There has been a surge of concern about how big business may be undermining competition at the expense of consumers and workers. Two signs are Biden's big executive order on competition and the appointment of antitrust hawk Lina Khan to head the FTC. Paradoxically, however, big business may be better for the environment.

According to a RAND study, "Many policymakers, interested in supporting small businesses and entrepreneurship, have been concerned that some regulations, rules, and government policies place a disproportionate burden on small firms and entrepreneurs, due, for example, to the significant fixed costs that can be associated with compliance."

In fact, there's an agency in the Small Business Administration's whose goal is to exempt small businesses from regulatory requirements. SBA's office of advocacy trumpets its work with federal agencies "to avoid excessive regulatory burdens on small businesses." The agency boasts that its "efforts to have agencies comply with the Regulatory Flexibility Act have saved small businesses billions of dollars in regulatory costs." Those billions of dollars are saved through regulatory exemptions. That's great for small businesses, but not so great for the consumers, investors, and the environment who are supposed to be protected by regulations.

Regulatory enforcement is more difficult against small firms, leading to lower compliance. As the RAND study explains,

"Small establishments have long posed a special regulatory challenge for federal agencies in the health and safety arena. Although it has been well documented that workplace injury and fatality rates are higher at smaller establishments, it is extremely costly for regulators to monitor compliance with health and safety regulations at thousands of small establishments, and the cost-benefit trade-off has thus pushed agencies to focus attention on larger establishments."

Interestingly, RAND suggests, the problem with respect to worker safety may be less the smallest firms, where the owner is likely to be on the premises, than medium sized firms. Perhaps owners want safer workplaces when they themselves are in the workplace. This finding may not apply equally to environmental performance, however. Other research suggests that trade associations may play an important role in increasing compliance by educating their members about regulatory requirements and compliance measures.

Given that small firms are less likely to comply in the first place, they may be unlikely to go beyond complying with environmental regulations, as a OECD study suggests.

Thus, environmental concerns may cut against the arguments for small business. For instance, dry cleaners are a common source of toxic pollutants. It might well be better for the environment if there were four or five big national dry cleaning firms, rather than tens of thousands of small ones. There may be other benefits to small business ownership, but environmental quality may not be one of them.

To the extent that the focus is on Goliaths like Apple or Amazon, these environmental concerns may be muted. If you broke those Goliaths up into five or ten smaller firms, the fragments would still be multi-billion dollar businesses. But, at least in the environmental sphere, we should keep in mind that small is not always beautiful.