

ELON MUSK OFFERS TO BUY TWITTER



Issue

Billionaire Elon Musk has offered to buy Twitter through hostile takeover in order to restore its commitment to free speech.

Background

Musk had recently disclosed that he had bought about 9 percent of the company's stock, becoming one of the largest shareholders.

Details

- Following the disclosure of his ownership stakes, Twitter had offered Musk a seat on Board of Directors, which he refused.
- A seat on Board of Directors would have prevented Musk from buying any more stocks of the company.

Reasons for Musk's offer

- Musk says that the social media company is not living up to its potential as a platform for free speech across the world.
- Twitter policy allows it to suspend accounts of its users for violating content standards, including on violence, hate speech or harmful misinformation.

Accusations against Musk

- Seen as a propagator and supporter of free speech, Musk himself has blocked some people who do not agree with his opinion.

- There are also allegations that his company Tesla has acted against Black workers who spoke up about discrimination.

Musk's wealth

- Being the world's richest man, Musk has wealth amounting to \$265 billion but majority of it is tied up in Tesla stocks.
- Musk owns 17% of the company's stake, which is valued at \$1 trillion. He is also the complete owner of SpaceX.
- Musk could sell Tesla stocks to raise money but that would bring down price of Tesla stocks. He could borrow against his Tesla stakes, but the limit has already been exhausted.

Implications

- The share price of the company has not risen, indicating that the deal may not go through. In addition, Twitter is losing its user base.
- Musk may scale back some of the content restrictions and on the other hand remove spam accounts from the platform.

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