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### Will US Manufacturing Be In the CHIPS?



#### Intel to Invest at Least \$20 Billion in New Chip Factories in Ohio

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As the **EE Times** reported, **July 21, 2022**, "On July 19, the Senate voted 64–34, demonstrating bipartisan support for the bill designed to provide more than \$52 billion to boost U.S. semiconductor competition with China." The simplest rationale for the bill was made in a prepared statement by Senate majority leader Chuck Schumer.

**With this bill, we can make America a major chip producer once again, which will help ease pressures on our supply chains, strengthen our national security, and generate another wave of American economic activity for years to come.**

The **Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act**, and its companion legislation that is "cited as the **“Facilitating American Built Semiconductors Act”** or the **“FABS Act”** taken together are Congress's answer to the world's shortage of the semiconductors upon which our modern life so vitally depends. Domestic production and distribution of these critical components will help alleviate any future foreign sourced supply chain disruptions.

Other nations have already begun the process of domestic production of electric components. Writing for **Bloomberg**, **July 21, 2022**, **Ian King** notes:

**The governments of China, Japan, South Korea, and Taiwan have all prioritized localizing production, offering incentives that make it at least 30% cheaper to set up plants in their countries than in the US, according to Intel Chief Executive Officer Pat Gelsinger. Those subsidies have helped shift most advanced manufacturing to Asia.**

King quotes Bruce Andrews, chief government affairs officer at Intel Corp, to express the need that Congress must act with all haste to pass the two pieces of legislation. **"The rest of the world is moving on with this... Other countries are aggressively recruiting. They're providing incentives. They're rolling out the red carpet."**

One of the primary Congressional opponents of the bill is Sen. Bernie Sanders. In a **Press Release dated July 15, 2022**, the Senator summarized his opposition:

**I'm opposed to this legislation in any form until these conditions are met: companies must agree to issue warrants or equity stakes to the federal government; they must commit to not buying back their own stock, outsourcing American jobs overseas or repealing existing collective bargaining agreements; and they must remain neutral in any union organizing efforts.**

Among his objections that the proposed tax subsidies for building new semiconductor fabrications plants is that these subsidies would go mainly to the biggest semiconductor manufacturers doing business in America. These companies **"made \$70 billion in profits last year,"** claimed the Senator. Well, yes. And these same companies have made reciprocal commitments if the acts are passed. For its part, Samsung has **"plans to build a \$17 billion semiconductor factory in Taylor, (TX),"** according to **The Austin American-Statesman, July 21, 2022. Eleven more plants are in Samsung's long term plans.**

In January 2022, Intel pledged 20 billion dollars towards new fabrication plants to built in Licking County, OH. These plans are contingent upon CHIPS and FABS passing. **"But the company's CEO issued a warning this week, specifically to Senate Republican Leader Mitch McConnell, who has threatened to derail negotiations over a bill that would help fund the construction,"** reported **Spectrum News, Columbus, OH, July 14, 2022.** **"We've made super clear to McConnell, to the Democrats, to the Republicans that if this doesn't pass, I will change my plans,"** Pat Gelsinger, the CEO, told **Washington Post Live on Tuesday.**

At first blush, a seemingly unlikely group supporting CHIPS and FABS is the Pentagon. As the newspaper of Congress, **The Hill reported July 19, 2022, "Ahead of a crucial vote in the Senate, the Department of Defense is lobbying members in both parties to back the bill by arguing it will help the U.S. keep up with China and other nations heavily investing in their own semiconductor industries."** The DOD is making the argument that **"The chips are important to the Pentagon, as they can be found in every weapons system."** The Hill article cited above states the fact that **"each Javelin missile the U.S. sends to Ukraine includes about 200 semiconductors."**

Among the immediate tangible benefits were the bills to pass will be the quick boost to the state and local economies slated to benefit from the bill's provisions. Ohio is projecting thousands of new jobs emanating from the bills' adoption. **"Ohio gets one step closer to creating thousands of jobs, making billions thanks to CHIPS Act" proclaimed the headline on the local Columbus, OHIO ABC affiliate website, Jul 21, 2022.**

The same article cited above quotes Ohio Senator Rob Portman's Senate Floor Speech in support of the two acts.

**The bipartisan CHIPS Act, which includes reshoring semiconductor manufacturing to America and giving American workers and American companies the tools they need to compete and win... The CHIPS Act specifically would bring \$52 billion in federal investments for domestic semiconductor research, design, and manufacturing.**

Other component manufacturers have decided to table their opposition to the bill for now. **TechTarget reported July 22, 2022, "An AMD official said the company preferred to let the "industry body representing us," meaning the Semiconductor Industry Association (SIA), speak for it.**

And SIA president, CEO John Neuffer, stated his organization was **"encouraged that the legislation is progressing... and that it will continue to support enactment of the bill along with investment tax credit for both chip manufacturers and designers. "**

The American Innovation Project, AKA Meta, AKA Facebook, AKA Mark Zuckerberg has spent millions over the past couple of years on television advertising that implores Congress to not pass laws that result in shipping US jobs, especially US tech jobs, to China. Never once in any of these breathless ads is any specific piece of legislation mentioned that would result in said tech jobs shipped off to China. As a counter to the vapid and vacuous ads of The American Innovation Project, this blog offered up the then still pending CHIPS Act as an example of Congress debating legislation that would, in fact, create tech jobs here in the US. The reply then, as it is now, is crickets.

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— **Integrated Circuits**, a poem by Alemseged Sisay

Gerald Reiff

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