

Twitter accepts \$44 billion acquisition offer from Elon Musk

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Twitter announced on Monday that it had agreed to be purchased by the billionaire and richest individual in the world Elon Musk, turning the microblogging and social media platform with 217 million active daily users into a privately held company.

The transaction will remove Twitter from the stock market and make it the private property of Musk, who has a personal wealth of \$257 billion and uses the platform for statements that alternate between narcissism, right-wing populism and buffoonery.

In a cynical and self-serving tweet on Monday afternoon, Musk posted, “I hope that even my worst critics remain on Twitter, because that is what free speech means.”

In a company press release, Twitter stated that it has “entered into a definitive agreement to be acquired by an entity wholly owned by Elon Musk, for \$54.20 per share in cash in a transaction valued at approximately \$44 billion.”

The statement explains that the current stockholders will receive \$54.20 “for each share of Twitter common stock they own” and that this price “represents a 38 percent premium” above Twitter’s closing stock price on April 1, 2022, the last trading day before Musk had become the company’s largest shareholder.

Twitter board chairman Bret Taylor said in the press release that the deal with Musk was approved unanimously by the board after a “thoughtful and comprehensive process to assess Elon’s proposal,” and that it was “the best path forward for Twitter’s stockholders.”

Musk is quoted in the Twitter release repeating statements he has made over the past few weeks about the importance of free speech for the functioning of democracy and that Twitter is “the digital town square where matters vital to the future of humanity are

debated.” He said he wants to improve Twitter by enhancing it with new features and “making the algorithms open source to increase trust, defeating the spam bots, and authenticating all humans.”

The transaction will close before the end of 2022, subject to the approval of shareholders and pending government regulatory approvals. The financing for the deal is made up of the \$21 billion provided by Musk from the sale of other stocks he owns, primarily Tesla, and \$25.5 billion in borrowed funds, referred to in the Twitter release as “fully committed debt and margin loan financing.”

Subsequent news reports that analyzed the Securities and Exchange Commission filings said that Morgan Stanley and a group of banks and other financial institutions provided \$13 billion in debt financing and another \$12.5 billion in loans Musk borrowed against his Tesla stock.

The *Verge* reported that, during an all-hands call on Monday, Twitter CEO Parag Agrawal told staff he had no answers as to what would happen after the deal is complete. In response to questions about layoffs, Agrawal said there were no plans to cut jobs “at this time.” He also said he would remain CEO until the closing with Musk.

When he was asked if Musk would restore the account of Donald Trump, which was terminated in the days immediately following the January 6 insurrection in Washington, DC, Agrawal said, “Once the deal closes we don’t know which direction the platform will go.” Donald Trump claimed on Monday he would not return to Twitter even if he was invited back.

Aside from Musk’s plan to become the private owner of Twitter, there is considerable financial incentive for the current shareholders and board to sell the company to him. Twitter has lost money in nine of the last eleven

years. User growth at Twitter has plateaued and advertising revenue, its primary source of income, has been inconsistent.

Like the rest of the stock market, after a sudden drop to \$23.95 at the beginning of the coronavirus pandemic, Twitter's Wall Street value climbed steadily throughout 2020 once the US government began pumping trillions of dollars into the financial system.

However, while the rest of the market kept on climbing, Twitter reached a highpoint of \$77.06 in February 2021 and then dropped to \$33.00 a year later. It was at this point that Musk began his stock purchasing spree and ultimately spent nearly \$3 billion to achieve a 9.1 percent ownership share in Twitter. At market close on Monday, Twitter shares were trading at \$51.70, not far below Musk's offering price.

Twitter was founded in 2006 and quickly became one of the most popular of the social media platforms that heralded a significant transformation of online technologies spawned by the Internet and the World Wide Web. The mass adoption of social media—including platforms like YouTube, Facebook, Instagram, WhatsApp, TikTok and others—by billions of people internationally was driven by the convergence of mobile wireless broadband and smartphones equipped with photo and video cameras and apps.

The Twitter platform distinguished itself from the other social media technologies by enabling users to report on, comment and share the content of others in real time anywhere in the world based on short text messages with embedded images, video and links to websites and other online content. Twitter has been used effectively by individuals and political parties, public relations professionals and other organizations to communicate information and news instantaneously to those who are following them as well as the general Twitter user base using a novel categorization method known as the hashtag (#).

The corporate media is generally ecstatic about the Musk acquisition. The *Wall Street Journal* said, if it goes through, the deal “would mark one of the biggest acquisitions in tech history and will likely have global repercussions for years to come, including possibly shaping how billions of people use social media.”

Aside from concerns about the possibility that Musk's ownership of Twitter will have a positive

impact for Republicans and a negative impact for Democrats—based on the bogus assertion that online censorship is being used exclusively against right-wing political voices—there is not the slightest hint of fundamental criticism in any of the commentary. That a platform being used by several hundred million people worldwide is now owned and run by a single individual is in fact a completely reactionary and retrograde development.

Meanwhile, Musk's self-description as a “free speech absolutist” means that, under his decision-making authority, he would have permitted Donald Trump to utilize the platform for the purpose of carrying through his coup attempt aimed at overturning the results of the 2020 presidential election during the January 6, 2021 fascist assault on the US Capitol, as part of an antidemocratic conspiracy that continues to this day.



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