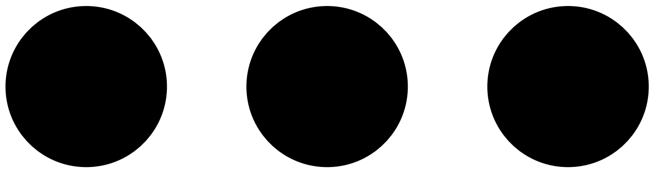
Written by **Luis Miguel** on November 11, 2022

Musk Floats Twitter Bankruptcy as He Strives to Make Company Profitable



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The Elon Musk-led era of Twitter is going through some growing pains.

Musk, the billionaire Tesla and Space X founder-turned-Twitter-owner is shaking things up at the social-media giant as he strives to make the company profitable. He has gone so far as to float the possibility of bankruptcy — all while executives have jumped ship in light of the new leadership.

According to a Bloomberg report, which cited insider sources, one of the biggest resignations at Twitter is Yoel Roth, who had served as head of safety and moderation. Musk had allowed Roth to stay on board even though conservatives pointed out that he was among those most responsible for the rampant censorship on the platform. At least five other executives have called it quits this week.

On Thursday, Musk called a meeting to discuss Twitter's future. Per *The New York Times*, Musk wrote in an email that he sent out to organize the meeting that "The economic picture ahead is dire. Without significant subscription revenue, there is a good chance Twitter will not survive the upcoming economic downturn."

Musk said he hopes the platform can make enough profit from the $8 monthly "blue checkmark" program, a move that aims to move the company away from an over-reliance on advertising. Otherwise, Musk maintained, bankruptcy could be a real option on the horizon.

The consequences of depending on ad revenue can be seen in the blows Twitter has experienced in recent weeks with advertisers pulling their business away from the platform due to pressure from left-wing activists outraged by Musk's lack of conformity to their politics.

Also during the meeting, Musk told employees he was ending perks such as free food and remote working. "If you can physically make it to an office and you don't show up, resignation accepted," he is reported to have said.

Musk-led Twitter's troubles provide a unique insight into the financial wizardry propping up much of Big Tech — a financial wizardry that is swiftly taken away in punishment if the heads of these companies step out of the establishment line.

Vox Day, the former World Net Daily columnist and author of *Social Justice Warriors Always Lie*, gave his take on the matter in light of Twitter's current travails:

> All of the social media giants are, to greater and lesser degrees, fraudulent corporate

> structures. They are not actually real businesses as one learns about business in business school or Econ 101. Their nominal customers are not their customers, but rather, their "advertisers", who are not actually advertisers as one is taught in Marketing 101, but Clown World conduits for free money provided to ticket-takers. They are totally — and I mean TOTALLY — dependent upon a constant flow of external "investment" money. In most cases, the total "investment" into them far exceeds their actual revenue.
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> For example, Patreon's peak monthly payout, in July 2022, is $26 million. Since they take an average of 6 percent, this means their average monthly revenue is around $1.6 million. Ergo, their peak annual revenue is around $20 million and their total lifetime revenue from 2013 is around $60 million, while as of one year ago, Patreon had received $413.3 million in funding over 10 rounds. This strongly suggests that Patreon is not, and never will be, a viable business under its current revenue model. The same is true of Twitter and other public companies propped up by various forms of "investment"; rising interest rates and falling stock prices mean that the flow of money these corporations require to operate is beginning to dry up.

It isn't just Musk's controversial new leadership that has put Twitter on uncertain waters. Other social-media companies are also reeling as the end of the Covid era has resulted in less social-media usage and thus less advertising revenue.

Facebook parent company Meta, in particular, has been hard-hit. The company found itself compelled to lay off 11,000 employees this week, which amounted to 13 percent of its total workforce.

In Meta's case, overinvestment in ambitious future projects such as the Metaverse at the expense of more immediate, tangible projects has played a part in the decline.

Accordingly, analyst J.P. Gownder of Forrester Research told AP that Meta should focus more on the here and now. "They are making a big bet on something that may not happen for another five to 10 years," he said. "What they need to be doing is trying to solve some of their fundamental business problems. This [mass layoff] is only a stopgap."

But considering how these Big Tech companies have virtually declared war on the constitutionalist right for years, are their woes something to be lamented or celebrated?