

EXPLAINER: What is Musk really doing as he guns for Twitter?

April 14 2022, by The Associated Press



Tesla and SpaceX Chief Executive Officer Elon Musk speaks at the SATELLITE Conference and Exhibition in Washington, Monday, March 9, 2020. Mercurial billionaire Elon Musk now says he wants to buy Twitter outright, taking it private to restore its commitment to what he terms “free speech.” But his offer, which seemed to fall flat with investors on Thursday, April 14, 2022 raises as many questions as it answers. Credit: AP Photo/Susan Walsh, File

Mercurial billionaire Elon Musk now says he wants to buy Twitter outright, taking it private to restore its commitment to what he terms "free speech." But his offer, which seemed to fall flat with investors on Thursday, raises as many questions as it answers.

Among them: Is he serious? Can he get the money together? Would a sale make shareholders happy? And what would the [social platform](#) look like if he succeeds?

WHY IS MUSK INTERESTED IN TWITTER?

Ostensibly because the service, he says, isn't living up to its potential as a "platform for [free speech](#)." Musk insists that he's not interested in making money off Twitter and on Thursday said his motivation sprang from the realization that "having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization."

Twitter, like other [social media platforms](#), suspends accounts for violating content standards, including on violence, hate speech or harmful misinformation. Its suspension of Donald Trump angered the former president's followers.

Musk has described himself as a "free speech absolutist"—but he has blocked Twitter users who question or disagree with him. Regulators have also accused his car company, Tesla, of retaliating against Black workers who spoke up about discrimination.

HAS MUSK SAID WHERE HE WILL GET THE FUNDS TO BUY TWITTER?

No. And his regulatory filing says the offer is subject to "completion of anticipated financing."

During a Thursday on-stage interview at the TED 2022 conference, Musk noted vaguely that he has "sufficient assets" to complete the deal, adding: "I can do it if possible."

CAN HE JUST BUY TWITTER OUTRIGHT FROM HIS PERSONAL WEALTH?

Musk is the world's wealthiest man, according to Forbes, with a nearly \$265 billion fortune. But much of his money is tied up in Tesla stock—he owns about 17% of the company, according to FactSet, which is valued at more than \$1 trillion—and SpaceX, his privately held space company. It's unclear how much cash Musk has.

"I do think this will be somewhat painful and I'm not sure that I will actually be able to acquire it," Musk said in his Thursday interview.

Musk could sell Tesla stock to raise money—which could hurt Tesla's [share price](#)—or borrow against his stock holdings. But Forbes notes that he has already used more than half of his Tesla stake as loan collateral.

WOULD TWITTER SHAREHOLDERS BE HAPPY WITH HIS OFFER?

The stock traded lower than the offer price of \$54.20 a share Thursday, suggesting investors doubt the deal will go through. The shares have traded above \$70 in the past 12 months and peaked at \$80.75 in February 2021.

There has been executive turnover since co-founder Jack Dorsey's departure in November left Twitter with a new CEO, Parag Agrawal, whose initial actions have involved internal reorganizations. There have not been any major changes to Twitter, which, despite its outsized influence due to high-profile celebrity and politician posters, as well as a

devoted base of journalists, has fewer users than social media rivals like Facebook and TikTok. Musk himself is a huge user, with more than 81 million followers.

Dorsey, still a major shareholder, has not indicated what he thinks of Musk's offer.

Twitter said only that it will look at the offer. A spokesperson declined to answer if the board will put in place a defense against a hostile takeover known as a "poison pill."

HOW MIGHT MUSK REMAKE TWITTER?

It's hard to know with Musk, and even trying to game out this hypothetical might be taking the man too seriously. By saying Twitter is not living up to its potential to be a "platform for free speech," he seems to be saying he would scale back content moderation. But he has also called for the company to crack down on spam accounts, which implies more moderation.

He proposed dropping ads from the service—ads are how Twitter makes money—and making its San Francisco headquarters into a homeless shelter. He also seems to approve of a button to edit tweets.

WHAT CONCERNS DOES MUSK AS AN OWNER OF TWITTER RAISE?

Social-media companies struggle to contain misinformation and hate speech. Musk, whose tweets can lead online bullies to swarm his critics online, does not seem keen on content moderation.

"Regulators worldwide will be wincing at the potential free speech implications should Musk's takeover bid succeed," said GlobalData

analyst Rachel Foster-Jones. "Musk is clearly serious about promoting free speech for the benefit of democracy, but the line between free speech and hate speech or misinformation is becoming increasingly muddled, and attempts to change Twitter could easily lead to these issues spiraling out of control."

In his talk with Anderson, Musk said that Twitter is "bound by the laws of the country it operates in, so obviously there are some limitations on free [speech](#) in the U.S. and of course Twitter would have to abide by those rules." But he said it was "quite dangerous" to have "tweets be mysteriously promoted and demoted" and having a "black-box algorithm."

WHAT HAPPENS NEXT?

Twitter may hire bankers and advisers to help it review the deal, said Third Bridge technology, media and telecom analyst Scott Kessler. And other buyers could emerge. "It seems that if would-be strategic and/or financial buyers are interested in Twitter, they should probably engage now."

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Citation: EXPLAINER: What is Musk really doing as he guns for Twitter? (2022, April 14) retrieved 8 May 2024 from <https://techxplore.com/news/2022-04-musk-guns-twitter.html>

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