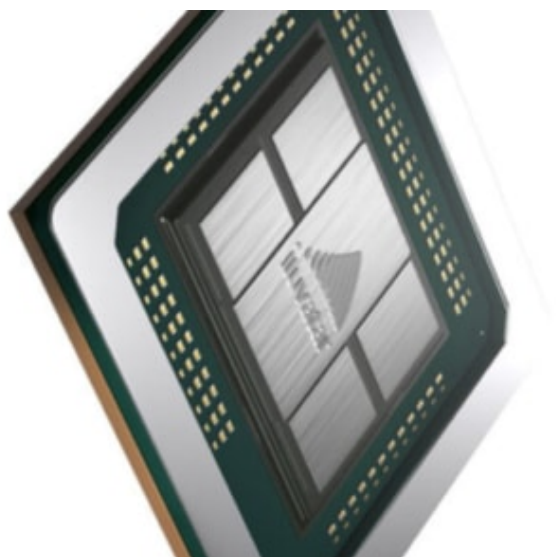


The U.S. steps up its ‘chip war’ against socialist China

written by Chris Fry
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China's new 7 nm chip challenges U.S. sanctions aimed at strangling China's development.

On October 17, Commerce Secretary Gina Raimondo announced new bans on the giant tech company Nvidia from sales of its advanced computer chips, particularly its advanced H800 and A800 products.

Raimondo claimed that this move was directed solely against the Chinese military. According to an October 18 CNN [report](#), she said in August on her visit to China: “the administration was “laser-focused” on slowing the advancement of China’s military. She emphasized that Washington had opted not to go further in restricting chips for other applications.”

But on October 17, Raimondo made clear that the target of these sanctions against socialist China is much wider:

“The goal was to limit China’s ‘access to advanced semiconductors that could fuel breakthroughs in artificial intelligence and sophisticated computers’.”

China’s Foreign Ministry quickly responded:

“The US needs to stop politicizing and weaponizing trade and tech issues and stop destabilizing global industrial and supply chains,” spokesperson Mao Ning told a press briefing. “We will closely follow the developments and firmly safeguard our rights and interests.”

China has decided to cut off the U.S. from supplies of germanium and gallium, essential for manufacturing semiconductors.

Commerce secretary calls Huawei’s computer chip breakthrough ‘incredibly disturbing’

At a Senate hearing on October 5, Commerce Secretary Raimondo called the Chinese firm Huawei’s new cellphone and its 7nm computer chip “incredibly disturbing.” Why? It’s because that chip was produced by the Chinese state-owned Semiconductor Manufacturing International Corporation (SMIC).

Both companies, Huawei and SMIC, have been “blacklisted” by both the Trump and Biden administrations to prevent them from developing advanced semiconductors

and other computer technologies.

In 2018, Trump had gone so far as to have a top Huawei executive placed under house arrest in Canada for three years for supposedly violating U.S. sanctions against Iran.

The Biden administration has escalated its economic war with China, prohibiting not only U.S. companies from selling advanced computer technologies to Chinese companies but also other countries from doing so, such as South Korea, the Netherlands, and the computer companies based in Taiwan. U.S. “experts” had predicted that this move would take decades for China to overcome if it ever did.

An October 4 [opinion piece](#) in the New York Times details how the U.S. establishment uses international digital financial tools to bend their “junior partners” to their will over the sentiments of the populace in their own countries. The article discusses a recently published book: “Underground Empire: How America Weaponized the Global Economy,” by Henry Farrell of Johns Hopkins and Abraham Newman of Georgetown:

“These institutions include the dollar and the bank-messaging system known as Swift (the Society for Worldwide Interbank Financial Telecommunication), which is based in Belgium and run by an international board but vulnerable to American pressure. It helps that the rise of the internet has made the United States home to much of the wired world’s circuitry and infrastructure, including, in our time, some of the major cloud computing centers of Amazon Web Services, Microsoft, and Google.

“The United States now has the ability to survey and influence the world’s communications and supply chains, should it choose to. After the Sept. 11 [2001] attacks, it chose to. It bent the institutions to which it had access into a defensive (as it then saw things) weapon in the war on terror. ‘To protect

America,' Mr. Farrell and Mr. Newman write, 'Washington has slowly but surely turned thriving economic networks into tools of domination.'

"A study this past summer by the European Council on Foreign Relations found large majorities, 62 percent continent wide, would wish for Europe to remain neutral should the United States and China ever enter into conflict over Taiwan. Yet last April, when President Emmanuel Macron of France urged his fellow Europeans to preserve their 'strategic autonomy' in Sino-American matters and avoid getting swept up in 'a logic of bloc against bloc,' he was rebuffed, not just by American politicians but also by certain of his European allies."

Up until these imperialist sanctions, socialist China had obtained its semiconductor and other tech designs from a complex global network. Facing this U.S. blockade, the Chinese government began a robust campaign to develop its own semiconductor design capabilities. With this new Huawei success, it appears that socialist China has made a massive breakthrough.

Of course, in an example of extraordinary arrogance, the U.S. accused China's SMIC, a company that it had already sanctioned, of violating those sanctions by not asking the U.S. Commerce Department for "permission" to develop its own new computer chip and sell it to another Chinese company, Huawei.

Not only is the U.S. placing stricter requirements on computer chip sales by its own companies and its Western subordinates, but it has demanded that Taiwan rulers stop its companies from engaging with tech companies on the mainland.

An October 5 Benzinga article stated that a probe by the Bloomberg business website revealed that four companies based in Taiwan were helping to build semiconductor plants in the mainland. The linchpin of the entire U.S. strategy to counter China is Taiwan and the Trump/Biden threat to wage war to defend the island's "independence," breaking with the "One China" policy that the U.S. had

agreed to in 1979.

Biden's much-touted anti-China "Chips and Science Act" program has hit a snag with the most important of Taiwan's tech companies - the Taiwan Semiconductor Manufacturing Company (TSMC). An August 28 [article](#) from the Guardian indicates that the company is eager to get the U.S. government money but is in no hurry to actually build the plant in Arizona or hire union workers:

Eight months on, the Phoenix microchip plant - the centerpiece of Biden's \$52.7bn US hi-tech manufacturing agenda - is struggling to get online.

The plant's owner Taiwan Semiconductor Manufacturing Company (TSMC), the largest chip maker in the world, has pushed back plans to start manufacturing to 2025, blaming a lack of skilled labor. It is trying to fast-track visas for 500 Taiwanese workers. Unions, meanwhile, are accusing TSMC of inventing the skills shortage as an excuse to hire cheaper, foreign labor. Others point to safety issues at the plant.

A "presidential" election is slated in Taiwan in January 2024. Polls indicate that the pro-independence ruling party's candidate has only 33 percent popular support, while the three opposition candidates who oppose independence garner more than 50 percent support. They have yet to come up with a way to unify their opposition, but it still indicates that Taiwan's residents reject the Ukraine-style proxy war scenario that the Pentagon and the Biden White House are pushing.

Artificial Intelligence - the next front

Now, the U.S. is scrambling to prevent China from developing even more powerful semiconductors and other advanced technologies that would power Artificial Intelligence (AI) systems.

Of course, AI presents opportunities for greater profits in a capitalist society. Each

worker becomes more “productive”; that is, she or he can produce more goods or services in less time. But since the value of each commodity or service is measured by the amount of “average” labor time to produce it, this same technical development drives down that value, forcing companies to “overproduce” to try to maintain their level of profits. This leads to the “bust” part of the capitalist cycle – recessions and depressions.

But this is not a problem in a socialist system, where production is socially owned and is driven by scientific planning, not profit. China has virtually eliminated poverty. President Johnson declared his “War on Poverty” in 1964, but just like his war against socialist Vietnam, poverty won and is still widespread here among the workers and oppressed communities.

And the capitalist class fears that artificial intelligence could be used under socialism to greatly enhance the coordination and accuracy of that scientific planning. The workers, through their Communist Party, could use it to far more capably direct their economy to meet the people’s needs rather than fill the coffers of the banks and corporations.

The imperialist ruling class is keenly aware of the danger of this, not only in its economic competition with socialist China but also with the example of a powerful and prosperous socialist China lighting a revolutionary beacon to the global working class as to the possibilities with a new social system.

Source: [Fighting Words](https://www.struggle-la-lucha.org/2023/11/06/the-u-s-steps-up-its-chip-war-against-socialist-china/)

