Opinion **Technology sector**

Why Trump's tech dreams are quietly crumbling

Tariffs, immigration restrictions and skilled labour shortages make it hard for the US to boost production

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This week, Philip Wong, formerly chief scientist of the mighty Taiwan Semiconductor Manufacturing Corporation, now a Stanford professor, looked at where his former PhD students now work.

He found that a mere 17 per cent have jobs at companies that actually make microchips (like Intel, Micron, Samsung, SK Hynix or TSMC); the rest are at entities designing or using them (such as Apple, Nvidia, AMD, Google and Pinterest) or elsewhere (like McKinsey).

"[They] all have the skills to go inside a cleanroom and make a chip from a blank piece of silicon [into] a working transistor or memory device," he tells me. "Yet a majority have chosen to work in other industries." And why? "Better compensation, career growth opportunities, mobility and a more attractive work environment." In countries like Taiwan and Korea, in contrast, "semiconductor manufacturing companies are the most sought-after employers".

American politicians should take note ahead of Tuesday's midterms. So should investors punch-drunk on tech stocks and the forthcoming Anthropic listing.

Since returning to power, US President Donald Trump has pledged to bring chip production "back" to America from places such as Taiwan (which now dominates production), to support AI development. That sounds welcome — in theory. Just this month, America's Computer and Communications Industry Association, which represents the tech supply chain, wrote in a letter to Trump that "winning the AI race means building more critical technology in the US while safeguarding American companies' access to the inputs they need".

The White House has doubled down on the Democrats' 2022 Chips Act, which offers subsidies for domestic production, even though Trump called the act a "horrible, horrible thing" in 2025. The government is also taking a 10 per cent stake in Intel and has slapped big import tariffs on chipmaking equipment to encourage US production.

Meanwhile, groups such as TSMC have pledged more than $250bn of new investment in "fabs" (chip plants). Industrial policy is back in vogue — or so Trump is crowing. However, as the economists Ian Fletcher and Marc Fasteau have documented, industrial policy does not work unless it is co-ordinated, holistic and long term. Sadly, Trump's variant is none of those things.

Take tariffs. The reason the CCIA wrote that letter to Trump is that it fears his tariffs will "increase the cost of building semiconductor fabrication plants" and other parts of the AI supply chain — by $450bn between 2026-2030. It is a brave letter, given Trump's attacks on critics, and shows tech groups' fears that tariffs will prevent the very investment the president wants.

Or consider infrastructure. US government officials told a global chip conference at Oxford university this week that they want to improve it. But I heard widespread complaints about inadequate power supply, permit delays and a dire lack of workers for fabs.

"Engineers represent the binding constraint," warned a recent report from McKinsey and industry groups, calculating the total worker shortfall to be up to 157,000. It noted that "without targeted intervention, talent shortages risk delaying fab start-ups". Indeed, a congressional report stated labour and supply-chain shortages have already forced TSMC and Micron to delay announced fabs in Arizona and New York. Ouch.

Are there solutions? Yes. One would be to copy Asia by implementing smart, long-term industrial policy. But this flies in the face of America's previous free-market ethos and federal governance structure. Take Arizona: local leaders are valiantly trying to use community colleges to train engineers, but I am told it is extremely hard to get rival chip companies to co-ordinate.

Another option would be to import engineers. The report notes this is quietly happening. But since Trump's Maga base hates it, the government is not just curbing visas but has expelled some South Korean workers. This is mad.

A third solution would be to encourage non-American engineers at US universities to stay. This is going on under the radar: although two-thirds of Wong's graduates are non-American, most have stayed. A report from University of California, Berkeley shows this is widespread — these graduates spark much US tech innovation. But Maga hates this too.

So that leaves a fourth possible option: the White House could recognise the obvious, namely that tech supply chains are already so globalised that national self-sufficiency is a near-impossible goal, and loudly champion skilled immigration, cross-border trade and collaboration with allies.

Yes, manufacturing is needed, but US strengths today are in innovation, chip design and deployment, backed by American-style capital market funding. Chip manufacturing thrives better with Asia's various models of industrial policy and state subsidies.

But Trump's team seems unwilling to accept that last option either; instead, they lash out at tech trading partners and allies. No wonder the CCIA is so concerned — and Wong's students are voting with their feet. Behind today's wild US tech rally there are actually two stories about AI. Only one is truly thriving in America today.

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