

LAEC503V – Problèmes Eco Contemporains :

Economic Complexity

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

First of all to introduce this essay, let's talk about the coronavirus. Today people are working together to face that pandemic. The COVID-19 has arrived with its lot of issues as health or social problems. Since countries have instaurated lockdown, many of them has met economic problems. Who tells lockdown, tells that many shops have been closed indefinitely. Now with the unlockdown, most of them have been able to re-open but there's a majority which has been damaged economically. Others supermarkets or major brands, are less damaged because they are popular while little brands or shops are trying to survive during the crisis. That brings us to the « winner takes-all economy » term.

To explain how it works, let's use a snowball as a reference. Imagine a brand/shop/enterprise as the snowball. Let it sliding down a snow-covered slope which represents the economic market. The ball is going to grow by going down, catching all the snow along its passage. That's almost the same in economic. The « winner » is defined as the one who « conquers » the economic market. If you're rich, you get richer, if you're big you get bigger. It works the same on the contrary, if you don't get rich, you don't get richer etc...

The problem is that economy is that it's unfair. If the biggest brands are getting richer, smaller brands or shops can't improve their income. This economic complexity is growing more and more in our daily lives. If this « winner takes-all economy » keeps growing, its effect could be really harmful now, the real question is : Are we entering in a « winner takes-all economy » ? Why are we ? And how could we manage to have a positive effect on this economic complexity ?

That's the question we are going to answer in this essay. The issue will be analysed in several parts with examples to build on.

In a first time, we are going to see if we are entering or not in this type of economy. And to answer that, let's begin with the example of the election of the president of the United-States in 2016. In this case, Donald Trump and Hillary Clinton were in the running to become the new US President. Let's analyse the results : There's a map with all the states of America and the pourcentages of vote for different candidates. If we look at this map, a huge difference is to be seen. If we look at Clinton's votes, the states that are targeted are pretty small while Trump's votes are based on bigger states, which is an example of « winner takes-all economy ». As we can see, by targeting bigger states, the impact they had on the election was huge, which permitted Trump to become The President of the United-States of America.

Now by talking about the impact of cities, let's move on another example of « winner takes-all economy ». The topic to be addressed is going to be about the impact of cities on the students. In many countries, students tend to go to cities where there are the most opportunities for study and then to get a job quickly, so they leave their town, which has a negative effect on smaller town in particular on their economy. Also, students tend to go abroad to study, you may ask why ? Probably because of the quality of the studies. If someone wants to learn chinese or japanese for example, he will probably receive better learning in the country of origin of the langage.

Let's take France as an example, in France, many students tend to go study at Paris which is the capital of France, the center of it, or Toulouse that has Airbus and good level on studies for example. Those towns have major results, they attract by showing opportunities to get a job or to study. Also, the elite of french students usually go to different countries. Many systems like « Erasmus » make that possible and accessible for them, which means everyone is looking for the best education. As we spoke during classes, a student talked about Aurillac, he was afraid of what Aurillac could become in the future because of this « winner takes-all economy ». Some villages have lost their doctors because of low income characterized by the lack of population. Finally, the

fact that many students leave the city to go to bigger cities as said earlier, which negatively impacts many town, and even in Toulouse, there's a lot of people using Erasmus. The less people come to a town/state/city, the less it will be known, the less the education, the learning will improve. That confirms that we're effectively entering in a « winner takes-all economy » but now, let's move onto what we could do about it. As we say, to every problem, there is a solution.

So, in a second time, we are going to look for some solutions about the negative impact of « winner takes-all economy ». To begin that part, the subject concerning small towns/rural areas is going to be worked on. As said earlier, if most of the students go to urban areas, rural ones' economy, culture, knowledge, is gonna fall. Small towns have to reinvent themselves, which means find ways to attract people, it's difficult since everyone is going at the same point : Big cities. To solve that problem, i was thinking about a solution, why should we not send some educated professors ? To share knowledge as it works in China for example, where students who study abroad, comeback in the country to share what they have learnt during their scholarship. Now imagine France sending elite students in different countries around the world and comeback in their region of origin and share most of the things they have learnt during the year(s). This would allow rural areas to accommodate more people like professors, doctors or students because of the knowledge's increase and thus would bring a positive effect on the the economy in the sector.

In another way, the coronavirus pandemic helped a little bit in this case, let me explain. A lot of students, including me, had to work on internet, to follow classes at home. Before the lockdown start again, people were able to comeback at home, so many students coming from different regions of France, have been able to follow class, while staying at home. That means that local markets were favoured and not the rural areas' one. That helped a bit to participate at « saving » the economy of France, and more specifically, small areas.

Now to conclude, the examples concerning students and town has been pretty relevant about the question asked at the beginning of the essay. Yes we are entering in a « winner takes-all economy », it is more than a fact, it is a reality. The problem of that type of economy is that only « winners » are « winners », those who are left behind are left behind and that competitive mentality is pretty harmful in different countries. All the states, rural/urban areas or towns have to work together, as unified. That's why fortunately, sharing knowledge around the country is one of the biggest help big towns could bring to small towns. Mutual aid is the key of the evolution, teamwork is the solution. As we say, « alone we can be strong, but together we're way stronger. »

Why shouldn't we follow that sentence and create a better world together, by sharing our informations, discuss about what can be done to improve situations like health or economy in the world ? Help each other, whether between people or between countries should be the objective of everyone don't you think ?

In my opinion, China's idea could be a great plan for France to follow. I think this economy can become a problem in the future because urban area may cause the forfeiture of many stores in rural areas. People or students may also leave those villages to rush in urban areas, to seek some jobs or quality studies. I'm afraid of the consequences it may have onto those...

To end that essay, i would like to mention that the coronavirus has pretty much damaged the economy in general in the world, and because of that, the « winner takes-all economy » is easier to see. But communication is the key, finding solutions is too. If people, in France, Europe or in the world work together, we will be able to restore from those damages just by helping each other, person, cities, countries. We just have not to forget local markets, shops, producers. Consuming at those who necessitate the most to recover from the lockdown, they have to be prioritized by buying at their stores.