a more expanded approach. The Trump administration imposed broad sanctions on Chinese companies, including Huawei, ZTE, and Hikvision. The Biden administration has focused on whole industries, such as telecommunications and semiconductors.

In the words of Gregory Allen at CSIS, "The Trump administration went after companies. The Biden administration is going after industries."

The Biden administration's actions against China's technology sector are an attempt to slow down the entire Chinese economy. China is heavily reliant on semiconductors, and the Biden administration's actions are making it more difficult for China to acquire the technology and components it needs to produce its own chips.

The fact that China spent more on computer chip imports than it did on oil in April is

a clear indication of how important semiconductors are to the Chinese economy. Chips are used in a wide range of products, from smartphones to cars to industrial machinery.

But the New Cold War and its Silicon Curtain cannot reproduce the old Cold War.

In the Cold War, the United States and the European imperialist powers in NATO were the biggest manufacturers in the world. This gave them dominance in terms of economic power and military strength.

Now, socialist China has emerged as a major manufacturing power. Today, China is the world's largest manufacturer, including the semiconductor industry. China is the largest trade partner for 70% of the countries in the world.

This has led to a decline in the United States' relative power. The United States is no longer the dominant producer in the world.

In addition, the U.S. used to have a significant advantage in the global energy market, due to its control of West Asia's hydrocarbon resources. However, in recent years, China has become a major player in the global energy market, and OPEC has become less reliant on the United States. The U.S. has greatly reduced oil imports because of domestic shale oil (fracking) and gas production. This means that OPEC is no longer as dependent on the United States as it once was. This has led to a loss of control for the United States in the global energy market.