

Q: Does the forced sale of TikTok set a dangerous precedent for the global economy?

Brian Lockhart: It is a great question, but very difficult to answer in a factual manner. This issue highlights the reality that governments have access to information that investors simply do not. It is not difficult to imagine that in a world where data is one of the most valuable assets, there can be national security issues surrounding the collection and use of data. When the company collecting the data is domiciled in a country that is a known threat to U.S. interests, it becomes very complicated.

My concern is that the Trump Administration's actions will almost certainly be met by similar action by the Chinese government against U.S. companies operating in China. It is similar in the trade war with China and tariffs, but that dispute focused solely on imports and exports. The government intervening in a "supposedly" private company does set a concerning precedent. The 2016 election demonstrated that data and advertising can quickly become a national security issue because of propaganda.

My hope is that the TikTok discussion ultimately leads to a global protocol for collecting and using data assets regardless of what country the data is coming from. Data security laws should be done globally as the flow of information is impossible to contain along geographic boundaries. A global standard for data sovereignty, regardless of where someone lives, is long overdue.

Clint Pekrul, CFA: The TikTok ordeal has been interesting to watch. Essentially, we have a Chinese company that wants to continue to run its mobile video app in the U.S., but the Trump administration has intervened to prevent this from happening. The rationale is that having an app run by the Chinese operating in the U.S. is a security risk, although controversy persists concerning the extent of that threat. Conversely, Chinese authorities refuse to essentially hand over TikTok's technology to a potential U.S. acquirer, citing bullying tactics from the Trump administration.

On the one hand, regulators in the U.S. may very well have a legitimate concern over national security. In the past there have been security analysts that claim there are vulnerabilities. On the other hand, however, Trump's actions might just be political posturing. By taking action, the Trump administration is exerting its influence over the Chinese, which is what he's tried to do since taking office. I also wonder if Trump's prior conversations with tech CEOs – namely Mark Zuckerberg – are influencing his decisions. At any rate, I'm all for having a legitimate regulatory review of any deal with a foreign company, but it has to be substantiated by the facts.