GUERRY Rose
21706520
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Problèmes économiques contemporains

A winner takes all economy refers to an economy in which the best performers can get a large portion of the rewards available, while the rest of the competitors end up with little. The prevalence of this economy increases the wealth disparity, as the privileged minority can earn more and more income, which would otherwise be more widely distributed among the population. It is therefore an economic system which allows the one who has the most means to rise at the expense of others. A winner-takes-all economy includes people, products, or services. During 3 readings in class, we mentioned this topic several times, we will now analyze what it involves more in depth. We will see if we are entering a Winner-takes-all economy, why, and finally what are the downsides and what can we do about it?

A very few corporations are generating almost all of the new shareholder value across sectors and nations. Their success is driven by atomization. Across global stock markets, a striking success gap emerges. In industry after industry, covering both the modern and the old markets, nearly all the new shareholder capital is generated by a limited group of firms. Around the same time, the worth of their less popular peers is actually diminishing, and to an alarming amount.

There are three main factors that cause this ‘winner-takes-all’ economy, the first one is the digitization of more and more information, goods, and services. Indeed, digital goods have much lower marginal costs of production than physical goods and on top of that App developers can reach an international market fairly easily, while other services are limited to their reach. The second factors the vast improvements in telecommunications and, to a lesser extent, transportation. Items can be reviewed online and given ‘ratings’ which give the top products a competitive advantage over even the second best product. Finally the last main factor is the increased importance of networks and standards.

The polarization is intensifying between winners and under-performers. Once a chief executive officer might argue that the industry's success was the prime mover for equity markets, not the business. But with the advance of globalization and technology, that advantage can be rapidly abused by companies whose goods or service “models have the slightest edge over competition. Investors scrutinize firms one by one, filter out those with just mediocre results, and invest the majority of their resources in each arena with the top one or two teams. This pattern has created a "winner-rakes-all" dynamic in which all the shareholder capital is created by 5 to 10 percent of the businesses in a given sector.

The latest winners are "atomizers," like most sectors, focused on limited parts of the market where they can reach a leading position, while they can retain just a small portion of the assets or profits of their industries. Any of the atomizers are first-to-scale entrants, capitalizing on entirely new markets created by technical discontinuities. Others are attackers who at the detriment of business incumbents, derive value. Both forms of atomizer start and grow oriented companies that collect returns greatly disproportionate to their scale. Multitudes of rivals compete inside their niche for business in virtually every sector. But over time, with a few exceptions, the market is dominated by a limited group of enterprises.

There are names that all of us remember. Logos that we see each day. Brands who for any decision they make, shape the world. Our lives are profoundly affected and by those companies. Operating behind the scenes, each year they secretly grow more strong, often sowing in the process the seeds of their own demise.

Winner-take-all economies have some serious downsides. Economic development and creativity depend on the introduction of innovative innovations from new start-ups and entrepreneurs. Industries stagnate as the gale of artistic destruction ceases roaring. When a handful of winners dominate a market, they can deter entrants who can not cope with the budgets and influence over the business of existing giants. Start-ups are collapsing earlier and more often than in the past, according to some reports. Investors favor proven businesses with short-term returns that are stable. Cooperation and collaboration tend to be hindered by winner-take-all economies. The winners have the opportunity to maintain their own experience and fresh learning. In order to suppress all significant competition, trademarks and copyrights are freely used. The second they leave school, skilled staff are snapped up and have strong inducements to continue working for the winners. The effect is the dilemma-style scenario. Although teamwork can be better for everyone, each individual business profits from being selfish. As a consequence, no one collaborates, they all compete.

This is why we are going to study different ideas to improve this economy that disadvantages so many and also what will happen to employment and how will our society adapt to this change?

The implementation of Unconditional Basic Income is one concept. In the 18th century, UBI was first proposed by Thomas Paine and included paying a certain amount of money to people and having a base income for all to live on. UBI is based on the premise that they will earn a basic income to do with what they wish regardless of an individual's job status-some will develop a company. One of the drawbacks of this theory is that all sides of the political discussion are appropriate. The Right, such as the principle of granting freedom to people and the resulting benefits they will offer to the private sector. On the other side, the Left is more associated with the idea's own socialist undertones.

The second approach is that a government should use the establishment of anti-trusts-a corporation with so much power is broken into many smaller ones by the government. Standard Oil is the most well-known example: a corporation that was once owned by Rockefeller, which controlled 90 percent of the refining industry in the United States at the turn of the 20th century. It was then broken into thirty independent industries by the government to mitigate its hegemony, and this helped remedy the collapse of the economy for a century.

A different approach might come from more modern experience, defined by University of Chicago professors Luigi Zingales and Guy Rolnik. We used to only have a couple different cellular providers in the past, which means no competition. The primary explanation for this was that you were required to change your phone number to a different one if you switched from one business to the other. Consumers rarely chose to opt out of their contact numbers, and they almost ever moved to alternative vendors as well. When corporations were told by the government that the figures belonged to the consumers, competition increased and rates plummeted exponentially.

To conclude, Competition eventually produces more opportunities, more competition, and stops a handful of firms from exercising an immoral amount of control. Of course, any sort of government sanctions would include these values. It is undeniably clear, though, that more innovative methods are required to provide solutions to an increasing crisis. The "winner-take-all" economy would mark a bleak time in global history, with only a few major companies dominating industries. It is important that we find a way to slow this transition down at a time when widespread work cuts are possible. Fortunately, large companies may tend to self-destruct gradually over time to allow the smaller ones to rise. While this is rare, this may be a point to raise in another study.