

From cowboy to astronaut : How can we limit the destructive force of the tech leaders vision of competition ?

University of Angers

Leroueil Jade

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- 1 Introduction
- 2 The techno-Darwinian vision of competition.
- 3 The illusion of competition.
- 4 Questioning institutions.

« History has shown us that when the distribution of information is left in the hands of a few, the result is political and economic oppression. Without intervention, this history will repeat itself. » (Acemoglu and Johnson 2024)

⇒ **Welfare trade-off** (Williamson 1968)

- How do we arbitrate between two conflicting goals, the pursuit of greater efficiency and the preservation of open, diversified markets ?
- In what situations should we accept greater concentration to maximize efficiency gains ? In what other situations should market power be limited ?

There are two main approaches to competition in the digital economy.

Seeking greater efficiency

(Shapiro & Yurukoglu 2024)

- Competition as a process
- Large platforms are more efficient
- Monopolies are temporary
- Large platforms create incentives (M&A)

Seeking greater competition

(Cremer and *a/l.* 2019)

- Competition as a structure
- Risk of foreclosure
- Long-lasting market power
- Limits the diversity of supply and prevents the strategic direction of innovation

The aim of this article is to provide an overview of the manner in which technology leaders perceive competition.

- A **Darwinian** vision of competition based on the logic of "**always more**".
- Part of a broader posture comparable to the **cowboy** stance (Boulding 1966).



X Elon Musk (12/27/24)

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- Following a neo-Schumpeterian philosophy, innovation is central to competitive dynamics and the driving force behind creative destruction.
"The one who wins is the one who innovates, and Zuckerberg understands that, he is not resting on his laurels." (Company 08/23/2024)
- Entrepreneurs drive innovation, liberating the rest of the population.
"Part of why I care so much about technologies it's how I think technologies can empower individual users." (Organization 09/09/2024)
- There should be no limits to innovation. In an expansive vision that responds to the logic of always more, conquest is an end in itself.
"Futur is the only direction, there's no going back and even there's no protecting the past. I'm not saying it's good in every case, but it's the way we think."
(Company 02/08/2024)

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- There is no such thing as a monopoly, because the threat of disruption is constant. The dynamics of concentration are the result of an ethic of innovation that allows incumbent platforms to be the most efficient.
"There will always be destructors who can come and disrupt the industry."
(Company 07/19/2024)
"If it's big, but keeps innovating and it's working hard fantastic!" (Organization 09/17/2024)
- Competition is a process, a race to innovate to maintain leadership.
"The lesson from history is, if you sleep on your laurels, you can very quickly become irrelevant. And this is a story that we have not succeeded in telling as well as you should have." (Company 08/08/2024 (b))

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- State intervention is necessarily arbitrary and prevents the proper functioning of competitive dynamics.
"You cannot look at the market statically. Competition is a process. You have to make sure that the process is not impeded by artificial restraints which is really the goal of modern competition law." (Company 08/08/2024 (b))
- Faced with the power of the state, the market and private enterprise are a counterforce.
"In my personal opinion, between the two, government is much scarier."
(Company 09/23/2024)

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Developments in the technology industry diverge sharply from the *techno-Darwinian* narrative just presented. Macroeconomic data show a trend of slowing and weakening competition.

- From 1980 to 2010 : the numbers of new firms in the technology sector declined, and the growth rate of surviving firms has slowed (Decker and *al.* 2016).
- To consolidate their monopoly position and eliminate threats before they become significant, incumbent platforms' M&A strategy is rational (Katz 2021).

⇒ Certain tech giants are escaping the framework of traditional competition. According to Durand (2024), the capitalist model is moving towards a techno-feudal organization.

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Economic consequences and for innovations.

- Increasing concentration of economic benefits among a narrow technological elite, exacerbating income inequality (Covarrubias and *al.* 2019).
- Reduces economic welfare by reducing market competitiveness and dampening growth (Cavenail and *al.* 2021).
- Reduced consumer welfare, as prices rise once the structuring position has been acquired (Khan 2017).

The weakening of competition concentrates control over innovation in the hands of a few dominant platforms, fostering dependency among startups. This limits the diversity of technological pathways, favoring complementary solutions over disruptive innovations, often misaligned with climate imperatives.

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The "institutional furniture" needs to be rethought and redesigned for fundamental transitions such as those imposed by the climate crisis.

- ▶ Competition authorities will have to adapt their analytical frameworks to the specificities of this economy, through the recognition that some platforms are structuring. For David Cayla (2022) platforms don't just operate on the market : they become the market, which requires a new regulatory approach.
- ▶ This transition will involve moving from the cowboy posture to the astronaut posture (Boulding 1966), requiring institutional transformation to also reshape value systems. Informal institutions must foster collective awareness and align norms with sustainability (Abson and *al.* 2017 ; O'Brien 2018).

Thanks for your attention !