

## Why are we letting states subsidise savings in what loo...

Published: January 17, 2026, 3:38 pm

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As the FT has reported in an email this morning:

*Shares in [Meta, the owner of Facebook] plummeted more than 20 per cent in after-hours trading yesterday after Meta said it expected its first-quarter revenues to fall short of Wall Street forecasts because of “increasing competition”, in the latest evidence that it was losing the “attention battle” over users.*

It was not an exception though. It also noted that shares in PayPal fell by more than a quarter and Spotify saw its shares fall by 23 per cent in after-hours trade.

There were issues in each case, I admit. But that is not the point. The point is that companies that can see swings in value as sharp as these are not good stores of value, but are being used as such by pension funds.

It also says something else, and that is if entirely foreseeable issues, like competition, can have such a massive impact on the value of these companies then the risk of saving in their shares is not being appropriately priced in these cases.

We pay investment managers small fortunes (and sometimes large ones) to manage risk and what is readily apparent is that they are not doing their jobs properly. Instead, they appear to be following Ponzi schemes since companies like Facebook are built on the undeliverable premise of perpetual growth? In that case, why do states subsidise savings in stock markets through things like pension tax relief quite so heavily just to see the supposed value created disappear in moment?