

Schaltegger, Christoph

## Article

Comment on "How fare the "commanding heights" of the Swiss economy? Evidence from the Crux of Capitalism project" by Magaly Abboud, Fabio Bernasconi, Sára Czégé, Camilla Erencin, Simon J. Evenett and Felix Reitz

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**Comment on “How fare the “commanding heights” of the Swiss economy? Evidence from the Crux of Capitalism project” by Magaly Abboud, Fabio Bernasconi, Sára Czégé, Camilla Erencin, Simon J. Evenett and Felix Reitz**

Christoph Schaltegger

Universität St. Gallen IFF-HSG and Institut für Schweizer Wirtschaftspolitik

Capitalism is an irritant in any debate on the social and economic order. Reference is often made to the production and working conditions of the late 18th century and early 19th century, which were essentially determined by the interests of the owners of capital and thus created social dependencies for the poor. However, things have changed considerably with the social market economies of today. A social market economy also respects the fundamental principles of capitalism, provided that the redistributive concerns of a society are respected. The essential features of capitalism are the protection of private ownership of the means of production and the control of production and consumption via the market (market economy).

In capitalism, entrepreneurs therefore play a central role as well as corporations. When it comes to the question of how well capitalism actually works in an economy, it is interesting to look at the corporate sector. This is precisely where the paper by MAGALY ABBOUD, FABIO BERNASCONI, SÁRA CZÉGÉ, CAMILLA ERENCIN, SIMON EVENETT and FELIX REITZ and the entire Crux of Capitalism project come in. Publicly listed Swiss companies are analyzed according to how healthy they are. There are various ways to determine the health status of a company. This can depend on solvency or over-indebtedness as well as the question of generating sustainable profits. SIMON EVENETT and his team offer a large amount of data and are thus able to provide an important overview of the state of health of Swiss companies. This is very valuable, especially in comparison with other neighboring countries. The authors of this paper show that Swiss companies tend to be more profitable than their counterparts in neighboring countries. However, this favorable picture could soon change. This is the result of their projections.

The Crux of Capitalism database is a new and important basis for determining the health status of the Swiss economy and can therefore also serve as an important thermometer for policymakers to determine the need for economic policy action. Against this background, the results should also be interpreted with caution. Firstly, high profits in the corporate sector do not necessarily mean that the corporate sector is healthy in the capitalist sense. If one follows the theoretical

basis in microeconomics, there would even be good arguments to expect the opposite. This is because full competition between companies would mean that producers would no longer be able to appropriate profits. Of course, this is a theoretical ideal that has some limitations in reality. But it points to an important point: profits do not have to be the result of a healthy corporate sector; they can also arise from a lack of competition or from rent-seeking activities by companies. Both are indications of the opposite of a healthy corporate sector. And they point to a problem of economic policy decisions.

The authors are of course well aware of this problem. Important robustness tests point in the direction of their interpretation, which is a real added value of the paper. Nevertheless, it would be interesting to analyze the increasing influence of the corporate sector on rent-seeking in politics in more detail and to determine which part of earnings is actually due to innovation and productivity and which to monopoly protection and other privileges. Furthermore, it would be an interesting extension of the project to separate the solvency indicators of the companies from the profit and revenue indicators and, with a comparison, to obtain indications of healthy and unhealthy profits.