

Big Is Beautiful: Debunking the Myth of Small Business

ROBERT D ATKINSON AND MICHAEL LIND | APRIL 2018

This provocative new book now available from The MIT Press shows small businesses are not the drivers of our prosperity. Big firms are better for job creation, productivity, innovation, and most other economic benefits. Governments should stop tipping the scales toward small and adopt “size neutral” policies that encourage companies of all sizes to grow.

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SMALL BUSINESS

ROBERT D. ATKINSON AND MICHAEL LIND

Contents

Part I: History and Present Trends

1. Belittled: How Small Became Beautiful
2. Why Business Got Big: A Brief History
3. Understanding US Firm Size and Dynamics

Part II: The Advantages of Size

4. The Bigger the Better: The Economics of Firm Size
5. Small Business Job Creation: Myth Versus Reality
6. The Myth of the Genius in the Garage: Big Innovation
7. Small Business in a Big World

Part III: Politics and Policy

8. A Republic, If You Can Keep It: Big Business and Democracy
9. The Strange Career of Antitrust
10. Brandeis Is Back: The Fall and Rise of the Antimonopoly Tradition
11. Has Big Business Gotten Too Big?
12. Small Business Cronyism: Policies Favoring Small Business
13. Living with Giants

In this provocative new book, Robert D.

Atkinson and Michael Lind argue that small business is not, as is widely claimed, the basis of

American prosperity. Small business is not responsible for most of the country's job creation and innovation. American democracy does not depend on the existence of brave bands of self-employed citizens. Small businesses are not systematically discriminated against by government policymakers. Rather, Atkinson and Lind argue, small businesses are not the font of jobs, because most small businesses fail. The only kind of small firm that contributes to technological innovation is the technological start-up, and its success depends on scaling up. The idea that self-employed citizens are the foundation of democracy is a relic of Jeffersonian dreams of an agrarian society. And governments, motivated by a confused mix of populist and free market ideology, in fact go out of their way to promote small business. Every modern president has sung the praises of small business, and every modern president, according to Atkinson and Lind, has been wrong.

Pointing to the advantages of scale for job creation, productivity, innovation, and virtually all other economic benefits, Atkinson and Lind argue for a "size neutral" policy approach in both the United States and around the world that would encourage growth rather than enshrine an anachronism. If we overthrow the "small is beautiful" ideology, we will be able to recognize large firms as the engines of progress and prosperity that they are.

Praise

"Atkinson and Lind's deeply researched book is a needed corrective to current unexamined assumptions about job creation. While acknowledging that the power of giants can bring abuses, they make a compelling case about the virtues of size and scale for innovation and national enrichment. Agree or not, their economic prescriptions are sure to be discussed widely by policy makers of all political persuasions."

— **Rosabeth Moss Kanter**, Professor, Harvard Business School; author of *Move: Putting America's Infrastructure Back in the Lead*

"Atkinson and Lind present a well-researched and thoughtful correction to the widely held view that it is small business alone that is the engine of economic progress. Their focus on the importance of scale is both historically grounded and eminently relevant to today's connected and information-driven global economy. *Big Is Beautiful* should be read by business leaders and policy makers around the world."

— **Sam Palmisano**, Chairman, The Center for Global Enterprise; former Chairman and CEO, IBM

"Atkinson and Lind reconstruct the history of economic development to document the role of large enterprises in driving technological innovation and growth. Their nuanced analysis shows how monopoly profits—however transient they may prove to be—are essential to motivate and to fund R&D at the frontier. From Kodak and DuPont through IBM and Xerox to Google and Amazon, the giant firms have been central to this history, outweighing the much hailed but largely sentimentalized celebration of small business."

— **Dr. William H. Janeway**, Senior Advisor, Warburg Pincus; Affiliated Member of Economics Faculty, University of Cambridge

"In an age of mindless partisanship and chronic groupthink, Atkinson and Lind are just the kind of antidote that we need. Whether you agree with their thesis or not—and especially if you disagree—

you should read this book. You will not have wasted your time.”

— **Edward Luce**, Washington commentator, *Financial Times*, and author of *The Retreat of Western Liberalism*

Press

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