Nvidia’s Jensen Huang, face of the AI boom, ousted as scandal fuels drive to cut China off from US technology

Evan Blake
12 November 2026

Jensen Huang, the co-founder and chief executive of Nvidia, resigned Thursday amid reports that the company’s board was preparing to oust him, two weeks after the *New York Times*, citing anonymous intelligence sources, reported that he had a close relationship with an alleged Chinese intelligence asset. The removal of the most prominent corporate opponent of decoupling the US and Chinese economies, carried out through leaks of classified intelligence and welcomed by leaders of both parties, strengthens the most aggressive sections of the American ruling class, which are escalating Washington’s economic war against China as preparation for direct military conflict.

Huang, 63, ran Nvidia for 33 years, transforming a maker of graphics cards for video games into the indispensable supplier of the processors on which the AI boom depends. Last month its market value approached $6 trillion, the highest of any company in history. Huang, one of the leading oligarchs of the tech industry, saw his fortune pass $200 billion in early October, according to Forbes. By Thursday it had fallen to roughly $143 billion, though his resignation leaves his stake of roughly 3.5 percent intact.

In a filing with the Securities and Exchange Commission (SEC), the board said it had “accepted the resignation” of Huang as president, chief executive and director, “effective immediately,” giving no reason. Chief Financial Officer Colette Kress was named interim CEO. Nvidia shares fell as much as 14 percent Thursday morning, pushing the company’s market value below $4 trillion for the first time since July 2025 after a loss of more than $1 trillion over the past month.

The political significance of Huang’s removal lies in his position on China. A loyal defender of the global interests of American capitalism, Huang argued for continued engagement and competition with China rather than total exclusion. “We want America to win this AI race. No doubt about that,” he said last year. “But we also need to be in China to win their developers.” He called US export controls “a failure.” By Huang’s own account, US restrictions and Chinese countermeasures reduced Nvidia’s share of China’s AI chip market from 95 percent to zero.

The scandal originated, as such operations typically do, in the pages of the *New York Times*. On October 29, a team of six *Times* reporters, citing people briefed on classified surveillance, reported that US intelligence agencies had concluded that Alice Huang, an executive at the Singapore-based data center company Megaspeed, was “a Chinese intelligence asset, funneling information to Beijing,” and that surveillance of her had revealed a close relationship with Jensen Huang (no relation). Huang later told Nvidia’s board he had been intimate with her, the *Times* reported, though his apology to employees did not name her.

Who leaked classified surveillance of a US citizen to the *Times*, and why now? The national security establishment had long opposed Huang’s efforts to sell advanced chips to China. Trump was briefed on the relationship in late 2025 and, according to the *Times*, again in May by Secretary of State and National Security Adviser Marco Rubio aboard Air Force One, before the president picked up Huang in Alaska for his trip to Beijing. Trump brushed the warnings aside, continued to approve sales of advanced H200 chips to China and hosted Huang at his September 24 state dinner for Chinese President Xi Jinping.

The timing of the leaks is significant. The first *Times* report appeared on October 29, five days before the midterm elections. After the November 3 vote, in which the Democrats won both houses of Congress amid Trump’s historically low approval ratings, the disclosures came in rapid succession. On November 6, the *Times* reported that a memo circulated among senior administration officials identified Alice Huang as an agent of China’s Ministry of State Security.

On November 8, Huang admitted in a memo to employees, “I was unfaithful to my wife,” and the board opened an investigation while declaring its “confidence in Jensen and his leadership team.” On November 11, the *Times* reported a second affair, with an Nvidia executive who reported directly to Huang. The board met that night. On Thursday, Reuters reported a third affair, with another Nvidia employee.

What has been publicly established is limited, and no one has been charged with a crime. The board stated it had “no reason to believe that either national security or NVIDIA secrets were compromised.” The *Times*’ reporting rests on anonymous officials and an unpublished memo and does not say what information, if any, reached Beijing, which has denounced the allegations as “smears.” What is documented is a Commerce Department investigation into whether Megaspeed, which bought more than $4.8 billion worth of Nvidia chips over the past two years, helped divert restricted chips to China.

Huang himself is no stranger to scandal. Born in Taiwan in 1963,

© World Socialist Web Site

he co-founded Nvidia in San Jose in 1993. At the height of the dot-com bubble in 2000, the Securities and Exchange Commission (SEC) later found that Nvidia "engaged in accounting misconduct intended to boost the Company's financial results" to meet Wall Street's expectations. In 2022, Nvidia paid $5.5 million to settle SEC charges that it failed to disclose that cryptocurrency mining was "a significant element" of its revenue growth. Kress was its chief financial officer.

The AI boom, which sections of the financial press now openly call a bubble, made Nvidia the linchpin of the US stock market and, through it, of global financial markets. Its annual revenue rose from $27 billion in Fiscal Year 2023 to $215.9 billion in Fiscal Year 2026. In September, *The Economist* put Huang on its cover as "The Sorcerer of Silicon," calling him "the magician at the heart of the AI boom" while acknowledging that "many fear he is an illusionist inflating a dangerous bubble."

The companies racing to build AI have spent far more than they have earned from it, while the chipmakers that sell them the hardware, above all, Nvidia, are paid up front. The tracking site Is AI Profitable Yet? estimates that the industry has spent $1.9 trillion against $972 billion in revenue. Nvidia is $347 billion in the black, while Amazon, Alphabet, Microsoft and Meta are each between $270 billion and $344 billion in the red. Nvidia increasingly finances purchases of its own chips through stakes in its customers, including $30 billion in OpenAI. Its shares were already falling amid a broader selloff in AI stocks before the scandal broke.

Huang's ascent in Washington began after Trump's return to office, with their first meeting at the White House in January 2025. He declared that "America's unique advantage that no country could possibly have is President Trump." In exchange for export licenses, Nvidia agreed in August 2025 to pay the US government 15 percent of its revenue from chip sales to China, and Trump later set a 25 percent cut on H200 sales. According to the *Washington Post*, Nvidia also pledged $25 million to Trump's White House ballroom, tied for the largest contribution, and asked to remain anonymous.

Leaders of both parties welcomed Huang's removal. House Speaker Mike Johnson said he "did the right thing," and House Democratic leader Hakeem Jeffries called it "the right thing to do." The Democrats have seized on the scandal to attack Trump from the right. Senator Elizabeth Warren has accused Huang of lobbying "to kill bipartisan bills that would keep those chips from going to China's military." Senate Minority Leader Chuck Schumer said the administration "must also answer for what it did once it learned about" the relationship and has demanded passage of the Chip Security Act, a bipartisan bill that would require companies to track exported chips.

These are tactical differences within the ruling class over how to secure American hegemony. Trump himself launched the trade war against China in his first term and last year raised tariffs on Chinese goods to 145 percent. His sale of chip licenses for a cut of the revenue reflected the view, shared by Huang and sections of the tech industry, that keeping China dependent on US technology best secures American dominance.

The anti-China hawks of both parties and the military-intelligence apparatus regard dominance in AI as the key to American economic and military supremacy and demand China's total exclusion, preparing the economic ground for war. Neither faction can conceal that the US is losing the technological contest on several fronts. Chinese open-weight AI models now rival their American competitors, in 2025 China's BYD EV company outsold Tesla by more than 600,000 electric vehicles, and China now installs nearly 60 percent of the world's new industrial robots.

Many questions remain unanswered: Nvidia reports earnings November 17, Huang is to testify behind closed doors before Thanksgiving, and the board's investigation continues. Given Nvidia's central place in the AI bubble, his fall may yet trigger a broader financial crisis. What is already clear is that the affair is being used to intensify the economic war against China, which threatens workers in both countries.

The financial press has spent the past week insisting that Huang is irreplaceable. Yet Nvidia's chips are the product of tens of thousands of engineers and of the workers across Asia and internationally who manufacture them. Much ink has been spilled celebrating the "titans of AI," but the development of the technology itself has exposed the CEOs and billionaires as superfluous.

AI is a revolutionary technology which, as the Socialist Equality Party explained in its 2026 Congress resolution "AI and the fight for socialism," possesses "an immense liberating potential." Under capitalism, it is subordinated to private profit, economic nationalism and war. "The working class must take hold of AI, as it must take hold of all the productive forces its labor has created," the resolution states, and to this end "the great AI, cloud-computing, semiconductor and digital-platform corporations must be expropriated and transformed into public utilities under the democratic control of the working class."



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site