

TikTok's deal with Oracle is a bet that Trump will cave on concerns over China

On the eve of the deadline for ByteDance to sell TikTok, there was much movement and little certainty. The whole thing seemed to come down to three words – “trusted tech partner” – and no one I’ve spoken to seems to know what they mean.

The most recent events were set in motion on Sunday afternoon, when ByteDance announced that it had rejected Microsoft’s bid to acquire TikTok in favor of an extremely vague partnership with a 43-year-old enterprise software company. The gist seems to be that Oracle would store American TikTok users’ data and keep it secure, but the app itself would continue to be owned and operated by ByteDance.

It could also include voting control over by TikTok by its US-based investors, the *New York Times* reported. Oracle and Walmart are both separately negotiating for stakes in TikTok’s American business, according to CNBC, which would still stop well short of an outright sale.

And now everything hinges on whether President Trump will accept ByteDance’s offer, or follow on his threats to ban the app in the United States.

Trump’s stated reason for forcing a sale was to protect Americans from Chinese influence – either the misuse of their data, or the manipulation of TikTok for propaganda purposes. As Russell Brandom notes at *The Verge*, an Oracle deal might partially address the former concern, but would do nothing about the latter. Microsoft’s offer, by contrast, had

attempted to solve for both. He writes:

Microsoft's version of the deal would have severed American TikTok from Europe and Asia entirely, but Oracle's version of the deal leaves it mostly intact. US TikTok will stay the same as Korean TikTok and Nigerian TikTok; it's just getting an extra babysitter. That makes it less of a sale and more of a glorified hosting deal. It lets Trump say he's solved the problem but doesn't do much else.

Microsoft underlined this point in its official statement announcing it had not been chosen. "We would have made significant changes to ensure the service met the highest standards for security, privacy, online safety, and combatting misinformation," the company said in its statement. "We look forward to seeing how the service evolves in these important areas."

The implicit message is clear: we wanted to change TikTok to actually make it safe, and ByteDance said no.

In doing so, ByteDance has essentially called Trump's bluff – wagering that he will accept the deal, reward a loyal friend in Oracle, and declare total victory. This ... does not seem like a bad bet? It's a high-stakes bet, to be sure, and one with a significant downside. It still seems entirely within the realm of possibility that TikTok in the United States as we know it will disappear. But if you're ByteDance, and trying to make the best of an attempted mugging, it would probably look something like this.

At *Stratechery*, Ben Thompson underscores the still-shocking degree to which the fate of an app used by hundreds of millions of people will all come down to the whims of the president:

Of course, Trump being Trump, no one knows what will happen next. Will he accept ByteDance's offer to claim victory while

actually capitulating? Will he fear the electoral consequences of banning a popular app? Will he be put off by China's attempt to put him on the spot? Or, most optimistically, will he actually follow through on his alleged national security concerns? Needless to say, given the way in which this entire sordid episode has made a mockery of the rule of law, I'm not optimistic, but, well, hope springs eternal.

Among the people who saw through ByteDance's revised offer was Sen. Josh Hawley, R-MO, who called on the Council for Foreign Investment in the United States to reject it.

"Any corporate shell game that leaves TikTok in the hands of ByteDance will simply perpetuate the original problem, leaving U.S. national interests and everyday users at serious risk," he wrote. "ByteDance, as TikTok's parent company, will continue to be subject to Chinese laws that put Americans' data at risk. That is precisely the problem that the President's action sought to solve, and it is that same problem that the proposed Oracle partnership leaves fully intact. In short, the proposal violates the President's executive order."

I reached out to Oracle to see if the company had any additional light to shed on the weekend's events, but didn't hear back. I imagine it is having a very busy day.

The Ratio

Today in news that could affect public perception of the big tech platforms.

Trending up: Facebook is giving employees paid time off to work the polls in November. The effort comes amid a poll worker shortage due to COVID-19. (Sara Fischer / Axios)

Trending up: Google's carbon footprint is now zero. The

company became carbon neutral in 2007 and says it has now compensated for all of the carbon it has ever created. (BBC)

Trending down: Amazon set prices of essential products to levels that would be considered violations of price gouging laws in many states, during the COVID-19 pandemic. The company blamed third-party sellers for price increases while allowing the price hikes to continue, according to a new report from an advocacy group. (Public Citizen)

Governing

□ **Facebook** ignored evidence that fake accounts were used to undermine elections around the world, according to a memo from a recently fired Facebook data scientist. The memo includes concrete examples of heads of government in Azerbaijan and Honduras using fake accounts or misrepresenting themselves to sway public opinion. Here are Craig Silverman, Ryan Mac and Pranav Dixit of *BuzzFeed*:

“In the three years I’ve spent at Facebook, I’ve found multiple blatant attempts by foreign national governments to abuse our platform on vast scales to mislead their own citizenry, and caused international news on multiple occasions,” wrote Zhang, who declined to talk to BuzzFeed News. Her LinkedIn profile said she “worked as the data scientist for the Facebook Site Integrity fake engagement team” and dealt with “bots influencing elections and the like.” [...]

The memo is a damning account of Facebook’s failures. It’s the story of Facebook abdicating responsibility for malign activities on its platform that could affect the political fate of nations outside the United States or Western Europe. It’s also the story of a junior employee wielding extraordinary moderation powers that affected millions of people without any real institutional support, and the personal torment that followed.

Facebook is fighting a decision by the Irish Data Protection Commission that would force the company to stop trans-Atlantic data transfers. The company said the decision would have a damaging impact on the European economy. (Stephanie Bodoni / Bloomberg)

Hate speech and incitements of violence on **Facebook** are pushing Ethiopia dangerously close to genocide, this piece argues. Critics say the company's inaction has had a devastating impact. (David Gilbert / *Vice*)

A top official at the Department of Health accused the Centers for Disease Control of harboring a "resistance unit" determined to undermine President **Trump**. "If you carry guns, buy ammunition, ladies and gentlemen, because it's going to be hard to get," he said on **Facebook**. Really just terrifying stuff everywhere you look here. (Sharon LaFraniere / *The New York Times*)

Misinformation about antifa activists starting wildfires on the West Coast is circulating on **Facebook**. There is no evidence to suggest these rumors are true. (PolitiFact)

Related: **Facebook** is cracking down on misinformation about the wildfires on the West Coast being started by Antifa activists. Critics say the company waited too long to take action. (Alyse Stanley / *Gizmodo*)

Wild conspiracy theories about **Joe Biden** are targeting Latino voters in Florida ahead of the election, and spreading on **WhatsApp**. Experts say the onslaught has already dampened support for the former vice president. (Sabrina Rodriguez and Marc Caputo / *Politico*)

A popular QAnon website shut down after a fact-checking group identified the developer as a New Jersey man. Qmap.pub was one of the largest websites promoting the conspiracy, with over 10 million visitors in July. (William Turton / Bloomberg)

A bug in **Joe Biden's** official campaign app allowed anyone to look up sensitive voter information on millions of Americans. The bug has now been fixed. (Zack Whittaker / *TechCrunch*)

Jessica Rosenworcel could lead the Federal Communications Commission under a **Biden** administration. She's criticized **Trump's** Section 230 executive order, saying the FCC shouldn't serve as the president's "speech police." (Emily Birnbaum / *Protocol*)

Loopholes in **Google's** ad policies allow advertisers to use misleading headlines in order to promote partisan political content. These ads also do not show up in the company's transparency reports. (Daniel Bush / Election Integrity Partnership)

About a dozen states are expected to join the Justice Department's upcoming antitrust lawsuit against **Google**. Many of the states are led by Republicans. (Ben Brody, David McLaughlin and Naomi Nix / Bloomberg)

Google CEO Sundar Pichai, known for being cautious and exceedingly nice, is leading the company through an antitrust case expected to drop sometime this month. It's one of the more challenging periods the company has faced. (Rob Copeland / *The Wall Street Journal*)

Apple issued new App Store guidelines, with loopholes for game streaming services like **Google** Stadia and **Microsoft's** xCloud. Each game must also be downloadable "directly from the App Store," and every game update must be submitted to Apple individually before a company can stream it to users. (Chaim Gartenberg / *The Verge*)

Cybersecurity experts from the National Guard are helping states shore up their election systems. The aid is especially important in rural areas or small jurisdictions that may be most vulnerable to hackers. (Kevin Collier, Courtney Kube and Rich Gardella / NBC)

Countries in Europe are testing out a new tech platform that would allow national contact tracing apps to exchange data. The goal is to help the countries coordinate their response to the pandemic by having the apps “talk” to one another. (Reuters)

Industry

□ **Anchor**, a **Spotify**-owned company, is cracking down on stolen podcasts. For months, the company has allowed users to upload rip-offs of legitimate, popular shows. Spotify is just the latest platform to under-invest in content moderation. Here's Ashley Carman of *The Verge*:

These Anchor shows, as the legitimate creators point out, are completely unaffiliated with the real podcasts, yet they seem to be distributing the same audio content and potentially making money off the original creators' work. Mignano says the copycats are an unexpected consequence of fast growth and novel attack methods.

The copycats, Mignano says, found a workaround in Anchor's detection system. “This is definitely a new type of attack for Anchor,” he says. The people who uploaded these copycat shows downloaded the audio from another source, manually reuploaded it to Anchor, and filled in the metadata, essentially making it appear to be a new podcast.

Instagram CEO **Adam Mosseri** said the company will push back on a planned change to **Apple's** iPhone operating system that would impact how it track users. He said the change would fall particularly hard on small businesses. (Megan Graham / CNBC)

Instagram has no plans to add paid links to photo captions, despite what a recent patent application suggests. The patent application was uncovered by Mike Murphy, in his weekly roundup of tech patents over at *Protocol*. (Kim Lyons / *The*

Verge)

The nature selfie is a subtle flex masquerading as groundedness. It's all over **Instagram** right now. (Joseph Longo / *Mel*)

Facebook Messenger launched Watch Together so users can view videos from Facebook Watch alongside their friends. The feature is rolling out globally on iOS and Android. (Casey Newton / *The Verge*)

Facebook Gaming will now allow its partnered streamers to play copyrighted, popular music in the background of their live streams. The news suggests the company has solved the copyright problem that has plagued live-streaming since the beginning. (Bijan Stephen / *The Verge*)

The Oculus Quest 2 VR headset leaked in full via a pair of promotional videos uploaded to a marketing hub run by **Facebook**. You can watch one of the videos here. (Jon Porter / *The Verge*)

TikTok has hit 100 million users in Europe. The app has officially launched in the UK, France, Germany, Italy, Russia and Spain. (Ingrid Lunden / *TechCrunch*)

TikTok influencers aren't impressed with the company's \$200 million Creator Fund. Some say they're earning only a few dollars a day, even if their videos rack up tens of thousands of views. (Louise Matsakis / *Wired*)

Witches are going viral on **TikTok**, but the witchcraft community isn't united in its embrace of social media. (Steph Panecasio / *CNET*)

Amazon is hiring 100,000 full and part-time employees across the US and Canada. The jobs pay a minimum of \$15 an hour. (Nour Al Ali and Amy Thomson / *Bloomberg*)

YouTube launched a new short form video experience called

Shorts. Creators can shoot “short catchy videos” directly from their phones. Sounds familiar! (YouTube)

Tech enthusiasts are using **PurpleAir** sensors to map wildfire smoke in their communities. This feels like a dystopian new social network in the making – a **Citizen** of the skies. (Laura Bliss / Bloomberg)

Former employees on the finance team at **Pinterest** are speaking out about discrimination. The news follows former COO Françoise Brougher suing the company for gender discrimination and retaliation. (Zoe Schiffer / *The Verge*)

Republican politicians are pushing a growing boycott of **Netflix** over the debut of a French film called “Cuties.” They’re saying the film sexualizes young girls because of a poster that Netflix promoted, although the content of the film does the opposite. Thanks, QAnon! (Sara Fischer, Stef W. Kight and Orion Rummier / *Axios*)

Things to do

Stuff to occupy you online during the quarantine.

Sign up for Nick Quah’s new newsletter of podcast recommendations. 1.5X Speed is the latest project from the man I refer to affectionately as the podfather.

Check out **ByteDance**’s updated org chart! For *Information* subscribers only, but I imagine it could be useful to a lot of *Interface* readers.

Those good tweets

surgeon: we’re only allowing family right now

olive garden waitstaff: yeah that’s why we’re here

– hype (@TheHyyyype) September 13, 2020

Journalism kids are theater kids that can't sing

– Natalie Dunlap (@natd_lap) September 13, 2020

Talk to us

Send us tips, comments, questions, and TikTok scenarios:
casey@theverge.com and zoe@theverge.com.

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