

Are we entering in a winner-takes-all economy? Why and what can we do about it?"

In this fast-changing global economy along with globalization and digital transformation, competition is fierce. One who knows how to adapt and innovate wins. The winner successfully attracts customers, meet customers' needs and satisfaction. The winner then becomes popular and left far behind its competitors. Standing on the victory podium, the winner sets higher target and stands to reap higher benefits often by conducting its business with all the means available only on the edge of legality. This phenomenon called "a winner-takes-all economy", in my opinion, did, does, and maybe will still exist.

Looking back in time, colonization is one of the facts of this phenomenon. For example, when the Portuguese, Spanish, English and Dutch came to Moluccas in Indonesia in the late 16th and early 17th century, they were in competition to have a dominant position on the worldwide spice market. The Dutch with its VOC (The Dutch East India Company) won and took power over this Spice Islands, established a monopoly and implemented price and supply controls. The Dutch still had hunger for more; they then controlled commerce in other Indonesian islands and seized power in Indonesia's domestic politics¹. In a nutshell, in the era of colonization, a giant company like VOC took all the market.

In the 20th century, advertising through mass media, particularly through television and radio is an effective method to massively promote companies' culture and their products or services. Besides, at that time people became aware of the climate change issue notably after some scientists had taken into consideration the real greenhouse effect². In 1988, a scientist said that global warming was an unequivocal fact³. Since then, world climate conferences were organized under the United Nations (UN) to tackle this problem⁴. Twenty years ago, the UN invited companies and stakeholders to commit to sustainability via United Nations Global

¹ in <https://dutchreview.com/culture/history/voc-dutch-east-india-company-explained/> and in

<https://www.britannica.com/place/Indonesia/Growth-and-impact-of-the-Dutch-East-India-Company>

² <https://youmatter.world/en/definition/climate-change-meaning-definition-causes-and-consequences/>

³ <https://www.history.com/topics/natural-disasters-and-environment/history-of-climate-change>

⁴ <https://www.un.org/en/chronicle/article/stockholm-kyoto-brief-history-climate-change>

Compact. Companies that declare their intention to join are hoped to uphold and apply the “Ten Principles” of the UN Global Compact in doing business. This “Ten Principles” encompasses human right, labor, environment and anti-corruption⁵. However, some big giants are using this invitation only to take advantage of advocacy advertising to have an adequate image of the brand and also to maintain and establish business partnerships. Actually, through advocacy advertising, a company tries to drive positive public opinion on supporting a particular cause⁶. For instance, food and beverage giant, Nestlé, who joined the UN Global Compact in 2001⁷. The answer of Mr. Brabeck, the Chairman of Nestlé in an interview in 2005 generated controversy over water privatization. He said “water is a foodstuff like any other foodstuff. It should have a market value”⁸. Nestlé recognized Brabeck’s critics and mentioned in his website that it was false⁹. Furthermore, Nestlé did greenwashing with its Nestlé Water Canada and its Arrowhead spring water ads¹⁰. According to Cambridge dictionary, greenwashing is behavior or activities that make people believe that a company is doing more to protect the environment than it really is. This example shows that the winner sees opportunity behind every achievement to achieve more and sometimes sets aside the issues of environment or human rights. Another example is the practice of pinkwashing. It refers to companies using pink color and pink ribbon in their products to raise breast cancer awareness. However, companies keep using chemical products that can cause cancer and there is no transparency about how much money they had got in the name of breast cancer that they donated¹¹.

In the era of digitalization where internet is at its peak, economic competition has become much more intensive and e-commerce is rapidly growing. On the one hand, internet brings down barriers and ease communication in doing business. On the other hand, the world becomes more complex due to a vast amount of information and data collected by the system

⁵ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁶ <https://smallbusiness.chron.com/benefits-company-image-advertising-65090.html>

⁷ <https://www.unglobalcompact.org/what-is-gc/participants/6882-Nestle-S-A->

⁸ https://www.youtube.com/watch?v=qyAzxmN2s0w&ab_channel=ErikStenlund-Gens

⁹ <https://www.nestle.com/ask-nestle/human-rights/answers/nestle-chairman-peter-brabeck-letmathe-believes-water-is-a-human-right>

¹⁰ <https://www.theguardian.com/sustainable-business/2016/aug/20/greenwashing-environmentalism-lies-companies>

¹¹ <https://www.forbes.com/sites/forbes-personal-shopper/2020/12/18/the-7-best-ellipticals-for-your-home-gym/?sh=29d90d216b4b> ; <https://www.nytimes.com/2015/10/31/health/breast-cancer-awareness-pink.html>

and actors behind the internet. For example, over the past few months, Amazon, a tech firm who is way ahead of its rivals has been a much discussed topic. Actually, the company seems to breach antitrust regulation by taking advantage from its partners (retailers using this marketplace to sell their products) and its customer's data. The EU is questioning Amazon's dual role: as an online store and a seller of its own products¹². Amazon's behavior can be seen as an abuse of dominant position to take over the lion's share of the market and could lead to the creation of monopoly globally. Amazon analyzes its partners' data to determine what the best-selling products are and then propose its customers to buy Amazon's own products. As a winner having a huge financial power, Amazon innovates easily to promote new products and services adapted to costumers' preferences like the creation of its Amazon Prime to have a fast delivery service or exclusive access to music and film. By doing so, the company hopes to win and retain customers. Amazon hit a record high in the beginning of June while many businesses were experiencing an economic downturn due to Covid-19 pandemic.

Covid-19 pandemic reveals the current and foreseeable need of vaccine. Here, once again, one can see that "a winner-takes-all" plays a role. Indeed, rich countries have influence on the vaccine provision and distribution while poor countries could not have an opportunity to be among the first to be served¹³. It happens not only because the vaccine is expensive because it is considered as a commercial product rather than a common good of humanity, but also rich countries rush to preorder 3 times the doses needed to vaccinate all their citizens. One can realize that there is a tremendous competition and only those who bear sufficient power will get their hands on this vaccine quickly especially thanks to their network with laboratories so that they could conclude a direct agreement¹⁴.

Given such established facts, we are in a winner-takes-all economy. These facts have harmful effects, such as inequality in which there is an increasingly wide gap between the haves and the have-nots. One of the causes can be the company that put emphasize mainly on its shareholders' interest.

¹² <https://www.bbc.com/news/technology-53050716>

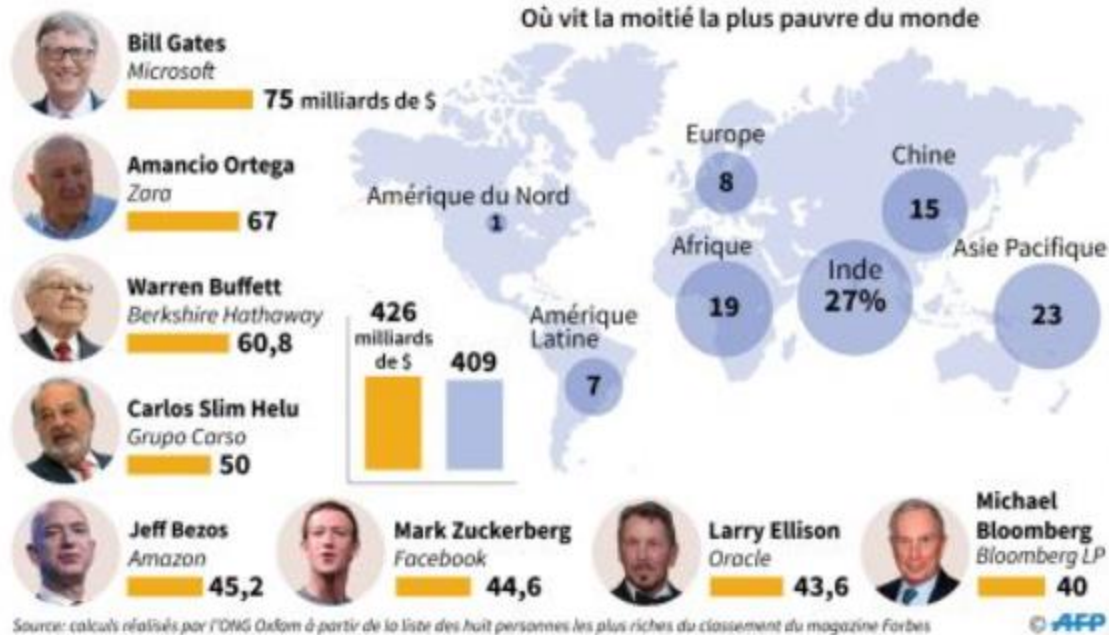
¹³ <https://www.dw.com/en/rich-countries-hoard-coronavirus-vaccines/a-55879841>

¹⁴ <https://www.france24.com/fr/sant%C3%A9/20201123-vaccin-contre-le-covid-19-qu-en-sera-t-il-des-pays-pauvres>

8 hommes plus riches que la moitié la plus pauvre du monde

6 Américains, un Mexicain, 1 Espagnol détiennent plus que les 3,6 milliards des plus pauvres, selon Oxfam

Où vit la moitié la plus pauvre du monde



This figure shows that the amount of wealth few rich people own is as many as over half of the poor people worldwide own¹⁵. Sometimes, people who work hard but do not have a chance can find themselves with nothing. In addition, a winner-takes-all economy impacts on common goods, like the environment and health. The idea of common goods seems to have disappeared since the winner view it as something valuable and profitable for the winner.

In order to fight against the negative effects of a winner-takes-all economy, each individual must be aware of the importance of equality and to nurture the nature as common goods. Schools can set up a “live in” program¹⁶ so that young people have compassion and become aware of the issue of the inequality and think of what they can do to promote under developed rural areas. Moreover, governments can create policies in order to establish a better redistribution of wealth. For example, by reducing taxes for successful companies and in return these companies are obliged to transfer their knowledge to small companies and those in rural areas. Governments can stricter their antitrust policies to reduce the amount of data misused

¹⁵ in https://www.challenges.fr/monde/8-multi-milliardaires-detiennent-autant-de-richeesse-que-la-moitie-de-la-population-mondiale-selon-oxfam_448242

¹⁶ When I was in high school, in Indonesia, I and other students from my school were experiencing living in a poor family in a village where there is no internet for few days.

by companies. By doing so, governments alongside with NGOs can require the companies to be more transparency to control their commitment to combat inequalities or win-win solution.