

Theorie de la firme

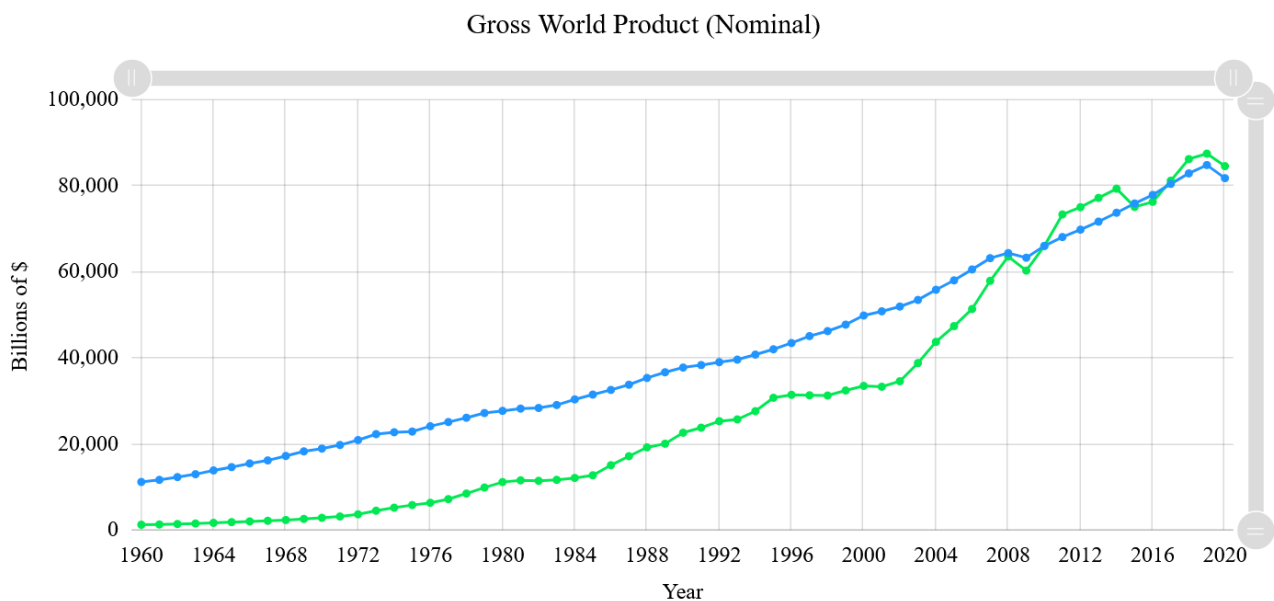
Dissertation

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Humans have never been as inter-connected and inter-dependant as today. We all live through interactions with the society and few is the number of person living on the fringe of this one. The evolution of these exchanges is obviously linked with the growth of the economic system. Since the end of the second world war, the global market has continued to expand.



Source : Statista.com

For want of space and clarity, this essay is not going to demonstrate the origin of our economic model, thus, we will assume that today's economy is based on a capitalist system, namely, a social and economic structure focused on private property and accumulation of capital.

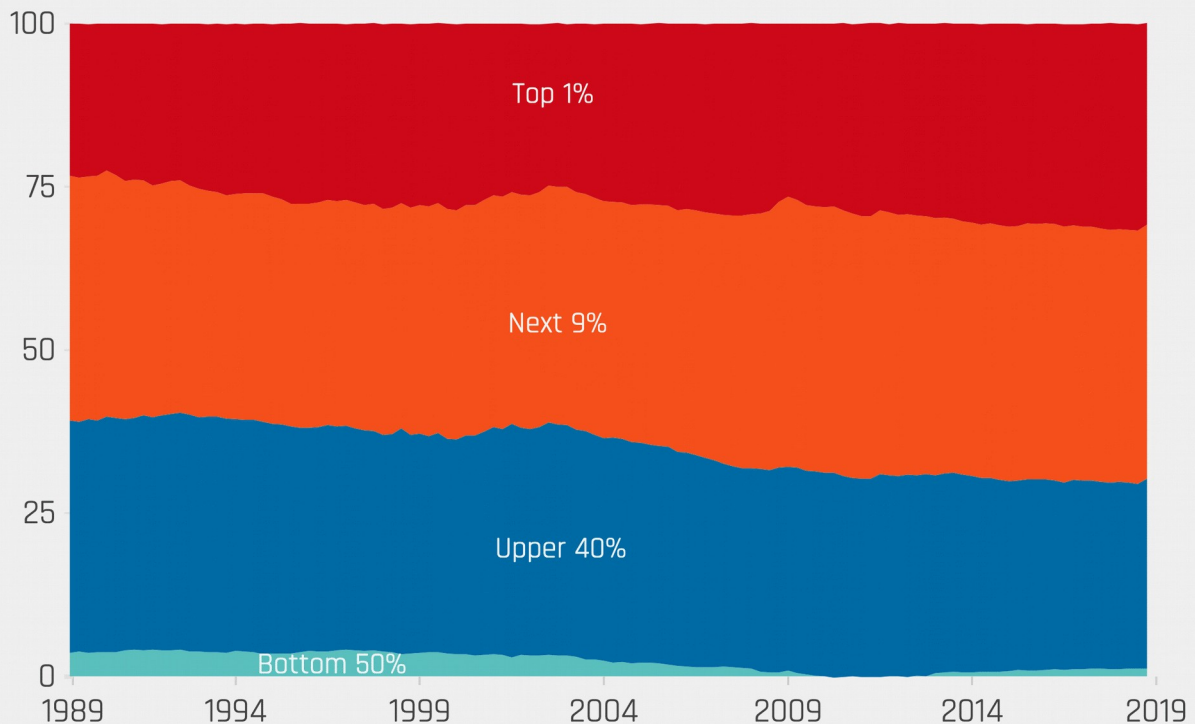
Moreover, according to Joseph Schumpeter, foreground economist of the 20th century, innovation is a pillar of our today's economy : the creative destruction punctuates the economic shapes. As a result of years of global exchanges and innovation, the world economy has never been as rich as it is today : 87 752 billion dollars in 2019.

According to J.K Galbraith, a winner-takes-all economy can be simply defined as a system where the «one who wins gets it all».

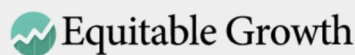
Furthermore, at a global scale, one can remark that this system is also based on inequalities (according to the theory of Geoffrey Hodgson, professor at Hertforshire University), « *economic inequality is endemic to capitalism* ».

The majority of all wealth in the U.S. is controlled by the top 10%

Percent of U.S. wealth earned by each wealth group, 1989-2018



Source: "Distributional Financial Accounts: Levels of Wealth by Wealth Percentile Groups," available at <https://www.federalreserve.gov/releases/efa/efa-distributional-financial-accounts.htm> [last accessed August 12, 2019].



Source : equitablegrowth.com

On this graph we can see that in 1989, the share of the wealth detained by the bottom 50 % of the United States (U.S) population is roughly equal to 3%. At the same time, this graph illustrates that almost the 3 quarts of the wealth is owned by only 10 % of the population. And these inequal distribution is growing through the years (during the subprime crisis, the bottom 50 %'s part is almost equal to 0%).

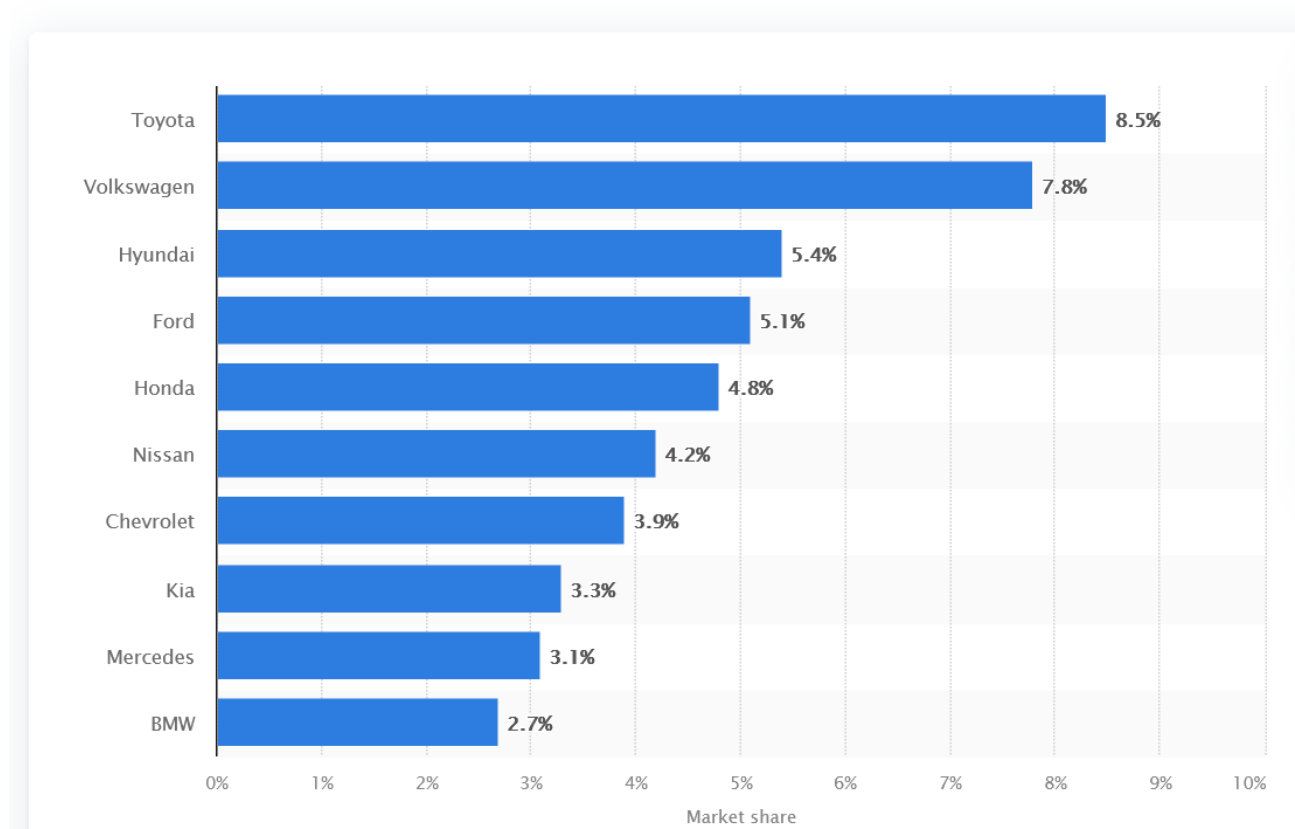
Do we live in a winner-takes-all economy ?

In order to answer this question, we have beforehand to define two concepts. The first one is the position of the winner : how to define a winner in a complex ecosystem ? A winner is defined as a person succeeding to reach an influent position within the system : by acquiring a high level of what the sociologist P. Bourdieu calls symbolic capital (revenue, assets, social network, cultural resources). Moreover, the actual fact that we admit the existence of a winner means that the position of the loser (determined in this essay by a person who does not accumulate a subjective symbolic capital) is inherent in the system.

In a first place this essay is going to demonstrate how sectors of the economy are not based on a winner-takes-all system. Then, the second part will focus on the disfunctionments of the market that causes winner-takes-all environments. Finally, the third part will analyse how this system is not viable so that it has to change toward other forms of organisations.

First of all, the majority of the markets are opened to competition, this is what gives the incentive to entrepreneurs to invest money in companies or other forms of production. The actual existence of a competition means that even though the company is not the leading one, it still survives in the economy, thus, the leader is not powerful enough to create a monopolistic situation : The automobile market is divided in relatively equal shares by many different companies as shown below.

Global automotive market share in 2020, by brand



Source : Statista.com

Obviously, not all the market has a perfect competition, this is, for example, what causes monopolies. (Even though J. Schumpeter argued that some sorts of « [monopoly were preferable to perfect competition](#) », in many cases it still does not represent an optimal allocation of resources).

The development of local product consumption shows that some markets are tight to the winner-takes-all system : in these short circuits, benefits are equally shared between the agents.

The place of the State in the economy can also show that markets are not managed by winner-takes-all systems : through policies, tasks of the State consist in, inter alia, preventing inequalities : scholarships, as the one perceived by students who want to learn, to potentially achieve a certain amount of social capital. Thus, it counters social reproduction : important feature of a winner-takes-all system, because it would widen the gap between the winner and the loser without any chances to swap the roles.

Nevertheless, the French Yellow Jacket movement crystallises the existence of winner-take-all economy even though the role of the State is assured. The « losers » of the system asked the government for more equality regarding, first, taxation while the wealth tax has been deleted and oil tax increased at the same time, same in Santiago de Chile where the subway ticket's price

increased in a tough economical situation, this led to a wrath of the population. It illustrates that some sectors admit failures through this winner-takes-all economic system.

The global wealth redistribution is an interesting way to analyse inequalities. According to the Oxfam organisation: the 2 153 billioners detain more wealth than 60 % of the world population *1*. This alarming figure points out a real breach between two categories of people. On another perspective, an important difference between the revenues perceived regarding the gender can be draw : according to the same study, men are 50 % richer than women. Here, one can stand that the « winner » in these positions does not let any option to the « loser ».

Moreover, some sectors of the global market present the same feature : for exemple, in it's market, the giant Google counts for 90 % of shares *2*. At the beginning, Google had a little competitive advantage. The company snowballed on this better quality service until reaching a monopolistic situation. In other words, the economic environment let the firm expand until it's competitors could simply not catch up the difference of development.

At a different scale, the development of some typical sectors attests that 'gambling' became a daily action : in 2019 according to the 'societe.com' website, the online bet leader company 'Winamax' almost made a 3 million euro turnover *3*.

Also, this capitalistic environment seems to push the agents to roll the dice, for fewer and bigger rewards : according to the 'LeRevenu' website, in 2019, a new record has been set up, 1.430 billion dollars paid to shareolders, 3.5 % better than the year before *4*. This economic actor's behaviors points out this tendency to gamble on big rewards. This is not the only impact on people's life.

In fact, a winner-take-all economy can be interpreted as a side effect of capitalism, the accumulation of capital [makes human more greedy](#) as shown by the scientist Nikolas Westerhoff : a winner-takes-all model is inherent to the capitalist organisation *5*.

Moreover, many features show that sustainable development and capitalism are not fitting well. The exemple of the problem around the Bering detroit illustrates well the situation : lots of Russian investors in oil products want to accelerate the processus of ice melting in order to create new paths for their ships, and also take advantage of fossil fuels stuck below the melting ice *6*. Even the theorist of this system, J. Schumpeter, declared that « [capitalism would be destroyed by its successes](#) » *7*. These reasons lead to think that, despite the massive creation of wealth during the last century, the actual system is jeopardizing biodiversity, and democracy as we saw through the Santiago and Yellow Jackets exemples.

To conclude, this essay analysed how a part of the economy worked against the winner-take-all system, side effect of capitalism, and how other ways of consuming could help avoiding inequalities. Nevertheless, through many exemples, the second part pointed out that some sectors of the today's economy present the features of a winner-takes-all system, furthermore, this way of organisation is dangerous for humans, biodiversity, democracy.

Finally, the question of a society, not only an economic system, which could evoluates toward a winner-takes-all way of organisation is interesting to ask : more and more, aspects of our daily lifes are getting ultra competitive ones : even on a cultural point of vue where one of the most played game is a « battle royal » kind of game, namely, a game where there is only one winner : the last survivor. It opens up the debate on plenty of questions, in particular, is it the kind of organisation which could help humankind getting over central problems ?

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The Evolution of Inequality

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The Winner-Take-All Society,

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