

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

A winner-takes-all economy would mean that the best performers are able to capture a very large share of the available rewards, while the remaining competitors are left with very little, but is that true, are we going to this way?

Worldwide economy has not stop to grow with the years. Exchanges of people, goods, services, money and so one has been intensified, mostly after the Second World War and the opening of the different economies to the world thanks to the creation of several organisations (UN, WTO, ...). Some countries and especially some companies seem to lead the world today like Google, Amazon, Facebook or Apple. Sometimes, governments seem to be inefficient in front of these new economic mastodons.

Today the economy is becoming more and more complex than it has never been before. Personally, and unfortunately, yes, I think that we can talk about a sooner winner-takes-all economy even if it does not seem to on a first look. Let me develop my arguments and explain my own point on view.

If we take a first look on the general organisation of the economy at the worldwide level, we could think that we are in an economy where each actor is the winner. Why?

Big companies, which generally have their headquarters in developed countries because they were created there, take advantage of the intensification of the global exchanges to organise their production system in order to reach the higher benefits possible thanks to the lower production costs possible. It is what David Ricardo named "*the comparative advantage*". The meaning of this theory is simple: every country must specialize in the production in which its cost of production is the lowest to the detriment of its other productions. For example, France should produce cars whereas China should produce clothes. Why? Replacing the production of 10 million shirts by cars, China is only able to produce 3000 cars whereas France, for the same production of shirts, is able to produce 10 000 cars. Therefore, to be competitive, France should produce cars and China should produce clothes. Eventually, basing us on this point of view, it seems that we are not getting into a winner-takes-all economy because each actor of the economy would benefit from it.

- companies would get the profit of their national or foreign sells.
- the country of origin of the company would get the taxes from their sales and their revenues.
- the countries where the production is located would get FDI (Foreign Direct Investments) and give work to people.
- the countries where the production will be sold by taxing the items/services sold and by giving work to people by opening new shops/offices.

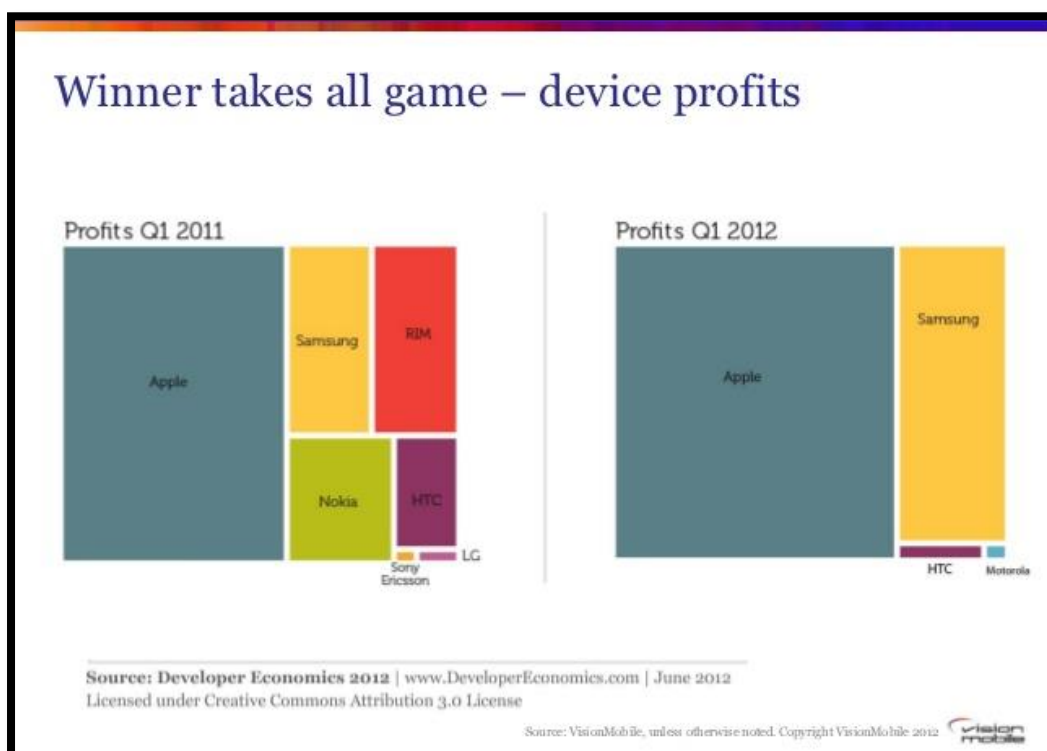
Finally, each national economy is positively impacted and get advantage of the economy. But focusing us much deeper into the economy, are we really tending into a winner-takes-all economy? As I said at the beginning, unfortunately yes, I think so.

Geographical and social inequalities are increasing more and more between the different peoples and countries of the world. A few people are taking advantages of this situation because of their wealth or social position to influence the world or at least some strategic domains like politics.

According to the “*World Inequality report*” of 2018, only 1% of the world wealthiest population owns a third of the worldwide wealth today. On the contrary, the middle class which represents 40% of the global population only owns less than a third of the worldwide wealth. In 2050, it will be only 0.1% of the wealthiest population who will control more wealth than the whole middle class. About companies, between 2010 and 2014, 20% of the companies at the worldwide level accumulated 90% of the benefits. A lot of statistics like that show that we are growing in a world where a few owns almost everything and other cannot reach opportunities or even a decent way of life. Globalization not only brings to the increase of exchanges or closer relations between peoples, but also to a lot of inequalities and the surge of a few dominant actors who lead the power.

Moreover, the international trade is concentrated in some countries. 10 wealthy countries are leading more than 50% of the international exchanges (imports-exports) whereas 183 countries are sharing the other part (less than 50%) of these exchanges.

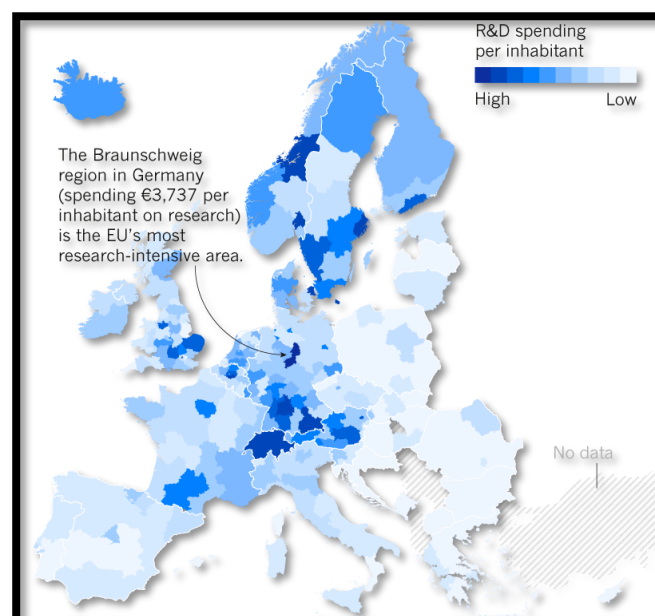
These inequalities are the consequences which are leading us to a winner-takes-all economy. Few people are able to get more opportunities thank to their wealth, social position and they can easily enjoy this situation to influence or control a place, an event or something in particular. We are also living in a world where the knowledge and technology are unequally spread which lead also on the same time to an unequal distribution of the economic activities. Knowledge is the basis to get into the economy, starting by studying, get a job and develop our skills. Rich countries and big cities are concentrating the majority of the knowledge whereas poor countries or even rural areas in developed countries suffer from their lack of knowledge. These inequalities are the consequences of the transformation of the economy into a winner-takes-all economy.



It is the case more and more today and it impacts every sector of the global economy. One more remarkable sector concerned by this phenomenon is the market of the smartphone. If we take a look on these graphs, we can observe the incredible changes during only one year. During the first quarter of 2011, even if Apple was the leading company of the sector, other competitors were still implemented on the market and had important profits such as Samsung or Nokia. One year later, during the first quarter of 2012 there were only two companies in terms of profits left on the market, Apple on the front and Samsung just behind. Nowadays, Huawei has entered the market and tries to compete with Apple or Samsung but it is still complicated except in China. The United States tries to defend its own emblematic company and China the same way so here again the gold medal belongs to the stronger one, the one who is able by his power and sometimes with foreign help to take advantage on the other. It is true that Samsung or Huawei sell more phones than Apple but with a lower price compared to Apple so in my opinion, in a winner-takes-all economy, money comes first.

To avoid to go to the wrong way by turning into a winner-takes-all economy (according to me) some changes need to be achieved and I think that the means to achieve them need to be orientated in a first time on the equal spread of knowledge in the world. This equal access to knowledge is the basis to tend to another form of economy turned to a win-win economy which would enjoy each individual. As I said above, knowledge is the fundamental basis to tend to a new form of economy based on global prosperity, equality and sharing. Knowledge is the key to get future opportunities and the education should be a priority. Every child in the world deserves a good education whatever the country where he lives or the social class he belongs: it is the priority to build a stronger world eradicating inequalities.

These inequalities are also present in our developed countries between cities or regions, not necessarily about the lack of education but also the desertification of some areas or the crucial lack of technologies. Cities keep growing and they concentrate the knowledge. High education is only available in the big cities. Thereby it gives to the individual the opportunity to leave its native place to move in a place where he is attracted by the opportunities that he can get. Rural areas cannot compete because of their huge lack of knowledge institutions, companies, technologies, ... . Rural areas need to develop by investing in R&D for example to reach more knowledge, attracting people and compete with big cities in order to get a secure long run prosperity.



It is the case in the European Union where a lot of areas suffer from the lack of technologies whereas all the knowledge, investments or technology are concentrated in the big European cities. To boost these weakened regions, the European Union has begun a new program called "Research&Innovation, regional dimension of innovation" in order to "achieve economic growth and prosperity, by enabling regions to focus on their strengths." A good initiative to put forward the specificities of each region in this situation and to help them to recover, not by doing something new but by helping them to specialize in something they know and master to create something new capable to catch up their late on other advanced places. By innovating in a sector they master, these regions will have higher potential benefits and lower potential risks. The aim is also to attract new people and modernize these places.

As I said above, other important point concerning these inequalities added to the concentration of knowledge is the concentration of technology. Both are bounded. Without knowledge, the access to the technology is much harder, even impossible. The inequalities are deeper today with the development of new technologies in almost every sectors. However, only few people who have access to this technology or few companies which possessed this technology can compete easily with others and even dominate them. Here again, knowledge and technology are one. Three examples are really relevant for me:

- the first one concerns start-ups. These small new enterprises create and develop extraordinary inventions which need time and money to be concretised. Unfortunately, by their lack of technology or even money to finance them, two solutions are often possible: give up or sell the invention to a bigger specialized company to be developed. Sometimes the start-up is bought as a whole by the big company. We can see through this example that technology is really concentrated and often where money is also available.
- the second one concerns countries. A few countries possess the nuclear weapon, a (dangerous) technological privilege which lead them to insure their power and domination over other countries. By chance, this high-technology is not used but some countries like North Korea try to use it (not highly developed but strong) and promote it to show their power and to try to dominate or afraid others like South Korea or the United States even if they know the potential consequences. Less than 10 countries possess it.
- the third one concerns shopping places with the current situation: with the lockdown in many countries a lot of shopping places have closed and by their lack of technology they could not compete with the giant online sellers led by Amazon. During this pandemic, Amazon has strongly enhanced its benefits thanks to its knowledge and technology in the online shopping sector. Shops in the cities could not compete anymore.

To conclude, according to me, we are tending more and more, through the years, to a winner-takes-all economy. The concentration of the world wealth, knowledge, or technology in the hands of some individuals, companies or within exclusive places is the first consequences of all these inequalities and therefore the orientation of the economy to a winner-takes-all economy ruled by big monopolies. One of the solutions that I want to highlight is the urge to put in place some measures like the ones took by the European Union to allow each individual to have access to the same opportunities regardless where they come from and on the same time to reinvent the future of the regions in dire difficulties.

Today, with the coronavirus crisis, the different actors of the economy need to be strongly bounded and help each other in order to deal with it. Unfortunately, a lot of people and small businesses have lost their job and revenues whereas mostly big companies have succeeded in front of this crisis: Is it maybe the real starting point of this winner-takes-all economy?