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“Are we entering in a winner-take-all economy? Why and what can we do about it?”

Imagine a world of extreme equality: everyone gets what they deserve very fairly, based on the results of their efforts and productivity. Then the winners win, and the losers lose. Sounds fair enough, doesn't it? But it has many problems, however. Firstly, this image of utopia does not exist in reality. This hypothesis is based on a paradox, that is, which measures the outcome? People get what they want, but by what standard are they defined? Secondly, people cannot be content with what they believe they deserve. Because it is part of our human nature to "want more", we will never be satisfied. So, what is "deserved" here is actually what "others," think we "deserve". And who is this "others"? Well, it is the owners who can distribute resources, power, and rewards; usually, we call them the leadership so that it can be the state, the government, yet it can also be a person or a specific group of people.

While "lots of people compete for a limited number of slots at the top, and the one who lands in those slots walk away with the lion's share of the total reward," said Robert H. Frank (in the free online course module on poverty and inequality in the United States, held by Stanford University), this is what we call "Winner-Take-All Economy." Robert Frank and Philip J. Cook introduced this theory in their book *The Winner-Take-*

All Society, published in 1995. In the text, the term "those-near-the-top-get-a-disproportionate-share markets" is used to more accurately describe a situation where sometimes there is more than one winner. And in this case, "disproportionate", that is to say, "quite unbalanced," is the main quality of "winner-take-all." While Djokovic gets endorsements from a wide variety of brands, other tennis players outside the top ten are likely to get no TV footage; when in China, the mass migration of people from the countryside to the cities leads to an extreme contrast in land resources between urban and rural areas; when France's grandes écoles separate the higher quality and concentrated contacts from the rest of the public universities, and so on, the rising inequality covers almost every aspect of society.

We are, rather say, already in a winner-take-all economy.

Let's start with a company situation.

If you work in an automotive plant, there will be an income gap between your salary and your boss's, and between you and your co-workers. If your job is doing office chores because you are not capable of doing other repair or design work, then you qualify as an "unskilled worker." And relatively, in the factory, there are skilled workers, and compared to them, you will be paid much less. Then within these skilled workers, there is the distinction between senior engineers and less-skilled workers. In what we call "competitive market logic," the boss will reward the senior workers, thus stimulating competition and driving this group to make more money for him. Yet, even though engineers earn much more than cleaners, this gap is really nothing compared to the gap between CEOs and employees. According to data published by Alibaba (the world's largest online B2B commerce platform), the company's average monthly salary is 30,000 yuan (\$4,589), while the salary of Alibaba employees is divided into nine grades from P1-P10: employees above P5 earn an annual salary between ¥150,000 - ¥250,000

(\$22,946 - \$38,243); then P7 or higher could have stock bonuses, P9 and the director's annual salary are above 1 million yuan (\$152, 975). The higher the grade, the higher the annual salary. As we can see, the gap between P1 and P9 is already quite huge. However, compared to the company's CEO Jack Ma, who is also the No. 1 on the list of China's richest people published by Forbes this year, with a net worth of \$61.3 billion, there is already is a world away even from the company's most senior employees.

This income inequality is the most obvious manifestation of a winner-take-all economy. Especially with the trend of globalization and the rapid evolution of technology and the Internet, earnings inequality is intensifying.

Next, let's link to how to allocate resources from a national perspective optimally.

For any country to take advantage of the growing international competition, its most talented citizens must somehow be assigned to the most important jobs. However, the distribution of talent by the central bureaucracy was a major source of economic disaster.

When the nation's elite educational institutions gather almost all of the best resources and limit or raise its entry requirements, they indirectly lead to a greater concentration of the best college students in only a small group of elite institutions. They make it harder for the "late bloomers" to locate a productive life niche. Moreover, the more salient gap is reflected in the subsequent job market. The relative decline in earnings of those of moderate ability, no matter how carefully trained, is accentuated by the rise in many overachievers' earnings. What Professor Frank describes as “when people see the big paychecks and say, I want that. What they don't see is that 99% of them [...] emerge as losers, and only a very tiny handful gets the big paychecks.” Imagine in 2007, only 44% of Princeton seniors found jobs in financial services, and that is what distorted market signals are doing to college students' career choices. That is not a fair

use of the nation's most talented people or, more to say, a waste of our best resources. They often misdirect some of our most talented people into unproductive and sometimes destructive tasks to society.

The winner takes the top, sounds fair enough.

During the Reagan years, the gap between the super-rich and the poor in American society increased. However, accordingly, the people's income was rising, so in a sense, the conflict between the rich and the low poles was weakened. At this point, we found that sometimes people didn't seem to care so much about "fairness" or "absolute fairness." So, does it mean that with this extreme inequality, a so-called "win-win" can be achieved through a kind of trickle-down economics?

In my opinion, the answer is no.

Because first of all, the win-win must be based on equality. It is a great loss to pursue "fairness" under the winners only on the limited platform that has been mostly occupied by them. Secondly, they only consider themselves or their class rather than a "shared living" community of life. Resources are limited, and wealth is something we produce. With a future that is already underinvested, and with the excess capital monopolized by the winners, the so-called fair competition, especially the most crucial of these distributes of opportunities, can never be guaranteed.

Therefore, it will not be a good idea to let it be, to permit the "winner(s)" to take everything. Furthermore, here are a few ideas to constrain this "Winner-Take-All" phenomenon:

- **Build up a shared Economic Ethics by the whole society**

Economic ethics is an idea of a moral economy, combining economics and ethics, unifying both disciplines' values judgment to anticipate and analyze economic phenomena. And Creating a common value and social belief for the whole society will

help understand what true equality means for humanity, society, and the future. In economics, the market is one in which humans are not people but consumers, but this is not and should not be the case. Our economic and social systems ought to help us better achieve freedom and full development, not lose our humanity.

- **Appropriate limits on rewards/incentives**

Initially, in the sociology of science, Robert K. Merton proposed the "Matthew effect" to describe a kind of superposition of honors: that is, although the work of researchers is similar, honors are usually given to those who are already famous. The "Matthew Effect" then was expressed by "the rich get richer, and the poor get poorer". Hence, instead of raising taxes or trying to reduce the rich' capital from a "punitive" approach, I think the first step should be to properly control and standardize the rewards, which can help decrease the vicious competition in society, even among the rich. So that, rich get richer but until a specific limit, just like our minimum wage system.

- **Protectionism Measures & Adjustment of distribution**

Usually, in markets involving competing technologies, countries use protectionism. For example, there has been a ban on most US internet companies and software such as Google and Amazon, thus protecting the domestic environment in China. Companies such as Baidu, Taobao, and WeChat can run and exist. Of course, this has to do with the enforcement and economic interests of the different countries' systems, but I don't think the market has been well serving the public interest in some respects. For example, when I saw in France, there aren't their own mobile phone manufacturers, and that people rely on American companies for search engines and social media activities, I think that if you want to have your own independent thing, then an utterly free environment in a market with overpowering competitors is not going to motivate your country to recreate a newborn baby.

In summary, due to globalization, our world is becoming "smaller " nowadays. Although the culture and system between countries and regions are very different, it cannot be ignored that "winner-take-all" has covered almost all aspects of society, such as law, education, fashion, sports, music, housing, etc. It has brought about a profound change in economic and social life. The global environment is now also a "winner-take-all" environment where the major nations hold resources/dominance, not just in one country. This phenomenon affects, for example, the status of languages, the flow of people and resources, and so on.

The winner-take-all, especially with the rapid evolution of the Internet era, has brought some good changes, such as the possibility to watch live concerts of our favorite singers at home, and the possibility for the Ministry of Health in Europe to remotely connect to the best doctors in China for communication and diagnosis during the epidemic. Nevertheless, the misleading and wasteful investment and consumption patterns brought about by this market have exacerbated the extreme imbalance in the distribution of resources, resulting in a vicious social competition: resources that should be used appropriately are used to "compete," etc.

I believe that such a "winner-takes-all" world is not a "natural" phenomenon that can be left to its own devices. Chinese philosophy talks about the "Doctrine of the Mean", which is actually about a balance. Perhaps sometimes people do not care about so much the so-called "absolute fairness." After all, the world is inherently unequal, but the balance or trade-offs, that is, "your high merits should never let your king feel uneasy", balance is also a limit.