

Who is Gregory Magarshak?

Here is my resumé. I've worked as CEO and chief architect for 10 years at Qbix building community software, and 4 years at Intercoin designing smart economies. On my show, I've also hosted public discussions with top people about the economics of social platforms, like Noam Chomsky on capitalism and freedom of speech for example.

If you like what you read below, I am happy to connect by Zoom or come by Twitter headquarters for a more in-depth discussion. I would be interested in taking an active role with Twitter to make it happen.

Twitternomics

Urgent Proposal for Twitter 2.0

Dear Elon,

After seeing the recent developments at Twitter, I undertook to write you directly, and lay out a full solution for both revenue generation and content quality at Twitter 2.0. Under this solution, rather than complaining about \$8 for blue checkmarks, Twitter celebrities would each indirectly pay you orders of magnitude more — and not even complain!

The Problem:

Twitter needs to make money and become a sustainable business independent of ad revenue, so it can pay back the billions it borrowed. At the moment, you seem to have been coming at the problem backwards, for a host of reasons:

1. Twitter's **social capital** comes from all the celebrities that have chosen to share their social capital with your platform by posting on it. The blue checkmarks are value you get **from** celebrities, every time they post. Creating friction with them is the last thing you should want to do. Twitter 2.0 should actually embrace and **help celebrities monetize** social capital.

2. You should want as much quality content from them and their teams as possible, because that is the driver of all the engagement for Twitter. Similar to Netflix, payments should come from the **demand** side - consumers, not the producers. The celebrities are your “means of production”.
3. After championing **free speech**, the optics of charging \$8 for speech or identity is wrong. The speech itself should be free (recording and storing one’s tweet). But distribution of the speech is what can be monetized (and moderated to comply with local laws).
4. You’re arbitrarily capping your revenues at a ridiculously low percentage of their potential, when proper Twiternomics would net you 100x more revenues from a wider pool of users (read below).
5. The approach described here would also address the problem of fake followers and bot accounts, something directly affecting the bottom line of advertisers, and everyone’s experience on Twitter.

The Full Solution:

1. Twitter Token

*“The real economy is goods and services. Money is just accounting thereof.”
- @elonmusk on Twitter*

Twiternomics would be based around an internal Twitter Token (TT), which will turn likes, replies and retweets into more **costly and serious signals**, monetizing people’s scarce attention, and making social capital measurable.

You **won’t** need a blockchain for TT transactions — in the case of Twitter it is far faster and more efficient to just manage them in your own internal database. TT would not concern either the SEC or FINCEN, as no one would ever cash it out.

People would be able to buy TT from Twitter to spend on the platform, and this would be the revenue model (see below). Meanwhile, celebrities could use the TT they accumulate to pay for various digital perks, attention grabbers, and organic sales funnels that Twitter may roll out, which require **recurring payments in TT** to maintain.

For example, celebrities would pay TT to roll out a reservation system, that lets their followers pay them in fiat and crypto to book time in proprietary spaces and courses, on or off Twitter. The celebrity is paid out 90% of that revenue. Reservations can lead to a **better form of advertising** than the one that every year produces diminishing returns at Facebook and Google. Instead, Twitter would sell organic user flows that convert their social capital into real recurring business for them, far more than they could make from cashing out the TT.

2. Twitter Tokenomics

Likes send 10 TT to the author of the tweet, so liking would be costly and mean something. I'd recommend replacing the word "Like" with "**Applaud**".

Retweets and Replies send 50 TT to the author of the tweet, piggybacking off their tweet's social capital. But this is basically an investment, because the author of the Reply or Retweet could in turn earn the TT spent on applause, replies and retweets from people who discover them.

However, not all publicity has to be good publicity / engagement. A feature called **Critical Replies** to a tweet would allow people to label that tweet "wrong" or "dangerous", but they must explain why (no silent downvotes!) Such Critical Replies would then appear under the tweet and compete with the tweet for applause — if any Critical Reply overtakes the tweet in applause, the difference might deducted in real time from the tweet author's TT balance, penalizing them.

Critical Replies may themselves get Critical Replies, eg those who agree with the original tweet. Perpetuating flame wars could put participants' TT at risk. This would begin to function as a community-sourced flagging and "Extra Context" system.

3. Discovery and Market-Based Ranking

In addition to simply transferring 10-40 TT to the author of a tweet, you can add an "**Invest**" feature to allow people to spend additional TT to "buy shares in a tweet", whose price rises as more shares are bought. Please google "Curation Markets" and "Bonding Curves" to see how this lets the crowd discover tweets.

The first people to buy shares in a tweet help to bring wider attention to the tweet, and make it rise higher on real-time organic rankings. They can later profitably sell their shares in the tweet, and reinvest TT in a new tweet. This can help determine the "spot price" of shares in a tweet, and its current relevance.

4. Optional Features

Although people can eventually sell their shares in a tweet, the all-time-high market cap for that tweet should be recorded and used for historical rankings.

There can be a 1 minute period to edit a tweet. Keep the old versions around for forensic reasons.

There can be a 1 minute grace period to delete any applause, reply or retweet, otherwise the TT transaction is done, even if the content is deleted later.

5. Rewarding Good Content

By giving consumers something scarce to lose, you monetize their attention. The result may not be perfect, but it will be far better than the current cesspool of tribalism and outrage, because the incentives will be aligned correctly. It will be better for society.

TT will start to matter more than followers as a measure of how much a particular celebrity is well-received. Those blue-checkmark celebrities who amass a lot of TT, not just a lot of followers, can use it to generate profits via selling their services and concerts to followers. Unlike YouTube, Twitter will never have to demonetize anyone for copyright infringement, either.

Twitter as a platform can start to help celebrities, brands and their teams convert social capital into steady recurring revenues. ***That can be the main value proposition of Twitter 2.0.***

6. Free Tier

To keep Twitter free for the vast majority of users, a Free Tier of TT tokens must be instituted based on the age of the account and verification of human. It can start at 100 use-or-lose credits per day that they log in, and shrink as people start to love Twitter 2.0 more and more. Free Tier tokens must be used within 24 hours or they expire.

The people who consume Twitter beyond the free tier will pay, and there are far more of those, than celebrities. Look at how freemium games made a fortune on iOS, by eventually convincing their users to make in-app purchases! You can also institute bulk discounts and recurring payment plans.

Only tokens that are **bought** can be directed towards applause, retweeting and replying to tweets from **specific accounts**. Twitter 2.0 should limit how often the free tier tokens can be focused on on any specific account. It is like the Internet Radio model - you can listen to a random selection of songs from specific categories, but it is costly to artificially inflate “airplays” of any of them.

7. Fake Followers

This scheme puts a significant cost on faking TT revenues. As long as the free tier tokens would not be able to be disproportionately spent on specific accounts, strong signals will be costly.

At the end of the day, any inorganic attention would incur a cost in TT, which only Twitter can issue. This TT can be to Twitter what ad revenues are to google. Twitter can start reporting TT sales on quarterly earnings calls.

Any honest Twitter account that wants to get steady TT revenue would have keep convincing users to part with their scarce TT every day. It monetizes people’s attention and makes it costly to get fake TT revenues, making it a more reliable and costly signal. The Twitter firehose API clients would pay for curation value.

8. Steady Stream of Hush Market Revenue!

Right now you’re needlessly publicly creating friction with celebrities and brands, who are the root source of value in Twitter (means of production, and driver of advertising revenue). They chafe at paying even \$8 a month, yet they could be paying you many orders of magnitude more without complaining!

You see, lots of up-and-coming accounts often pay for fake-ish followers (as they do on other platforms) in order to climb the ladder and get more organic attention. Teams representing celebrities who already enjoy large followings will be forced to **continue to pay more just to remain in the spotlight**.

Twitter celebrities would not be able to cash out TT, thus they’d have to spend money to buy TT that is used to “prop up” their feeds via other accounts. I used to work at digital agencies that “bought likes” this way by the tens of thousands.

By putting an unavoidable cost on this activity, Twitter can make a fortune from the competition for organic user attention, across various topics. But unlike legitimate, public actions, those “buying likes” will not want the world to know

that they are spending money on fake followers. So they **won't publicly complain!**

Hate the game, not the player. Companies often rely on such metrics to get ahead. They get valued higher if they have more users, so they have a disincentive to root out bots. YouTube grew quickly on the back of copyrighted videos being uploaded, until Google bought them and rolled out an efficient DMCA-enabled detection algorithm. In this case, Twitter isn't cheating the celebrities; rather, they will be trying to cheat Twitter - and paying it a lot to do so. But on the back end, you will be able to figure it out, if you ever wanted to.

Revenues:

- **\$ Selling Twitter token.** Clean and simple.
- **% Revenue share** with celebrities for helping their convert their social capital into upselling paying followers.
- Unlike YouTube, Twitter 2.0 won't need to demonetize anyone because this revenue stream won't be ad-supported.
- You'll be increasingly independent of advertisers. A private company that helps

Let's Connect

Elon, there is a lot more I need to tell you than can fit into this overview, so let's connect and have a conversation, either by video or in person. I would be open to coming on board Twitter as a chief architect of this internal project, and helping build out what I have summarized here. Happy to do it for free and be compensated on a results basis.

A/B testing

Don't just take my word for any of this. Roll it out to a small group of people and A/B test it. You'll see the difference and eventually roll it out to all of Twitter.

Or if you prefer to just use these ideas and go it alone, I would appreciate at least a shout out and perhaps a check for 1% of the revenues I may have helped you make 😊

Industry Analysis: Past and Future:

Zero-Sum Games

With so many people working in Big Tech, surely these ideas have been thought of before. I believe the main reason they have not been implemented is because the dominant cash cow of Web2 has been advertising, similar to the cash cow of Web3 being financial speculation. Both are zero-sum games, with the losers left holding the bag (bad return on ad spend, or buying the top of a meme coin).

Advertising and notifications have become a tragedy of the unmanaged commons, where the commons is human attention. By putting a price on human attention and measuring social capital, Twitter can break its users free of this exploitation and build a far more sustainable business model, while promoting healthier public discourse as well. You can start to be credited with rescuing our public conversations from the hate and tribalism they've devolved into!

Fake Accounts and Sybil Attacks

Elon, as you have been speaking about publicly and consistently, AI can already generate convincing text and images, and will get better with time. LinkedIn already has a serious issue with fake accounts. But it can get far worse:

GPT-4 can already produce convincing text on a great many topics. But more importantly, consumption of tweets and linked articles is not an interactive Turing test. Most of them are merely skimmed at high speed. Thus, bot-written bullshit articles will increasingly be shared on social media.

The biggest danger to Twitter over the next 5-10 years is swarms of sleeper bots that amass followers, reputation and other KPIs over time, and then are deployed in a coordinated attack to move sentiment for any political or economic reason. These bots would be implacable and not swayed by argument. Instead, they would act to isolate and socially ostracize dissenting voices.

None of the above can prevent these bot swarms from executing coordinated campaigns, but at least TT might give you a powerful tool to have the company try to mitigate their power in the coming years.

Let's Talk

I have been thinking about social networks and economics for as long as you have been thinking about rockets. If you find this interesting, there is a lot more that we can discuss. Please drop me a line, I would love to be of help to make this a reality.

**Sincerely,
Greg Magarshak**

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