

Economic Rents in Switzerland: Preliminary Estimates

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Abstract

Recent literature shows that economic rents are rapidly increasing and may have harmful effects including inequality, misallocation of resources, and financial instability. Nevertheless, empirical research on the level of economic rents remains limited. This study compiles preliminary national-level estimates for eight categories of economic rent in Switzerland. It defines economic rents as permanent returns arising from control over assets or regulatory privilege. This excludes transient rents of innovators which are important for innovation but includes various forms of indirect subsidy. Categories were selected according to the availability of quantitative evidence in official statistics, academic research, and applied policy analysis, as well as a relevance threshold. Because published estimates were unavailable for monopoly rents and rents associated with currency undervaluation, the study develops preliminary estimates for these two categories. Converted to 2024 prices, the estimates sum to CHF 303.5 billion, equivalent to 35.5 percent of GDP or approximately CHF 33'500 per capita. Natural capital rents account for 45.8 percent of the total, followed by tax exemptions (17.3 percent), currency undervaluation (11.5 percent), untaxed environmental externalities (10.6 percent), financial regulation rents (9.9 percent), price support through tariffs and quotas (2.2 percent), monopoly rents (2.0 percent), and direct subsidies (0.7 percent). Because the list is incomplete, the numbers are uncertain, and categories partly overlap, the aggregate should be interpreted as a preliminary order-of-magnitude estimate. The results nevertheless indicate that permanent economic rents are an extremely important feature of the Swiss economy and similarly structured economies, with far-reaching implications for economic competitiveness as well as social and environmental sustainability.

Keywords: economic rent, natural capital, environmental externalities, tax exemptions, price support, monetary policy, bank privileges, monopoly rents, Switzerland

Introduction

Economic rents have attracted growing attention because they can increase inequality (Stiglitz 2015) and divert resources from productive uses (Mazzucato et al. 2023). Land rents are a prominent example: rising land prices and rents raise housing costs for tenants (Knoll et al. 2017), benefit landowners and financial intermediaries, and divert investment from productive activities such as the construction of buildings and industrial activity. Other sectors in which substantial economic rents have been identified include the financial sector (Bezemer & Hudson 2016), digital platforms (Yang et al. 2026), energy and natural resources (Li et al. 2023), and pharmaceuticals (Stelzner & Nam 2022).

As Mazzucato et al. (2023) note, not all rents are economically or socially undesirable. Competition and innovation can generate temporary rents when new products give innovators a transitory advantage before competitors catch up. The authors therefore distinguish these ‘transient rents’, which may support innovation and growth, from ‘permanent rents’. Permanent rents may persist because governments tolerate monopoly or monopoly-like conditions or adopt regulations that create or protect income streams in the first place. An example of the latter is land-value gains generated by public infrastructure investment or land-use restrictions without corresponding taxation of the resulting rents (Schwerhoff et al. 2020; Büchler et al. 2025).

Despite the continuing importance of economic rents since the work of classical economists, neoclassical economic theory and contemporary research has largely sidelined the issue – by subsuming (unearned) economic rents with (normal) profit and through assumptions in price theory that competition drives down markup on cost (Stemerding 2023, Stratford 2023). The classical economists’ perspective of economic rent taxation as an ideal form of taxation is a marginal topic in research and policy (Schwerhoff et al. 2020). Theoretical frameworks and empirical approaches to assess economic rents remain scarce and heterogeneous.

Literature on comprehensive rents at the national level is even more limited. Stemerding (2023) proposes a method to estimate aggregate economic rent based on information available in the national accounts and an assumption on normal return on investment. However, the approach excludes the financial sector and misses important rents from unrealized land-value gains by relying strictly on cash flows. More comprehensive ‘bottom-up’ compilations of economic rents at the national level are not available.

Regarding economic rents in Switzerland at the national level, Schläpfer and Lobsiger (2026) provide estimates for rents from natural and environmental resources, including urban land. They report an annual total in the period from 2016 to 2021 of CHF 159 billion. Evidence on other forms of rent is scarce, indirect and fragmented across academic research, official statistics, and policy analysis. No previous study has attempted to compile the available evidence in a national-level overview.

This paper asks which quantitatively important categories of permanent, ‘unearned’ economic rent can be identified for Switzerland and estimates their combined annual value. Conceptually, it extends the definition of rent in Mazzucato et al. (2023) – “returns based on the control over or ownership of a scarce asset” – to include a variety of indirect and direct subsidies that are resulting from (control over) regulations. The analysis identifies relevant rent categories and compiles estimates from official statistics, academic studies, and applied

policy analyses. Where published estimates were unavailable for two quantitatively important categories—monopoly rents and indirect subsidies associated with monetary policy—the study develops preliminary estimates.

The paper makes two main contributions. First, it develops a common classification for the principal forms of economic rent identified in Switzerland. Second, it combines dispersed published estimates with two original preliminary calculations to provide an order-of-magnitude assessment at the national level.

2. Literature review

2.1 Theories of economic rent

Theoretical thinking about economic rents has greatly changed over time and various theories and definitions are in use today. Table 1 provides a overview of development of perspectives in rent theory based on the review of Mazzucato et al. (2023). Important aspects concern the understanding of the term ‘rent’, the perception of associated issues, and the domains of analysis (Table 1). The final row of the table describes the definition and focus of the present study in this larger context.

Table 1. Overview of rent theory.

	Understanding of rent	Perception of problem	Domains of application
Classical economics	Rent as income extracted from the ownership of a scarce asset or the control over an activity required for economic production	Insufficient revenue left for wages and productive investment lead to inequality and stagnation	Mainly land and landowners (Smith, Ricardo, Mills) but also industrial capitalists (Marx)
Neo-Marxist	Classical understanding extended to rents from ‘unequal exchange’	Exploitation through international trade between countries with unequal power	Including unequal exchange between developed and less developed economies
Early industrial reformers	Classical understanding and early distinction of good and bad rents	Bad rents in conflict with industrial interests	Including financial sphere
Institutionalists	Classical understanding extended to include	Recognize role of regulation, including financial regulation	Include increasing returns due to technological progress
Neoclassical economics	Rents as profits that arise under ‘abnormal’ conditions caused by monopolies, interventions in markets that privilege certain groups, or incomplete information.	Social cost of non-equilibrium prices (typically modest) and wasteful investment in rent-seeking	Including regulations but not land which is often subsumed among produced capital (together with buildings)
Schumpeter	Rents as transitional returns from innovation	Rents as natural and important for progress	Industrial innovation

Keynes	Classical understanding extended to rents from lending money to industrial capitalists and workers	Artificially restricted money supply	Focus of financial rentiers as opposed to industrial entrepreneur
Mazzucato et al. (2023)	Classical understanding extended to modern economy and distinguishing earned transitional and unearned permanent rents	Increase of persistent ‘bad’ rents	Land and finance; natural resources, financialization, innovation and patents, digital platform monopoly
This study	Understanding of Mazzucato et al. extended to rents from (control over) various regulations	Combination of financial, monetary, land, tax regulations	Including tariffs, tax subsidies, budgetary transfers, monetary policy

Source: based on Mazzucato et al. (2023)

2.2 Empirical approaches to comprehensive rents

Empirical studies that estimate comprehensive concepts of economic rent at the national level are rare because standard statistics such as the National Income and Product Accounts (NIPA) do not collect the information that is needed to measure economic rents. Table 2 provides a brief overview of important studies and their empirical approaches in order to contextualize the present study.

Table 2. Empirical analysis of economic rent: approaches and estimates at national level.

Study	Empirical methodology	Findings	Limitations
Stemerding (2023)	Estimates “surplus cash flow” from national accounts and normal return on investment (single framework, top down approach)	Surplus cash flow in the US is 8.8% of GDP in 2019.	Excludes financial sector; misses important parts of rents, e.g. from unrealized land-value gains
Putland (2018)	Residual land valuation method based on transaction registries and municipal rating databases	Land rents corresponds to 15-24% of GDP.	Only land rents
De Loecker et al. (2020)	Production function approach tracking aggregate corporate price-to-cost markups based on firm-level data	Pure monopoly economic rent expanded from 1% in 1980 to roughly 8% of GDP by 2016.	Only monopoly rents
Philippon (2020)	Unit cost testing of credit intermediation and financial sector gross output	Financial system rents account for roughly 1.5% to 2% of total US GDP.	Only financial sector
Barkai (2020)	Deducting actual labor compensation and user cost of	Pure corporate surplus rents surged	Only corporate rents

	physical capital from gross output.	by 7.2% over a 30 year period.	
This study	Add estimates for each origins of rent (heterogenous frameworks, bottom up and top down estimates)	Sum of estimates corresponds to 35% of Swiss GDP in 2024	Gaps due to missing data; some overlap / double counting

2.3 Empirical studies for Switzerland

Empirical work on comprehensive rents and subsidies in Switzerland is extremely scarce. Table 3 present the available national-level estimates to place the present study in perspective.

Table 3. Empirical analysis of rent: estimates for Switzerland

	Sources of rent or subsidy	Examined concept	Estimate (billion CHF 2024)
FFA (2026)	Federal budgetary subsidy	Subsidies including payments for services and social transfers	48.7
Schläpfer & Lobsiger (2026)	Control over or privileged use of natural and environmental resources	Expanded resource rents including subsidies through unregulated externalities	171.4
This study	Control over assets or regulatory privilege (administered prices, tax exemptions etc.)	Expanded economic rents including indirect regulatory subsidies and direct subsidies that are not ‘payments for services’ or social transfers	303.5

3 Methods

3.1 Definition and identification of economic rents

The present study takes a wide perspective on economic rent which includes income streams or implicit subsidies from any regulations that privilege some industries, firms or individuals over others. This perspective builds on domains where this interpretation is already established. For instance, rent seeking theory has identified tariffs as an example where regulation drives up prices and creates an monopoly by protecting the national industry from the lower-priced foreign competition. The national industry as a whole is in a similar position as a single monopolist in the standard analysis of monopoly. In the same way, monetary policy can be used to manipulate prices for the entire export industry of a country. The present study therefore includes monetary policy as a potential source of rents.

More generally, it is well understood that privileges due to special regulations can be a source of rents (Schwerhoff et al. 2020). Regulatory privileges also confer benefits to individual users or industries which can be regarded as rents in a wider sense, although they

are not usually described as rents. An example is the privilege of for an industry (and the customers of its products) to use a shared resource such as a river for disposing chemical waste. Environmental pollution has a negative impact on alternative uses of the resource such as swimming, but the industry enjoy a privilege and rent – under an assumption that the river originally belongs to all (Vatn & Schläpfer (2003). The present analysis therefore includes rents from privileged use of environmental resources. Other regulatory privileges are treated in the same way.

Economic rent is therefore defined here in a wide sense – as permanent income arising from ownership or control of resources or from regulations that create income streams, protect them, or leave them untaxed rather than using them as a source of public revenue, as proposed by classical economists (see, e.g., Mazzucato et al. 2023). This definition excludes transient returns from temporary innovator monopolies—described by Mazzucato et al. (2023) as ‘good’ rents—because such returns can provide incentives for innovation.

Categories were included according to two criteria: the availability of an empirical basis and quantitative relevance. Estimates were collected from official statistics, academic studies, and applied policy analyses. A category was treated as quantitatively relevant when its estimated annual flow reached at least CHF 2 billion; smaller categories were excluded because they were unlikely to materially affect the aggregate result. Two quantitatively important categories—monopoly rents and indirect subsidies associated with monetary policy—lacked published estimates and were therefore assessed using original preliminary calculations. This exception preserves the relevance criterion but makes the resulting figures more uncertain than estimates drawn directly from published sources.

The definition covers natural capital rents and monopoly rents, as well as value flows more commonly described as subsidies or transfers. The latter include tax exemptions, direct agricultural subsidies, producer price support through tariffs and quotas, untaxed environmental externalities, bank privileges, and currency interventions associated with monetary policy.

Table 4 provides an overview of the examined rents, their subcomponents, and their relationship to the regulatory framework.

Table 4. Overview of examined rents.

Rent	Sub-components	Description	Regulation
Natural capital rent	Urban land; other natural resources	Financial or natural income from non-produced capital	Non-taxation of resource rents
Environmental externality rent	Various categories of environmental externality	Natural income from using non-produced capital for disposal of emissions etc.	Non-taxation of externality (implying transfer to polluters)
Tax exemption rent	Various taxes and levels of taxation	Revenue forgone due to tax exemptions	Tax exemption (relative to ordinary taxation)
Price support rent	Agricultural commodities; other goods and services	Regulatory rent from higher prices	Price regulation

		due to tariffs and quota (benefitting producers)	
Bank privileges rent (see text section 2.2)	Four causes (not estimated individually): debt financing through deposits; security despite balance sheet mismatch; payments on national bank demand deposits; subsidized liquidation	Total value of privileges from financial regulation (e.g. IMF 2014, Isch-Taudien et al. 2026).	Financial market regulation
Currency intervention rent	Monetary policy of the Swiss National Bank (SNB)	Value of currency undervaluation (benefitting export and tourism industry)	Monetary policy
Monopoly rent	Monopoly rent of large corporations	Rent due to higher prices	Unregulated monopoly

3.2 Data and sources

Natural capital rents

Schläpfer & Lobsiger (2026) estimated the annual rents flowing from natural capital including urban and agricultural land, hydropower and other natural resources in Switzerland in the years from 2016 to 2021.

Environmental externality rents

Schläpfer (2026) compiled estimates of indirect subsidies due to unregulated environmental externalities in the domains of transport, energy, agriculture, and urban development for the year 2020.

Subsidies through tax exemptions

Official national information on revenue forgone through tax exemptions is limited (Hongler & Redonda 2026, p. 8). The federal estimate is therefore taken from the Switzerland country report on tax expenditures by the German Institute of Development and Sustainability and the Council on Economic Policies, which reports values for 2019 (Hongler & Redonda 2026). For the cantonal and municipal levels, the analysis uses the Canton of Zurich's estimates of revenue forgone through deductions in the taxation of natural persons in 2020 (Canton of Zurich 2025). These values were extrapolated to Switzerland as a whole by assuming that revenue forgone is proportional to tax revenue. In 2020, cantonal and municipal tax revenues

amounted to CHF 2'322 million and CHF 2'479 million, respectively, in the Canton of Zurich, compared with CHF 15'240 million and CHF 9'826 million across all 26 cantons.

Subsidies through price support (tariffs and quota)

The OECD (2026) reports the value of agricultural producer price support resulting from tariffs and quotas on agricultural commodities. This support transfers income from consumers to domestic agricultural producers through prices above the relevant reference level.

Estimates of indirect subsidies to producers resulting from protection measures for other goods and services were taken from Binswanger et al. (2020). The study covers hospitals, gastronomy and hospitality, research, and selected groups of consumer goods. It does not cover several potentially important sectors, including pharmaceuticals and food manufacturing.

Direct subsidies for agriculture

The direct budgetary support of Swiss agriculture can be disaggregated into three categories: 'payments for environmental services', 'payments for avoiding production-related environmental and other damage', and 'other production-related subsidies' (Schläpfer 2020). The latter two categories are subsidies for agricultural commodities with the character of a regulatory rent obtained by the producers.

Subsidies through financial regulation

Enterprises with a banking license enjoy a privileged position. Jost & Gysel (2023) provide an overview and assessment of the value of bank privileges under existing financial regulations in Switzerland. They distinguish the following four categories (translated from Jost & Gysel 2023):

“Debt financing through deposits” — “Our monetary system enables banks to obtain low-cost debt financing through deposits.”

“Security Despite Balance Sheet Mismatch” — “Bank balance sheets have the distinctive feature that the assets on the asset side of the balance sheet typically 1) have longer maturities and 2) are less liquid than the liabilities on the liability side.”

“Payments on SNB demand deposits” — “Banks are permitted to hold significantly fewer reserves with the SNB than the amount of customer deposits they receive.”

“Subsidized liquidation” — “Because of their fundamental importance to the economy, banks cannot simply be allowed to fail.” “In practice, this means that the government bails out banks—or certain parts of them—or provides financial support for their acquisition by another bank. Because the worst-case scenario—that is, a bank failure—is thus normally averted, and a bank’s creditors are often spared, banks can raise debt capital at significantly lower costs than they could without an implicit government guarantee.”

The estimate by Jost & Gysel is based on an assumption that the implicit subsidies of the banks are 1 percent of the Swiss banks’ total liabilities of just over CHF 3'000 billion. For comparison, the International Monetary Fund has assessed the implicit subsidies to system-relevant Swiss banks at 0.5 to 1.5 percent (IMF 2014).

Subsidies through monetary policy

Following the 2008 global financial crisis, the Swiss National Bank (SNB) engaged in massive foreign currency purchases and a currency peg of 1.20 francs per euro between 2011 and 2015. By artificially depressing the value of the franc, these measures effectively subsidized Swiss exporters and hospitality providers, ensuring that their goods and services remained competitively priced on the global market despite Switzerland's structurally high domestic costs. In 2015, the SNB abandoned the 1.20 franc-per-euro peg. The franc instantly increased by nearly 20% (Auer et al. 2021). To counteract the surging franc, the SNB aggressively slashed its policy rate to -0.75%, a historic low maintained for over seven years (von Schweinitz et al. 2021). This measure penalised holding Swiss francs, successfully deterring foreign capital inflows and relieving pressure on the tourism and export sectors. While peers the Federal Reserve and the European Central Bank used low rates primarily to stimulate domestic consumer borrowing and achieve inflation targets, the SNB's shifted toward direct currency devaluation, using its balance sheet explicitly as a shield for its trade-exposed industries (Swiss Bankers Association 2019).

Without the SNB's historic interventions and negative rate regimes, the franc would naturally be much stronger against the Euro and the US dollar. Models evaluating the franc relative to the size of its trade surplus, the SNB's actions have effectively maintained an under-valuation of roughly 15 to 20 percent to keep Swiss tourism and manufacturing competitive (IMF 2023, p. 64).

A conservative estimate of the implicit subsidy is based on the change in the real value of the Swiss franc based on the comparison of exchange-rate movements with inflation differentials since 2015 (Zürcher 2026). On this basis, the franc would have appreciated by 21 percent against the euro and 27 percent against the US dollar, whereas the observed appreciations were 13 and 19 percent, respectively. The resulting 8-percent gap corresponds to about half of the IMF estimate. This study applies the 8-percent gap to approximately CHF 440 billion in exports of goods and services, producing an annual estimate of CHF 35 billion.

The calculation assumes that exporters capture a benefit proportional to the full estimated undervaluation; it does not separately estimate exchange-rate pass-through, imported-input costs, hedging, or the distribution of gains between producers and customers. The figure should therefore be read as a preliminary upper-bound proxy rather than a directly observed subsidy.

Monopoly rents

Because no empirical estimate of monopoly rents was available, this study constructs a preliminary proxy from reported earnings of the ten most profitable Swiss-registered corporations. For each company, the proxy counts the portion of profit associated with a net-profit margin above 10 percent. The 10-percent benchmark is a pragmatic assumption rather than an independently estimated competitive return, so the result should be interpreted as a sensitivity calculation, not as a direct measure of monopoly power. Data for the period from January 2024 to January 2025 were obtained from the freely available source Financecharts.com.

Summary of sources

Table 2 presents a summary of the examined data and the sources.

Table 5. Data and main sources.

Subsidy or rent	Data (year)	Source
Natural capital rents	2016/2021	Schläpfer & Lobsiger (2026)
Environmental externality rents	2020	Schläpfer (2026)
Tax exemptions, federal	2019	Hongler & Redonda (2026)
Tax exemptions, cantonal and municipal	2020	Canton of Zurich (2025)
Price support, agricultural commodities	2024	OECD (2026),
Price support, other goods and services	2020	Binswanger et al. (2020)
Direct subsidies for agriculture	2018	Schläpfer (2020)
Financial regulation (bank privileges)	2023	Jost & Gysel (2026)
Monetary policy (currency undervaluation)	2026	Zürcher (2026) / own estimate
Monopoly rents	2024	Own estimate

3.3 Calculations

All source estimates were converted to 2024 Swiss francs using inflation data from the Swiss Federal Statistical Office. GDP and resident-population data from the same source were used to calculate shares of GDP and per-capita values. The source estimates refer to different years and were produced using different concepts and methods; the conversion therefore standardizes prices but not measurement design or economic conditions. Adding the categories further assumes that they do not overlap. The aggregate estimate should consequently be interpreted as a preliminary order of magnitude, with potential overlap examined in the Discussion.

4 Results

Table 6 presents the estimates of the compiled studies converted to CHF in 2024. The estimated rents from natural capital amount to CHF 139.1 billion annually. Urban land accounts for 99 percent of this amount, including rental income attributable to land and increases in land asset values. The remaining 1 percent consists mainly of rents from hydropower, agricultural land, and other natural resources (Schläpfer & Lobsiger 2026).

The environmental externality rents are the uncompensated value transfers from people affected by pollution and other environmental impacts to the actors generating those impacts. The main contributions to the total of CHF 32.3 billion come from transport and land development. The total is presented both before and after deducting externality charges and correcting for double counting, following the method used in the original study.

The indirect subsidies or regulatory rents resulting from tax exemptions amount to CHF 52.4 billion. Federal and sub-federal tax subsidies each contribute about half of the total.

The data for the subfederal level underestimates the total as it includes only the taxes of natural persons.

The estimate for indirect subsidies or rents to producers through price support is CHF 6.6 billion. About half of the price support through border protection measures supports the producers of agricultural commodities, the other half other producers. The estimate for the other producers is, however, based on a limited number of product categories.

The budgetary subsidies for agriculture amount to CHF 2.1 billion (Table 7). They include budgetary subsidies agriculture which have the character of transfers from taxpayers to farmers and consumers of private agricultural commodities. Payments that remunerate farmers for public-good environmental services were not considered as subsidies and are therefore not included in the estimates.

The financial regulation rents from bank privileges described in the original study as ‘debt financing through deposit’, ‘security despite balance sheet mismatch’, ‘payments on national bank demand deposits’, and ‘subsidized liquidation’ amount to CHF 30 billion. The contributions of the four privileges are not separated out in original study as this is methodically problematic.

The original (own) preliminary estimate for the subsidy to export-oriented companies and tourism through monetary policy (currency undervaluation) is CHF 35 billion.

Finally, the original (own) preliminary estimate for the monopoly rents is CHF 6.2 billion. Three healthcare companies account for a large share of this proxy estimate. Table A1 in the Appendix contains the calculation.

Table 6. Economic rent estimates.

Rent category/subcategory	Amount (billion CHF 2024)	Percent of category total
Natural capital rent	139.1	100.0
Urban land	137.7	99.0
Other natural resources	1.4	1.0
Environmental externality rent, net total	32.3	100.0
Transport	10.9	33.7
Energy	7.2	22.4
Agriculture	3.8	11.8
Urban development (urban expansion)	12.0	37.1
<i>Gross total</i>	33.9	105.1
Externality fees paid	-1.6	-4.8
Correction of double counting	-0.1	-0.2
Tax exemption rent	52.4	100.0
Local taxes	10.4	19.8
Cantonal taxes	16.1	30.8
Federal taxes	25.9	49.4
Direkt federal taxes	10.7	20.4
VAT	8.6	16.4
Stamp duties	4.7	8.9
Mineral oil tax (air traffic, agriculture etc.)	1.8	3.4

Other taxes	0.1	0.2
Price support through tariffs and quota	6.6	100.0
Agricultural commodities	3.1	47.0
Other goods and services	3.5	53.0
Direct subsidies (agriculture)	2.1	100.0
Subsidies for damage avoidance	0.7	32.7
Other subsidies	1.4	67.3
Financial regulation rent	30.0	100.0
Monetary policy rent	35.0	100.0
Monopoly rent	6.2	100.0

Sources: see section 3.2.

Table 7 summarizes the estimates. Natural capital accounts for the largest share of the total of CHF 303.5 billion, followed by tax exemptions, currency undervaluation, environmental externalities, and financial regulation. The aggregate corresponds to approximately CHF 33'500 per capita and 35.5 percent of GDP.

Table 7. Summary of subsidies

Category	CHF (2024)	CHF per capita	Percent of total
Natural capital rent	139.1	15'367	45.8
Environmental externality rent	32.3	3'566	10.6
Tax exemption rent	52.4	5'786	17.3
Financial regulation rent	30.0	3'315	9.9
Price support rent ^a	6.6	727	2.2
Direct subsidy rent	2.1	229	0.7
Currency undervaluation rent	35.0	3'867	11.5
Monopoly rent	6.2	681	2.0
Total	303.5	33'538	100.0

^a Rent from price support through tariffs and quota.

5 Discussion and conclusion

The main finding is that the eight estimated categories of permanent economic rent sum to approximately one third of Swiss GDP. Natural capital, tax exemptions, currency undervaluation, environmental externalities, and financial regulation account for most of the total. Each category is connected to a regulatory choice, including decisions not to tax, price, or constrain a rent-generating activity. The estimates therefore suggest that the observed distribution of rents is institutionally shaped rather than economically predetermined.

An aggregate estimate of CHF 303 billion, or approximately 35 percent of GDP, indicates the potential scale of income flows associated with ownership, market power, and regulatory design. In the classical-economics tradition, some of these rents could instead serve as a source of public revenue (Mazzucato et al. 2023). The estimates also indicate that beneficiaries may have strong incentives to preserve existing arrangements and invest in rent-

seeking activity (Tullock 1967; Krueger 1974). Establishing the extent of regulatory capture or the amount of investment displaced from productive activity, however, would require evidence beyond the accounting estimates presented here.

The present analysis provides novel insights into relative contribution of different rent categories in Switzerland and places category-specific estimates in perspective (see Table 9). For instance, natural capital rents account for almost half of the estimated total, while untaxed environmental externalities and currency undervaluation each contribute about one tenth. Tax exemptions account for roughly one sixth. The combined direct and indirect support for agriculture is less than one third of the estimated value of bank privileges under existing financial regulation.

The findings raise the question about counterfactual developments. Most importantly perhaps, the devaluation of the currency has helped the export industry and hence the Swiss economy. In a counterfactual development, economic growth, immigration and population increase would have been lower. Accordingly, the demand for housing and the increase in land and rental prices would have been more moderate. Second, regulation of externalities based on a polluter-pays principle (Schlöpfer & Vatn 2023) would have resulted in lower emissions and higher environmental quality. Third, border protection measures have supported producers and monopoly rents and increased prices for consumer goods including, notably, meat and dairy prices. These considerations suggest that the high level of rents has systematically favored the high-income segments of the population.

The level of ‘bad’ economic rents questions about policy implications. Most rents in this study and also more generally are associated with regulatory decisions. Economic theory suggests how ‘bad’ rents can be reduced or avoided in the first place (Schwerhoff et al. 2020). In principal, capitalist democratic economies could change these regulations. Another question is, however, whether democratic capitalist economies with high levels of economic rents are able to do this not only in theory but in practice.

Surprisingly perhaps, rents have received limited attention in Swiss political debate, including in discussions of housing policy. For example, our high recent estimates of Swiss land rents (Schlöpfer & Lobsiger 2024 and 2026) have attracted little visible political discussion. Debate about the housing crisis has instead tended to emphasize targeted affordable-housing measures rather than policies aimed directly at land prices and land rents (e.g., Schlöpfer 2026b). One potential reason is that many left-wing voters are landowners. The issue may not be one between left and right but rather one between lower and higher incomes. A systematic analysis of party programmes, parliamentary activity, and media coverage would be required to determine whether this pattern reflects the influence of landowner interests.

The estimates are preliminary and subject to three main limitations. First, the assessment is incomplete: for instance, it excludes possible rents associated with relatively lax regulation of money laundering in real estate, and the sub-federal tax-expenditure estimate covers only the taxation of natural persons. These omissions bias the aggregate downward. Second, several source estimates are themselves uncertain because empirical work on economic rents remains limited and the underlying studies use different years and methods. Third, some categories may overlap, which would bias the sum upward. For example, monopoly profits earned on exports may partly reflect the same currency advantage counted under currency undervaluation. Because the likely directions of these errors differ, the total

should be interpreted as an indicative range or order of magnitude rather than a precise point estimate.

Future research should examine whether comparable patterns arise in other countries and develop more consistent classifications of economic rents, building on the conceptual analysis of Stratford (2023), Mazzucato et al. (2023) and others. Such conceptual work should be linked to empirical approaches that can be implemented with available data, quantify uncertainty, and identify overlaps between rent categories. The preliminary estimates of the present study show that economic rents have become an extremely important feature of the Swiss and similarly organized modern economies. The phenomenon of increasing rents is still largely neglected in Swiss and international policy debates. Due to their negative impacts on economic competitiveness and social and environmental sustainability, economic rents deserve more attention from researchers, policymakers, the media, and the public.

Appendix

Table A1. Calculation of monopoly rents, pragmatically defined as profits exceeding 10% net-profit margins of the 10 most profitable companies in Switzerland (billion US-\$).

Name	Sector	Market Cap	Net Income ^a	Revenue ^a	Net profit margin	NPM minus 10	Pos. NP >10% NPM
Chubb	Financial	110.2	9.3	55.8	16.6	6.6	615
Holcim	Materials	59.1	3.3	29.8	11.2	1.2	41
Nestle	Consumer	243.9	12.1	101.8	11.9	1.9	232
Novartis	Health Care	194.4	16.2	48.9	33.1	23.1	3'737
Roche	Health Care	268.5	12.8	65.5	19.6	9.6	1'228
Sandoz	Health Care	18.4	3.0	7.9	37.9	27.9	835
Sika	Materials	42.5	2.2	22.5	9.7	-0.3	0
Swiss Re	Financial	40.2	3.8	29.4	12.9	2.9	110
UBS	Financial	97.2	5.1	87.2	5.8	-4.2	0
Zurich Insurance	Financial	80.1	4.9	70.8	6.9	-3.1	0
Total		1'154.5	72.7	519.5	165.7	65.7	6'799

Source: Financecharts.com (data net income and revenue: February 24, 2025; trailing twelve months)

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