The Huang affair, the AI bubble and the divisions within the American ruling class

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23 November 2026

The reinstatement of Jensen Huang as chief executive of Nvidia on Monday, 11 days after the company's board forced him out, has exposed both the bitter divisions within the American ruling class and the extraordinary fragility of an economy that rests on the AI bubble.

Nvidia's shares closed up 31.5 percent on the announcement of Huang's return to the head of the company, adding some $950 billion to its market value, the largest one-day gain for any company in stock market history. The Nasdaq rose 6.5 percent, its best day since April 2025. The previous week, after the board ruled out his return, the Nasdaq had fallen 10 percent, its worst week since the March 2020 crash at the start of the COVID-19 pandemic. Swings of this magnitude, in both directions and within days, are the mark of a financial system without any stable foundation.

The affair became publicly known on October 29, on the eve of the midterm elections, when the *New York Times*, relaying classified surveillance through unnamed officials, reported that Huang had been the target of a Chinese intelligence operation through his relationship with Alice Huang (no relation), who had formerly run Megaspeed, a Singapore data center firm. The *Times* published some 30 articles in less than a month, supplying most of the "breaking" developments. Huang stepped down on November 12, and on November 17 the board's new chair declared that it "does not intend to reinstate" him. Record quarterly revenue of $115.8 billion, reported the same day, failed to halt the slide in Nvidia's shares.

The reversal came after the direct intervention of the White House. The day after returning from his summit with Xi Jinping and Vladimir Putin in Shenzhen, Trump used his November 20 press conference to declare that Huang should "make a big apology and go back." On Sunday, according to news website Semafor, he dialed into the board's meeting to argue for Huang's return. Trump told CNBC on Monday, "I spoke to them and I convinced them," adding, "it was a lot easier to convince them yesterday than it was a week and a half ago." What had changed in the interval was the collapse of the market.

Nvidia is a company of strategic importance for the ruling class. In a column published November 20, the day of the market collapse, the *Financial Times*'s Gillian Tett called it "the quasi-central bank of AI." By her count it has provided some $100 billion in equity investments and more than $530 billion in off-balance-sheet guarantees and lease backstops to its own customers, which in turn buy its chips.

Tett compared Nvidia to AIG, which under Hank Greenberg became the hub of a web of interlocking, circular and half-hidden trades. Citing the Bank for International Settlements, she asked what happens to the rest of the industry if Nvidia stops playing this role. With tech investment accounting for two-thirds of US economic growth this year, according to Apollo figures she cites, the removal of the man whose word underwrote this web of circular deals threatened to bring it all down.

As in the dot-com bubble, a transformative technology has become the object of a speculative mania. In October, stock prices stood at 40.7 times average inflation-adjusted earnings over the previous decade, a level reached before only in 1999 and 2000, and margin debt hit a record $1.5 trillion in June. Last week, Anthropic raised $81.3 billion in the largest initial public offering in history, even as bond investors signaled that they expect its debt to be rated junk. Riding on the bubble are not only the fortunes of the oligarchs but the solvency of the American state and the global position of the dollar.

The instability is not confined to Nvidia. Trump, who treats the stock market as the pulse of the oligarchy he serves, dwelt at length at his press conference on the Federal Reserve, complaining that "whenever we announce good numbers, they raise the interest rates." Silver fell last week to 62 percent below its January peak. These are the convulsions of a system in profound crisis.

The developments in relation to Nvidia also reveal ferocious conflicts within the ruling class. Dominant sections of tech oligarchy reacted with open hostility to his removal. The fascist Elon Musk backed a petition for his

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return, and Trump made the cause his own. On the other side stood the Democratic Party, sections of the intelligence agencies, figures within the administration itself, and the *New York Times*, which speaks for the Democrats and substantial sections of finance capital. The *Washington Post* has reported that Secretary of State Marco Rubio himself sharpened the CIA assessment on which the classified memo was based.

The issue dividing these factions of the ruling class is China. Huang has long argued that it is futile to try to exclude China from advanced technology, which it will soon develop on its own, and that the better course is to tie Chinese developers to American hardware. Trump, who has licensed chip sales to China in exchange for a share of the revenue, has adopted a version of this line. The faction that removed Huang insists that China be shut out entirely.

Neither position has any progressive content. Both serve American imperialism, which regards China's economic and technological development as an intolerable challenge to its hegemony.

The Democrats, through their mouthpiece in the *Times*, have long used sexual scandals as an instrument of political warfare, and Huang's affairs gave Nvidia's board grounds to act without proving espionage. This time, however, a powerful faction of the bourgeoisie opposed these machinations and reversed the outcome.

The response of the Democrats to Huang's reinstatement has been ferocious. Senate Minority Leader Chuck Schumer declared that Trump had "learned nothing from his resounding election defeat" and pledged to investigate "anyone selling out our national security for financial gain." Senator Elizabeth Warren called the decision "reckless," and invoked "the urgency of passing bipartisan export control bills." Senator Ruben Gallego accused Trump of "selling out our national security to keep the stock market high."

The Democrats owe their congressional majorities to a wave of opposition to the war against Iran, the rising cost of living and social inequality. Their response has been to pledge collaboration with Trump, while attacking him for "appeasing" both China and Russia. Leading Democrats have ruled out using the December 11 government funding deadline to stop the war against Iran and ensured that the impeachment of War Secretary Pete Hegseth was buried. When the Democrats take their majorities on January 3, their central priority will be the escalation of the drive to secure American global dominance.

Much of this conflict took place behind closed doors and can only be inferred from the course of events. But the affair has laid bare a deep rift in a ruling class whose industrial, technological and financial interests pull in different directions, and which is unable to resolve its own deepening crisis. Every initiative it takes comes at a heavy price.

The working class has no stake in which one of these reactionary factions prevails. But the divisions themselves are of immense significance. In *The Collapse of the Second International*, written in 1915 amid the slaughter of the First World War, Lenin identified as a mark of a revolutionary situation "a crisis, in one form or another, among the 'upper classes,'" which opens "a fissure through which the discontent and indignation of the oppressed classes burst forth." A ruling class that cannot agree on how to wage war against China, and whose markets tremble at the fate of one executive, is preparing to impose the costs of war and economic crisis on the working class.

Yet the technology at the center of this speculative frenzy holds immense revolutionary potential. AI systems are now contributing to mathematical and scientific breakthroughs almost every week, resolving problems that had defied human effort for decades.

Under capitalism, these powers are subordinated to the enrichment of the financial oligarchy and the preparation of war. But the same crisis that has fractured the ruling class is setting the working class in motion. Workers and youth are entering into struggle across Europe in mass protests and nationwide strikes, and a process of political radicalization is underway in the United States.

The objective logic of this movement brings it into direct conflict with the financial oligarchy and both of its parties. It places before workers the task of taking the productive forces, including the technology monopolies, out of the hands of the oligarchy and placing them under public ownership and workers' control, as the Socialist Equality Party's resolution "AI and the fight for socialism" explains. And it unites workers across national borders, including in China, in a common struggle against imperialist war and for socialism.



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