

## Problèmes économiques contemporains

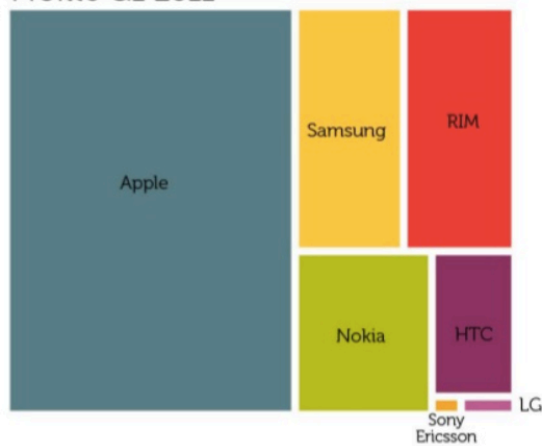


Our modern world is a wonderful era in numerous fields : technology, innovation, social sciences, quality of life, art... But the economy is a wide-ranging concept where opportunities and complexity meet. The economy is a solid base, a springboard for countries, states, international organisations and local actors.

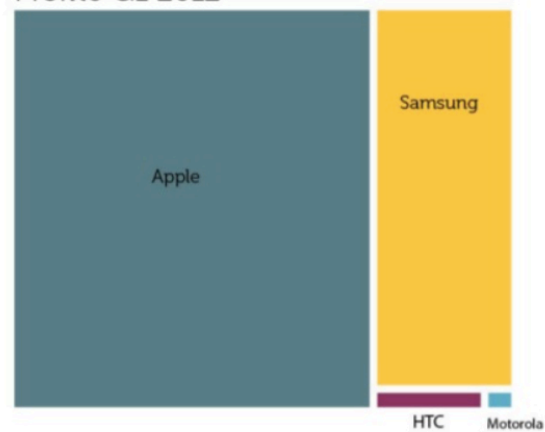
We can define the concept of economic complexity by saying that it is an economic development from a complex system perspective. The world is a complex place but it is must know that a few people controls most of the income in the world. But are we entering in a winner-takes-all economy ? Why and what can we do about it ? The first part of the essay will deals with the understanding of the « winner-takes-all » economy and the second part will examine why and what can we do about it.

Foremost, a winner-takes-all economy can be defined by the fact that the most powerful have and keep the leading roles : you are a winner and you stay like that because you've « won ». It refers to an economy in which the best performers are able to capture a very large share of the available rewards, while the remaining competitors are left with very little. For example, a small fruit and vegetables delicacy can not survive with a large supermarket in the surroundings area because the prices will be more attractive in the large supermarket than in the little shop. The system of winner-takes-all economy is also applicable for online shopping : amazon evicts small businesses and Youtube which relegated to the second plan daily motion, less "popular" than the first streaming video site in the world. Thanks to Internet and the big marketing machine, our economy looks more and more like this model. So we can't say that we are entering a winner-takes-all economy because this concept is implemented in our economic system since the beginning of the big area of internet, since the last three decades, but we can say that the winner-takes-all economic system is being more more present in our societies. The ultimate end-result of a winner-takes-all market is an oligopoly, where only a small handful of large, powerful companies control a majority of market share. Through this, we can refer to Amazon which is a concrete example of that. On the contrary, a winner-takes-all market or economy will be the opposite of a monopoly because in this case only one powerful company control the sector in which its market is flourishing. Also we have stock markets and other zero-sum systems which also lead to a winner-takes-all situation where the rich get richer and extends wealth inequality. This create and amplify more and more disparities.

Profits Q1 2011



Profits Q1 2012

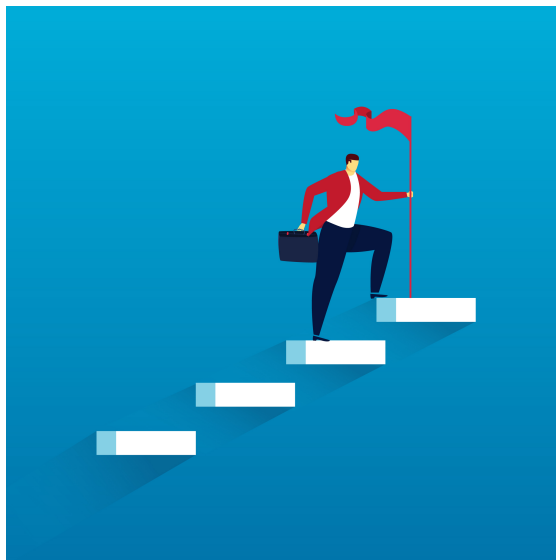


Let's examine the effects of a winner-takes-all market and economic system on the field of device profits. We may observe that in 2011, the market of electronic devices ( smartphones, laptop, tablets, computers..) was shared between 7 large companies : Apple, Samsung, RIM, Nokia, HTC, Sony Ericsson and LG. We all know these brands and certainly we all have had ourselves an electronic device from these brands. The most famous at this time was Apple, but the market was still divided, not really equally, but it is the law of the market. But then, just one year after, the market of electronic devices is totally unrecognizable : RIM, Nokia, Sony Ericsson and LG has disappeared, a little one has appeared ( Motorola) and the share of Apple and Samsung literally exploded. The share of HTC has been reduced to less than one fifth of its share the previous year. The face of this market is different. The share of Apple and Samsung has taken a large majority of the market : they are now the two « winners » of this market thanks to an incredible powerful marketing from both of them, innovation, and advertising. This shows that marketing and digitalization is a key asset. Those two giants share most of the cake, instead of the little others such as Huawei and OnePlus today have the rest. The market of electronic devices shows that a winner-takes-all economy is only possible model because the most successful company stays and gains more and more customers instead of the others, which try to stay in their position and not to be eaten by the big one.

In this case and in other industries, digitalization and globalization have created a winner-takes-all game in which the company that wins the game accrues almost all the pay-off. Apple, Amazon... they have followed tendencies and modernization to stay the winner in their market. Winner-takes-all economies and markets are gaining weight in a world which experiences a more and more powerful digitalization. Internet and technologies have helped « winner-takes-all » companies to expand with advertising, online sales, presence on social networks... they are easy to reach. They also provide new services or innovations that differentiate them from their competitors : ApplePay or AppleMusic for Apple, Youtube premium...

On the other hand, a winner-takes-all economy presents negative aspects. With the growing importance of technology, and in particular, artificial intelligence/machine learning, is not only disrupting the economic marketplace on the ground, it is also causing a 'winner-takes-all' economy effect across the marketplace as a whole. There are companies such as FANGS ( Facebook, Apple, Netflix, Google) that are so ahead of everyone else that in a short time they become monopolies and the 'winner-takes-all' economy is realized. This has already happened in technology, but with artificial intelligence, it is likely to become more evident across many other sectors. The « risk » is that creation of monopoly become more and more standard and this may affect the mark in terms of supply and demand for example, it also can create an uncompetitive economy – including all of the high prices and low employment that is synonymous with that. So what can we do to solve this increasingly emerging problem? Traditionally, what happens in this kind of situation is one of two solutions. One solution is controlling the prices – with the government regulating the prices of the product. This, in theory, could work for a company such as Netflix, but unfortunately, it doesn't work for Facebook or for Google as they don't charge for their services. The second solution is that a government can use is forming anti-trusts – the government splits up a company with too much control into several smaller ones. A "winner-takes-all" economy, with only a few huge corporations dominating sectors, will mark a dark period of economic history. Coming at a time when widespread job loss is likely, it is critical that we find a solution to slow this process down.

This system in fact can be found in many other fields than just economy or finance : we observe a winner-takes-all « system » in the American election process. It may appears curious but that is real : It is a principle that applies in almost all American states - only Maine and Nebraska are exempt. The winner-takes-all system allows the candidate who receives the votes of a majority of electors in a given state to win all the votes. For example, if the 55 California electors give Hillary Clinton 28 votes, she will be considered to have received 55 votes in her favor. This system therefore has a considerable impact on the race for the 270 votes that open the doors to the White House. We can also found a winner-takes-all economy system in Poker, in winner-takes-all tournaments. The main feature of this tournament is that the winner at the end of the game wins all the prizes associated with it. There is only one winner and the only goal is to, obviously, win. It shows that not only the economic sector can uses the winner-takes-all system, this system has been democratized to influence a little bit of everything in today's world.



Overall, we can say that our modern economic system is fueled by the winner-takes-all system. This system is implemented in our consumption pattern since decades. It can also be applied in others fields : the American elections, poker... where its little more apparent. We are in a winner-takes-all economic system, but the thing is that maybe it can be regulated to not damage too-much the market.

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