

Essay:
Do we live in a winner-takes-all economy?

With the Covid-19 pandemic, we have been able to really be aware of the reality that we live in an interconnected world. Indeed, we noticed the importance of the existing links between countries, regions, industries and people, that allow us to have access to everything we need every day. But we also observed, and we continue to notice it with the different shortage's threats that we are facing in the recent days, that we live in an interdependent world. A global interdependence signifies that the countries depend on each other and, as a result, they import and export their production. As the world becomes more and more interdependent, trades become more and more important. To make this happen, the countries choose to specialize in some business sectors. However, it does not mean that this specialization is egalitarian as some business sectors bring less money than others.

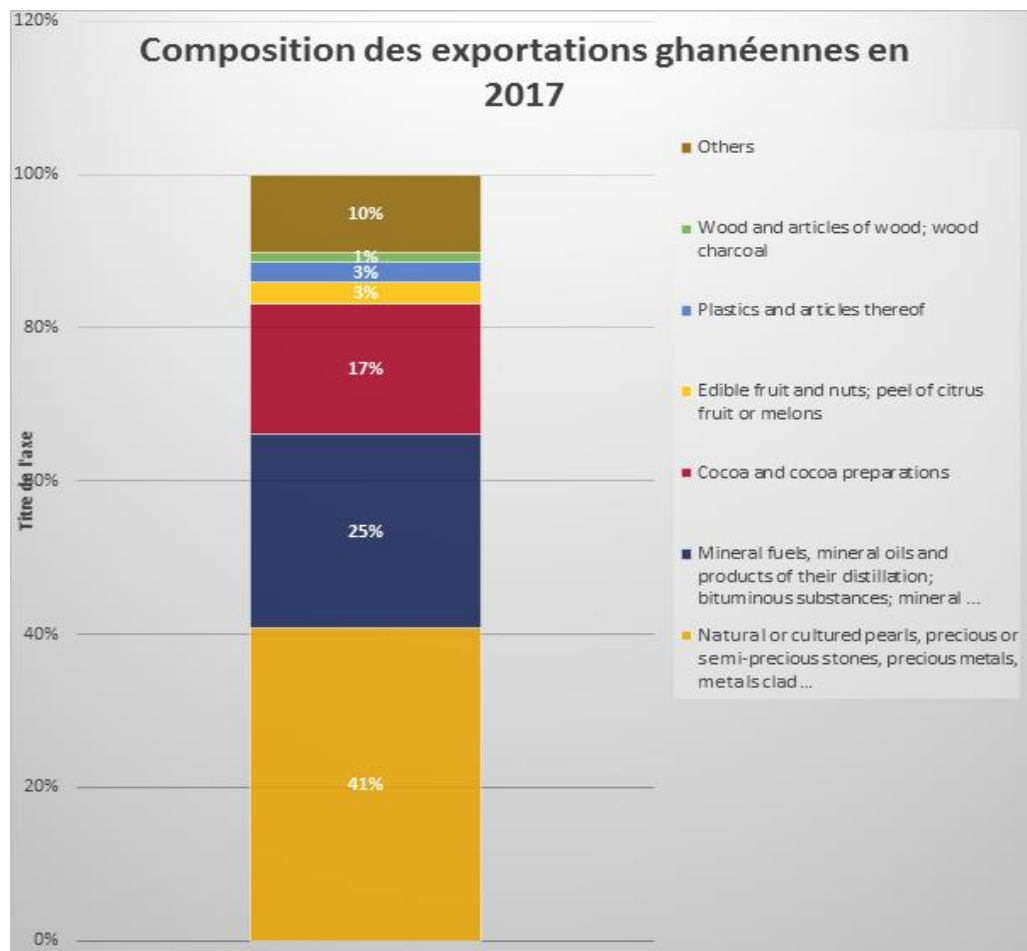
This leads us to ask the following question: "Do we live in a winner-takes-all economy?"

In a first part, we are going to study the inequalities between rich and poor countries that still remain present and how it illustrates the consequences of a winner-takes-all economy. In a second part, we will focus on the idea of some people that we should proceed to degrowth in order to solve the existing issues.

Firstly, we can say that the inequalities that still exist today between countries demonstrate the results of the winner-takes-all economy.

Living in a winner-takes-all economy means that we live in an economy in which a small number of performers are able to catch an important share of the income, while, at the same time, an important number of performers are winning nothing or hardly anything. Therefore, because this income is not widely distributed, inequalities remain present. In 2020, Oxfam revealed in its annual report on global inequalities that "the richest 1% in the world now owns more than twice the wealth of 6.9 billion people, that is to say 92% of the world's population". But if these inequalities of wealth's distribution can be observed between individuals, we can also notice inequalities between countries. Some countries or regions are able to attract a lot of enterprises and create a lot of wealth, while others are completely abandoned. At a large scale, we know the difference of wealth between the northern countries which are richer than the southern countries. On a smaller scale, we can see today that the former industrial cities are left behind just like the rural areas. If we focus

on the existing inequalities between countries, we may understand that the winner-takes-all economy we live in does not make possible for poor countries to create a lot of wealth and so, to become richer. In fact, if we take a country like Ghana, we can see that its economy is specified in the exportation of cocoa beans, petroleum oils and gold: that is to say raw materials. On the contrary, Ghana needs to import a lot of manufactured products to satisfy its domestic demand.



Source:

Trade statistics for international business development (TradeMap)

Therefore, Ghana is not specified in business sectors that bring a lot of money. They import everything and do not add value to the products they export. Moreover, by selling raw materials, you can easily be confronted to prices' fluctuations and experience an economic crisis. The link with the winner-takes-all economy is that, if you do not diversify your economy and production, you are not going to be able to create wealth, to attract enterprises and become a rich country. At the same time, rich countries are going to continue to export manufactured products with important added values, with big firms present on their soil and they are going to be even richer. The countries already rich and specialized in business sectors that bring a lot of money are going to become richer; poor countries won't be able to become attractive and won't be able to compete with the others. The problem is that, in order to be able to specialize in sectors that create a lot of wealth, you need to have good universities, technology hubs, research centers: that is to say that

you must be a developed country. Then, there would be more probabilities for you to specify in good business sectors and to become a leader. Consequently, for a country like Ghana, it is very difficult to attract the best engineers or firms and specialize in a sector like artificial intelligence for example, as they are not enough developed. On the contrary, a country like the United States is going to attract a lot of enterprises. The United States is already a rich country and not Ghana, but the United States is going to be richer, while Ghana is not going to have the possibility to compete with them: the winner takes all.

In order to solve these inequality issues, but also to preserve natural resources, some people have started to argue that we should proceed to “degrowth”.

Degrowth goes with breaking the actual system that considers the economic growth and the increase of the production as the ultimate aim. Yet, degrowth does not mean “recession” which is a non-voluntary period of economic decline that can take place in our capitalist economy. The process of degrowth is put in place voluntarily, but it is different from just putting in place regulations. Indeed, “the term degrowth refers to an economic situation during which the economic wealth produced does not increase or even decrease”, as explained by the online news media *Youmatter*. In conclusion, we would live a more “minimalist” life by producing and consuming less. People are starting to think about degrowth because they consider that our actual system is not reducing enough the inequalities and that, sometimes, it is even creating more inequalities. As said earlier, because we live in a winner-takes-all economy, the rich become even richer, while the poor either stay poor or get poorer. According to the advocates of degrowth, this is the solution that has to be taken in order to preserve the planet, but also to reduce inequalities. In fact, they agree that this process of degrowth should start by readjusting disparities between rich and poor countries. The aim would be to help poor countries, which are developing slowly, to be fully developed. Therefore, they should be as developed as rich countries and their citizens should all have access to education, healthcare services or a correct living for example. Some people cannot even have access to drinkable water or eat a proper meal every day. Therefore, there is a mission that consists in guaranteeing these rights to everyone.

However, degrowth is not a solution approved by everyone as it can be seen as “too extreme”. In fact, degrowth is seen as something that would ruin all the huge steps forward we have been able to make thanks to the fact that our system pushes people to innovate even more. As examples, some people explain that we have been able to increase life expectancy and we have been able to cure people of cancer thanks to new medical treatments. Basically, we improved our way of living and that is because our capitalist system allowed us to make significant progress. Moreover, some advocate that, even if our system is not perfect, it has helped to reduce significantly the inequalities through the centuries and especially since the end of the Second World War. People who are against the process of degrowth also add that it is kind of a utopia as it would be impossible to put in

place. Indeed, it seems very hard to stop producing goods and services and break entirely the actual system we live in. It would mean too much important changes and we are not sure if it would work.

In conclusion, we can affirm that the observed inequalities between countries show us that we live in a winner-takes-all economy by demonstrating that the countries already rich continue to increase their wealth, while poor countries find it difficult to compete with them. To solve these issues, some people argue that the solution is to start the process of degrowth which is often considered as too extreme.

However, we should now start thinking about the different possible solutions we could put in place in order to really reduce these inequalities.

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