ELITE QUALITY INDEX
EQx2024

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ELITE QUALITY REPORT 2024

Switzerland: A Surprisingly Stable and Sustainably Strong Runner-up

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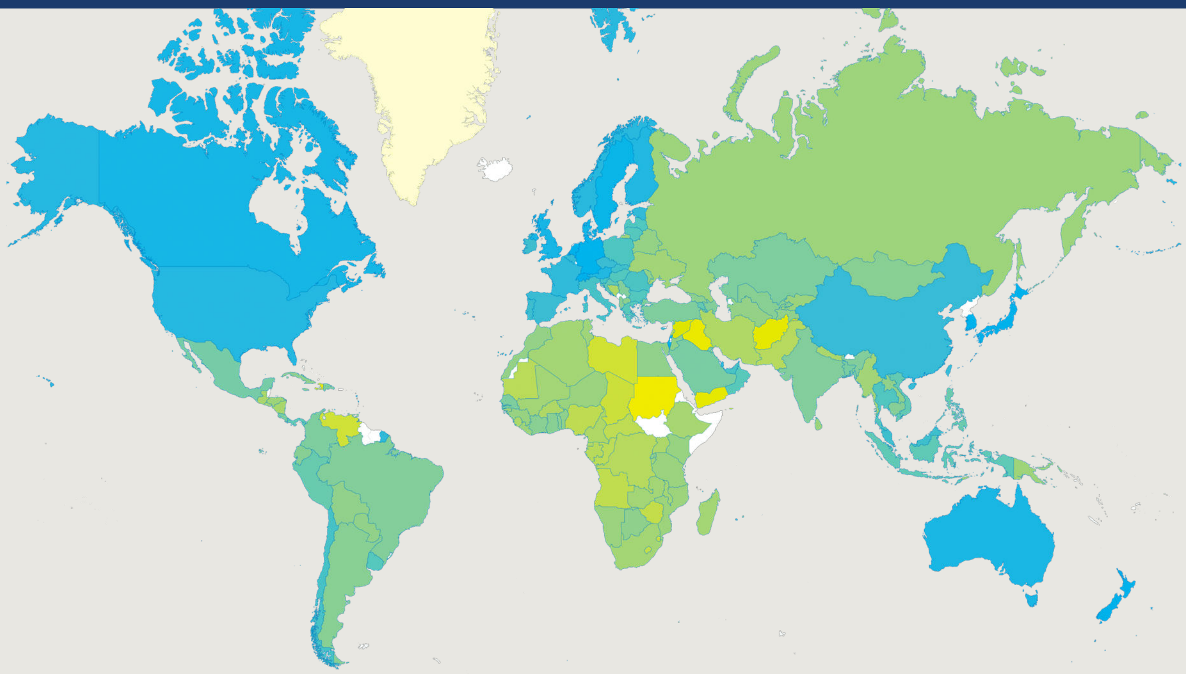

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Switzerland

A Surprisingly Stable and Sustainably Strong Runner-up

After taking the top spot in the EQx2023, Switzerland returned to an overall EQx rank of #2 in 2024, a position it held in previous years (2000-2022). While Switzerland was able to defend its strong position in terms of Value Sub-Index (rank #2), it fell from #11 to #17 in the Power Sub-index. How can the simultaneous sustained strength in Value and the noticeable decline in Power be explained?

Switzerland has once again demonstrated its reputation as an anchor in a storm during turbulent times, as is evidenced by its ranking of #1 for *Inflation* (DOI, iv.11), an improvement from rank #6 in 2023. Despite the political and economic turmoil around the globe, Switzerland has been able to rely on its structural and even cultural strengths, both of which are deeply rooted in the Swiss elite system.

The national system of governance is designed for stability. With its direct democracy (ECR, i.2, rank #1) and federal and decentralized structures (rank #1 in PDE, ADE, both i.1, and FDE, iii.8) Switzerland has been able to excel. This is also reflected in a liberal and tolerant culture that accepts different points of view (HRI and AFI, both i.3, rank #1), is *Open for business* (OFB, iv.10, rank #1), and provides excellent conditions for *Family Businesses* (FAM, ii.5, rank #1) and *Entrepreneurship* (ENT, ii.6, rank #1), while topping the index in the number of *Billionaires self-made per capita* (BSG, iv.11, rank #1). This stability is based on the needs of the elites of a small landlocked country without natural resource rents (NRR, iii.9, rank #1) to maintain trust and fair process, as is evidenced by *Control of corruption* (COC, i.1, rank #1) and *Informal output as a % of GDP* (INO, i.2, rank #1).

In considering why Switzerland has lost its 2023 leading position in the EQx despite these strengths, we must turn to the Sub-index area of Power where two observations stand out.

First, the decline in its ranking for *Crony capitalism* (CRO, i.2, falling from rank #48 to #58), *Billionaire's creative destruction* (BCD, ii.6, falling from rank #44 to #51), and *Unicorns as % of GDP* (UNC, iv.11, falling from rank #6 to #18), need to be viewed in the context of single events and the disproportionate effect of those on a small country. The orchestrated integration of Credit Suisse into UBS, Switzerland's two largest banks, led to a general shift in the sector mix of listed companies. The loss in value of some mature unicorns and a dried-up pipeline of new scale-ups further intensified this effect.

Second, the decline in the Capital Value Pillar (iv.11) from #3 to #11 is mainly due to a decline in *Gross capital formation* (GCF, iv.11, falling from rank #46 to #68) and the *Neutral interest rate* (DNI, iv.11, falling from #3 to #27). The substantial write-downs by some companies and the consequences of the Swiss National Bank's policy of keeping inflation low while accepting a strong Swiss franc led to a further relocation of assets abroad.

In summary, while Switzerland has been able to consolidate its leading position in the EQx2024 on the basis of its structural and cultural strengths, resulting in elite business models that have excelled in Value Creation, the decline in Power highlights the hazards and dilemmas that face a small and highly interconnected country at a time of global turmoil. While elites cannot change global realities, they can play an important role in finding inclusive and value-creating solutions to these dilemmas. To successfully manage future shocks, elites in Switzerland would be well advised to continue to invest in new sources of Value Creation while maintaining the integral strengths of the elite.

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Switzerland

EQx2024 Country Scorecard

Population	8.8 million
GDP (nominal)	818 billion USD
GDP per capita	93'260 USD

Level 1 – Index

EQx Rank / 151	EQx Score	NextGen VCB Rank
2	64.8	3

Very High Quality Elites

Level 2 – Sub-Indices & Index Areas

EQx Sub-Indices

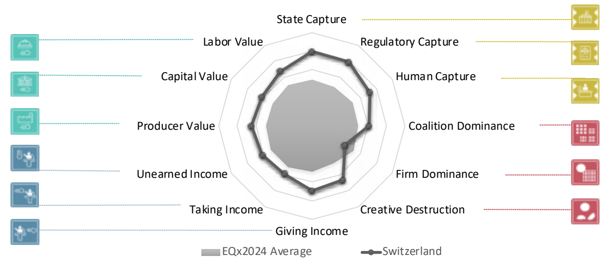
	Rank / 151	Score
Power	17	65.9
Value	2	64.2

EQx Index Areas

	Rank / 151	Score
Political Power (i)	8	78.1
Economic Power (ii)	26	59.7
Political Value (iii)	2	63.6
Economic Value (iv)	6	64.9

Level 3 – Pillars

Area	Pillar	Rank / 151	Score
Political Power (i)	State Capture	7	79.9
	Regulatory Capture	15	79.1
	Human Capture	14	72.1
Economic Power (ii)	Coalition Dominance	29	61.3
	Firm Dominance	142	40.8
	Creative Destruction	16	66.9
Political Value (iii)	Giving Income	5	69.3
	Taking Income	26	59.2
	Unearned Income	6	61.7
Economic Value (iv)	Producer Value	6	64.9
	Capital Value	11	62.0
	Labor Value	12	67.6



Level 4 – EQx Indicators

Pillar	Code	Indicator	Rank / 151	Score
State Capture (i.1)	COR	Political corruption	8	89.7
	COC	Control of corruption	1	100.0
	OPG	Open government		
	RTC	Government's responsiveness to change	12	88.8
	EPR	E-Participation Index	38	71.4
	PFD	Press freedom	11	89.2
	NJK	Nr. of journalists killed per 1 million people (2yrs avg.)		
	PDE	Political decentralization	1	100.0
	ADE	Administrative decentralization	1	100.0
	PGL	Political globalization	8	88.1
	WPI	Women's Power Index	18	84.0
	MOB	Social mobility (upward) (dev. fm optimum)	35	62.1
	INE	Top 10% share of pre-tax national income	8	88.0
	GWL	Gini coefficient on net national wealth dist. - level	90	55.4
	GWC	Gini coefficient on net national wealth dist. - 3-year growth	21	54.0
	GIL	Gini coefficient on income dist. - level	48	63.3
	GIC	Gini coefficient on income dist. - 1-year growth rate	51	39.7
Regulatory Capture (i.2)	ECR	Ease of challenging regulations	1	100.0
	CGP	Constraints on government power		
	REQ	Regulatory quality	10	92.6
	REN	Regulatory enforcement		
	PRI	Property rights	10	90.8
	CRO	Crony capitalism	58	37.0
	INO	Informal output as a % of GDP	1	98.5
Human Capture (i.3)	GSI	Global Slavery Index	1	83.6
	FDP	Forcibly displaced people as % of population	5	57.3
	HRI	Human Rights Index	1	100.0
	AFI	Academic Freedom Index	1	79.9
	GRI	Religion - Government Restriction Index	51	63.4
	LIN	LGBT+ inclusiveness	18	84.1
	WSB	Women self made billionaires	8	45.5
	WBL	Women, business and the law	44	64.6
	WMA	Proportion of women in senior and middle mgmt positions (	59	48.2
Coalition Dominance (ii.4)	IEE	Top 3 industries exports as % of exports	90	39.7
	IEO	Top 1 industry exports as % of exports	114	31.1
	IVA	Top 3 industries as % of value added	28	66.1
	HHI	Domestic market diversification	34	64.8
	ECI	Economic Complexity Index	1	100.0
	PUE	Public employees as a % of total employment	70	36.1
	MIL	Military expenses as % of GDP (dev. fm optimum)	110	44.1
	UNI	Unionization rate (dev. fm optimum)	44	63.8
	BSN	Barriers in service & network sectors	11	68.6
	CRA	Criminal actors	56	58.8
Firm Dominance (ii.5)	SME	SMEs per 1,000 people	23	51.5
	FAM	Family business revenues as % of GDP	1	100.0
	BIW	Billionaires' wealth as % of GDP	147	9.3
	FKG	Top 10 firms market cap as % of GDP	75	0.0
	FRG	Top 3 firms revenues as % of GDP	71	0.0
	FRR	Top 30 firms revenues as % of GDP	52	52.8
Creative Destruction (ii.6)	ENT	Entrepreneurship	1	100.0
	GSE	Governmental support to entrepreneurship	12	84.7
	VCK	Venture capital finance	15	44.6
	VCA	Venture capital availability	10	87.8
	RND	R&D as a % of GDP	6	89.0
	EXR	Firm exit ratio		
	BCD	Billionaire's creative destruction	51	46.0
	IWE	Index of Women Entrepreneurs	5	79.0
Giving Income (iii.7)	LEW	Life expectancy women	3	87.6
	LEM	Life expectancy men	2	93.6
	COM	COVID-19 mortality rate, age-adjusted	76	46.2
	COF	COVID-19 fatality rate, age-adjusted	26	62.0
	SCI	UHC Service Coverage Index	9	80.1
	PTR	Pupil-teacher ratio	7	77.1
	EDU	School life expectancy	22	67.9
	PIS	PISA mean scores	8	75.7
	UNV	Top universities	8	54.6
	GEE	Government education expenditure	46	62.0
	GAR	Government AI Readiness Index	21	81.7
	OSI	Online Service Index	46	68.2
	NRI	Network Readiness Index	6	95.0
	INT	Internet access	15	71.5
	GHI	Global Hunger Index		

Pillar	Code	Indicator	Rank / 151	Score
Giving Income (iii.7)	FSQ	Global Food Security Index - availability, quality & safety	16	78.1
	GPS	Expenditure on general public services as % of GDP (dev. fm	7	76.5
	GEX	General government expenditure as % of GDP (dev. fm optim	1	79.7
	SNT	Subsidies and transfers as % of expenses	120	5.4
	REG	Regional redistribution as % of government budget	112	27.0
	CSG	Construction supply gap	8	67.9
	SPO	Social protection	18	85.5
	SFA	Sanitation facilities	1	82.2
	ELA	Electricity access	1	65.1
	FOS	Fossil fuel subsidies	6	86.1
Taking Income (iii.8)	SUB	Death rate from substance use disorders	112	35.3
	BRD	Battle-related deaths per capita	1	53.6
	HOM	Homicide rate	8	82.2
	SUI	Suicide rate	127	32.8
	DTR	Tax revenue as % of GDP (dev. fm optimum)	14	77.0
	DCT	Corporate tax rate (dev. fm optimum)	73	57.0
	DPS	Delta public vs private sector salaries	4	71.0
	FDE	Fiscal decentralization	1	100.0
	GCI	Global Cybersecurity Index	20	80.9
	GEG	Gender education gap (dev. fm optimum)	18	61.1
Unearned Income (iii.9)	CRM	Criminal markets	41	65.9
	DBT	Government debt as % of GDP	42	64.5
	NRR	Natural resources rents as % of GDP	1	100.0
	GPA	Green patents per capita	8	92.4
	EPI	Environmental Performance Index	7	97.1
	RES	Renewable energy share	75	42.9
	OLI	Ocean litter		
	DER	Deforestation rate	39	57.4
	FUS	Fertilizer usage kg per hectar	113	49.5
	TLP	Terrestrial land protected	101	37.6
	CDD	CO2 emissions embodied in domestic final demand per capita	52	27.8
	CDO	CO2 emissions (metric tons per capita)	101	49.5
	AIR	Air Quality Index	24	69.1
	HAZ	Hazardous waste per capita		
	WPC	Waste collected per capita	87	46.2
	MWR	Municipal waste recycling rate	13	61.2
	FIS	Fish consumption per capita	95	48.7
	MET	Red meat consumption kilograms per capita	125	22.0
Producer Value (iv.10)	PAT	Nr. of patent applications per capita	16	53.6
	FBH	Financial burden of healthcare	17	69.5
	HEI	Health Efficiency Index	17	65.7
	DMS	Density of medical staff	32	61.5
	FSA	Global Food Security Index - affordability	18	75.8
	HAI	Housing Affordability Index	42	49.3
	RTD	Rail track density	24	62.1
	GAI	Global AI Index	9	70.0
	FDS	Inward FDI as a % of GDP (stock)	38	52.6
	FDF	Inward FDI as a % of GDP (flow, 3yrs avg.)	142	25.5
	BTF	Barriers to FDI	46	54.9
	OFB	Open for business	1	100.0
	EGL	Economic globalization	7	91.9
	TRF	Trade freedom	5	88.9
	IPM	Share of imports targeted by protectionist measures (flow)	34	64.4
	IPS	Share of imports targeted by protectionist measures (stock)	20	73.5
	DGI	Share of discrimn. govt. intervent. as % of total intervent. (flo	72	56.2
	DGS	Share of discrimn. govt. intervent. as % of total intervent. (sto	143	12.3
Capital Value (iv.11)	DOI	Inflation (dev. fm optimum)	1	57.5
	DEF	GDP deflator index growth rate (dev. fm optimum)		
	DNI	Neutral interest rate (dev. fm optimum)	27	56.0
	FMI	Financial Markets Index	1	100.0
	GCF	Gross capital formation	68	50.4
	GOL	Gold demand as % of GDP	20	43.8
	CRY	Crypto ownership	40	43.3
	UNN	Unicorns	14	43.1
	UNC	Unicorns as % of GDP	18	47.0
	BSG	Billionaires self-made per capita	1	100.0
	BSM	Billionaires self-made as % of total billionaires	40	43.7
Labor Value (iv.12)	LPG	Labor productivity growth	56	50.8
	WLP	Delta real wage vs labor productivity increases	15	63.1
	LFP	Labor force participation rate	34	64.4
	LFR	Labor force participation ratio - male vs female	41	66.8
	UEM	Unemployment rate	57	63.1
	YUN	Youth unemployment rate	35	68.7
	BRN	Human flight and brain drain	5	99.7

The Elite Quality Report 2024 (EQx2024) provides Country Scores and Global Rankings for 151 countries

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