## Politics

### 1NC – UQ – General

#### Competitiveness passes – companies are helping policymakers AND details of the bill are being negotiated

Flatley & Wasson 7/20 (Daniel Flatley, National Security Reporter, Erik Wasson, Congressional Reporter, 7-20-2022, "Senate Moves Forward With $52 Billion in Semiconductor Funding," Bloomberg, https://www.bloomberg.com/news/articles/2022-07-20/senate-moves-forward-with-52-billion-in-semiconductor-funding, DOA: 7-20-2022//Smarx Ahsan)

The US Senate voted by a wide margin to begin debate on legislation to provide more than $52 billion in grants and incentives for the American semiconductor industry, a major milestone for the long-stalled package that proponents say is vital to national security.

The 64-34 procedural vote on Tuesday night met the criteria set by Senate Majority Leader Chuck Schumer to add research and development initiatives circulated by Republican Todd Young and Democrat Kyrsten Sinema to the legislation, which could be passed by the Senate next week.

Schumer before the vote called it “legislation our country desperately, desperately needs.”

Details of the bill, a scaled-down version of the original and more expansive measure intended to make the US more competitive with China in technology and advanced manufacturing, are still being worked out.

In addition to money to assist semiconductor companies building fabrication plants or “fabs” in the US, a draft bill circulated by the Senate leadership includes a 25% investment tax credit for manufacture of semiconductors and tools to create semiconductors, $500 million for an international secure communications program, $200 million for worker training and $1.5 billion for public wireless supply-chain innovation.

The provisions proposed by Young and Sinema would establish a directorate for technology and innovation within the National Science Foundation to support basic and applied research and bolster education in science, technology, engineering and mathematics. Schumer had said the Senate needed at least 60 votes to show support for those provisions.

The legislation also would have to pass the House, where Majority Leader Steny Hoyer said Democrats would support the Senate version, even if some wanted a broader bill.

“We need to do the chips part and if we don’t do that we will lose chip manufacturing to other places,” he said.

Senate GOP leader Mitch McConnell, who had previously threatened to block the wider legislation until Democrats dropped their plans for a tax and climate package, voted against starting debate. He said earlier in the day that he wanted to see what is in the eventual legislation first, even though he called the domestic chip manufacturing “a national security issue of significant proportion.”

The Biden administration, lawmakers from both parties and the semiconductor industry have called the chips incentives urgent amid a global shortage and supply chain disruptions that have affected industries including automobiles, electronics and appliances. The US still leads the world in chip design, but manufacturing has shifted to Asia. The legislation aims to bring more chipmaking back to the US.

Some companies, including Intel Corp., and a lobbying group, the Semiconductor Industry Association, have been seeking changes to the legislation to allow production of more advanced chips in China. The current language bans investment in plants that produce chips smaller than 28 nanometers while some facilities in the country are already producing 16 nanometer chips.

“Legislation this complex and important requires input from all stakeholders,” Intel spokesperson Nancy Sanchez said in an emailed statement. “Intel and many companies in our industry have come together with our trade association to provide input to policymakers in order to ensure that we have the best legislation possible and don’t inadvertently undermine the global competitiveness of companies that receive CHIPS funds.”

#### Congress works to pass the CHIPS act – ensures the US wins the tech race

Seddiq 7/23 (Oma Seddiq, politics reporter for Insider, where she covers Congress, the White House and the Supreme Court, 7-22-2022, "A bipartisan bill years in the making to boost the US semiconductor industry and competition with China will soon hit the Senate floor for a final vote," Business Insider, https://www.businessinsider.com/chips-act-bill-to-boost-us-chipmaking-competition-with-china-2022-7, DOA: 7-23-2022//Smarx Ahsan)

As soon as next week, the Senate is expected to hold a vote on a bipartisan bill that would provide billions of dollars in federal funding to rebuild the US semiconductor industry. It's an effort years in the making designed to boost competition with China, home to one of the fastest-growing chip markets in the world.

The Senate on Tuesday held an important procedural vote that passed 64-34 to clear the way for the legislation to be considered for a final vote. The bill, known as the CHIPS Act, would provide around $52 billion in subsidies and tax breaks to American chip manufacturers to incentivize them to build new factories and bolster production in the country.

"Members of both sides know that America's chips crisis is sending shockwaves across the economy. It is endangering our national security," Senate Majority Leader Chuck Schumer said Thursday. "To ignore the chips crisis means higher costs, squandered job opportunities, greater dependence on foreign chip producers. Thankfully, the Senate is close to finally taking action."

The bill attempts to combat the global chip shortage, largely driven by supply issues caused by the COVID-19 pandemic. It also aims to provide new jobs across a slew of industries that rely on chipmaking, including the automotive, energy, electronics, and transport sectors, to name a few. Computer chips are essential to countless products, from cars to phones to laundry machines and digital services.

"Of course I believe America will lead the way, if this chamber is willing to do what is necessary for our economic and our national security," Schumer said.

The US, once the global leader in chip-making, has faced increased competition from several countries, including China, Taiwan and the European Union, which have poured major investments into their domestic industries.

Commerce Secretary Gina Raimondo has repeatedly warned about China's increased competition and called on Congress to take action in response. American chipmakers, such as Intel, have also urged Congress to reach a deal to help the industry and mitigate the shortage.

"If Congress fails to pass this the next couple of weeks, China wins, America loses," Raimondo told reporters on July 15, according to the Columbus Dispatch. "In fact, China is lobbying against this bill precisely because they know it will make America stronger and enable us to compete. China is not waiting. The rest of the world is not waiting."

Negotiations in Congress have dragged, though both Democrats and Republicans are united in seeking to constrain China's economy. The Senate last year passed a bill to strengthen the semiconductor industry and US research and development, but the House had its own legislation, and neither version became law, CNBC reported.

Yet there appears to be a greater urgency to get something done this time around. If the bill, which has yet to be finalized, is approved by the Senate, it would then head to the House for passage and lastly to President Joe Biden's desk for his signature. The Biden administration has pushed for the legislation to advance before Congress leaves for its summer recess starting in August.

### 1NC – UQ – PC Key

#### Competitiveness passes – Bidens spending PC to navigate progressive concerns

Dillon 7/25 (Jeremy Dillon, covers energy policy, a beat that includes Capitol Hill, the Department of Energy, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission, 7-25-2022, "Congress nears passage of innovation, research bill," E&E News, https://www.eenews.net/articles/congress-nears-passage-of-innovation-research-bill/, DOA: 7-25-2022//Smarx Ahsan)

After months of work, Congress is looking to pass an innovation and economic competitiveness package this week with large authorizations for the Department of Energy.

The legislation would inject more than $50 billion to spur a domestic semiconductor manufacturing renaissance while also retooling the nation’s innovation engines to better address emerging 21st-century technologies.

To get there, leaders and Biden administration officials are attempting to navigate the concerns of progressive lawmakers, who are expressing unease at the prospect of an alleged corporate handout to the chip industry despite backers calling the legislation a national security imperative. The Senate is holding another procedural vote this evening.

“This is a matter of national security, and I don’t think we can put a price tag on it because we are in a very vulnerable spot,” Commerce Secretary Gina Raimondo said yesterday on CBS’s “Face the Nation.”

Leaders are looking to address progressive worries, especially stemming from Sen. Bernie Sanders (I-Vt.), by attaching so-called guardrails that would prevent companies from using federal funds for stock buyback campaigns or relocating facilities to China.

Raimondo said the chip money will come with “many strings attached … so to say it is a blank check is just dead wrong.”

House Speaker Nancy Pelosi (D-Calif.) has also looked to highlight the legislation’s guardrails.

“What’s really important is that — to us — is that there would be guardrails to ensure that chip investments benefit U.S. workers, not foreign companies — strengthening research and development for basic science and next-generation technologies,” Pelosi told reporters last week.

While Democratic leaders are worried about their party’s left flank, conservatives are launching their own broadside against the bill over allegations it represents a “zombie-like” version of legislation passed by House Democrats earlier this year.

Late last week the Republican Study Caucus, a group of House conservatives, said the emerging compromise in the Senate did not go far enough to fight China while also giving out billions in alleged “corporate welfare” benefits to the chip industry.

“In their effort to win 60 votes, they seem to have forgotten that the bill must pass both chambers to become law,” House Science ranking member Frank Lucas (R-Okla.) said in a statement last week.

This week’s action follows the collapse of conference committee talks to reconcile H.R. 4521, the “America COMPETES Act,” and S. 1260, the “U.S. Innovation and Competition Act.”

The new Senate legislation includes an authorization of $50 billion over five years for DOE’s Office of Science, the first such reauthorization in the office’s history.

The National Science Foundation would get $81 billion over five years, including $20 billion for a new technology directorate meant to spur technologies like quantum computing and artificial intelligence.

That matches language that emerged from the House Science, Space and Technology Committee, although some House-backed trade and climate provisions were dropped from the package.

“Of course, after months of negotiating between the House and the Senate on an innovation package, compromises had to be made, and not everyone is going to get all that they originally wanted — including me,” House Science Chair Eddie Bernice Johnson (D-Texas) said in a statement.

“But that is the nature of compromise,” she added. “We need to recognize the urgency of acting on these provisions and getting this legislation to the President for his signature.”

Senate Majority Leader Chuck Schumer (D-N.Y.) held a test vote last week before deciding whether to pursue DOE and NSF money on top of chip spending. That vote got 16 Republicans and most Democrats. Sanders voted no.

Senate passage could happen as soon as tomorrow, and the House is poised to act quickly. The goal is for President Joe Biden to sign the legislation before recess.

“This will be a big bipartisan vote in the House and the Senate,” Raimondo predicted. “You see former Secretary Mike Pompeo today, tweeting out in favor of it. You’re going to see Republicans and Democrats coming together because it’s about national defense, it’s about jobs.”

### 2NC – Floor time?

#### Test vote proves broad swaths of support for the bill, they want to get something done before recess – passage is likely, BUT rushing through other priorities prompts McConnell to block the bill – Absent passage, the US loses the tech race – Debates make us better advocates and train us to be better policymakers so we can go to congress and use our skills to pass the bill ourselves, this debate is KEY

Fromer 7/20 (Jacob Fromer, reported from Beijing and Washington, has a master’s degree from the Fletcher School of Law and Diplomacy, 7-20-2022, "Senate vote shows support for bill providing $52 billion to US semiconductor industry," South China Morning Post, https://www.scmp.com/news/china/article/3185873/senate-test-vote-shows-support-bill-providing-52-billion-us, DOA: 7-20-2022//Smarx Ahsan)

The US Senate appears likely to pass legislation that would deliver billions of dollars of federal funding to the American semiconductor industry, a top priority in the Biden administration’s continuing efforts to out-compete China, after a preliminary vote on Tuesday.

The Senate’s procedural vote passed 64 to 34, but the legislation will still require additional voting rounds before final passage in the chamber.

If the bill ultimately passes both chambers of Congress and becomes law, the legislation would provide about $52 billion to the semiconductor industry, which produces the microchips essential to everything from weapons to household goods to video games to cars.

“Advancing this bill is crucial for lowering costs, solving our nation’s chip shortage and making sure America remains competitive in the 21st century,” Senate Majority Leader Chuck Schumer, a New York Democrat, said moments before voting, referring to the vote as a “test”.

“America will fall behind in so many areas if we don’t pass this bill, and we could very well lose our ranking as the number one economy and innovator in the world if we can’t pass this.”

For more than a year, the semiconductor funding has been at the heart of sprawling legislation meant to boost Washington over Beijing in the quest for a greater share of global chip production.

The Senate passed its own version of that broader competition bill, which touched on nearly every aspect of the US-China rivalry and drew substantial bipartisan support last June.

In February, Democrats in the House of Representatives passed their own version of the competition legislation, but did so on what was essentially a party-line vote.

Since the spring, the two chambers of Congress have been engaged in a rare bipartisan, bicameral negotiation process to try and resolve their differences and produce a compromise version of the bill that can attract enough votes to become law.

But the negotiations have become entwined in other policy debates and political divisions in Congress.

Late last month, Senate minority leader Mitch McConnell warned he would block the China competition legislation if Democrats tried to rush through a separate, unrelated bill that would raise corporate taxes and spend money to fight climate change.

Beyond the semiconductor industry funding, different versions of the China competition bill have also included priorities related to human rights in China, science research funding in America, and US alliances around China’s periphery.

One recent version of the bill would create a human rights envoy for China’s far-west Xinjiang region, where Washington says Beijing is committing genocide and crimes against humanity aimed at the Muslim Uygur ethnic group.

It would also strengthen US ties to Taiwan, and change the name of Taipei’s de facto embassy in Washington to “Taiwan Representative Office in the United States” – a move welcomed by Taiwan, but certain to infuriate Beijing, which views the self-governed island as its own territory.

The status of those other China-related provisions is now uncertain. Lawmakers were scrambling on Tuesday in the hours before the vote to include other hard-fought priorities in the bill, but a final draft was not immediately available to the public as voting began.

Were the $52 billion in semiconductor industry funding to become law, lawmakers could still continue to negotiate a separate compromise on the rest of the competition bill, but it is unclear if they would do so.

In theory, the House could also set up a vote to pass the Senate’s version of the competition legislation, which already passed the Senate last June. But it is unclear whether House Democratic leadership would be willing to act on such a major bill if it was written entirely by the Senate, without input from their own members.

Lawmakers will also soon be leaving Washington for their August recess, and after that will spend much more time on their campaigns leading up to the midterm elections on November 8. One-third of the Senate and the entire House of Representatives will be on the ballot.

#### Urgency frames this debate – Congress want to get something passed before August to revive our national security and competitiveness, procedural vote proves momentum

Tasolides 7/20 (Justin Tasolides, Executive Producer overseeing national editorial content for Spectrum News stations nationwide, focusing on national and international news, breaking news and politics, 7-20-2022, "Domestic semiconductor manufacturing bill clears key Senate vote," No Publication, https://spectrumnews1.com/ky/louisville/news/2022/07/20/senate-chips-semiconductor-bill-biden-schumer, DOA: 7-21-2022//Smarx Ahsan)

After months and months of start-and-stop negotiations, the Senate on Tuesday voted to advance a $52 billion bill aimed at boosting domestic semiconductor production which lawmakers say is crucial to ease supply chain disruptions, bolster national security and increase competitiveness with China.

What You Need To Know

* The Senate on Tuesday night voted to advance a $52 billion bill aimed at boosting domestic semiconductor production
* The measure includes tens of billions of dollars to “build, expand, or modernize domestic facilities and equipment for semiconductor fabrication, assembly, testing, advanced packaging or research and development"
* The bill also includes certain “safeguards,” including language which says that federal funds cannot be used for stock buybacks, nor can they be used to “build advanced semiconductor production facilities in countries that present a national security concern,” including China

Biden administration officials had recently sounded the alarm about the long-stalled legislation, urging that if it did not pass quickly, there would be dire ramifications for national security and the economy

The measure, known as the CHIPS Act of 2022, contains $39 billion in financial aid to “build, expand, or modernize domestic facilities and equipment for semiconductor fabrication, assembly, testing, advanced packaging or research and development.” Of that figure, $6 billion can be used for loan guarantees or direct loans.

The bill cleared a major procedural hurdle on Tuesday night, advancing comfortably in a 64-34 vote.

An additional $11 billion will be devoted to the Commerce Department for advanced research and development programs, $2 billion will go to the Pentagon for workforce applications and national defense programs, $500 million will be utilized by the State Department to “support international information and communications technology security and semiconductor supply chain activities,” and $200 million will be used for a domestic workforce and education fund.

The measure also includes certain “safeguards,” including language which says that federal funds cannot be used for stock buybacks, nor can they be used to “build advanced semiconductor production facilities in countries that present a national security concern,” including China.

The Senate passed its $250 billion U.S. Innovation and Competition Act, or USICA, in June 2021 by a 68-32 vote. The bill includes $52 billion to incentivize more companies to build factories in the U.S. In February, the House approved its own version, called the America Competes Act — a $350 billion plan. That legislation passed largely on party lines. Both bills aim to make the U.S. more competitive against China and strengthen domestic supply chains by investing in the chip industry.

Senate and House lawmakers have been negotiating toward compromise legislation, as their bills differ on how to improve research and development, whether to expedite visas for skilled foreign citizens, and how to protect U.S. research from foreign interference.

The Biden administration and other key lawmakers signaled that they would support a scaled-down version of the measure that just bolsters semiconductor manufacturing, with the preference to approve that more urgently and move other parts of the bill later.

“There are several parts of the broader legislation that are important, and I am committed to doing whatever it takes to get them over the finish line in this Congress,” Commerce Secretary Gina Raimondo wrote in a statement. “But chips funding is the only part of this bill that we have to pass right now to avoid facing devastating consequences.”

After Tuesday's vote, Senate Majority Leader Chuck Schumer, D-N.Y., filed a bipartisan amendment which would include tens of billions of dollars in funding for the Commerce Department, the National Science Foundation and other agencies.

Schumer, one of the bill's biggest backers, said Tuesday that he expects many of the provisions left out of the scaled-down bill will be brought up again at a later date.

"There are lots of things Republicans and Democrats want in the eventual bill that will not be in this bill, even if science is included," he said, adding that there will be a "bipartisan desire" to get a deal done.

Should the bill pass the Senate, the House is expected to take up the measure and send it to President Joe Biden's desk.

In a letter to her Democratic colleagues Wednesday, House Speaker Nancy Pelosi, D-Calif., hailed Tuesday’s vote as “important progress” on the measure, which she called “a bold, bipartisan package that will lower costs for families here at home while reigniting American competitiveness on the world stage.”

Pelosi said that passing the bill is an “economic necessity to lower costs for consumers” and “a national security imperative as we seek to reduce our dependence on foreign manufacturers.”

“The Chips Act for America is a major victory for American families and the American economy,” Pelosi wrote. “As the Senate undergoes its legislative process, we are optimistic that the House will be able to take this bill up as early as next week.”

Biden administration officials had recently sounded the alarm about the long-stalled legislation, urging that if it did not pass quickly, there would be dire ramifications for national security and the economy — including risking the loss of a number of planned multi-billion dollar domestic investments.

Intel CEO Patrick Gelsinger said last week he might delay development of a $20 billion semiconductor manufacturing facility in Ohio if Congress does not soon approve billions of dollars in subsidies for his industry.

In an interview with Washington Post Live last week, Gelsinger said he will “make a decision to delay our project in Ohio if” a chip subsidy bill “doesn’t pass.”

"There are real‑time consequences if this doesn't pass," he said.

Similarly, Commerce Secretary Raimondo told CNBC last month that Taiwan-based semiconductor company GlobalWafers might not follow through on its plans to build a factory in Sherman, Texas, if Congress doesn’t approve the incentives for chip production.

“This investment that they’re making is contingent upon Congress passing” the funding, she said. “The CEO told me that herself.”

Sanjay Mehrotra, president and CEO of Micron, a computer memory and data storage company, told Fox News on Monday the public funding is needed to level the playing field with countries whose governments have invested heavily in semiconductor manufacturing for more than 20 years.

The U.S. share of the worldwide chip manufacturing market has declined from 37% in 1990 to 12% today, according to the Semiconductor Industry Association.

“We need to get it (the legislation) across the finish line for jobs, for the resilient domestic supply chain here in the U.S. and, of course, at the same time, (for) economic security, but also national security,” Mehrotra said.

In an interview with Spectrum News last week, Cecilia Rouse, chair of the White House Council of Economic Advisers, said the bills are very important in increasing the United States’ economic capacity.

“They go to helping us make our economy more productive, which helps us address challenges such as Russia's war against Ukraine, challenges such inflation,” she said. “It helps us address those policies and face those those challenges and maintain economic health going forward as well. So we call on Congress to do the right thing.”

“Bottom line is there are very real, very devastating consequences if Congress doesn't do its job in the month of July," Raimondo said in an interview with The Associated Press.

### 2NC – AT: Thumpers

#### Voting to pass the bill can happen by this week

Shepardson 7/20 (David Shepardson, Correspondent at Thomson Reuters, 7-20-2022, "Pelosi Backs Chips Bill, Says House Could Vote on Measure Next Week," US News & World Report, https://www.usnews.com/news/top-news/articles/2022-07-20/pelosi-backs-chips-bill-says-house-could-vote-on-measure-next-week, DOA: 7-21-2022//Smarx Ahsan)

WASHINGTON (Reuters) - The U.S. House plans to vote as early as next week on a slimmed-down version of legislation to provide tens of billions of dollars in subsidies and tax credits for the semiconductor industry, Speaker Nancy Pelosi said.

On Tuesday, the Senate backed by 64 to 34 a procedural measure to set the stage for potential votes to pass the legislation in the Senate as soon as this week.

The bill "is a major victory for American families and the American economy," Pelosi said in a letter to lawmakers, calling it "a bold, bipartisan package that will lower costs for families here at home while reigniting American competitiveness on the world stage."

The bill aims to ease a shortage that has disrupted production in industries from automobiles to electronics and high-tech weapons. It is part of a broad effort across the government to push back against an ascendant China and ease supply-chain problems by decreasing U.S. companies' reliance on foreign-made semiconductors.

"As the Senate undergoes its legislative process, we are optimistic that the House will be able to take this bill up as early as next week," Pelosi wrote.

The final text was not released but Senate aides said the measure includes about $54 billion in subsidies for U.S. semiconductor companies, as well as a new, four-year 25% tax credit to encourage companies to build U.S. semiconductor plants. The tax credit is estimated to be worth about $24 billion. There are other provisions including a $1 billion grant program for "persistently distressed communities."

President Joe Biden's administration urged Congress to pass a semiconductor bill before lawmakers leave Washington for their August recess, saying it would create and preserve U.S. jobs and bolster national security.

The current bill is a pared-down version of stalled rival measures, even though efforts to counter China are policies generally backed by both Republicans and Biden's Democrats, who narrowly control Congress.

The Senate approved a bipartisan $250 billion bill boosting spending on technology research and development in June 2021, while the House passed its own version in February.

Republican Senator Rick Scott criticized the bill, saying taxpayers should get a return on their investment - rather than giving grants that do not have to be repaid. "The taxpayer doesn't get anything here," Scott told Reuters.

## AT: Politics

### 2AC – BBB – No Impact

#### Slimmed down BBB killed by Manchin – At best it’s a health care bill which doesn’t solve the DA’s impacts

Zhou 7/18 [Li Zhou, Politics and Policy Reporter Vox, BA – Economics, English from Harvard University, "Build Back Better may end up a health care bill, thanks to Joe Manchin", 7-18-2022, accessed 7-20-2022, https://www.vox.com/2022/7/6/23197398/build-back-better-prescription-drug-prices] Lex IT

Sen. Joe Manchin (D-WV), a longtime holdout on the Build Back Better Act, has once again up-ended talks on the bill.

Democrats had hoped to put together a slimmed down version of the original $2 trillion package, narrowly focused on health care, climate, and tax reforms. Manchin, however, has expressed opposition to additional climate and tax policies at this time, and it now seems the party will have to settle for a smaller bill than leaders wanted.

Manchin said Friday that he remains concerned about the impact new climate spending could have on inflation, and worried raising taxes on businesses could stymie their growth.

“Inflation is absolutely killing many, many people,” Manchin said in a recent interview with MetroNews’s Hoppy Kerchaval, noting that he was particularly alarmed by the recent Labor Department report. “Can’t we wait to make sure we do nothing to add to that?”

Manchin remains supportive of Democrats’ prescription drugs package as well as an extension to Affordable Care Act subsidies, which are due to sunset at the end of this year. And he has said he may be willing to negotiate again on taxes and climate in September, when lawmakers have more information about where inflation stands.

At this point, Democrats have to determine if they want to advance policies that they have agreement on or wait to see if they can get a more expansive bill later this year. If they choose the latter, they run the risk that Manchin might still not agree in two months’ time. What’s more, waiting until the fall means negotiations will run up against both the midterm elections and a September 30 deadline for passing Build Back Better through the streamlined budget reconciliation process

### 2AC – Competitiveness – Bad

#### The Bill is Net-Worse for competitiveness – budgetary confusion, tax reform, subsidizing China, economic conflict, leverage, lobbying,

Brady & Riley 7/22 (Demian Brady, Vice President of Research for the National Taxpayers Union Foundation. His responsibilities include producing commentaries and studies on fiscal issues, as well as managing NTUF's BillTally program, State of the Union analysis, and more, Bryan Riley, background includes years of research on the impact trade has on people in the United States. He has led grassroots campaigns in support of initiatives like the North American Free Trade Agreement (NAFTA), 7-22-2022, "Congress Should Reject the Increasingly Costly CHIPS-Plus Act," National Taxpayers Union, https://www.ntu.org/publications/detail/congress-should-reject-the-increasingly-costly-chips-plus-act, DOA: 7-23-2022//Smarx Ahsan)

Legislation called the CHIPS-Plus Act is barrelling through Congress. Although the legislation is supposed to boost U.S. competitiveness and counter China, there are several ways the CHIPS-Plus Act, if enacted, would have the opposite effect. For example:

Increasing the federal budget deficit: In a matter of days, the possible cost of the bill exploded from $52 billion to $279 billion. According to the Congressional Budget Office (CBO), the base 10-year deficit impact would be $79.344 billion, though, as described below, that number will be much higher if Congress decides to appropriate the funding that is authorized in the bill.

On the spending side, it would increase outlays for the following:

* $50.4 billion for the Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Fund,
* $1.4 billion for Wireless Supply Chain Innovation,
* $3.1 billion for research and innovation programs, and
* $19 million to boost security for the Supreme Court.
* Pay-as-you-go budget enforcement is waived for the spending and there are no offsets included in the bill.

In addition, CBO notes that the bill would authorize the appropriation of potentially $200 billion over the 2022-2031 period, primarily for research activities. That’s $200 billion that is not being appropriated right away in the CHIPS-Plus Act, but may be appropriated in some future bill passed by Congress.

The way many of these spending authorizations are written could cause budgetary confusion. Many are indirect authorizations that refer to other legislation that will need to be drafted in the future. For example, the bill authorizes funding for several specified projects under the direction of the Department of Energy's Office of Science. To fund these efforts, the text of the bill provides that "out of funds authorized to be appropriated to the Office of Science in a fiscal year, there are authorized to be appropriated to the Secretary to carry out the activities described ..." a total of $34 billion.

The Office of Science was last authorized through 2013. Appropriators have provided $52 billion to the Office since then despite the lapsed authorization. The new text is largely based on a separate bill called the Department of Energy Science for the Future Act of 2022. Its author, Senator Joe Manchin (D-WV) noted that it would provide "the first-ever comprehensive authorization for the DOE’s Office of Science." But the funding provided in the language is hardly comprehensive. The level of spending resulting from these authorizations in the Senate's new bill will depend on top line levels established in future authorization bills and ultimately by appropriators.

Undermining tax reform: The CHIPS-Plus Act would reverse progress made in the Tax Cuts and Jobs Act (TCJA) to broaden the tax base and limit provisions designed to benefit specific industries. A $24 billion investment tax credit would be narrowly targeted at semiconductor manufacturing, even though more comprehensive reforms – like returning the tax treatment of research and development (R&D) costs to full and immediate expensing – would offer similar levels of tax relief to a much broader array of U.S. businesses and industries.

Subsidizing China chip users: The CHIPS-Plus Act could also subsidize semiconductor chips purchased by Chinese manufacturers. China is the largest export market for U.S.-made semiconductor chips, and semiconductor subsidies would free up funds for production of so-called legacy semiconductor chips in China. Many U.S.-based chip companies earn more on their China sales than on U.S. sales. There’s nothing wrong with that, subject to legitimate national defense concerns. It just shouldn’t come at taxpayer expense.

Figure 1: Top 2021 U.S. Export Markets for Semiconductors & Related Devices, NAICS 334413 (Billions of Dollars)

Chart, bar chart

Description automatically generated

Encouraging conflict instead of cooperation with our allies: The CHIPS-Plus Act has been pitched as a response to China, but instead it helps China by encouraging economic conflict between the United States and our allies. On July 19, the CEOs of Intel and Ford wrote: “South Korea and Taiwan, notably, have spent years actively investing in their own chip manufacturing, creating an uneven playing field for U.S. chip makers that harms our economy and global competitiveness.” Intel’s CEO has said that without subsidies, the company would invest “a lot more” in Europe. He added: “We are not competing with TSMC or Samsung. We are competing with Taiwan and Japan and Korea.” Instead of escalating a global subsidy war that creates conflict between the United States and our allies, the United States should promote cooperation with Taiwan, Japan, Korea, Europe and other allies to respond to China’s non-market activities.

Undermining U.S. leverage in trade negotiations: The CHIPS-Plus Act weakens U.S. credibility in negotiations with China. U.S. Trade Representative Katherine Tai has specifically called out “unfair state-led industrial planning and targeting of certain sectors” by China. To maintain credibility on this point, the U.S. government should not engage in industrial planning and targeting of its own.

Encouraging industries to engage in lobbying instead of productive activities: The CHIPS Act would encourage other industries to ramp up their lobbying efforts in order to extract benefits from Congress. As Sen. Bernie Sanders (I-VT) warned: “You pass this bill and tomorrow we’ll hear, no doubt, from the cellphone industry, from the computer laptop industry, about how they need their welfare checks as well.”

For these reasons, Congress should reject the flawed CHIPS-Plus Act and instead pursue broad-based economic reforms designed to benefit all U.S. taxpayers.

#### The bill sabotages US competitiveness

The Editors 7/25 (The Editors, comprise the senior editorial staff of the National Review magazine and website.7-25-2022, "Semiconductor Bill: CHIPS Legislation Leaves U.S. at Disadvantage vs. China, "National Review, https://www.nationalreview.com/2022/07/semiconductor-bill-leaves-u-s-at-disadvantage-against-china/, DOA: 7-25-2022//Smarx Ahsan)

The CHIPS legislation advancing rapidly through the Senate is many things. It is an industrial-policy bill and a handout to the higher-education industry. It’s a bill intended to further entrench progressive pieties on diversity and equity within the federal bureaucracy. And it is expensive. What it is not, however, is a tool for improving Washington’s lot in the competition with the Chinese Communist Party.

After over a year of back-and-forth, lawmakers seem poised to converge on a final version of the so-called U.S. Innovation and Competition Act this week. At first, it seemed that the final package would contain about $52 billion in subsidies for semiconductor manufacturing and some miscellaneous other provisions. But, as lawmakers realized that a larger version of the package remained politically feasible, the package ballooned. The most recent version, put forward by Chuck Schumer, strongly resembles the original, disappointing version that the Senate passed last year. That’s the main problem. Sixty-four senators, including 16 Republicans, voted to advance the bill last Tuesday.

Just as it was last time, the latest Senate proposal is light on measures intended to give America the advantage vis-à-vis China; in the thousand-page text advanced last week, there are eleven mentions of the word “China.” Most of the legislation instead focuses on semiconductor-manufacturing subsidies and a massive $80 billion boost to the National Science Foundation. Meanwhile, there’s no meaningful investment in the government agencies that have a direct bearing on American competitiveness: the Defense Advanced Research Projects Agency, the Commerce Department’s export-control cell, the Justice Department’s foreign-agent enforcement unit, and the Treasury Department’s sanctions office. Unsurprisingly, the Schumer-advanced version lends itself to fashionable left-wing causes via the NSF, establishing a chief diversity officer and fast-tracking government-funded climate-change research. It’s not clear why this emphasis on NSF is germane to a purportedly China-focused bill, other than to serve Democrats’ political purposes.

In fact, this new CHIPS bill may be more likely to sabotage U.S. efforts to get on a more competitive footing. This version strips out previous, encouraging measures passed by the Senate last June that funded efforts to counter Chinese Communist Party propaganda and made it easier for U.S. officials to interact with their Taiwanese counterparts. The Schumer version contains none of that. In fact, rather than merely omitting promising proposals, this bill also creates a carve-out allowing the National Science Foundation to partner with Confucius Institutes, for reasons that are unclear. What is clear is that such a step would reverse the progress made in dismantling those outposts of Beijing’s influence on American college campuses in recent years.

The Biden administration claims that Congress needs to send the subsidies to the president immediately to avoid a massive strategic failure; meanwhile, Intel and other chips firms are threatening to pull back on chip-plant openings on U.S. soil if Congress fails to pass the chip subsidies this year. Meanwhile, reports say that some senators have been swayed by classified briefings delivered by top administration officials supportive of the chips subsidies. But if their brief is so compelling, they should make their case publicly. It’s also unclear why the chips subsidies are still necessary even as the global chips shortage shows signs of easing. And whatever the case for semiconductor subsidies, they should come after we grant the industry relief from tariffs that raise its manufacturing costs.

The talks are still in flux, and, if last week is any indication, the contours of the legislation could change dramatically in the coming days. Some national-security hawks are working to salvage the bill. Senator Marco Rubio put forward three proposals on Friday to fund the FCC’s efforts to eliminate Huawei and ZTE equipment from U.S. telecom networks, and place stringent security restrictions on the research and chips funding. His amendments would serve to significantly improve the legislation, if adopted.

But the fact that 16 Republican senators lined up to advance debate on the bill last week is discouraging. The current CHIPS measure isn’t really a counter-CCP package, and the GOP might stand a better chance of pushing their own, much sounder legislation if they wait until the next Congress.

### 2AC – Competitiveness – Fails

#### The bill is too little too late

Desiderio 7/20 (Andrew Desiderio, a congressional reporter for POLITICO, covering the Senate, national security and foreign policy, 7-20-2022, "How Congress' dream of a China confrontation got gutted," POLITICO, https://www.politico.com/news/2022/07/20/congress-china-bill-gutted-00046842, DOA: 7-21-2022//Smarx Ahsan)

Congress’ big swing at China’s economic and geopolitical ambitions turned out to be mostly a whiff.

The Senate is poised to abandon months of work on legislation overhauling U.S. policy toward Beijing when, as soon as this week, it approves a drastically slimmed-down bill to boost domestic semiconductor manufacturing. It will do so without a firm guarantee that those tough-on-China provisions left on the cutting-room floor will ever become law.

The resulting legislation aims to address the nationwide microchip shortage by spurring domestic production, a pivotal step to depriving China of U.S. dollars, and is poised to include vital research-related provisions. But the failure of the initial vision for the bill has left Democrats and Republicans frustrated at their inability to come together on an enduring strategy to address what they see as the biggest long-term threat to U.S. national security.

“This place is the land of missed opportunities,” lamented Sen. Todd Young (R-Ind.), who has spent nearly two years on the larger effort to boost U.S. competition with China.

A frantic push by the Biden administration led lawmakers to suspend cross-Capitol negotiations on a more comprehensive China competition bill, instead pursuing the chips funding as well as a few other non-controversial provisions already settled in the talks. That was viewed by proponents of action as the more pragmatic option, given the White House’s recent warnings that U.S. companies are on the verge of taking their chip production overseas.

The final package, as outlined by Speaker Nancy Pelosi in a Wednesday letter to her caucus, will include technology and research provisions, too. Pelosi is eyeing floor consideration of the measure next week, suggesting the Senate may be able to clear it within days.

Dropped from the bill, however, were popular provisions aimed at cracking down on China’s coercive economic practices, not to mention the Senate Foreign Relations Committee’s entire contribution to the initial competition package — a sprawling bipartisan effort that got near-unanimous support on the panel.

“We worked very hard to get a bill out of the Senate. We got overwhelming votes for it, and then when we got to the House, we hit a brick wall,” Foreign Relations Committee Chair Bob Menendez (D-N.J.) said in an interview. “It’s a shame. Because it’s [now] a chips bill, not a China bill.”

The centerpiece of the emerging legislation, which senators formally kicked off on Tuesday, is a $52 billion investment in semiconductor manufacturing subsidies, plus tax credits and funding to spur scientific research. While significant, it’s a far cry from what was initially envisioned as a historic bipartisan effort to crack down on China and re-orient U.S. policy in the Indo-Pacific — a long-running priority for Senate Majority Leader Chuck Schumer.

Lawmakers’ frustrations over that fizzling on China stem largely from the House’s failure to act on the larger competition bill last year when the Senate first passed it. Many Democrats are privately grumbling at the White House, too, for not pushing the House to act sooner on the broader legislation and thus establishing cross-Capitol negotiations months earlier.

Instead, the Biden administration this month began warning Congress that it was out of time. Commerce Secretary Gina Raimondo has led that Capitol Hill blitz, calling on lawmakers to send President Joe Biden legislation addressing the semiconductor shortage and encouraging U.S. companies to boost semiconductor production at home — instead of turning to foreign countries.

But in public, Democrats like Menendez are holding off on hitting Biden hard and directing ire at Senate Minority Leader Mitch McConnell, who threatened to tank the China push altogether if Democrats continued pursuing a party-line health care and climate bill.

Senate Minority Leader Mitch McConnell (R-Ky.) speaks with reporters following a closed-door caucus lunch, at the Capitol in Washington, Wednesday, June 22, 2022.

Young acknowledged that “there is an urgency to act” now on the computer chips subsidies instead of waiting for long-stalled bicameral talks on the broader legislation to wrap up. Those negotiations fell victim to immediate sprawl; dozens of lawmakers got involved, representing committees with jurisdiction over everything from foreign policy to trade to science investments.

“It got to a point where it became large and unwieldy,” said Rep. Earl Blumenauer (D-Ore.), who chairs the House Ways and Means Committee’s trade subpanel.

### 2AC – Competitiveness – Thumpers

#### Antitrust bills are at the top of the agenda – Schumer is distracted

Kelly 7/22 (Makena, reporter at The Verge where she writes about the politics of the internet and a wide array of tech policy issues, 7-22-2022, "Progressives pressure Schumer to call a vote on tech antitrust bills," Verge, https://www.theverge.com/2022/7/22/23273924/progressives-antitrust-reform-bills-klobuchar-chuck-schumer-aico, DOA: 7-22-2022//Smarx Ahsan)

With a months-long recess on the horizon, House progressives are urging Senate Minority Leader Chuck Schumer to act fast on two competition bills that would better equip antitrust enforcers to take on major tech firms.

In a letter sent to Schumer on Friday, more than a dozen Congressional Progressive Caucus leaders urged the Senate majority leader to schedule a vote on two bills in the coming weeks.

“It is time for Congress to vote on this legislation,” the lawmakers wrote. “These bills are ready for a vote and we urge you to schedule the vote on them in the next few weeks.”

The bills – the American Innovation and Choice Online Act (AICO) and Open Markets Act –were introduced on the heels of a 16-month long congressional investigation into possible anticompetitive behavior by Amazon, Apple, Google, and Facebook’s parent company Meta. If enacted, AICO would restrict dominant platforms from favoring their own products or services over those of their competitors on their own platforms. Additionally, the Open Markets Act would bar companies like Apple and Google that operate app stores from setting onerous and expensive rules for developers.

In May, Axios reported that Schumer planned to hold a vote on AICO this summer so long as there were 60 senators who would vote to approve it. But last week, The Washington Post reported that at least a dozen senators, including necessary Democrats like Sen. Jon Ossoff (D-GA), were undecided on how they would potentially vote. Without support from every Democrat and ten Republicans, the measures couldn’t overcome the filibuster and would fail on the floor.

That hasn’t dissuaded Democrats like Rep. Pramila Jayapal (D-WA) and Sen. Amy Klobuchar (D-MN), an AICO author, from pressuring their Senate colleagues to support the bill they argue has overwhelming support from both progressive and conservative voters.

Friday morning, sixteen progressive groups demanded Schumer recuse himself from any antitrust legislation set to regulate large tech companies, according to Bloomberg. The groups said that he had a conflict of interest as his daughters work at Meta and Amazon.

In a nearly hour-long floor speech this week, Klobuchar emphasized the urgency in passing her bill. “These dominant tech platforms have abused their power for years, and now we are at a crossroad,” Klobuchar said. “Will America continue to be a place where entrepreneurs lead our economy forward or will we become a country where a handful of monopolists dictate who gets a chance to succeed?”

The future of the bills remains unclear. With mounting legislative priorities – from budget reconciliation to codifying gay marriage – the time to put the competition bills up for a floor vote is rapidly shrinking. If antitrust reform doesn’t pass before August, it’s unlikely the bills would be approved this year as the attention of lawmakers turns to this year’s midterm elections.

In a press conference on Wednesday, Schumer remained noncommittal. “I support these bills. I want to bring them to the floor,” Schumer told reporters. “We have to see if we have 60 votes.”