The Economy Is a Hostage Situation

America has two choices under Nvidia's market dominance, and both are bad.

By Charlie Warzel, the Atlantic, November 23, 2026

If there was ever any doubt, it ought to be silenced now. You, me, and Donald Trump—we all live in an Nvidia-state. What you need to know about living in an Nvidia-state is that it is not a democracy. Nor is it ruled by a benevolent king. Instead, the Nvidia-state governs via the logic of a hostage situation. You have two choices: Let AI rip while tech leaders act with impunity, or watch the economy enter a recession.

If you don't believe me, just read the news. Jensen Huang, Nvidia's co-founder and CEO, was reinstated today by the company's board after more than a week of whinging from shareholders, Silicon Valley leaders, and Trump. Huang had resigned in mid-November after allegations that he had had relationships with at least one employee, as well as a client who was allegedly an intelligence asset for the Chinese government.

Trump, who was reportedly briefed multiple times about Huang's affair with the suspected spy, intervened with the board to broker his return.

Because we live in an Nvidia-state, one man's reinstatement was enough to change the trajectory of the entire stock market. Tech stocks, which sold off sharply late last week, rebounded aggressively. Nasdaq-100 futures went up so fast, they briefly halted trading this morning. Nvidia shares jumped 31 percent. The S&P 500 went up 4.7 percent, and the Nasdaq roared up 6.4 percent. The Dow Jones Industrial Average gained 1,463 points. At the time of this writing, all three averages are on pace for their best day in 19 months.

The rationale for this rally is that Huang is the central figure of the AI boom—that Nvidia, which powers the AI economy and props it up with the company's investments, is basically an exoskeleton around Huang. With him, AI progress and U.S. tech leadership can continue apace; without him, the music stops, investor confidence falters, and the AI bubble pops. [...]

Today, the elites got what they wished for. "The mistake has been corrected," Elon Musk posted on X this morning. The investor Jason Calacanis, a co-host of the podcast *All-In*, posted, "Daddy's home!" in reference to Trump stepping in to help the American economy. [...] On November 3, Americans expressed great skepticism at the polls about data centers, the economy, and AI in general. And a YouGov poll from earlier this month revealed that 54 percent of Americans thought that Jensen Huang's affair with Alice Huang, the alleged spy, "has definitely or probably compromised U.S. national security." (Trump reportedly told Nvidia board members this week that this was not the case.)

But as we know now, the Nvidia-state is not a democracy. It doesn't care that lawmakers in both parties—who will grill the CEO in December when he testifies in front of Congress—are livid about Huang's reinstatement and publicly questioning Trump's involvement. The Nvidia-state does not care about potential subpoenas or congressional investigations. It does not care what might come out about Huang, or Nvidia's dealings with China, or chip smuggling. What the Nvidia-state cares about is the continued reliance of the economy on one industry, one company, and, seemingly, one man. In Nvidia-state, engine of progress drives *you*.

This is how it goes in an AI hostage economy. Progress, economic security, superintelligence, national security, you name it—all of it is dangled as a carrot for citizens. But all of it, including your retirement savings, is contingent, according to those in charge. Any bit of accountability or oversight could cause the whole thing to come crashing down. Progress squandered. *Just keep calm and do what we say, and nobody gets hurt*.