

Substantial destruction of value is just around the cor...

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The [Motley Fool](#) notes:

Shrewd executives have realized that if the economy continues to limp along, the only way to grow their top and bottom lines will be through acquisitions. So, for the past year or so, they've been slashing budgets, cutting costs, and raising capital.

In fact, according to ThompsonReuters, the cash held by S&P 500 companies has risen from \$600 billion a year ago to more than \$700 billion today. And analysts at Credit Suisse recently reported that "companies have the most cash in their arsenal targeted at growth strategies since 2001."

Some years back KPMG suggested 50% of all mergers failed i.e. they destroyed value. No doubt others added no value.

So what's the likely outcome of merger mania? A simple transfer of wealth to the bankers, lawyers and accountants who will charge enormous fees to arrange these mergers.

And who will loose? You will. Through your pension fund, endowment and through false inflation of the market before another crash.

So let's describe merger main for what it is — it is [rent seeking behaviour](#) — and it's you who is paying the rent.