

# White House engineering a takeover of TikTok by Microsoft

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3 August 2020

In a state-sponsored hostile takeover, Microsoft Corporation announced late Sunday that it was moving forward with plans to acquire the mobile app TikTok from the China-based corporation ByteDance following a discussion with President Donald Trump.

In a blog post, Microsoft said its CEO Satya Nadella spoke with the president and “is committed to acquiring TikTok subject to a complete security review and providing proper economic benefits to the United States, including the United States Treasury.” The post said the acquisition would be completed “no later than September 15, 2020.”

The takeover would involve the absorption by Microsoft of the operations of the social media video sharing platform in the US, Canada, Australia and New Zealand. According to Microsoft, the TikTok acquisition will be conducted with an unprecedented level of White House involvement. The statement says, “During this process, Microsoft looks forward to continuing dialogue with the United States Government, including with the President.”

Additionally, Microsoft is indicating that the new owners of the extremely popular app will operate TikTok under the direct supervision of the state security institutions within the countries where it will operate. “The operating model for the service would be built to ensure transparency to users as well as appropriate security oversight by governments in these countries.”

The Microsoft announcement comes as no surprise, following the appearance of Secretary of State Mike Pompeo on the Fox News “Sunday Morning Futures” earlier in the day. Pompeo said that President Donald Trump “will take action in the coming days” on mobile apps, including TikTok, as part of a growing White House offensive against China.

Although he stopped short of saying precisely what the president was going to do, Pompeo claimed without any evidence that “Chinese software companies doing business with the United States, whether it’s TikTok or WeChat” are feeding data directly to the “national security apparatus” in China.

In a statement clearly designed to whip up anti-Chinese sentiments, Pompeo added that Americans using TikTok were having their facial profiles and “information about their residence, their phone numbers, their friends, who they’re connected to” scraped by the Chinese government. He went on to say that these are “true privacy issues for the American people” and that “President Trump has said, ‘Enough,’ and we are going to fix it.”

Pompeo concluded, “I promise you, the President when he makes this decision will make sure that everything we have done drives this as close to zero risk for the American people.”

The short-form video sharing platform has approximately 80 million users in the US, 800 million worldwide and has been downloaded 2.2 billion times. ByteDance has said that its servers are located in the US and Singapore, and tech experts have pointed out that TikTok gathers user data in a manner similar to other popular social media apps.

That Pompeo is making hysterical and unsubstantiated statements is a demonstration of the desperate nature of the aggressive moves by the Trump White House against China. The administration is attempting to deflect the mass opposition to Trump’s response to the coronavirus pandemic and the authoritarian police measures against protesters across the country in the intensifying anti-China campaign in order to prop up his collapsing reelection prospects.

Meanwhile, it is well-known

internationally—primarily due to the exposures by the former national security contractor Edward Snowden in 2013—that the US National Security Agency (NSA) is the number one electronic surveillance operation in the world, gathering data on every single person on earth and storing it in massive server farms such as the Utah Data Center.

On Friday, Trump told reporters that he was going to act soon to ban TikTok. Speaking with reporters on board Air Force One on a flight back to Washington from Florida, he said, “As far as TikTok is concerned, we’re banning them from the United States.” He then called the ban a “severance” and said he had the authority to make the decision. “I can do it with an executive order.”

However, news of Microsoft’s involvement in a forced divestiture of TikTok by ByteDance emerged before the weekend as it was revealed that the Committee on Foreign Investment in the US (CFIUS) was involved. According to a report in the *Wall Street Journal*, CFIUS began its investigation into TikTok last year following concerns raised in Congress. “The Treasury-led foreign-investment committee is made up of federal agencies and reviews deals involving foreign money to ensure they don’t put the country’s national security at risk.”

No doubt a major consideration in the negotiations over TikTok is the fact that the company has recently valued at \$150 billion with major investments from US equity firms Coatue Management and Sequoia Capital. Along with the huge US user base, the entanglement of the American financial elite with TikTok make an outright ban a double-edged sword for President Trump and, in the end, it appears that it will be much better to just steal the company from ByteDance under the auspices of national security concerns.

An article in *Forbes* by Peter Cohen indicates the thinking among American business pirates. “If that deal goes through for the roughly \$5 billion, I estimate TikTok’s US operations are worth, you should buy Microsoft shares. ... the triple digit acceleration of TikTok’s user base could add oomph to Microsoft’s top line,” Cohen wrote on Saturday.

The role of the Democrats in the US seizure of TikTok exposes the fact that they have no fundamental differences with the Trump White House. Stephen Mnuchin, who heads CFIUS and has been leading the

negotiations with Microsoft and the TikTok investors over the takeover, said on “ABC News” on Sunday that the view that “there has to be a change” is shared by House Speaker Nancy Pelosi (Democrat of California) and Senate Minority Leader Chuck Schumer (Democrat of New York).

Schumer began ringing alarm bells about TikTok last November in a letter to Army Secretary Ryan McCarthy over the US military’s use of TikTok to recruit young people. Schumer wrote, “I urge you to assess the potential national security risks posed by China-owned technology companies before choosing to utilize certain platforms.”

Schumer’s campaign was echoed by Senator Marco Rubio (Republican of Florida), who took the issue to CFIUS, and Senator Josh Hawley (Republican of Missouri), who held a hearing on TikTok’s relationship with the Chinese government.

In this particular instance, it is apparent that Pompeo and Trump have now borrowed a few lines from Schumer, who wrote another letter to Transportation Safety Administration Director David Pekoske in February that said, “National security experts have raised concerns about TikTok’s collection and handling of user data, including user content and communications, IP addresses, location-related data, metadata, and other sensitive personal information.” Schumer added, “particularly when viewed in light of laws that compel Chinese companies to support and cooperate with intelligence work controlled by the Chinese Communist Party.”



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