



## Roaring Twenties or Digital Depression? III. Q&A With Prof. Scott Stern of MIT Sloan School of Management

As a companion to our earlier report [Roaring Twenties or Digital Depression? Unintended Consequences of Antitrust Activism on the U.S. Small Business Economy](#), we conducted an email question-and-answer session with [Prof. Scott Stern](#), the David Sarnoff Professor of Management at the MIT Sloan School of Management (affiliation only for attribution and does not reflect the policy or position of MIT Sloan). We discussed the relationship of Main Street small businesses to major technology companies on the backdrop of both antitrust and the continuing COVID-19 pandemic.

**The broad majority of small businesses currently rely on digital tools to power various aspects of their operations. How would you describe the importance of large tech companies such as Amazon, Apple, Facebook, Google, and Microsoft to the small business economy, particularly coming out of the COVID-19 pandemic?**

*The United States and global economy are at a crossroads in the wake of COVID-19 and the still emerging economic recovery. We should build on the empirical lessons of the pandemic to guide a dynamic and inclusive economic recovery. We should make sure that Main Street is able to partner with Silicon Valley. How did America get through the pandemic? Whether it was your ability to order food through Grubhub, arrange conference calls or teaching through Zoom, or even keep up with the latest neighborhood information through NextDoor, cloud-enabled digital services played a surprisingly important role in connecting small and local businesses to their communities, and allowing Main Street to adapt and then recover. Indeed, local entrepreneurship hit all-time highs during the pandemic, [particularly in Black neighborhoods](#), and there is evidence that this seems to have been driven by local businesses leveraging digital tools and opportunities. Let's make sure that policy does not get in the way of the rebound and emerging dynamism of local entrepreneurship that can propel an inclusive economic recovery.*

**If a relatively 'aggressive' form of the proposed antitrust legislation were to be signed into law and enforced by the FTC and DOJ, what scenario(s) could you foresee about the effects of that on small businesses during the next five years?**

*Is the current debate about the appropriate way to update antitrust policy and enforcement to reflect our new digital economy useful? Absolutely. However, we should make sure that this debate focuses on ensuring a healthy environment for entrepreneurship, including new small businesses as well as growth-oriented ventures. To enjoy a Roaring Twenties we need to avoid inducing a Digital Depression. We should make sure that the search for "killer acquisitions" does not have the unintended consequence of stifling innovation. Vigorous and evidence-based antitrust enforcement is critical, and there is a good case for updating antitrust and regulation to reflect our new digital reality. However, the case for shutting down the ability of startups and established firms to partner (including the acquisition of promising startups by established players) has been overstated. Many of the most important platforms that we leveraged in the pandemic – YouTube, Siri, Amazon Prime – are all built on the scaling of acquisitions of startup innovators by Google, Apple, and Amazon.*