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Lawmakers have pointed to stabilized GDP and a surging stock market as evidence that the nation is poised to return to "normal" after 2020's economic catastrophe. But GDP and the S&P are not adequate proxies for real world conditions, especially for the smallest businesses, the ones that define our neighborhoods and communities.

After the crash of 2008, the government emphasized stabilizing financial markets over assisting small businesses and struggling households. Even if well intentioned, the resulting redistribution was so profound that analyst Karen Petrou called these

comprise 90 percent of all businesses in the nation, employ half of Americans, and generate half our economic activity—is considerably more uncertain. According to the data, the smallest businesses saw profits dry up completely, and reported just 2% revenue growth year over year.

Meanwhile, the NASDAQ, heavily comprised of Big Tech stocks, climbed over 43% by the end of 2020.

Outcomes have begun to diverge, raising concerns about a K-shaped recovery. Wall Street has regained its footing, but Main Street may take more time, and more support, to rebound.

Will Small Business Bounce Back?

Yes, eventually. But, better measures of business health, like access to funding, staffing and hiring, restored supply chains, consumer confidence and the availability of goods and services to small business buyers could give us a clearer picture of our economic situation. The reality toggles between glass half-full and empty.

On one hand, revenue for the small business sector as a whole dropped by one-fifth. On the other, recent data show the percentage of small business revenue from online sales increased from 37% to 57% in less than one year, owing to changes in consumer behavior and small business offerings during the COVID-19 lockdowns.

Many SMBs executed impressive pivots to stay afloat in the COVID confusion. Tens of thousands more—and no one's quite sure how many—sank into insolvency instead and will not reopen. Meanwhile, a record four million new businesses were registered in 2020. During one three-month stretch, the country added more new businesses than any other quarter in its history.

We're getting there, but as a nation we mustn't be quick to claim victory.

New data from small business decision makers themselves gives us a better

growing ratio of online-enabled offerings, may have been accelerated by as much as seven years.

One of the success stories of the COVID recovery so far has been the SBA's decision to include FinTech firms in the distribution of PPP. Early on, Paycheck Protection Program funds mostly went to the largest businesses, as pre-existing relationships with major banks were a prerequisite for early loan success, and many banks used customer portals to collect applications.

FinTech firms were arguably a saving grace for the smallest businesses and helped smooth wider distribution. Yet, even with their help, outcomes were still skewed: one in three businesses with more than 100 employees received the forgivable federal loans; just one in seven of the smallest businesses received help.

Small business owners continue to see cash flow as a major challenge in coming years.

In Conclusion

Like the consequences of the shutdowns, the recovery is far from uniform. Booming growth, bull markets, crypto surges—these have little relevance to the real-world health of our economy.

A decade of "roaring 20s" celebration is possible, but it's not here yet. If the needs of the smallest firms are *not* perfectly aligned with the needs of the largest—their recovery won't be, either.

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