

tl;dr - Benefits of Tech Mergers and Acquisitions

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ICLE tl;dr

Background... Policymakers in the United States, the United Kingdom, and the European Union recently have pursued legislative and regulatory changes to make it more difficult for large companies, especially digital platforms, to acquire other firms.

Most recently, Sens. Amy Klobuchar (D-Minn.) and Tom Cotton (R-Ark.) have introduced [S. 3197](#), which would virtually outlaw all acquisitions by the largest online platforms.

But... Startup formation and venture capital investment are extremely sensitive to the availability of exits, most of which occur through acquisitions. Making it more difficult (or impossible) for start-ups to be acquired by the world's largest tech firms would imperil the incentive for investors to fund innovative new products and services, and limit competition between digital platforms. The measure also raises significant constitutional questions, due both to the extremely small number of firms it would target and to changes it would make to judicial review that imperil separation of powers.

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