Economic Complexity essay

**Par**

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

In competitive video games, when one team of players wins a round, they will obtain an advantage for the next round due to their previous performance. They will obviously use it so they can stay at the top. Meanwhile, the other team players will be struggling against the top ones even more because of that, and may as well never succeed because it’s going to be difficult for them to correct their poor performance if they don’t have an advantage to do that. So, the gap between the top tier and the bottom will only get bigger and bigger. This is precisely what happen in a “winner takes-all” economic system. In this kind of system, an economy will do its best to win an advantage over its competitors, and as soon as it has one, it will use to dominate the other competitors. And because of that, the other competitors may fail out of competition. The other competitors were not able to overcome the difficulties and fill the gap between them and the top competitors because of their growing lack of significant advantages. Therefore, I may ask are we entering in a “winner takes-all” economy. Or maybe we are already in a winner takes-all system right now. And if it is the case why are we in a “winner takes-all” economy. And should we do something to change this situation or it won’t have any negative side effect on the economy in the future. And if we should do something about it, do we have an influence on it in order to change it? I will attempt to answer all of these question throughout this paper.

Firstly, I will show that we are actually entering a winner takes-all economy by basing my thesis on the example of France’s overseas departments, especially my home Island, Martinique. A winner takes-all economy system is also present between countries and between regions. In France, most of the top cities or regions are in the metropole and on top of these cities there is Paris. And how we can see that Paris is on top of other cities? Well, compared to other cities, Paris has the bigger concentration of people (over 2 million people, twice the number of Marseilles, the second in the rankings). Most of top universities are in Paris (in every kind of rankings: according to the benefits they make, in the research field, etc.) We can see it too through its connection with the rest of the world. For instance, it is visible by the number of destinations that a traveler can go from Paris and the number of flight companies that work here, and the number is only growing. Comparatively, we can see that the West Indies are at the bottom of this system with the same elements. The population of the whole department of Martinique is far from Paris population: 372 594 people. The West Indies and French Guiana University made poor results and is at the bottom of the rankings. And there are a few destinations in which a traveler can go from Fort-de-France. There are more destinations from Paris to America than Fort-de-France even if Fort de France is closer. However, how these elements suggest that we are entering in a winner takes-all economy? Well because like my example at the beginning this creates an advantage for Paris, and because of this advantage the gap between Paris and Martinique only get bigger. In one hand, Paris population is growing so because of that the city earn more capitals and attract more investment for the creation of enterprise. Then because of that people want even more to live in Paris especially top talent so the city is expanding even more. On the other hand, Martinique population is declining. So, the island earns less and the city development is slower which make it unattractive so it doesn’t have top talent to make it able to reverse the trend. Therefore, the gap between both of them keep getting bigger.

So, I think that we are entering a winner takes-all economy. However, should we be concerned about it? I think we should do something about it because in the long run it might affect both economies, the winner and the loser of this system, in every way. As I said earlier in this system, region like Martinique is slowly or not growing and because of that, little by little the population is declining and aging with people moving out of these regions, especially the young part of the population. In the past, it was mostly to get a license in France that was not available in their home island. But now this phenomenon is only getting bigger because now they also leave the island for job opportunities. The unemployment rate in the West Indies is still high compared to the rate in the metropole. Overseas departments have been heavily impacted by the Brain drain phenomenon. To be young in the West Indies is to choose between stay in your island and struggle to get the education or job you want or to leave your home island which is going to impact its development. And those who choose to stay may fail out of school, go from a temporary job to another or fell into delinquency. And because of all these elements, not only the island is slowly growing but a lot of infrastructures is neglected. Hospitals in Martinique are in poor condition and are suffering from an important lack of physician. And that was the case even before the Coronavirus pandemic. In the West Indies the lack of specialized talent is concerning and impact every aspect of the economy and daily life. For instance, my friend has to wait one year to get an appointment at the ophthalmologist even if she lives in the main city in Martinique while in Toulouse, I can get one in 3 or 4 months. And this situation creates a climate of hostility in Martinique with an increase of strikes or vandalization against like the destruction of Schoelcher statues. This is partly due to the feeling of dependance toward the metropole with is not for the metropole as well because it has regions relying too much on it especially during crisis.

So, in order to avoid the decline of these regions, we should do something about it. In my opinion the reason why these regions are impacted by the winner-takes-all economy is because of their lack of advantages compared to top cities like Paris. These advantages are mostly given by innovation brought by specialized talent. So, this is what we should be focusing on in order to avoid the gap between top and bottom regions to get bigger and impact them. The way to keep or attract those talent is through actions that facilitate and encourages their innovation. And France still lacking of regulations that enable that especially compared to the United States. And the West Indies had proven it still possess specialized knowledge that bring innovation in spite of the lack of advantages compared to organization in metropoles. But West indies innovations should be as financed and look upon as those in the metropole. Which is not the case for now because most of these innovations are self-financed because most of them don’t concern technologies field that are attractive worldwide. But We should to focus on action that help the connection between those regions and the rest of the world. These connections are what the west indies need to trade with other countries and then increase the movements of goods, people and capitals. We should also encourage young Martinicans to learn new kind of knowledge. And this start through the learning of new languages to learn these knowledges. So, every kind of action that bring specialized knowledge in the country and innovation in order to make it more attractive. After that it may follow the example of the already attractive regions.

For me we are indeed entering in a winner-takes all economy and it is visible through the comparison between top cities like Paris and a region like Martinique. Paris has advantages that make it able to expand more and faster whereas Martinique is dragging behind. This system is not an issue by itself but the gap created between the top and the bottom is affecting the structure of top but especially bottom inside of it. It affects every aspect of life and creates a hostility towards the metropole. So, we should encourage action that favorize innovation in the bottom regions so they still can grow and expand themselves. Even if now the innovation that attract investment are mostly in high technologies field so France focus more then on regions that are innovative in those fields, we should encourages every kind of innovations and so focus on regions that can bring them.