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LAEC503V – Problèmes économiques contemporains

Economic Complexity

*University of Toulouse-Jean Jaurès
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Are we entering in a winner-takes-all economy? Why and what can we do about it?

It is hardly possible to tackle in one essay the core as well as the controversy that “the winner takes all” concept is representing. This phenomenon that goes beyond the economic level, is portrayed politically and goes as far as being present in the ecology or cultural stage at times.

However, relating this system of winners takes all with some fundamental economic approaches such as globalization or innovation can help shed the light on this complex theory.

This paper will briefly present who are the “winners and losers” in today’s world economy. In addition to that, it will illustrate the factors that justify the failure of this notion, and lastly, the essay will be concluded by demonstrating the step to take to deal with this economic movement that is present now more than ever before.

“This is survival of the fittest, this is do or die, this is the winners takes it all.”

Now you may wonder what does a verse of the legendary rapper Eminem has in common with an economic trend? Well, the idea of the “winner takes it all” can be applied to as many sectors you can think of. Let’s stay in the music industry and focus on the Eminem example. There is no doubt that the rapper has been in the music business for many years and he is still now very prominent. Indeed, the talent plays a major role in this ever-lasting reputation but the reason goes deeper than that. Essentially, thriving in this world that is constantly on the move while also accepting the criticism to work on fixing the problems identified, is the key to adaptability.

Now let’s go back 161 years ago. In one of the most influential book of all time “On the Origin of Species”, Charles Darwin explains that it is not the most intellectual of the species that survives; it is not the strongest that survives. The species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself. Almost two centuries ago, the concept of adaptability was already presented as a factor of survival. At the time, the book was targeted to a more or less educated audience and addressed the topic in a biology point of view.

Today, adaptability concerns not only all the ideological categories that establish our current society but also multinational companies, small businesses or even us as individuals. In an article published on May the 24th 2018, the magazine Forbes used the expression “The age of Digital Darwinism” which I think is very fitting for describing the attitude of current consumers. Moreover, the digital aspect of the functioning of our economy is very crucial. Today we are "forced" to use new technologies as we live in the age of networks. These can influence our decisions. It changes the way we communicate, shop, make payments, learn, live, work and do business.

Dr David B. Nieborg, graduate from the Utrecht University is an academic and entrepreneur. He spoke at the TEDxBreda about this very reality. “Companies do everything they can to keep you inside their brand, franchise and game”, this is typically the operating system of some of the world’s largest companies like Amazon who focuses on including and most importantly communicating with the customer. Globalization is, in this sense, the process of creating an open and integrated global economy based on the harmonization of international standards and the elimination of barriers to international trade and investment. The same thing happened in the case of communication-media globalization, which, together with the economic one, determines the global transformations in other fields, such as cultural or social (for example, global communication networks contribute to creating a general and cultural mold which refers to the "global consciousness”).

Unfortunately, even if the economy is more open, due to the freedoms of movement, capital or goods; its opportunities are not accessible to everyone. The globalization of production consequently has vicious effects. It divides the world into richer and poor.

Amazon is very representative of this negative side as it is a platform that certainly allows smaller retailers to sell their products but they have to pay a contribution in exchange. The giant also offers a “check out benefit” that is a preferential treatment when customers buy a product of its brand, which are usually cheaper than the prices the competitors provide.



In the past, economic crises led to years of war, here in the era of digitalization and artificial intelligence, the real calamities can arise from zonal, regional, international speculation, or go as far as extra-terrestrial opportunities (the example of the Mars colonization).

An overly talked about subject that is COVID-19, which is still currently turning the world upside down is triggering a never-seen before economic war. Dr. Octavian Serban, Romanian president of KM Institute Romania declares that International agreements, cooperation and agreements are no longer taken into account, deficit targets are completely ignored and that the collection of taxes is extended due to the worldwide pandemic.

In parallel to this context, economies are collapsing, unemployment is massively exploding, deficits are widening, and GDPs in a state of colossal damage. This represents the game of natural selection between countries depending on the strategy of each one of them. Everything relies on cash infusions, capital injections, interest-free and unsecured loans.

“A winner-takes-all economy that offers only limited access to the middle class is a recipe for democratic malaise and dereliction.”

- Klaus Schwab

This quote by German engineer and economist Klaus Schwab immediately resonated with the interpretation of this theory. There is more and more evidence that the legitimate rulers of the world are no longer politicians. The political power is now far behind the economic or media one which inevitably gives power and authority to big corporations to lead almost every nation, consequently, the multinationals are enslaving governments to the detriment of small firms.

In these circumstances, it is clear that today the main challenges to globalized democracy are serious threats rather potential dangers.

This situation needs to be fixed. One of the ways to stop the gain of excessive power by corporations is global regulations for example. Therefore, imposing rules backed by the use of penalties will eventually make its way through modifying the economic behavior of worldwide firms.

Undoubtedly, the most worrying issue, however, is the alarming, and steady, rise of social inequalities that are strongly linked to globalization. Even if not all types of social inequalities can be blamed, at least some of them are determined, favored or aggravated by globalization. The incomes of different categories of workers are very disproportionate in the context of the global economy. It produces not only winners but also losers. Moreover, globalization has led to the emergence of "winners take all" markets, which are characterized by an extremely unequal and inequitable distribution of income (within the same work industries), despite very close merits.

Lack of concern for reducing perhaps even eliminating these issues can have destructive consequences. In a more specific context, striking inequalities can prove to be the vulnerability of globalization.

It is imperative, therefore, that the conventional basis that has characterized globalization for so long be abandoned and replaced by pragmatic and economic contextualization, social and political thinking. Only this explicit reasoning can promote the endorsement of effective measures or policies in the context of "the winner takes all" ideology.

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