The ouster of Jensen Huang and the campaign to escalate the US-China conflict

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The resignation of Nvidia CEO Jensen Huang on November 12 has become the occasion for a concerted campaign within the US political establishment, spearheaded by the Democratic Party, to demand an escalation of trade war against China.

Huang, the chief executive of the world's largest semiconductor company and a major player in the AI boom, resigned following the allegation in the *New York Times* on October 29 that he had a close relationship with an executive whose business involved renting computing power to Chinese companies and who, the *Times* claimed, American officials asserted was a Chinese spy.

The Democratic Party, aligned with the most aggressively anti-China factions within the Trump administration and dominant sections of the US intelligence apparatus, has led the charge, and large sections of the Republican Party have joined it. As in its demands for escalation of the war in Ukraine, the party speaks for powerful sections of the ruling class dissatisfied with what they see as Trump's erratic and transactional conduct of foreign policy.

On Sunday, Senator Chris Van Hollen, who is seeking to replace Chuck Schumer as Senate Democratic leader, accused Trump on ABC's *This Week* of "essentially siding with President Xi in the question of sending very high-end chips to China." Schumer called on the Senate floor for legislation "to cut off China's access to advanced American technology before it's too late." Senator Maria Cantwell, who will chair the Commerce Committee in January, wrote that the administration "must account for its failure."

The campaign is being escalated in the context of Trump's trip to China. Trump left Washington on Monday for Manila and Shenzhen, where on Thursday he will hold his third meeting of the year with Chinese President Xi Jinping and then take part in the first three-way meeting of the American, Chinese and Russian presidents. The White House says the three will discuss nuclear arms and the war on Iran.

The forces behind the campaign are uneasy about the summit itself. On November 11, the senior Democrats on the Foreign Affairs and Armed Services committees, Representatives Gregory Meeks and Adam Smith and Senator Jack Reed, declared that Trump and his envoys Jared Kushner and Steve Witkoff "are working for Putin" and that "Putin responds only to strength." The *Wall Street Journal* warned Trump on November 12: "Mr. Xi may make great trade promises at the summit to get Mr. Trump to ease export controls on Nvidia's most advanced chips. Don't fall for this honey trap, Mr. President."

The Democrats won control of both houses of Congress on November 3, in an election that registered widespread popular opposition to inequality, war and the attacks on democratic rights. They have responded with an overwhelming repudiation of that mandate, pledging to cooperate with the Trump administration on pro-corporate handouts and austerity while pressing for a more aggressive policy against China, an escalation of the war in Ukraine, and no end to the war on Iran that fails to secure imperialist domination of the Middle East.

Neither the US intelligence agencies nor the *Times* has presented evidence that Alice Huang worked for Chinese intelligence, and the government has not charged her. CNN has reported that the intelligence gathered on her "does not prove that she was acting as a spy for Beijing." Trump himself said on Monday that he was not sure she was a spy.

The *Washington Post* wrote on November 13 that Huang's downfall "was ultimately set in motion by" Secretary of State Marco Rubio, who based a memo to Trump on a CIA report but recast "the agency's reporting in his own more assertive terms." The *Post* added that "the hawks are ready to seize on the moment to redirect the national agenda toward tougher policies on China."

The fate of Huang has much more to do with the operations of the US intelligence agencies than those of China. The Democrats and the sections of the administration calling for the most aggressive measures against China are using a sex scandal and an unproven spy charge to force a change in policy, while concealing that aim from the public.

What Huang's opponents object to is his policy toward

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China. Huang's position was that the United States would win the AI race by selling to China. "As I have long said, China is nanoseconds behind America in AI," Huang said in a statement on November 5, 2025. "It's vital that America wins by racing ahead and winning developers worldwide."

After months of lobbying by Huang, Trump approved the sale of Nvidia's H200 chips to Chinese companies in December 2025, with the US government taking 25 percent of the revenue.

The editorial boards of the *Washington Post* and the *Wall Street Journal* have used the scandal to call for tighter controls on chip exports. The *Post* wrote on November 12 that the affair "is about so much more than a sex scandal." The *Journal* wrote that Huang "has taken the naive view shared by some in the Trump orbit that China is an economic rival rather than a geopolitical adversary," and called closing the holes in the export bans a possible area "for bipartisan cooperation."

The struggle has broken into the open within the administration. Treasury Secretary Scott Bessent said Friday that the Treasury, State Department, Pentagon and trade representative had all wanted Megaspeed blacklisted, but that the Commerce Department "has the pen." On Sunday he called for a "dramatic shakeup" at Nvidia and asked whether the company was "pressing these seemingly illicit sales to goose their revenues and their earnings." Commerce Secretary Howard Lutnick, Huang's principal ally in the cabinet, will testify before the Senate Banking Committee on December 10, and some of Trump's advisers are discussing his removal, CNN reports.

The position of Huang is by no means settled. An open letter to Nvidia's board calling for his reinstatement had nearly 180,000 signatures by Monday, including that of Tesla chief Elon Musk, who will accompany Trump to China this week. Trump said Monday that he "would not mind" Huang's return, though the board is reportedly not considering it.

The *World Socialist Web Site* takes no side in this conflict within the ruling class. Neither camp advocates for "peace," and the two have different strategies for the same aim: the domination of the world by American capitalism.

Despite years of economic warfare against China, American imperialism has failed to halt the country's technological development. Trump placed tariffs on Chinese goods in 2018 and blacklisted the Chinese telecommunications company Huawei in 2019, and President Joe Biden in October 2022 banned the sale of the most advanced chips to China.

Stanford University's AI Index, published in April, found that "the U.S.-China AI model performance gap has effectively closed," with the best American model 2.7 percent ahead of the best Chinese one as of March. This month a Chinese model, Alibaba's Wan 3.0, ranked first on the Artificial Analysis leaderboard of programs that generate video with sound from text.

Washington cannot reverse this by denying American chips to China, in the long run or even the medium run. The production of chips and AI models is a single global process, in which China is a center of world manufacturing. American imperialism cannot stop the economic rise of the world's second largest economy short of war.

The Socialist Equality Party (SEP) in the United States stated in a resolution adopted at its Ninth National Congress in August that "AI has become central to the new imperialist redivision of the world." The world's division into nation-states is obsolete and in conflict with the objective development of technology.

No faction of the American ruling class offers a progressive way out of the crisis of American imperialism, and neither do the governments of Xi and Russian President Vladimir Putin. The working class must adopt its own position: the unity of workers in the United States, China and every other country against trade war, protectionism and war, and the transformation of AI from an instrument of capitalist oppression and war into a tool to free mankind from poverty and oppression. As the resolution concludes, "The working class must take hold of AI, as it must take hold of all the productive forces its labor has created, expropriate the oligarchy that has usurped them, and reorganize the world economy on socialist foundations"



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