



## What can Elon Musk do with Twitter?

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In spite of much sound and fury from the chattering classes, Elon Musk has signed an agreement to purchase Twitter for \$46.5 billion. Musk has long complained that Twitter is too strictly moderated. As the platform's new owner, Musk has the right to run it as wishes. However, to remain Twitter's owner, Musk will have to keep Twitter profitable enough to pay its creditors. Musk's desire to liberalize Twitter's rules may be in conflict with his prerogative to keep advertisers happy and revenue flowing. To "free" speech while maintaining Twitter's profitability, Musk will have to accelerate efforts to decentralize the platform, seek other sources of revenue, or find a way to separate political demands from user experience concerns.

Musk has used Twitter to troll critics and delight fans since 2010. He seems to enjoy the platform's raucous, freewheeling atmosphere. However, the features that have made Twitter, in Musk's words, "the de facto public town square" have also made it hard for the platform to maintain user growth or turn consistent profits. Not everyone wants to be the man in the arena. Twitter's default openness makes it harder for advertisers and celebrities to avoid criticism and abuse.

In an effort to mollify advertisers, attract users, and stave off regulation, Twitter has steadily increased both the scope of its rules and the resources dedicated to enforcing them. Although these changes were intended to improve "user experience" by serving more relevant content and hiding or removing offensive speech, Musk thinks they have made the platform worse. He has criticized Twitter's opaque algorithmic content rankings and its lack of commitment to free speech. If Musk had purchased Twitter entirely in cash, he could reverse these changes, consequences be damned (although he would still have strong financial reasons not to run the company into the ground).

However, Musk has borrowed \$25.5 of the \$46.5 billion he needs to buy Twitter. Half is borrowed against Twitter, but the other half is borrowed against Tesla stock. Twitter's debt service will cost nearly a billion dollars a year, about two thirds of Twitter's current earnings, and Musk's Tesla-backed loan will cost him a similar amount to carry. Thus, Elon Musk's Twitter will have strong incentives to maintain or increase its profits both to pay its own debts and return dividends to Musk. In the past, this has meant keeping advertisers and prominent users happy.

Musk will have to walk a fine line between keeping his commitments to liberalize Twitter's moderation, and keeping the ad income flowing, or seek other sources of revenue. In the end Twitter will likely pursue some combination of the two. It might somewhat relax its policies while replacing some ad revenue with subscriptions. Twitter could draw more users to its paid Twitter Blue app, or charge power-users and companies for access to the platform. Given the

platform's history of unprofitability, it is far from clear that advertising is the best way to monetize Twitter.

This doesn't mean that Musk can't make changes, but he will be constrained by the need to maintain profitability. Some high-profile changes – such as reinstating Donald Trump — may satisfy both objectives at once. However, politicized policies are often tangled with user experience concerns. One reply is a response, a thousand critical replies is a deluge of harassment. But, curtailing those replies means limiting someone's speech. Twitter's deadnaming policy provides another good example. Is Twitter enforcing progressive gender norms, or making its platform a pleasant place for trans people and trans-friendly advertisers?

Twitter will have to follow the law regardless of who owns the platform. In the United States, where Twitter's freedom to moderate as it wishes is protected by the First Amendment and Section 230, this doesn't present a problem for Musk's plans. In Europe, however, Musk might find his liberal designs for Twitter limited by the European Union's emerging Digital Services Act and Britain's Online Safety Bill, both of which include new obligations to filter harmful content.

Some of Musk's goals are in tension with one another – staying one step ahead of spambots has long justified keeping the algorithm private. One of his suggested solutions – “authenticate all real humans”, might jeopardize anonymous speech, an important part of Twitter's egalitarian discourse. There are some happy mediums here – expanding but not requiring verification might, on the margins, might make it easier to identify spammers, and tamp down the cliquish conflict between “blue checks” and the unwashed masses. Musk will not be able to avoid the tradeoffs inherent to content moderation, but he can make them in different ways.

Resetting the right expectations for Twitter's moderation will be difficult. Some on the right will no doubt push the boundaries of their desired freedom, while some on the left will attempt boycotts of Twitter or its advertisers in response to policy relaxations. Musk will be both blamed and lauded for moderation decisions that have nothing to do with his ownership. Musk's purchase may change the “vibes” of the platform, regardless of his actions.

If Elon Musk wants to liberalize Twitter's platform-wide rules or make fewer decisions about politicized topics like misinformation or hate without shedding users or advertisers, he will have to give users more control over their own experiences. It will take time to build tools to allow users to control their own feeds and better curate blocklists, or allow third parties to build them. In the interim, Twitter will have to temper expectations or weather intense criticism. Nevertheless, as a privately-held company, Twitter will have more room to experiment here than it has in the past – Twitter will not have to worry about how its quarterly earnings will affect its share price. In the short term, Musk may be willing to burn cash to weather the storm.

Past some point, it will become hard to give users more control without splintering the platform. It may simply be impossible to have one big raucous global conversation that is attractive to advertisers. Recognizing that it is impossible to satisfy everyone, Musk might accelerate efforts to decentralize Twitter. BlueSky, a Twitter-backed effort to create a decentralized standard for social media, is independent of Twitter and isn't affected by the deal, but under Musk Twitter itself could move in a similar direction. In this scenario, Twitter might maintain control of its underlying network, authenticating users and policing illegal conduct while leaving the presentation of tweets to third party apps with alternative filtering and presentation algorithms.

Twitter might maintain an ad-friendly client, sell network access to third-party clients, or monetize twitter's raw content in other ways.

At the end of the day, these choices will be Elon Musk's to make. Musk wants to make Twitter more like itself, or more like it used to be. Despite anxieties about democracy's ability to accommodate unfiltered information and unfettered communication at scale, the global clearinghouse for ideas that Musk envisages is valuable. Democracy needs feedback loops to function well, and as much as Twitter has become a place for elites and elite institutions to shed their credibility, Twitter reveals mistrust and misunderstanding more than it creates it. However, it remains to be seen if anyone, even Elon Musk, can run such a clearinghouse profitably.

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