

# Elon Musk becomes Twitter's largest shareholder

Elon Musk's share purchase of Twitter has given rise to speculation as to what his intentions and next steps will be.



Source: © pbs.org [pbs.org](https://www.pbs.org)

At the beginning of this week Elon Musk became Twitter's largest shareholder, following a 73.5 million share purchase, worth about \$3bn, giving him a 9.2% stake in the social media platform.

"Industry analysts and legal experts are skeptical about whether the mercurial CEO will remain on the sidelines for long. Musk could begin advocating for changes at Twitter immediately if he chooses," says [pbs.org](https://www.pbs.org).

## Shares surge

[Bloomberg](https://www.bloomberg.com) reports that Twitter shares surged as much as 27% after Musk's purchase was revealed Monday in a regulatory filing.

The gain marked the stock's biggest intraday increase since its first day of trading following the company's 2013 initial public offering.

His stake is worth nearly four times that of former chief executive Jack Dorsey, who owns a 2.3% stake.

The purchase was surprising to many as Musk had suggested that he might start his own social platform, hinting that he might shake up the social media industry.

“Musk polled his more than 80 million followers on Twitter last month, asking them whether the company adheres to the principles of free speech. After more than 70% said no, he asked whether a new platform was needed and said he was giving serious thought to starting his own,” reports *Bloomberg*.

## Changing Twitter policies

*Bloomberg* says that the announcement will be yet another major test for new Twitter CEO Parag Agrawal, who has vowed to increase accountability, make decisions faster and to improve product execution.

The company set ambitious goals for growth including increasing annual revenue to \$7.5bn and getting to 315 million daily users by the end of 2023.

“Musk posted a cryptic meme in December after Twitter announced that Agrawal was taking over from Dorsey as Twitter’s CEO. It depicted Agrawal as Soviet dictator Joseph Stalin and Dorsey as Soviet secret police head Nikolai Yezhov being shoved into water,” reports *Bloomberg*.



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It further published comment from Wedbush analyst Dan Ives in a research note: “It looks like Musk has his eyes laser set on Twitter.”

According to the [The Washington Post](#) there are Twitter employees and experts who fear Musk’s involvement could also push the company further into chaos after years of investor activism and the sudden departure of Dorsey.



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“The company is already at a critical juncture ahead of the 2022 midterm elections that will determine control of Congress, when it will have to police related misinformation that could help sway votes,” says the report.

## Vulnerable to outside pressure

In the *Bloomberg* report it quotes Tom Forte, an analyst at DA Davidson & Co saying: “Given Elon’s prior comments about wanting to start a social media company, I would say it’s possible that he will increase his stake in Twitter or take a controlling interest in the company sometime soon.”

*Bloomberg* explains that Twitter is particularly vulnerable to outside pressure because unlike Google, Facebook, Amazon and Snap, the company’s founders don’t have special voting control over its future.

“The company has just recovered from activist pressure by Elliot Management that started in 2020 which led Dorsey, who was serving his second stint as CEO of Twitter, to set a succession plan,” it says.

The news wire does state that the type of form used to file the purchase often indicates the investor isn’t seeking to acquire

control of a company, or to influence who controls it.

But pbs.org quotes Erik Gordon, a law and business professor at the University of Michigan: "Musk could see Twitter as an investment with big growth ahead, or he could have noninvestment reasons for the purchase, such as buying to make sure the platform doesn't restrain his speech."

## **Pushing into a libertarian direction**

While it is not clear what role he will play, speculation is that he may try for an activist restructuring that could change the way Twitter polices its platform as well as who it banishes.

The *Washington Post* says his share sets up a confrontation with advocates for restricting harmful accounts.

"Musk may push Twitter in a libertarian direction, away from blocking or restricting accounts that cause social harm, according to people familiar with internal conversations who spoke on the condition of anonymity to describe sensitive matters," it reports.

Previously Musk was vocal on the platform when it banned former President Donald Trump in the wake of the Capitol insurrection. Musk stated: "a lot of people are going to be super unhappy with West Coast high tech as the de facto arbiter of free speech."

Musk, one of the biggest personalities on Twitter, is very active on the site, but regularly runs into trouble on the platform. He tweeted "Oh hi lol" following the purchase.

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