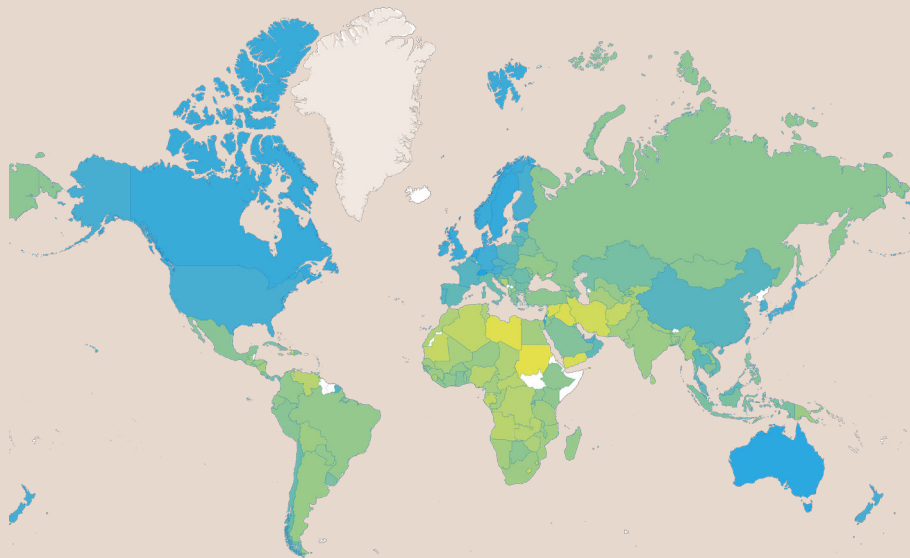


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ELITE QUALITY REPORT 2022

Switzerland: The right policy mix for an exogenous pandemic shock

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Switzerland: The right policy mix for an exogenous pandemic shock

As was the case last year, Switzerland scores extremely highly in the EQx2022 (rank # 2). The same factors contribute to this overall positive picture: a very wealthy country with strong international orientation, its citizens benefitting from a high quality of life that can be traced to a number of drivers, such as economic and political stability, favorable business conditions, and a high level of environmental quality.

For the first time, some comparisons of Elite Quality can now be made over time, albeit in a limited manner. Starting with the country's performance during the pandemic, the picture looks somewhat brighter than last year. While Switzerland's health scores have remained mediocre given its wealth and the high cost of its health-system (*COVID-19 excess deaths, age-adjusted, COV, iii.7, rank # 26*; *COVID-19 fatalities, age-adjusted, COF, iii.7, rank # 20*), its citizens have enjoyed an exceptionally high degree of freedom in the second year of the pandemic (some might say too high). The *COVID-19 vaccination rate* is low by international standards (*VAX, iii.7, rank # 49*) but obscures two aspects of the country's vaccination campaign that kept mortality rates low despite delays in the booster phase. First, the vulnerable, especially the elderly, were covered very well. Second, Switzerland focused on high quality mRNA vaccines that were rolled out relatively quickly.

A year on, it is possible to get a clearer picture of the economic support measures that were implemented, such as quickly available credit lines to firms and the extension of part-time working benefits, that show an advantageous cost-benefit ratio. With a similar downturn in GDP, Switzerland spent 2.5 times less per capita on support measures than the US. In retrospect, the fear that recovery from the pandemic would be slower than after the 2008 financial crisis did not materialize. While surprising at first, this is most likely due to the fact that this was an exogenous shock and not caused by intrinsic problems within the financial system.

Important for long-run growth, Switzerland tops the list of countries with the lowest number of school days lost to COVID-19 in the second year of the pandemic (*CLS, iii.7, rank # 1*). Last but not least, the country's institutions of direct democracy (including two contested votes on COVID-19

legislation that both passed with a solid majority) seem to have attenuated the disconnection between population and decision-makers that was observed in many countries during the pandemic. (*Political Power, i, rank # 7*; *Economic Power, ii, rank # 15*; *Political Value, iii, rank # 2*; and *Economic Value, iv, rank # 2*). Disruptions during the subsequent waves of the pandemic did not jeopardize the important economic and political values upon which Swiss elites have built their Value Creation business models.

In terms of other Indicators, Switzerland's standing is remarkably stable with a few notable exceptions. The EQx2022 displays a stronger concentration of large firms as reflected by *Top 3 industries exports as % of GDP* (*IEE, ii.4, rank # 75*) and *Top 10 firms market cap as % of GDP* (*FKG, ii.5, rank # 85*). Whether this is a temporary phenomenon caused by the pandemic or a permanent change remains to be seen. The country has a lower score for *Unearned Income* (*iii.9*), but is still at rank # 1, despite to the inclusion of new Indicators such as *Criminal markets* (*CRM, iii.9, rank # 42*) and *CO2 emissions* (*CDO, iii.9, rank # 81*) where Switzerland fares rather poorly. Tellingly, given the strong global rise in *Inflation* (*DOI, iv.11*), the most spectacular change in the country's performance is its jump from # 81 in 2021 to leading the global list.

In the wake of new emerging global challenges, the question is how well-prepared Switzerland is to cope with another crisis. Overall, the EQx2022 suggests that the country's relative standing with respect to the most important determinants of resilience have stayed unchanged: overall strong Economic Value performance (*iv, rank # 2*), a high level of Creative Destruction (*ii.6, rank # 10*), important R&D activities (*RDR, iv.10, rank # 1*) and the sharing of economic benefits with workers (*Labor Value, iv.12, rank # 5*).

Prof. Monika Büttler, Independent Economist

Switzerland

EQx2022 Country Scorecard

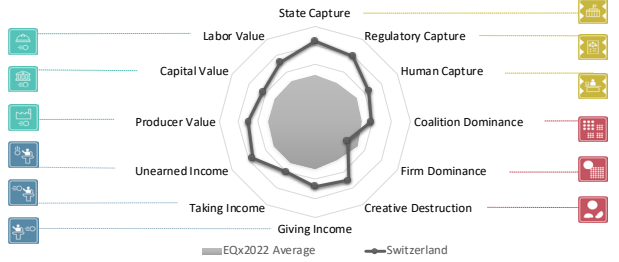
Population **9 million**
 GDP (nominal) **752 billion USD**
 GDP per capita **87'723 USD**



Level 1 - Index	EQx Rank / 151 2	EQx Score 67.4	Very High Quality Elites
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (I)		Economic Power (II)		Political Value (III)		Economic Value (IV)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	11	66.4	2	67.9	7	77.6	15	60.8	2	67.0	2	68.3

Level 3 - Pillars		Rank / 151	Score
Political Power (I)	State Capture	2	84.5
	Regulatory Capture	11	79.8
	Human Capture	18	65.5
Economic Power (II)	Coalition Dominance	23	59.0
	Firm Dominance	142	39.4
	Creative Destruction	10	70.3
Political Value (III)	Giving Income	5	67.7
	Taking Income	21	60.4
	Unearned Income	1	75.1
Economic Value (IV)	Producer Value	3	70.0
	Capital Value	13	62.6
	Labor Value	5	72.3



Level 4 - EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	10	90.0
	MOB Social mobility (upward)*	36	62.3
	MOD Social mobility (downward)* (n)	54	51.1
	PDE Political decentralization	1	100.0
	ADE Administrative decentralization	1	98.5
	PGL Political globalization	9	86.5
	WPI Women's Power Index	18	85.3
	RTC Government's responsiveness to change	12	88.8
	EPR E-Participation Index	18	78.2
	PFD Press freedom	10	90.5
Regulatory Capture (i.2)	COC Control of corruption	1	100.0
	OPG Open government (n)		
	NJK Nr. of journalists killed per 1 million people (2yrs avg.) (n)	1	58.2
	REQ Regulatory quality (n)	9	90.4
	CRO Crony capitalism	51	42.1
	ECR Ease of challenging regulations	1	100.0
	EDB Digital institutional quality	8	71.8
	PRI Property rights	8	90.7
	INO Informal output as a % of GDP (n)	2	98.2
	CGP Constraints on government power (n)		
Human Capture (i.3)	REN Regulatory enforcement (n)		
	GSI Global Slavery Index	19	68.1
	WBL Women, business and the law	46	62.7
	LIN LGBT+ inclusiveness	42	68.8
	GRI Religion - Government Restriction Index	51	63.4
	SHI Religion - Social Hostilities Index	108	40.3
	WSB Women self made billionaires	7	75.4
	HRI Human Rights Index	7	95.1
	FDP Forcibly displaced population as % of population	3	56.2
	AFI Academic Freedom Index	9	77.0
Coalition Dominance (ii.4)	FLS Financial Literacy Score (n)	14	86.4
	WMA Prop. of women in senior and middle mgmt. positions* (n)	52	53.2
	IEE Top 3 industries exports as % of exports	75	36.2
	ECI Economic Complexity Index	1	100.0
	IVA Top 3 industries as % of VA	65	43.5
	CON Construction as % of GDP*	16	61.8
	MIL Military expenses as % of GDP*	108	46.4
	UNI Unionization rate*	37	63.4
	CBC Collective bargaining coverage	56	37.9
	BSN Barriers in service & network sectors	11	68.4
Firm Dominance (iii.5)	PUE Public employees as a % of total employment (n)	67	53.2
	CRA Criminal actors (n)	31	69.8
	SME SMEs per 1,000 people	23	51.5
	BIW Billionaires' wealth as % of GDP	139	15.8
	FKG Top 10 firms market cap as % of GDP	85	51.8
	FRG Top 3 firms revenues as % of GDP	82	40.3
	FRR Top 30 firms revenues as % of GDP	66	22.3
	TUL Listed firms turnover, long run 15 yrs	30	22.6
	TUS Listed firms turnover, short run 3 yrs	26	33.6
	ENT Entrepreneurship	1	100.0
Creative Destruction (ii.6)	VCK Venture capital finance	12	74.3
	RND R&D as % of GDP	3	90.0
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction	46	40.6
	IWE Index of Women Entrepreneurs	3	82.2
	VCA Venture capital availability	10	87.8
	GSE Governmental support to entrepreneurship	29	62.8

		Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	117	6.8
	REG Regional redistribution as % of government budget	113	28.0
	EDU School life expectancy	23	69.1
	GPS Expenditure on general public services as % of GDP*	6	65.8
	INT Internet access	14	79.7
	NRI Network Readiness Index	6	95.7
	LEW Life expectancy women	4	82.8
	LEM Life expectancy men	1	88.1
	FSQ Global Food Security Index - availability, quality & safety	4	90.7
	COV COVID-19 excess deaths, age-adjusted	26	64.5
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	20	63.3
	COM COVID-19 mortality rate, age-adjusted	92	51.4
	CLS COVID-19 lost schooldays	1	93.9
	VAX COVID-19 vaccination rate (n)	49	69.1
	OSI Online Service Index	35	73.1
	UNV Top universities (n)	1	100.0
	PIS PISA mean scores (n)	20	69.9
	GEX General government expenditure as % of GDP* (n)	25	73.7
	DCT Corporate tax rate*	114	29.8
	HOM Homicide rate	15	81.3
Unearned Income (iii.9)	INE Top 10% share of pre-tax national income	10	86.2
	FDE Fiscal decentralization	3	99.2
	DTR Tax revenue as % of GDP*	19	74.9
	BRD Battle-related deaths per 100,000 people	1	54.2
	GCI Global Cybersecurity Index	48	70.0
	SUI Suicide rate per 100,000 people	124	34.0
	SUB Death rates from substance use per 100,000 people	112	35.3
	DPS Delta public vs private sector salaries (n)	7	72.9
	GEG Gender education gap (n)	20	56.5
	EPI Environmental Performance Index	1	100.0
Producer Value (iv.10)	DBT Government debt as % of GDP	13	72.3
	NRR Natural resources rents as % of GDP (n)	1	100.0
	CDO CO2 emissions (metric tons per capita) (n)	81	35.1
	CRM Criminal markets (n)	42	67.9
	TRF Trade freedom	7	81.5
	FDS FDI inflows as % of GDP, stock		
	BTF Barriers to FDI	46	54.9
	EGL Economic globalization	6	91.4
	HEI Health Efficiency Index	17	65.7
	OFB Open for business	1	100.0
Capital Value (iv.11)	ESG ESG company scores	6	70.9
	RDR R&D as % of revenue Top 10 firms	1	100.0
	FSA Global Food Security Index - affordability	16	75.8
	PAT Nr. of patent applications per 100,000 people	15	56.1
	IPM % of imports targeted by protectionist measures (flow)	1	57.6
	IPS % of imports targeted by protectionist measures (stock) (n)	6	78.8
	DGI % of discr. gov't. interventions as % of total interv. (flow)	33	56.6
	DGS % of discr. gov't. interventions as % of total interv. (stock) (n)	142	1.4
	DNI Neutral interest rate*	4	60.5
	DOI Inflation*	1	54.9
Labor Value (iv.12)	GOL Gold demand as % of GDP	23	37.1
	DMA M&A as % of investment - 3 yrs rolling avg.*	63	42.5
	DKI Delta capital gains tax vs income tax	112	0.0
	UNC Unicorns per 1 million people	6	91.0
	BSG Billionaires self-made nr. per 1 million people	1	100.0
	BSM Billionaires self-made as % of total billionaires	38	42.7
	FMI Financial Markets Index	1	100.0
	UEM Unemployment rate	51	63.8
	LFP Labor force participation rate	41	63.7
	WLP Delta real wage vs labor productivity increases	8	68.6
YUN Youth unemployment rate	45	66.1	
BRN Human flight and brain drain	1	100.0	
LFM Labor force participation ratio - male vs female*	37	67.0	

* Calculated as the deviation from a conceptual optimum
 (n) Refers to Indicators newly incorporated in the EQx2022