

bulletin

A photograph of three people in a laboratory or industrial setting. On the left, a man in a dark blazer and light blue shirt stands with his arms crossed. In the center, a man in a brown button-down shirt sits on a swivel chair. On the right, a woman in a dark blazer and black top stands with one foot on a metal step ladder. The background is filled with complex machinery, pipes, and wires.

The Credit Suisse Magazine Since 1895 Number 5 Dec. 07/Jan. 08

Switzerland

Swiss Innovators Award-Winning Entrepreneurs

Hot Topic Experts Discuss Climate Change

Walter Kielholz Credit Suisse Chairman Is Optimistic

Master Plan New Jobs in the Swiss Financial Sector

Luxury Cars Move Toward Environmental Friendliness

Peter Brabeck Nestlé Boss on Business and Pleasure

The Online Magazine of Credit Suisse

In Focus

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Football Credit Suisse has been the main sponsor of Switzerland's national football team for almost 13 years – and In Focus has been the official information platform for the “beautiful game” for more than three years.



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Competitions Win a notebook? Concert tickets? Tickets to a football match? Or a visit to the Formula One paddock? In Focus regularly gives away attractive prizes. It's worth taking a look.



Switzerland is in good shape, almost better than ever. As upbeat as this conclusion may seem, it is solidly backed by the latest findings of the “Worry Barometer,” a representative survey that has been conducted for over 30 years by an independent research institute on behalf of the Credit Suisse Bulletin. This year, nearly 60 percent of the Swiss respondents reported that they are in good to very good economic shape. And what could possibly be a more telling way to gauge the state of a nation than by asking its citizens for a personal assessment? But that’s not all: A whopping 94 percent of all respondents expect next year to be as good, if not better. This optimistic, almost gushing sentiment across the country comes as a surprise, given the cliché that paints the typical Swiss as rather reserved and guardedly pessimistic.

Professional economic forecasters also share the bright outlook of the Swiss for the coming year. According to our Chief Economist at Credit Suisse, Alois Bischofberger, the Swiss economy will weather the mild slowdown in the global economy and also the worldwide credit market turbulence, and grow by almost 2 percent next year. This is a respectable, if slightly reduced pace compared with recent years. From a domestic perspective, he welcomes the slackening in the global economic boom of the past years taking into account the emerging signs that the world economy is overheating.

Credit Suisse is also in good shape. While we are, of course, also affected by the global financial market turbulence, Credit Suisse was yet again able to increase net profit by 9 percent in the first nine months over the record-breaking results in 2006. The globally integrated business model introduced two years ago is clearly paying off. Region Switzerland within Credit Suisse is a key player in achieving this success. After all, roughly one-third of total profit is generated in Switzerland, and this share has seen double-digit growth over the past two years. Switzerland also frequently takes on the role of trailblazer within the bank as a whole – for example by designing new, innovative products and services that are then sold worldwide.

What’s more, Credit Suisse is one of Switzerland’s largest employers, taxpayers, and purchasers – with a workforce of over 20,000, tax volumes of 1.4 billion francs, and expenditure to the tune of 2.1 billion francs in 2006. We are delighted to play our part in ensuring Switzerland’s well-being. And hope to continue to do so for many years to come.

Dr Ulrich Körner, CEO of Credit Suisse Switzerland

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Bulletin 5/07 The future of Switzerland is in the hands of young, innovative entrepreneurs. It was this conviction that led Solothurn industrialist William A. de Vigier to establish the de Vigier Foundation in 1987. Since then, the foundation has provided financial support of 100,000 Swiss francs to five promising start-ups every year. The 2007 prizewinners include Mario Vögeli, Giovanna Davatz and Rico Chandra with their new type of ray detector.

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Moritz Leuenberger
Swiss Federal Councillor and Environmental Minister



Brady Dougan
CEO of Credit Suisse

Discussion Point

Can We Afford to Turn a Cold Shoulder to Climate Change?

The United Nations Framework Convention on Climate Change got the world population to sit up and take notice of global warming. The question is what exactly should society do about it? The Bulletin invited four experts to share their opinions on climate change: **Klaus Schwab**, president of the World Economic Forum, **Moritz Leuenberger**, Swiss Federal Councillor and minister for the environment, transportation, energy and communication, **James P. Leape**, general director WWF International, and **Brady Dougan**, CEO of Credit Suisse.



Klaus Schwab
President of the World Economic Forum



James P. Leape
General Director of World Wildlife Fund International

Interview: Mandana Razavi and Andreas Schiendorfer

Bulletin: About 850 million people globally suffer from malnutrition. Should one care about the world climate knowing that thousands of people die of hunger every day?

James P. Leape: Absolutely, because many more could starve, or face serious food or water shortages through extreme weather events in a climate-altered world. This really isn't an either-or situation. We must, of course, also end hunger. But if we do not also take action now to avert dangerous climate change, the poorest regions of the world will suffer most from rising sea levels, storms, and drought.

Moritz Leuenberger: Large numbers of individuals are actually dying due to the climate; and the fact is that these two problems are closely interrelated. Climate change leads to water shortages and turns whole regions into arid wastes – which, in turn, causes famines. So by supporting projects at home and abroad to protect the climate, Switzerland can also play its part in reducing hunger in other parts of the world.

Klaus Schwab: Yes. It is true that there are many pressing problems facing the world, but the challenge of climate change, if left untackled, will mean the numbers of people dying of hunger each day will increase significantly. Furthermore, the process of climate change will threaten the broader global economy, undermining the security and wealth of the richer as well as the poorer countries.

A report last year on the economics of climate change by a British economist and academic, Sir Nicholas Stern, suggests that if left unchecked climate change could erode the value of up to 5 percent

of the world's gross domestic product (GDP). Yet, to now begin tackling the problem would cost far less than that. This makes it a rational risk reducing exercise to engage in at this stage. In doing so, it may well be that many of the "climate proofing" technologies, which are deployed to improve agriculture, water management and other key parts of the economic system, will actually also help those who are suffering today. In this manner climate change and development responses can go hand in hand.

Brady Dougan: Yes and more than ever before, these issues are intertwined, given the role of climate change in exacerbating drought and famine. I believe that as concerned individuals, we need to care about people who are suffering today, and try to prevent more suffering as a result of climate change-induced crises.

Slowing or perhaps even reversing the climate change can improve agricultural conditions in severely affected regions, and enhance available food supply in many of the poorest areas of the world. The fact is we must do both: take action to protect the environment and ameliorate the suffering of the poor and indigent.

Business leaders from around the world will meet at the World Economic Forum in Davos in January 2008. What role should global enterprises play with regard to climate protection?

Klaus Schwab: International companies are an important stakeholder in the climate protection process. International companies can develop new technologies for clean energy creation; they >

can purchase clean energy and low energy products themselves; they can reduce their own emissions; and they can develop lower-carbon products for their customers and consumers. The market for international companies to do this is growing exponentially. Therefore companies must take leadership in the development of these new low-carbon offerings. For example, the renewable energy technologies market alone is forecast to grow from 27 billion dollars in 2005 to 46 billion dollars by 2008.



“Switzerland can make an important contribution to tackling climate change.”
Klaus Schwab

Companies that make the effort to take a closer look at the possibilities of becoming more engaged will find that there are many innovative, practical and profitable greenhouse-gas-reducing actions and innovations they can pursue, across their industrial sectors and in partnership with the government. Energy efficiency measures are a good example.

The International Energy Agency (IEA) estimates that up to 45 percent of global greenhouse gas emissions could be reduced through energy efficiency improvements. To stimulate these types of activities however, policies that incentivize energy efficiency across the public and private sectors are needed. For example through procurement strategies, energy efficiency benchmarks and standards for goods and services.

James P. Leape: Companies can play a huge role in the fight against climate change. Responsible, sustainable business practices can add a lot to the well-being of society and the planet. The World Wildlife Fund (WWF) regularly engages with businesses and challenges them to drive change. Some of these businesses have made significant cuts in their carbon emissions, and have realized that this has also made a difference to their bottom line.

One of the businesses that we engage with is Lafarge, the world's biggest cement producer. Lafarge emits twice as much CO₂ as Switzerland. But Lafarge is leading in its sector by example. It has set ambitious targets for reducing its greenhouse gas emissions. It is improving energy efficiency by modernizing production plants, is using alternative fuels and raw materials in the production of its cement, and is investing in research to find new ways to reduce its CO₂ emissions.

Brady Dougan: Companies have a responsibility to operate appropriately and take action to reduce the impact of their operations on

the environment. But climate protection also offers businesses an opportunity to do what they do best – identify and meet needs that have not been met. As the engine of innovation, enterprise has a natural role in developing and implementing effective measures to combat climate change.

As a global bank, I think Credit Suisse has an important role to play in supporting environmentally responsible development and considerable responsibilities. We are a leader in identifying the best new ideas, technologies, entrepreneurs and companies focused on “green” efforts, and helping them access private and public markets around the world. We're involved in a number of clean energy projects, and manage over 440 million dollars of green investments for private clients. We are a pioneer in the trading of new financial products that help generate and distribute environmental benefits.

In fact, in recognition of the increasing importance of environmental issues to our clients, we have formed an Environmental Business Group (EBG) to coordinate business activities related to the environment on an integrated basis.

We take our corporate responsibilities very seriously. In fact, we meet ISO 14001 standards for our environmental management system and achieved greenhouse gas neutrality of all our operations (including travel) in 2006 for Switzerland. We have also committed ourselves to become globally greenhouse gas neutral in 2009.



“Credit Suisse has an important role in supporting environmentally responsible development.” Brady Dougan

Moritz Leuenberger: It is my firm belief that every company's investment decisions influence the amount of CO₂ it produces. Companies should therefore be interested in developing and marketing climate-friendly technologies for ecological reasons – but most of all, also for business reasons. This is a market that offers huge opportunities for Swiss firms. Even at this stage, the EU is expecting the volume to exceed 1,000 billion euros.

Since the 1990s the term “globalization” has often been accompanied by critique. It is a phenomenon that continues to spur controversy. From the climate protection perspective, is economic globalization a blessing or a curse?

James P. Leape: Economic globalization contributes to climate change in some obvious ways – not least the soaring emissions

from air transport, which is carrying more and more people and freight around the globe. The key question, however, is whether globalization can become part of the solution – whether new trading partnerships can help disseminate low-carbon technologies and, especially, whether the growth of global carbon markets can help channel resources into countries that are working to build low-carbon economies.

Moritz Leuenberger: It's true that international trade contributes to the rise in CO₂ emissions because it increases the volumes of goods and people that are transported. However, globalization also represents an opportunity in the fight to halt climate change – or



“Globalization represents an opportunity in the fight to halt climate change.”

Moritz Leuenberger

even a necessity. This is because internationally coordinated actions are the only effective way of reducing greenhouse gases. And the effects of climate change can only be lessened by policies adopted on the basis of solidarity.

Brady Dougan: One of the effects of globalization is that it makes the world smaller. The more globalized the economy, the more we all are, if you will, in the same boat. The effect of this is to make it more difficult for individual nations to opt out of a unified, global solution to the problem. From this point of view, at least, globalization makes it easier to face the challenges of climate change.

In my view, economic globalization leads to increased prosperity and to closer interconnection between countries. In this regard, it has a hugely positive impact on strengthening our common efforts for sustainable living. And it is clear that meaningful action to protect the environment and the climate needs to be taken locally but thought about globally.

To put it another way, we need to empower people and institutions to respond effectively to their local environmental issues while maintaining a global perspective on the overall health of the environment.

Klaus Schwab: Economic globalization creates wealth. And wealth moves people out of poverty. If countries and their inhabitants are less poor, fewer people will die of hunger, disease or in childbirth. As poverty decreases, more people can attend school and can think of other things to do rather than concentrating on their own basic survival. Within this context, globalization is a hugely positive economic and cultural force that improves the human condition.

As a result of our improved knowledge, we are now much more aware than ever before of the earth as a complex environmental system that we must all utilize wisely to sustain economic growth. Issues like climate change are of great interest to the general public. For example, if a factory in Switzerland emits greenhouse gases, it can affect everyone, not just those near to it. There are no national boundaries to greenhouse gases. This means we need global systems of cooperation to address the growing problem.

The systems of interaction and law that economic globalization has helped to create, and the international institutions that ensure equity and security are promoted, are the same important pieces of the global systems puzzle that will help us find and implement a global process to manage climate change. Without doubt, we need a global economy in order to improve the human condition and we need a global economy in order to properly manage our global environmental systems. The two go hand in hand.

To dig a bit deeper, what in your opinion, will have the bigger effect on managing climate change in long term: strictly enforced government regulation or the general boost of incentives to stimulate companies in the development of new technologies and in reducing emissions?

Moritz Leuenberger: It is the mission of politicians to create overall conditions that will persuade businesses and private individuals alike to choose climate-friendly products and technologies. This can be achieved in a number of ways, for example by imposing environmental taxes, and also through enforcing statutory regulations or financial incentives.

Klaus Schwab: As I mentioned, as the global political arena becomes more aware of the need to manage our economic growth within the earth's environmental constraints, this will stimulate the need for political innovation. A policy on global warming cannot be



“Politicians can’t afford to sit back and wait for a more politically expedient time to act.” James P. Leape

pursued by just one or only a few countries. At the very least the 15 biggest economies of the world must be actively involved in a policy to manage climate change.

This necessitates a global political discussion, which takes into account the different viewpoints and perspectives, but which >

also seeks to discover a means to stabilize and reduce the net greenhouse gas emissions across all countries. So, from a more positive perspective, climate change does offer the leaders of the major economies of the world a rare political platform on which to negotiate and find common ground around a pressing global issue. It also provides a historic opportunity for today's politicians to illustrate the capacity for humans to collaborate and innovate in the pursuit of a common agenda.

James P. Leape: Politicians of the moment have the rare chance to write themselves into history books as the ones who stepped up and did something that could truly alter the path of humanity. Or they could fail, and leave future generations with a vastly different and depleted world.

Politicians need to make sure that their governments are doing everything they can to help avert climate change – investing in renewable energy technologies, in public transport systems, and in new designs for cities and towns that can help us to live sustainably. Some will need to write new legislation, and others to sign up to existing multilateral agreements. What politicians can't afford to do is sit back and wait for a more politically expedient time to act. It won't come ... and they will have squandered the chance to make a difference.

Brady Dougan: While every citizen, individual and corporate can and must make a contribution towards mitigating climate change, a comprehensive, global approach is needed. That will require a thoughtful global dialogue.

This process ideally results in developing the right incentives for companies and individuals to work towards mitigating climate change. In the context of a challenge as difficult as global warming, it is clear that the best results will be obtained from collaboration between the public and private sectors.



“Switzerland's emissions per capita are about 1.5 times more than the global average.” Moritz Leuenberger

Which measures for climate protection are preferred?

The regulations issued by governments or the general promotion of innovation in businesses?

Moritz Leuenberger: Both approaches have the same goal and they can certainly be combined, for instance by investing part of the income from a “green tax” in the development of climate-friendly technologies. Which type of measure should receive most emphasis

is more of a political question. Personally, I am in favor of a good mix. At any rate, the voluntary approach doesn't and won't achieve adequate results.

James P. Leape: I agree that we need both. It is clear that we need government commitments to hard targets for reducing emissions, for example, to drive action, and that in many cases government



“The snow and ice that help make Swiss life so special are melting.”
James P. Leape

regulation is an indispensable tool to translate targets into implementation. In some cases, the government must establish the rules, so that markets can work – government standards have proven very successful in increasing energy efficiency in appliances, cars and buildings, for example.

Clearly incentives will also play a role in various forms – perhaps most importantly from the creation of carbon markets such as Europe's Emission Trading Scheme.

Brady Dougan: It clearly takes both. While excessive regulation can have the effect of dampening innovation, some rules of the road are important. The promotion of innovation is also important. Among other things, innovation has the benefit of allowing key players to set higher standards than might be agreed through national or international regulation. From a global corporation's perspective, we prefer minimal regulations that give us enough leeway to determine our own innovative solutions for how to best contribute to the issue of climate protection.

Klaus Schwab: It is important that whatever measures are implemented are practical, measurable, fair and will have an impact on greenhouse gas reductions. Long-term targets and policies need to be created – for example, a reduction pathway to 2050 – to offer certainty to businesses and others who have to make large investment decisions in things that last a long time, like a factory or a power station. Based on experiences from the Kyoto Protocol, it seems that a global policy that builds upward from domestic policies to tackle climate change is preferable.

A purely “top-down” global policy may not take into account the wide range of responses that different countries feel they are best able to pursue. As a consequence, there will likely be a mix of rules, regulations and technological development, used to tackle greenhouse gas emissions. Some common regional or global policy instruments will be important, such as mechanisms that promote clean

energy investments in poorer countries and various means to trade carbon credits.

How relevant is the contribution of a small country like Switzerland to the world climate, given that it is responsible for only 0.2 percent of worldwide CO₂ emissions?

Brady Dougan: Switzerland's CO₂ emissions are at the low end of the global spectrum. But many large, prominent multinational corporations are headquartered in Switzerland. They operate and sell products in virtually every country in the world. In addition, Switzerland is seen as a leader in promoting environmentally responsible practices and policies domestically, and supporting strong global standards. As a result, the contribution and perhaps the ultimate responsibilities of the Swiss people are greater than the actual CO₂ output would indicate.

Could Switzerland's contribution to the global environment be even greater? I think so, given the concentration of scientific, technological and financial talent, expertise and resources within its borders. And as the host nation for many international agencies and organizations, Switzerland is in a unique position to advance discussion and action concerning climate change and action.

Klaus Schwab: While its overall emissions in relation to the global total may be small, Switzerland can still make an important contribution to tackling climate change through its unique geography and the strength of its human capital.



“We need a global economy in order to properly manage our global environmental systems.” Klaus Schwab

Swiss policy thinking has a particularly important role to play in the discussions on adapting to climate change, as the winter tourism industry will be a key economic sector of Switzerland that will need to evolve. A recent Organization for Economic Co-Operation and Development (OECD) report about the future of skiing noted that a 1-degree-Celsius change in temperature, likely by 2025, will lower the number of viable ski slopes in the Alps from about 666 to 500; a 2-degree rise would lower the number to 400. The Alps currently attract up to 80 million winter tourists each year. Over the next three years, which are critical to the development of a post-Kyoto policy, Switzerland can also host – and help to focus – important global discussions on climate change policy. As host to the United Nations and a range of other international organizations,

Switzerland is uniquely able to convene an international and human development perspective to the issue. A classically neutral country, domestic Swiss policy thoughts on how to manage climate change can be original and focused on practicalities rather than biased by any particular geopolitical or technology position. This can help to provide policy inspiration to other countries.

With its scientific community, at CERN for example, Switzerland is also able to promote itself as a key research hub for new, cleaner energy technologies. With the business community networks it enjoys, for example, hosting the headquarters of the World Business Council for Sustainable Development and the World Economic Forum, Switzerland can also provide a unique platform to bring the business and government communities together in climate change policy discussions.

Moritz Leuenberger: The figure may sound low, but it's actually quite a lot. That's because Switzerland's emissions per capita are about 1.5 times more than the global average. If we don't want to continue to contribute to global warming in the long term, we will have to cut our annual emissions from 7.2 tons of CO₂ per person at present to a maximum of 1.5 tons per person. In economic and technical terms, Switzerland is ideally equipped to behave in a more climate-friendly way. We shouldn't forget that warming is progressing at above-average speed in our country. In particular, our ecologically sensitive mountain regions will suffer severely from the consequences of climate change unless we curb it.

James P. Leape: The point about climate change is that it affects each and every one of us around the globe, and each and everyone of us has the opportunity to make changes in our lives that added together will make a difference.

Switzerland has one of the lowest rates of carbon emissions in Europe, and should be applauded for that, but – as one of the wealthiest countries in the world – it has a much bigger responsibility. We all need to do more if we are going to keep climate change below dangerous levels.

Attempts by Geneva to significantly reduce its energy intensity are a step in the right direction, but the aim for all Switzerland must be to become carbon neutral. Industrialized countries will need to embrace carbon-neutral, renewable sources of energy to meet future demands. They must make sure that they are building power plants, homes and cars that free us from the grip of fossil fuel reliance and work to curb emissions.

Already in Switzerland, the affects of climate change can be seen. Glaciers through the Alps are losing 1 percent of their mass each year, and at that rate will be gone by the end of the century. The snow and ice that help make Swiss life so special are melting. Switzerland needs to act before they are gone. <

Tradition as the Basis of the Swiss Identity

The guilds might have lost their political dominance in Switzerland, but they are still alive and well. For many, they are an important emotional element that defines the Swiss identity. Even those not directly involved in the many guilds participate in their spirited traditions when they join the varied public festivals throughout the country.

Text: Barbara Simmen-Fritschy

Guilds, which are called Zünfte in German, are very familiar to people in the Zurich area mainly because of the Sechseläuten public festival in April. This vibrant spectacle is a favorite of children and adults alike. The Sechseläuten festival stems from the tradition of driving out evil winter spirits and welcoming the longer, milder days of spring. On this day, the members of the 26 guilds of Zurich don traditional costumes and parade through the city.

Some 3,000 guildsmen, over 350 horsemen, 50 horse-drawn wagons and around 30 bands make their way through Zurich, cheered on by the public, who traditionally give flowers to the guildsmen. The troop makes its way to the Sechseläutenplatz for the burning of the "Böögg," a cotton and straw effigy, representing winter. As the guild members on horseback impressively race around the 13-meter tall pyre topped by the Böögg, and all of the church bells ring in six o'clock (Sechseläuten), the pyre is set on fire. The horsemen circle the blaze thrice to the tune of the official Sechseläuten March and then everyone waits for the highlight – the explosion of the Böögg. Legend has it, that the quicker the Böögg's snowman-like head explodes, the sooner summer will come.

Sechseläuten gives the guilds in Zurich a more prominent public presence than they enjoy almost anywhere else in the country. Yet many Swiss, though they enjoy the guild-related festivities, don't know much about their history.

Guilds Live on Through Future Generations

Unlike many other traditional organizations and institutions, most of today's guilds have no difficulty in recruiting the next generation of members. Some guilds have a good example of this: the so-called

Young Guildsmen groups, the members of which are young men who are not yet old enough to join the guilds themselves. The question still arises as to what makes young men want to join organizations with the motto: "In which the old core of the citizenry maintains and fosters love for their native city and for their motherland both near and far, a positive sense of tradition – and the understanding of old Zurich customs, practices and festivals?"

The Emotional Bond is Decisive

Alfred R. Sulzer – master of Zurich's Zunft zur Meisen (Titmouse Guild), originally the guild of wine merchants, saddle-makers and painters – believes it's principally their emotional ties to the city of Zurich that lures them into joining. And that's true for many who join: Few of those symbolic, ritualistic activities that bind the individual to the state have survived into the modern era. The guild is virtually unique in offering that emotional element. What created it so many years ago was the sense of really being part of a group, of identifying with the city of Zurich, its history and its future. If the guilds strike outsiders as somewhat anachronistic, a relic of olden times – their social, identity-fostering function gives them a pronounced orientation towards the present and the future.

As long ago as the 12th century, in the towns of western and central Europe, artisans came together in craft-specific groups to represent their interests more effectively. Their names varied. What was known as an "Innung" in one place was known as a "Gilde," a "Korporation" or a "Meistergruppe" (craftsmen's association) in others. In the German-speaking area, "Zunft" was the standard term. The first recorded use of the word in Switzerland was in Basel >



Credit Suisse and the Zunft zur Meisen

Founded in Zurich in 1856, Credit Suisse has had close links with the Zunft zur Meisen throughout its history. Wilhelm Kaspar Escher, for example – a former chairman of the Credit Suisse board of directors – was simultaneously master of the guild, proposing several of the bank's top managers for membership. The effects of this are still perceptible in today's membership lists.

Walter B. Kielholz, the current chairman of the Credit Suisse board of directors, is a Zunft zur Meisen member – though he has his wife to thank for this, as she comes from one of the traditional “Meisen” families.

In 1226. The guilds engaged in a wide range of activities, which varied from one town to another. Common to all of them was the pursuit of prosperity for their particular craft. The guilds set wages, prices and production volumes, for example, and took an interest in training the next generation of craftsmen. At the same time, they fostered social contact, and engaged in activities beneficial to the towns in which they lived. In some towns they went further, achieving political power by becoming involved in government.

In Zurich, for example, apart from members of the aristocratic Constaffel Society, only guild members could be town councilors. The guilds achieved this political involvement between the 13th and 15th centuries, wresting power from the patriciate – consisting mainly of influential merchants – that had previously monopolized it. The craftsmen of Zurich allied themselves with Rudolf Brun, a nobleman, who in 1336 – with their help – overthrew the town council and promulgated a new guild constitution. From then on, the guilds were an ever-present force in the lives of everyone in Zurich – from the cradle to the grave.

The Turning Point Came in 1798

In the centuries that followed, the guilds retained their significance – though they could not entirely escape the effects of the Reformation, economic difficulties and the shift of individual manufacturing activities out of the cities as part of the proto-industrialization process. Despite a growing awareness that guild controls were acting as an impediment to modern development, their social and political roles were not fundamentally questioned.

The turning point came with the Helvetian Republic of 1798, after which the Zurich guilds officially disbanded – only to reconstitute themselves immediately. Formerly public-sector organizations, the guilds now transformed themselves into private societies. This was the only way of holding onto what was left of their assets,

the bulk of which had been swallowed up in levies to support the French occupation forces. The guilds finally lost political influence in 1866, when suffrage passed to the community of residents. Since then the functions of the guilds have been social, centering particularly on the joint celebration of the Sechseläuten festival. Zurich's guilds have done far more than survive: Incorporations and new foundations have actually doubled their number. Since the beginning of the 20th century the guilds have concentrated more and more on old traditions, a trend that has even affected the vocabulary they use. Archaic terms that have now otherwise fallen into oblivion are used for their statutes, their general assemblies and their chairmen (now known as “Zunftmeister” or “guild masters”). Forgotten guild traditions have also been revived, and new ones invented. Many of what are generally thought to be ancient guild traditions date back not to their origins, but no more than 100 or 150 years. This focus on the history of the guilds served to provide them with a new purpose: to foster their own traditions, and those of the city of Zurich.

Zurich's guilds often have bizarre names, unconnected with the crafts originally associated with them. How, for example, could the Saffron Guild and the Zunft zur Meisen possibly have acquired their names? These go back to the “Trinkstuben” (taverns) that used to be the focal points of social life. As long ago as the 16th century, according to the historian Markus Brühlmeier, the guilds increasingly tended to name themselves after their favorite tavern, rather than the craft they represented. For example, the wine merchants became the Zunft zur Meisen, the grocers the Saffron Guild.

The Zunft zur Meisen Celebrates the Anniversary of Its Hall

The guild halls are far more than mere drinking establishments. The Zunft zur Meisen – which celebrates its 250th anniversary this year – is a particularly lovely example. This imposing rococo-style palace on the Limmat is the last guild hall left in Zurich that dates back to before the events of 1798.

Like most of the guilds, the Zunft zur Meisen tried to get rid of its hall – which had only just been completed – after 1798. It wanted to avoid losing the hall in levies to the French, and on the other hand it did not believe future prospects justified the high costs of maintaining it. But rather than selling the hall, the guild offered it to the Helvetian government – hoping that this would induce it to move the seat of government from Aarau to Zurich. This came to nothing – fortunately for the Zunft zur Meisen. The other guilds quickly came to rue selling their halls. Some bought them back, while the rest sought new accommodation.

But the Zunft zur Meisen still meets in its splendid home, with a hall so large that it can accept more members than other Zurich guilds. Since many guilds have such intense vocational and social commitments, they have introduced certain limitations on their annual schedules of activities – as guild master Alfred R. Sulzer explains. But there's still plenty of life in the guild hall. It operates a thriving banquet business, for example, and it accommodates the porcelain section of the Swiss National Museum. The guild hall's various rooms are available to companies and private individuals for hire, for celebrations concerts and conferences. The Zunft zur Meisen thus continues to this day to maintain its old traditions of hospitality and culture. <

www.zunfthaus-zur-meisen.ch



Above: The Zunft zur Meisen hall (www.zunfthaus-zur-meisen.ch). **Below left:** On the way to visit another guild **Below right:** The "Sidelenritt" in the Zunft zur Meisen hall, oil painting by Heinrich Freudweiler, circa 1780. Guild members race mounted on chairs. Competitors hold a glass of wine in their right hands – and not a drop must be spilled. This custom continues to the present day. **Photo on page 13:** The Zunft zur Meisen hall in Zurich. Built in 1752–1757 by the widows of two stonemasons.

Start-Up Assistance for Newcomers

“Switzerland needs entrepreneurs. It’s where the future lies.” Such, in a nutshell, was the credo of William A. de Vigier (1912–2003), who established the foundation of the same name that awards up to five highly valuable advancement awards of 100,000 Swiss francs each to young Swiss entrepreneurs.

Text: Sabine Windlin

When he created the W. A. de Vigier Foundation in 1987, canton of Solothurn-born William de Vigier wanted to provide something that young entrepreneurs with good ideas so often lack, something indeed that he had also lacked when setting up his own company Acrow Engineers Ltd: the necessary start-up capital.

Despite facing difficult conditions at the outset, the three-man operation founded by de Vigier in London to manufacture flexible metal scaffolding would go on to become a respected company with a listing on the London Stock Exchange. It was soon operating on a global basis, and continually expanded. At the peak of his entrepreneurial activity, William de Vigier presided over a global steel conglomerate that employed more than 12,000 people. He was a member of over 30 company boards and received numerous honors, for example he was named a Commander of the British Empire (CBE) in 1978. Throughout, de Vigier retained close links

with his home town of Solothurn right up to his death in 2003. The W. A. de Vigier Foundation, managed by a 10-strong board of trustees to ensure fair and competent assessment of all project applications submitted every year, is another success story. So far, more than 50 young entrepreneurs have received sponsorship grants, of whom 36 continue to be active in the market. Moritz Suter, chairman of the board of trustees, considers this “an excellent result given the number of entrepreneurs who start off successfully but then fall by the wayside.” Five previous prize winners went on to win a Wall Street Journal Technical Innovation Award, while another three succeeded in selling their start-ups to major companies for significant sums. This shows that award winners are not short-term dreamers living in ivory towers, but potential engines of the economy possessing foresight, business acumen and persistence. We take a look at the five prize winners for 2007. www.devigier.ch



Pierre Yves Guernier, 27, and Yan Berchten, 33

An Inflatable Offering Avalanche Protection

As passionate outdoor sportsmen with a love of skiing and the world of snow in general, Pierre Yves Guernier and Yan Berchten had often asked themselves whether there might be another effective way of saving mountaineers from fatal avalanche accidents. And so the pair set out on a journey that would eventually lead them to create the Snowpulse Airbag, a self-inflating cushion of air that provides a handy and effective solution in the realm of avalanche rescue. The device enables those caught in an avalanche to get to the surface of a snow mass. This sausage-shaped plastic capsule that fills with air at the touch of a button thanks to a high-pressure air cartridge, is designed not only to save lives, but also to prevent serious injuries, as it simultaneously acts as a buffer that protects the wearer's rib cage, head, neck and back.

Even if the Airbag fails to prevent its owner being buried under an avalanche despite the air cushion, the valves of the Airbag open

automatically after 90 seconds to release the air from the cushion. This creates a pocket of air that gives the victim space to breathe for a long period. In itself, the avalanche Airbag is not a global first, but the two Swiss entrepreneurs have revolutionized the existing system. When compared to existing buoyancy systems, their air cushion brings significant functional advantages. The Airbag is also significantly lighter and more user-friendly than its competitor product. The skilled industrial engineer (Berchten) and the robotics specialist (Guernier) are convinced that their product will find a market, and are estimating future sales of between 80,000 and 100,000 Airbags annually. A reasonable benchmark here is the market for the ARB (Avalanche Rescue Beacon), which generates sales of this kind of magnitude. At least 75 percent of ARB purchasers are also potential Snowpulse Airbag users.

Snowpulse SA, CH-1936 Verbier; www.snowpulse.com

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Mario Vögeli, 31, Rico Chandra, 30, and Giovanna Davatz, 30

On the Hunt for Terrorists With a Ray Detector

In an era of heightened terror threat, in which the tricks used by international crime organizations to smuggle dangerous material across borders are becoming ever more refined, the innovation of this inventive trio could hardly be more timely. In the Arktis Radiation Detector they have developed a form of technology that is able to detect atomic rays in a precise and differentiated manner, thereby helping to prevent nuclear-based terrorist attacks. This high-tech sleuth looks like a giant car wash system, through which trucks or freight containers can be passed at border crossings.

The detection system is sophisticated – and this is where it stands out impressively from previous devices in this field – to detect gamma rays and neutrons, while at the same time not raising any false alarm when confronted with natural radioactivity, as is found for example in legal substances such as granite and porcelain. Arktis Radiation Detectors measure a broad spectrum of rays and thus

allow a more precise evaluation of potentially dangerous freight content. The two physicists Rico Chandra and Giovanna Davatz, from the Institute for Particle Physics at the Swiss Federal Institute of Technology (ETH), Zurich, and their business partner Mario Vögeli are aware that their technology is currently only suitable for large-scale application. Nonetheless, the potential exists to adapt the technology at a later stage to smaller devices for deployment at airports. This would enable personal luggage to be searched for nuclear material as well as chemical or biological weapons, for example. Specialists believe that the market potential for this ingenious technology is very high. A great deal more time, money and stamina will be required before the prototype currently being developed by the inventors can be converted into a marketable product that will attract governments and security services.

www.arktis-detectors.com



Michael Dobler, 45

The Ultimate Cushion Against Flooding

Water is the elixir of life for man and plant alike. However, it can also have devastating destructive power, as is evident by the powerful floods we have seen occurring on a regular basis over the last hundred years. The cost of flooding and the human suffering it causes are alarming: Since 1998, flooding in Europe has caused some 700 fatalities, made half a million people homeless, and resulted in commercial losses amounting to at least 25 billion euros.

The special protective cushion developed by Michael Dobler, known as FloodStop, is likely to have a major impact when it comes to future damage limitation in this sphere. When a flooding alarm is raised, the cushions are pumped up against building openings that are under threat from flooding. The necessary stability and fit of the cushion, which come in both standard and special sizes, are guaranteed by their special internal structure and pressure, beside which sandbags pale in comparison.

Dobler derived the main principle of FloodStop from the technical head of his team, a former high seas captain, whose ship was once subjected to a severe storm. During this storm, an air-filled dinghy got wedged so tightly in a hatch on the deck that no more water flooded in, despite waves crashing over the deck. The pressure of the water, together with the compressed air of the lifeboat, created a completely watertight seal. The protective cushion developed by Dobler's team applies the same principle to counter flooding. The parties showing major interest in the invention are mainly insurance companies and local authorities. That the relatively inexpensive cushion has a future seems a well-founded assumption: New land continues to be developed for residential settlement in flood-threatened areas, thus preventing or inhibiting the natural drainage of water, a problem that further increases the danger of flooding.

Howasu AG, CH-8868 Oberurnen; www.howasu.com

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Mathias D. Müller, 30

Reliable Forecasts for All Weather Situations

If there's one thing more annoying than bad weather, it is inaccurate forecasts, particularly if the prediction of sunshine is followed by a day of rain. Mathias D. Müller, a meteorologist at the Institute for Meteorology, Climatology and Remote Sensing at the University of Basel, has developed a remedy in the form of highly accurate weather data on the online platform meteoblue.ch, which he and his co-researchers calculate using their own supercomputer in conjunction with the National Oceanic and Atmospheric Administration in the US. Müller is driven not only by the urge to improve on the usual meaningless statements that he finds so annoying – such as “overcast in the north, slight precipitation in the south” – but also to provide robust answers to economic and ecological conundrums. Weather forecasting is becoming a useful instrument for commercial planning in this era of climate change, weather is increasingly assuming ever more dramatic forms.

Even without the advent of extreme scenarios, accurate knowledge of the weather is highly valuable. A construction company that knows when and where it is going to rain can develop a schedule for its roofers accordingly. A farmer can save both time and effort if he knows that the forecast thunderstorm is actually going to miss his part of the country, thus allowing him to leave the grass in his newly mown fields to dry for another day. For pilots, paragliders and hot-air balloonists, precise knowledge of thermals can save lives in certain circumstances. Particularly innovative at meteoblue are the graphically unique real-time images and the general availability of information on the Internet. The technological advantage over the competition is ensured thanks to the use of computers that offer superior performance. This is what the Basel weatherman reckons will awaken global demand for meteoblue forecasts.

meteoblue AG, Basel; www.meteoblue.ch



Christian Schaub, 37, and Corinne John, 31

A Building Block for a New Generation

For the layman, understanding proteins, knowing the forms in which they are found in the human body, and using this knowledge to manufacture protein complexes artificially in laboratories might reasonably fall under the category of abstract rocket science. But for biotechnologist Corinne John and engineer and technology manager Christian Schaub, it's part of their daily routine. Both are employed by the start-up firm Redbiotec.

Based on the pioneering discovery of MultiBac by the Swiss Federal Institute of Technology (ETH), Zurich, which has been made available exclusively to Redbiotec, they are able to manufacture not only individual proteins, but also large quantities of protein complexes, artificially in the laboratory. Such complexes can have exactly the same effect as proteins in human cells, but also perform completely new types of function. The Redbiotec company thus has an important basic technology at its disposal, which will make it

possible to develop and produce new cures for life-threatening diseases such as cancer or Alzheimer's over the next few years. Unlike the products currently on the market, this new generation of protein-based pharmaceuticals should be able to treat human ailments in a more targeted and efficient way – and in some cases cure them completely. A long road lies ahead before this vision can become reality, however. The innovative Swiss company is looking to shorten this road by means of an intelligent business model. For now, it is producing customized protein complexes and cutting-edge technology for the production of proteins for direct clients in the pharmaceutical and biotech industries, as well as for university research. Meanwhile, the danger of their discovery being copied has been averted, since MultiBac, as well as any further developments, are protected by patent rights.

Redbiotec AG, CH-8952 Schlieren; www.redbiotec.ch

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Society Determines the Direction of Research

Switzerland has turned out a fair share of Nobel Prize winners. One Nobel laureate, Heinrich Rohrer, shared the Prize in Physics in 1986 by designing the scanning tunneling microscope, which paved the way for the industrial application of nanotechnology. In this interview he talks about Switzerland as a venue for research and about his motivation.

Interview: Daniel Huber

Bulletin: What is it about physics that fascinates you?

Heinrich Rohrer: It's that physics provides human beings with a rational way of understanding natural phenomena and the laws of nature. I'm also fascinated by the holistic nature of physics. A physicist always thinks in terms of systems.

As a physicist, you've made it into the Nobel Prize winners' hall of fame. How has receiving this honor altered your life?

It's true that some things changed. Suddenly you're a Nobel Prize winner, and that has a certain cachet. You get invited to special events, and can suddenly do things that previously weren't possible. As far as my work was concerned, however, there was no change at all. Even a Nobel Prize winner needs to work. So in that respect it doesn't change your life. On the other hand, you do lose some of the lightness you had before.

When you take a position on an issue as a Nobel laureate it carries a lot more weight than if someone else does. Despite this, I think the prize shouldn't be overrated. As a Nobel Prize winner you've done something extraordinary, but it doesn't necessarily mean you're an extraordinary individual. Even Nobel Prize winners can make mistakes.

Did other companies try to poach you from IBM after you received the Nobel Prize?

Not really. But that wasn't what I was after anyway. It wouldn't have helped me.

In the course of your research career, did you ever experience a moment of revelation when you immediately knew that you had achieved a decisive breakthrough?

Not really. We wanted to achieve something that we were convinced from the start was feasible. Otherwise Gerd Binnig and I wouldn't even have started. But naturally we were thrilled when the first experiment worked.

To what extent was it simply that the time was right for your discovery, and that you were in the right place at the right time?

That's undoubtedly true to some extent. And we were told again and again that we'd simply been lucky. That may well be true. Even though many people have good fortune, only a tiny number of them realize it and put it to good use. Even Einstein's theory of relativity was no different. He did, of course, solve the problem in an exceptionally elegant way. But his findings would have been arrived at anyhow. The time was ripe. But at the end of the day, that doesn't diminish his achievement in any way.

How old were you when you discovered your passion and talent for physics?

In high school I was pretty good at science, but I was also good at Latin. That's why I originally planned to study Classics after high school. Then I got the feeling that wasn't quite the right thing after all, so I enrolled at the Swiss Federal Institute of Technology to study mathematics. I soon realized that mathematics was a bit too abstract for my liking, so I changed to experimental physics. I'm still pretty good with my hands.

What made you change your mind about studying Classics?

It was just an idea I had in my Sturm und Drang phase, and it got me more attention from girls. Fifty years ago that was the popular view of the ideal humanistic education. Times have changed.

Nanotechnology research is a complex field. Don't you sometimes regret that your closest friends and family don't understand what you do?

Actually, in intellectual terms the scanning tunneling microscope was never the most arcane area of research. Just because something's worthy of a Nobel Prize doesn't necessarily mean it's abstruse. From a technical standpoint, other researchers could have discovered what we did if they had been convinced they could do it. Some had even considered it. From an intellectual point of view, it wasn't that extreme. It just took courage to make it happen.

Where does nanotechnology stand today?

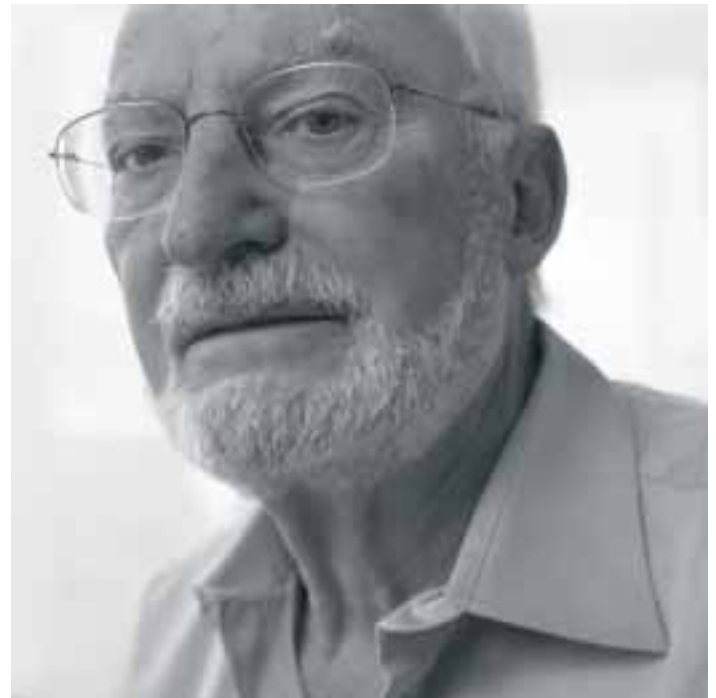
Analytics are generally the first step in a new field of research. Nanotechnology is really just another stage in the natural progression toward greater miniaturization. In other words, the direction of development was a given. In Switzerland, this trend played an important role early on. For instance, the church clock was developed into the wristwatch. In terms of precision tools, the micrometer very quickly became the standard. Its replacement by the nanometer is a logical extension of this process. To that extent, there's nothing groundbreaking about nanotechnology itself. It's the possibilities that arise as a result of the development that are truly exciting.

To what extent can progress be made to happen in research?

Take for example the Manhattan Project, which was called into existence during the Second World War to develop the atomic bomb. Back then, it was said that we needed it; that it was essential for our survival. The people who worked on it all shared this conviction, and they ultimately succeeded. Two things are necessary for an enterprise like that: First, you need good people, and second, you need the political and social consensus. Once you have both, you can make concentrated progress happen. In most cases you can't predict who will come up with what idea or when. What's more, the direction in which the application of research develops is not decided by the researchers, but rather by society. Ultimately it's only things that can be sold that are produced. Society determines the demand and thus that's the way the fruits of research are applied. If society could also determine the areas of research there would no longer be any research whose fruits we might desperately need some time in the future. This applies in particular to the research efforts of recent years, even the surge of ideas we're seeing at the moment. It seems that more of us need to go back to our ivory towers. That in no way precludes a better dialogue with society.

As a scientist in Switzerland, do you feel you get proper support from the politicians?

On the whole, yes, although we really need more incentives and support, and less meddling. These constant calls for greater internationalism are quite naive. The natural sciences and engineering were the first, and the broadest, global business, a business that's always been judged by global standards – or at least the good ones have been. This internationalism is one of the major differences between science and politics: Science truly puts it into practice, while politics gets tied up in treaties and agreements. Good scientists are welcome everywhere they go, and they take full advantage of this. The less good ones should first stay home and do their homework. They're not going to get better by going abroad. <



Heinrich Rohrer was born in Buchs (canton St. Gallen) in 1933. In 1960 he gained a doctorate in physics from the Swiss Federal Institute of Technology. Between 1963 and 2000 he worked at the IBM Research Center at Rüschlikon, where he developed the scanning tunneling microscope together with Gerd Binnig, for which the two physicists were awarded the Nobel Prize in 1986. Heinrich Rohrer has two adult daughters, and lives with his wife Rose-Marie in Wollerau (canton Schwyz) on Lake Zurich.

Swiss Nobel Prize winners (a selection)

2002	Kurt Wüthrich, Chemistry
1996	Rolf M. Zinkernagel, Medicine
1992	Edmond H. Fischer, Medicine
1991	Richard R. Ernst, Chemistry
1987	Karl Alexander Müller, Physics
1986	Heinrich Rohrer, Physics
1978	Werner Arber, Medicine
1975	Vladimir Prelog, Chemistry
1957	Daniel Bovet, Medicine
1952	Felix Bloch, Physics
1951	Max Theiler, Medicine
1950	Taddeusz Reichstein, Medicine
1949	Walter Rudolf Hess, Medicine
1948	Paul H. Müller, Medicine
1901	Henri Dunant, Peace

Organizations domiciled in Switzerland

1981	UN High Commission for Refugees UNHCR
1969	UN International Labor Organization ILO
1963	International Committee of the Red Cross

The International Committee of the Red Cross received the Nobel Prize in 1917 and 1944, the UNHCR in 1954, and the Nansen International Office for Refugees in 1938.

See the article "Switzerland and the Nobel Prize" at www.credit-suisse.com/infocus > Current Affairs.

The “Spirit of Davos” Inspires the World

Davos is the place to try out new ideas, confirm trends or launch initiatives. This view expressed by Kofi Annan, former secretary-general of the United Nations, still holds true. Every January, 2,400 leaders from the worlds of business, politics, science and civil society gather in Davos to discuss issues that have the potential to change the world.

Text: Andreas Schiendorfer

It was 1992 when South African President Frederik Willem de Klerk, Nelson Mandela and Chief Mangosuthu Buthelezi met for the first time outside their homeland at the annual meeting of the World Economic Forum (WEF or the Forum). This would represent a milestone in the political development of South Africa; de Klerk and Mandela were subsequently awarded the Nobel Peace Prize in 1993. In January 1994, Israel's Foreign Minister Shimon Peres and PLO Chairman Yasser Arafat reached an agreement over Gaza and Jericho in Davos; in December they too would receive the Nobel Peace Prize, together with Israeli politician Yitzhak Rabin.

And there are other examples. Sometimes such discussions take place in the public arena, thus forcing each participant's hand, while others take place behind closed doors, far away from the microphones. “Davos is not so much the kind of place where decisions should be expected, but rather a forum at which the foundations are laid for later decisions,” explains Klaus Schwab, founder and chairman of the Forum.

In Pursuit of the Davos Vision

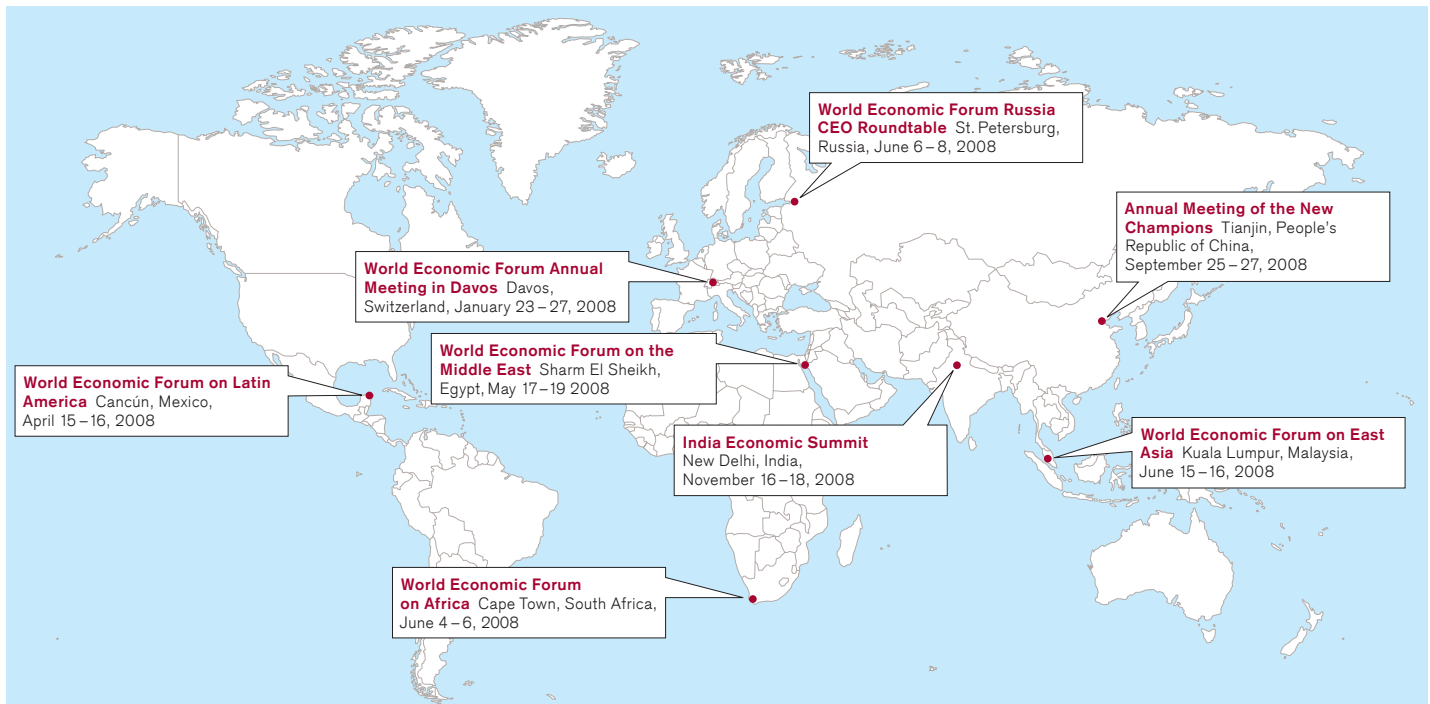
Anyone looking for an impressive example of a bold vision need look no further than Schwab. In the 1960s, the young Swiss expatriate from Ravensburg, Germany, regularly spent his vacations in Davos. In 1963, he acquired a doctorate in technical science from the Swiss Federal Institute of Technology (ETH), Zurich, followed by another four years later in economic science from the University of Fribourg. A master of public administration (MPA) from Harvard University topped off his academic career. It's an impressive track record, but the young academic had bigger visions. His dream was to develop Davos into a leading international partnership platform – a global stage on which the world's leading players in the spheres of business, politics and civil society would be able to tackle disparate subjects of international interest in a congenial and secluded setting. By 1971, he realized his goal and World Economic Forum was born. That same year he was recruited to become professor of business policy at the University of Geneva, married an energetic organizer

of agricultural congresses, and founded the European Management Conference. A triple win: Geneva became Schwab's base for three decades, his wife Hilde would prove an invaluable source of support and a loyal companion, while the Davos conference steadily gained in importance. Its rise was accelerated thanks to the Global Competitiveness Report that looks at the relative competitiveness of different economies, first issued in 1979 and published annually ever since. In 1987, the name of the conference underwent a logical name change and became the World Economic Forum. And then came the first sensation: In 1988, the Prime Ministers of Greece and Turkey, Andreas Georgiou Papandreu and Turgut Özal, would sign the Davos Declaration, thereby laying the foundation for the long yearned-for peace process.

The sheer scale of the human convergence on Davos became a problem a long while back. So much so, indeed, that the Forum had to impose restrictions on itself and find new ways of channeling all the different initiatives appropriately. This led to the organization of regional conferences on every continent, such as the Schwab Foundation for Social Entrepreneurship, and the Young Global Leaders Foundation that met for the first time in Zermatt in 2005. Among the current crop of Young Global Leaders – who are less than 40 years old and elected for a period of five years – is David Blumer, CEO of Credit Suisse Asset Management.

Davos Is the Meeting Place of Minds

The WEF Foundation, which is funded by 1,000 member companies, continues to be based in Coligny near Geneva, although two further bases were established in New York and Beijing in 2006. “China is the venue each summer for the annual meeting of the Global Growth Companies, which have the potential to develop into the world's leading companies,” observes André Schneider, the Forum official responsible for the current total of 500 Global Growth Companies (GGC). These companies possess the kind of dramatic growth and future-oriented products that will one day propel them into the ranks of the world's leading companies.



Top left: View of the headquarters of the World Economic Forum in Coligny, near Geneva. **Top right:** The Forum has been holding regional events in China since 1981. In 2006, an additional Forum representative office was inaugurated in both Beijing and New York. The former is responsible for the Global Growth Companies, numbering 500 at last count. In September 2007, the Inaugural Annual Meeting of the New Champions took place. The 2008 meeting will take place in Tianjin. **Below:** The members of the World Economic Forum rightly meet not only in Davos, but also in every important region of the world. More information can be found at www.weforum.org > Events.

The Forum continues to meet in Davos. On the one hand the necessary level of seclusion is guaranteed here, albeit at the cost of 8 million Swiss francs for security, while on the other, the staging of the Forum's annual meeting in a small Swiss resort is something that appeals to everyone. Neither of these criteria is so easily fulfilled in New York, where the annual meeting took place in 2002 for solidarity purposes. Instead, the American finance metropolis now houses the Centre for Global Industries (CGI) under the stewardship of Jean-Pierre Russo. This organization brokers and supports 300 partnerships between globally active industrial companies.

Given its success and its prominence, it is hardly surprising that the World Economic Forum has created its detractors. In contrast to the violent riots provoked by opponents of globalization in Switzerland, the World Social Forum (WSF) – held in parallel to the Forum's annual meeting in the Brazilian town of Belem every year since 2001 – has given rise to a number of thought-provoking ideas. In addition, since 2004 the Forum and the Swiss Association of Protestant Churches (Schweizerischer Evangelischer Kirchenbund, or SEK) have also organized the Davos Open Forum. As Forum speaker Mark Adams puts it: "If you want to achieve something, you have to start with dialogue." <

www.weforum.org; www.credit-suisse.com/infocus > **Society**

The Power of Collaborative Innovation While in 2007, the 223 events of the annual meeting in Davos were summarized with the slogan "Shaping the Global Agenda, the Shifting Power Equation," so will the motto "The Power of Collaborative Innovation" form the basis for the many discussions that will take place between January 23 and January 27, 2008, focusing on the areas of "Business," "Economics and Finance," "Geopolitics," "Science and Technology," and "Values and Society." The map on page 25 provides details on the various regional conferences taking place worldwide.

Strategic Partner Credit Suisse has been a member of the Forum for decades and a strategic partner since 2006. This enables the bank to participate actively, both in the annual meeting in Davos and in the regional summits in Africa, Asia, North and South America, and Europe. Credit Suisse is represented during the meeting in Davos by several members of the Board of Directors and Executive Board, and has its own pavilion. In January 2008, this pavilion will stage events on the topics of energy and sustainability.

The Voice of Social Innovation

The social entrepreneur, as a combination of Bill Gates and Mother Teresa, looks to maximize social benefit rather than profit.

What have Brazilian writer Paulo Coelho, South African First Lady Zanele Mbeki and Bangladeshi economic scientist Muhammad Yunus got in common? As Trustees of the Schwab Foundation for Social Entrepreneurship, they all work to put into practice the philosophy that this foundation stands for. Muhammad Yunus, founder of the Grameen Bank and thus the inventor of Micro Finance, received the Nobel Peace Prize in 2006, the highest honor that the driving idea behind the foundation could hope for.

"Put simply, a social entrepreneur is a combination of Bill Gates and Mother Teresa," explains Pamela Hartigan, who has headed the Foundation since it was set up in 2000. "He or she is the founder of a company or non-profit organization that pursues charitable objectives through innovative ideas, products or services. This combines entrepreneurial intuition and entrepreneurial risk-taking with pragmatism. Unlike a traditional company, the social entrepreneur is striving to maximize social benefit, not profit.

Pamela Hartigan gives an example: Rory Stear's company Freeplay Energy Group de-

velops and sells devices like radios, torches and mobile phone chargers with innovative wind-up technology that functions without reliance on batteries or mains power. The profits generated from affluent customer groups enable Freeplay to offer its products in crisis-hit areas at significantly reduced prices. About 150,000 battery-free radios have been distributed in Africa, providing 2.5 million people with access to important information on health, the weather and commercial ideas.

In its initial phase, the Schwab Foundation sought to establish a network between social entrepreneurs worldwide and to harness their support for the activities of the World Economic Forum. An important element in this strategy is the Social Entrepreneur Summit that takes place every January in the Swiss town of Rüschlikon near Zurich. The Foundation has now singled out exemplary entrepreneurs in 30 countries for awards. In 2005, Robert Roth was selected as Swiss Social Entrepreneur. His Job Factory, supported by Credit Suisse, enables school-leavers and young people without



Pamela Hartigan will shortly be publishing a book on the Schwab Foundation.

apprenticeship positions to obtain a practical, results-driven and performance-oriented introduction to professional life through "learning on the job." In 2006, Christine Théodoloz-Walker and her "Intégration pour tous" made it into the final, but the award of Swiss Social Entrepreneur was given to Markus Gander, whose Infoclick.ch is designed to give young people more say and input into their social and natural environments. The next prize will be awarded on January 10, 2008, in Berne. schi

www.schwabfound.org; www.infoclick.ch; www.fondation-ipt.ch; www.jobfactory.ch

Credit Suisse Business



An Entertaining Evening With Sir John Major

At a recent exclusive gathering in Lausanne, Urs P. Gauch (right), head of Corporate Clients Switzerland, invited clients to an evening featuring guest speaker Sir John Major. The former British prime minister (1990 to 1997) talked about current geopolitical changes and his time in office. He pointed out that while the global economy was once primarily driven by the US, Japan and Europe, the three engines of change today are China, India, and the rest of Asia. "The global economy today is dominated by Asia again for the first time since 1820," observed Major. "This is where more than 50 percent of total global gross domestic product is generated."

When questioned on the threat of terrorism, Major expressed his fundamental surprise that there have been no further major atrocities since the attacks of 9/11 in New York. He also argued that the war against terror could only be tackled successfully if the countries harboring the activists were prepared to cooperate with the global community. In a parallel development, Major observed that the huge poverty gap that exists between the industrialized nations and the developing world must be bridged. Most telling of all in this regard is the fact that 3 billion people are forced to live on less than 2 dollars a day, he says. Given this backdrop, it was all too easy for the preachers of hate to recruit activists.

The evening was not devoted to weighty topics alone. He often lightened the tone with anecdotes from his time in office, recalling a question he had once asked Russian President Boris Yeltsin during a visit: "'Boris, in a word, how would you describe the state of Russia?' To which Yeltsin replied: 'Good.' 'And how would you describe it in two words?' 'Not good.'" dhu

Credit Suisse Aims for Carbon Neutrality by 2009

Global corporations play an important part in combating climate change. Credit Suisse is aware of its responsibilities in this regard. This is why a decade ago it was one of the first banks worldwide to receive an ISO 14001 environmental certificate, which has since consistently been renewed. In 2004, its Board of Directors decided that improving its own environmental track record should be one of the priorities of its sustainability strategy. In 2006, another milestone was reached when it became the first major company in Switzerland to achieve carbon neutrality for all its operations in the country through a combination of air travel reduction and investing in carbon offsetting projects for the flights employees continue to take. This has reduced the bank's net global emissions by about 20 percent.

Credit Suisse also aims to become one of the first banks worldwide to make its entire global operations carbon neutral by 2009. These efforts build on numerous specific initiatives in our major centers. For example, in 2006, the State of New York commended Credit Suisse for installing an ice storage-based air-conditioning system, which reduces peak energy consumption. This multiphase strategy is now being studied at Credit Suisse locations around the world so that the bank's commitment to combating climate change can be made truly effective and sustainable.

In recognition of the increasing importance of environmental issues, Credit Suisse has formed the Environmental Business Group (EBG). EBG will partner with our existing teams to identify business opportunities in the environmental area across the integrated bank and will work to establish strategic platforms with leading players in the environmental arena, help create cutting-edge products, and develop and execute advisory mandates in "green" finance and investments. mb

A Chat With the Chairman Walter Kielholz

“Switzerland Needs to Make Use of Its Positive Momentum”

Interview: Daniel Huber

Walter Kielholz believes Switzerland is an open and adaptable nation. The Chairman of the Board of Directors of Credit Suisse doesn't support the widely held view that Switzerland is a special case within Europe. However, he hopes that the Swiss team changes his view at the European soccer championship.

Bulletin: How important to you is your red passport with the white cross?

Walter Kielholz: I guess I've gotten used to it ... Jokes aside, having a Swiss passport makes traveling very easy. Though, I don't see it as anything particularly special.

Aren't you proud to be Swiss?

Of course people feel a certain allegiance to their homeland. And in my case, my home country means a great deal to me. But I don't believe that I am more or less proud of Switzerland than, for example, a French person is of their country.

What, do you believe, are Switzerland's three greatest strengths?

I would include Switzerland's cultural openness and its high degree of adaptability in the face of change and modernization. Somewhat surprisingly, perhaps, and contrary to the image we are fed by the media and politicians, I also count the ability to integrate foreigners as one of its greatest strengths. Lastly, I would mention a certain basic conservatism which prevents us from jumping on short-lived political or commercial bandwagons too quickly.

Which brings us inevitably to the question of the country's three greatest weaknesses.

A serious weakness of Switzerland is the widely held conviction that we are a special case. It is very clear that we are nothing of the sort. And there is no convincing reason why other countries should take this view of us. Of course, Switzerland was a special case in Europe in some ways after the Second World War because of its neutrality and the fact that it had survived unscathed. But that was over half a century ago now.

From an economic perspective we have clung far too long to domestic market structures that rely too heavily on vested rights, and have thus self-sabotaged many opportunities for growth. Accordingly, in the last 10 years Switzerland has not achieved any genuine economic growth and our neighbors have caught up with a vengeance.

But surely, at least over the past two years, the economy has actually been doing very well.

But that wasn't due, for example, to any fundamental changes in the domestic economy; it was because of a strong upswing in exports and on the financial market.

And then there is the third weakness. Yes. That is that we aren't quite as good at soccer as I would like us to be, considering that we are hosting Euro 2008 (laughs).

According to the "Worry Barometer" study issued by Credit Suisse for 31 years now, 27 percent of Swiss people polled this year were confident that things would continue to improve in 2008. What's your view?

Fundamentally, I am very glad that the Swiss are for once viewing their current situation from a less pessimistic angle. We Swiss do tend to start seeing the glass as half empty very quickly. A positive underlying mood is very helpful, as it has a strengthening and motivating effect. I too am convinced that the persistent economic stagnation we have experienced since the '90s is over and that the upswing is set to continue.

Let's continue in this positive vein: Around 60 percent of the Swiss people polled reported that they are well off or very well off financially. Does this surprise you?

Not really, no. That's probably a realistic assessment. But again, I'm glad that this is now being recognized by the Swiss themselves. At the same time, of course, this is also stirring up fears of losing what has been gained. People who are well off are always afraid that things might start going badly again.

Then it shouldn't surprise you too much that unemployment is still the No. 1 worry in Switzerland, despite an unemployment rate of less than 3 percent. Alongside the fear of loss already mentioned, this probably also has something to do with the fact that more jobs are lost in a



Walter Kielholz: "Looking back, Switzerland has always developed most strongly during its more open, international phases."

Profile

Walter Kielholz, 56, graduated from the University of St. Gallen's business management program in 1976. His professional career began with the General Reinsurance Corporation. In 1986 he moved to Credit Suisse, where he was responsible for looking after insurance companies. In 1989, Kielholz joined Swiss Re, becoming a member of executive management in 1992 and CEO in 1997. He has been Chairman of the Board of Directors of Credit Suisse Group since January 1, 2003. Walter Kielholz is married and lives in Zurich.

modern economy, while new ones are constantly being created elsewhere. In that sense, individual job security is nowhere near as great as it was 20 years ago. This makes people insecure, and makes individual adaptability and flexibility more important than ever.

What are the key challenges we need to tackle in the short term?

We particularly need to work on and break with our traditional ossified structures, such as those in the energy industry or various public services. Of course it is easier to implement such reforms when the economy is doing well than when the converse is the case. In that sense, what we need to do now is use the positive momentum.

Where do you see the biggest growth markets for Credit Suisse in the immediate future?

For me, there are four main areas that look particularly promising. From a purely geographical perspective, undoubtedly Asia. In that case, I would also add the petrodollar regions to the list. By that I do not only mean the traditional oil producers of the Middle East, but also countries such as Russia or Kazakhstan.

Another market that will continue to expand is the hedge fund sector, which has weathered the recent financial market turbulence well, despite all expectations to the contrary. A final sector that will remain significant is the whole private equity market – in other words private direct investment, which will gain in relative importance compared with publicly held companies.

If you could make three wishes on behalf of Switzerland, what would they be?

Winning Euro 2008 ... (laughs). And even more openness, especially in the political arena. Looking back, Switzerland has always developed most strongly during its more open, international phases.

Withdrawing behind narrow nationalistic boundaries is a bad thing for our country. My other wish for Switzerland is that it will be able to maintain its currently high standard of education. <

Worry Barometer The Swiss Are More Optimistic

Survey Says: Job Loss Is Still a Major Worry Among the Swiss

Text: Andreas Schiendorfer

The Swiss are more optimistic than they have been for years, according to the annual Worry Barometer survey commissioned by the Credit Suisse Bulletin. Yet, unemployment, retirement pensions and health care are the three problem areas that the Swiss are anxious about this year, despite the fact that these same survey respondents believe the Swiss economy is on track.

Currently, the Swiss economy is stronger than it has been for a number of years. The unemployment rate fell to a low of 2.6 percent in August 2006, and while the experts' forecasts for the future may not quite be euphoric, they are certainly optimistic. Even so, 57 percent of the Swiss are worried about losing their jobs, the relatively high youth unemployment rate, and the difference between the unemployment figures for German-speaking Switzerland and the numbers for the French- and Italian-speaking parts of the country.

This latest Worry Barometer survey – the 31st to be conducted – identified the same three primary concerns for the seventh time in a row: Aside from unemployment, the main sources of worry for the Swiss are retirement provisions and health care. Asking respondents to state their five key concerns, the representative poll carried out by the research institute gfs.bern found, however, that the percentages for the top three worries were on average 10 percent lower than in 2006. As a consequence, other worries came to the fore.

The relationship between the Swiss and the country's foreign population is constantly under debate. Is Switzerland, a

country dependent on skilled personnel from abroad, facing the threat of being overrun by foreigners? What approach should be taken to refugees and asylum seekers? The discussion has taken on a new dimension in the wake of an increase in violent crime largely attributable to poorly integrated foreigners. Although the situation in Switzerland is not dramatic compared to most other countries, concerns for personal safety were still voiced by almost one-third of those polled. The Worry Barometer survey gives no grounds for assuming that attitudes towards foreigners will be any better in 10 years. That said, only 3 percent of respondents believe that future generations will actually suffer from the high proportion of foreign nationals.

Concern for the Environment Has Grown Accounting for 29 percent (with single answers only permitted), destruction of the environment was seen as the number one long-term issue. Having more or less disappeared out of the Worry Barometer's range for a number of years, the environment is a cause of concern to as many as one-quarter of the population in 2007. Environmental destruction thus ranks eighth behind "new

poverty," which affects a sizeable proportion of the population even in Switzerland. The survey also provides an indication of the extent to which the population trusts – or mistrusts – the various institutions. The improved economic situation prompted a year-on-year increase in virtually all confidence figures. Leading the trust stakes are the Federal Court, the police and, for the second time in succession, the banks. Sixty percent of the Swiss say they trust the banks. When the economy was not faring so well, the figure was less than 40 percent. Trust in political bodies such as the Federal Council and parliament may have suffered a slight blow, but there are no grounds even for these institutions to be dissatisfied, especially when compared with the political parties and the mass media.

A few years ago, the Worry Barometer survey began featuring an additional poll on Switzerland's identity. No fewer than 86 percent of respondents claimed to be proud of Switzerland, half of these even professing to be very proud. For a self-critical, reticent people such as the Swiss, this is anything but self-evident. Coinciding with the Confederation's 700th anniversary celebrations, the Swiss motto at the Seville EXPO in 1991 was "La Suisse n'existe pas" – "Switzerland does not exist."

Switzerland functions only as a "Willensnation" – a nation forged by the will of its people – when the desire to coexist is greater than the various divergent forces, driven for instance by linguistic and cultural dif- >

Survey respondents were asked: "In your view, what are the five most important problems facing Switzerland today?"

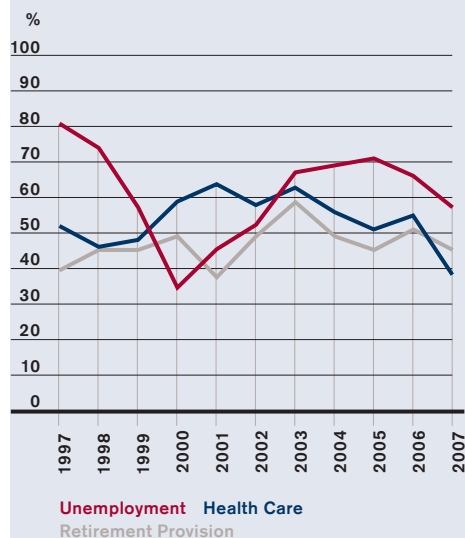
Unemployment → 57%
Retirement Provision → 45%
Health Care → 38%
Foreigners → 35%
Personal Security → 30%
Refugees → 26%
New Poverty → 25%
Environment → 25%
Salaries → 23%
Inflation → 20%
European Integration → 20%
Social Security → 19%
Federal Finances → 18%
Globalization → 14%
Family Policy → 13%
Drugs → 10%
Energy → 10%
Terrorism → 10%

as % of voters, multiple answers allowed, source: gfs.bern

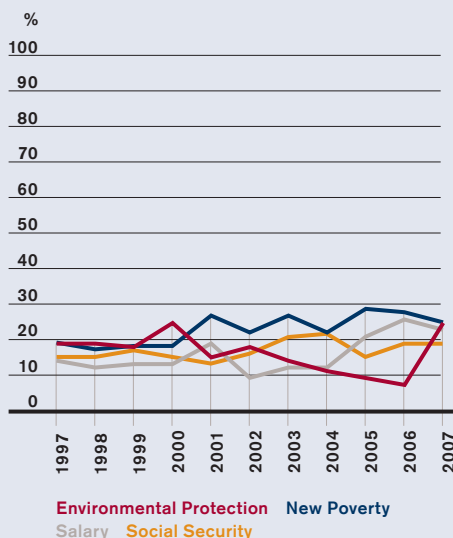
The Most Pressing Concerns of the Swiss

The Swiss are continually anxious about the same three things according to our surveys since 1997: unemployment, health care and retirement pensions. In 2007, environmental protection gained so much attention that the Swiss added it to their list of pressing concerns.

Three Main Concerns of the Swiss



Environmental Awareness Grows



as % of voters

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ferences. This unifying phenomenon is evident again, and the economy has certainly played a key role in the sense of positive identity being demonstrated by the Swiss. In addition to attributes such as peace and neutrality, other factors defining Switzerland's identity and national pride are Swiss quality, strong and internationally known brands, and the financial marketplace.

From Credit Suisse's standpoint the only aspect that we cannot be entirely satisfied with is the assessment of what major companies, including the banks, do for the general good. Numerous Swiss feel that the big corporations do not provide enough training positions and jobs, and that they pay far too little tax. This is based in part on a general public misconception of the banks' achievements in these areas. The challenge here will be to remedy the situation without impairing discretion – an attribute which we consciously chose and which is indeed essential. <

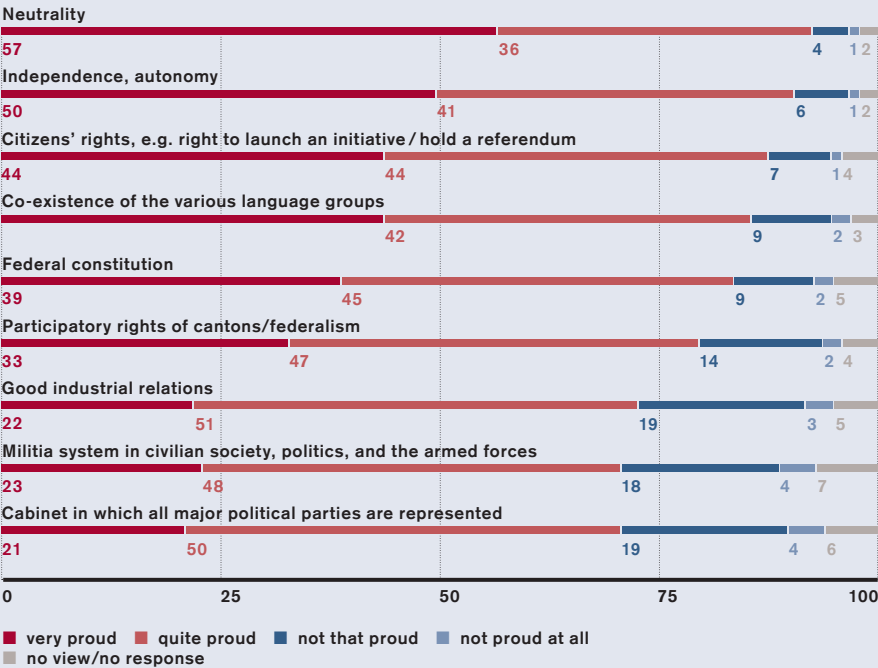
The Credit Suisse Worry Barometer

The Bulletin conducted a representative opinion survey with the aim of reflecting the mood of the Swiss population for the first time in 1976. Even back then, at 75 percent, unemployment was the concern mentioned most, followed by environmental protection and pensions. The Bulletin has conducted a comparable survey of the Swiss population every year since then, although some of the questions have varied. In 1995 the research institute gfs.bern was entrusted with conducting and analyzing the Worry Barometer. Since then the interviews have been conducted according to a standard pattern, which ensures that the information received remains comparable over the years. The Worry Barometer is not a monitor of public opinion in the same way as TV and the newspapers, but reflects the views of voters. Data is obtained by means of personal interviews. This year, they were carried out with a representative sample of 1,030 people between August 13 and September 1, 2007. This makes the Credit Suisse Worry Barometer unique as it provides an annual snapshot of Swiss sensibilities.

More charts available at www.credit-suisse.com/infocus > Society > Worry Barometer

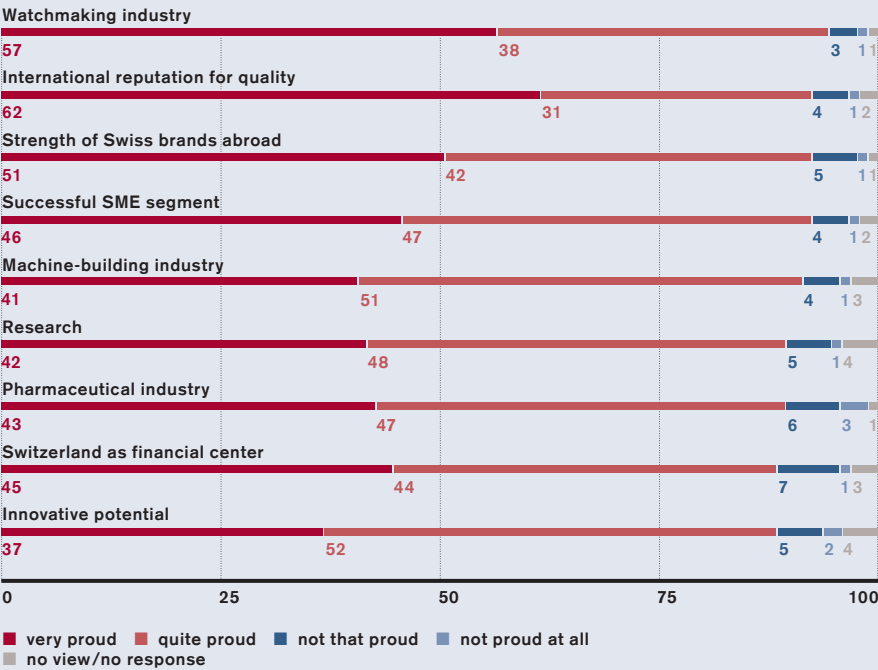
Pride in the Characteristics of Swiss Politics

Question: Are there specific things about the Swiss political system that make you particularly proud? Read through the list below and indicate your degree of pride in each case.



Pride in the Characteristics of the Swiss Economy

Question: Are there specific things about the Swiss economy that make you particularly proud? Read through the list below and indicate your degree of pride in each case.



Meet Her Madeleine Albright's Message

Hard Work Is the Key to Her Success

Text: Bettina Junker, Communications Private Banking



In connection with its Women in Finance initiative, Credit Suisse Private Banking Switzerland invited a top-notch guest to Zurich on October 9:

Madeleine Albright. The former US Secretary of State came to the city to meet with clients and the media as part of the bank's new "Meet Her" platform.

The seats in the auditorium were full of guests who wanted to see the former Madam Secretary in person. Before this influential individual made her entrance, she was introduced by Urs Dickenmann, head of Private Banking Switzerland, who stressed how her presence was the highlight of the new "Meet Her" platform, where private banking clients will have the opportunity to meet leading female figures.

Madeleine Albright, wearing a distinguished dark-blue suit and trademark brooch, captured the audience's attention with her opening statement: "I do all I can to ensure that both young women and young men can be everything they want to be – as long as they are prepared to work hard to get there." This message was the underlying theme of her speech. With humor, she used her own life story to show how she overcame all obstacles that confident women faced in the '60s and '70s and beyond. She also spoke of her exemplary political career that culminated with being sworn in as the 64th US Secretary of State under President Clinton at the beginning of 1997.

Madeleine Albright had always worked hard, but never seriously thought she could become one of the most powerful women in the world. "It's not that I lacked ambition.

It's just that I had never seen a Secretary of State in a skirt," she says. She sees hard work as the key to success and believes those who give their all should also be rewarded for it, regardless of gender.

In all the political offices she held, she always tried to achieve more than her predecessor: "Democracy is not possible if women are treated as second-class citizens, and a healthy global economy cannot be achieved if half of the world's population is denied a chance to contribute." This conviction was the basis of her commitment to give women a better place in the US's economic and political progress. She emphasized it is high time men faced the fact that

Madeleine Albright's visit to Zurich launched the "Meet Her" initiative.

it would be better for business if they finally saw women as equals. "Societies are more stable when women are politically and economically empowered."

Nowadays women have a lot of opportunities in politics and economics, she added; but we still need to create the conditions that enable women to seize these opportunities. In her opinion, one problem has always been that women tend to make it difficult for one another because of the way they choose to live their life. "Every woman's middle name is guilt, which is why I would say to all women: Respect each other. And don't forget: There's a special place in hell for women who do not help each other." At the end of her speech, Madeleine Albright smiled graciously through the seemingly unending applause of an audience who will hopefully long remember her message. <

Meet Her – Exchanging Ideas With Leading Women

The "Meet Her" annual symposium is a new, exclusive platform for Private Banking Switzerland clients to exchange ideas with leading female figures and thereby benefit from their experience and expertise in a range of areas. The event series kicked off with Madeleine Albright, once the most powerful woman in the world, US ambassador to the UN, first female US Secretary of State (from 1997–2001), and now professor, author and head of a global strategy consulting firm. "Meet Her" is part of the Women in Finance initiative launched in 2004 by Credit Suisse in response to the increasing importance of women in the economy. The initiative aims to provide women with professional advice and offer them the opportunity to attend exclusive events.



Useful to Know Financial Market Jargon

Exchange Traded Fund (ETF)

**Financial Instrument
for Diversification**

Any financial term that is known by its acronym might be off-putting at first glance to some investors, but Exchange Traded Funds, or ETFs, actually could alleviate the daunting task of analyzing and picking stocks. This is because ETFs provide the diversification of an index fund combined with the flexibility of a stock. An ETF is an investment instrument tracking a stock market index, but unlike mutual funds, ETFs trade like stocks on exchanges. By owning an ETF, investors get diversification given they buy a stock composed of a basket of companies, commodities or other assets. This diversification also makes ETFs less volatile than stocks.

Many ETFs also pass on the accumulated dividend paid out by the stocks in the basket tracked. As ETFs are not actively managed by a fund manager, the costs linked to holding ETFs are also usually lower than those of a mutual fund. ETFs are therefore popular financial instruments for both hedging and investment. Today there are hundreds of different ETFs, ranging from those tracking broad US equity market indices, emerging market indices, sector specific stocks, commodities, bonds, etc. Two of the most widely known ETFs are SPDR (Spider) and QQQ, which respectively track the S&P 500 Index and the Nasdaq-100 Index. **de**

Sub-Prime Mortgage

**Mortgage Granted to a Borrower
With Low Credit Ratings**

Sub-prime mortgages have been making headlines around the globe this year due to the huge amounts of foreclosures in the US, which ultimately has impacted economies around the world. But what exactly is a sub-prime mortgage? It is a loan made to a borrower that doesn't qualify for standard mortgages with market interest rates as a result of having either no credit history or a bad credit history, ranging from a simple late payment to several defaults or even bankruptcy.

As borrowers with poor credit histories usually have lower incomes and are more likely to default, sub-prime mortgages are seen as more risky than standard mortgages. Financial institutions consequently charge higher interest rates to sub-prime mortgages to cover for the higher risk they pose. As interest rates rise, an increasing number of sub-prime borrowers cannot meet the higher debt repayment they face and default. This is exactly what happened in the US. After sub-prime mortgages reached a record in 2005 and interest rates continued to rise, an increasing number of borrowers could not reimburse their debt and were foreclosed. This led to the meltdown of the sub-prime market, which in turn has triggered the bankruptcy of lenders, specialized in this type of loans. Sub-prime mortgages are also called "B loans" or "second chance loans." **de**

Wolfsberg Group

**A Partnership of Global Banks
That Combat Money Laundering**

What does a castle in northeastern Switzerland have to do with the financial industry? Castle Wolfsberg was the first meeting place for the 12 global banks which later formed the Wolfsberg Group. This partnership of banks, which includes Credit Suisse, aims to develop financial services industry standards combating money laundering. The association was set up in 2000 and has since published global anti-money-laundering guidelines for private banking, correspondent banking and mutual funds.

In the wake of the terrorist attack of September 11, the Wolfsberg Group also issued a statement on counter terrorism financing standards for the financial industry. Earlier this year the association issued a statement against corruption, identifying some measures financial institutions can implement to protect themselves against the misuse of their operations for corrupt practices. The statement also suggests methods to prevent corruption in their own organizations. **de**


Credit Suisse Sponsorship



Singapore Art Museum and Credit Suisse Forge Three-Year Partnership

Over the next three years, the “Credit Suisse: Innovation in Art” series at the Singapore Art Museum (SAM) will feature exhibitions of diverse genres, ranging from Southeast Asian modern and contemporary art by Indonesian and Vietnamese artists, to the works of renowned modern Swiss artist Alberto Giacometti, to Chinese contemporary art. Credit Suisse, SAM’s first presenting sponsor, will also support programs that present young local emerging talents.

“Visual arts is one of our key sponsorship focuses and we seek to build long-term partnerships with important cultural institutions that will help them plan ahead and give them creative scope,” explains François Monnet, Credit Suisse’s head of Private Banking Southeast Asia and Australasia of the partnership. With the support from the SAM, Credit Suisse will also be hosting special previews and exclusive events throughout the year for its clients. SAM opened in January 1996, and to date has amassed the world’s largest public collection of modern and contemporary Southeast Asian artworks with a growing component in international contemporary art.


Credit Suisse has a long history of supporting of the arts in Singapore. At the Patron of the Arts Awards held by the National Arts Council in September 2007, Credit Suisse was conferred “Friend of the Arts” for its contributions and was also named “Friend of Heritage” at the National Heritage Board’s inaugural Patron of Heritage Awards in April 2007. 

www.nhb.gov.sg

The Old and New Worlds Fuse in Zurich

The expression “pop art” was first coined in London in 1955. The long road that followed led from the enthusiasm of British architects, theorists and artists about the products of commercial American mass-image creators to the trendy, brightly-colored motifs in pop style that took the world by storm in the late 1960s. This road was to cross paths with the careers of quite a few artists and movements.

In its first big exhibition of the new year, the Kunsthaus Zurich, supported by Credit Suisse, extends an invitation to explore this highly exciting collection. The word “Euro-pop” emphasizes just how much western Europe and the US are intermeshed, particularly in terms of what is usually considered to be an American phenomenon. Perhaps pop art is simply a side-effect of global cultural fusion. There would be no Europop without America’s mass-market culture, and no American pop art without the Old World’s avant-garde. The movement was already anticipated by the Dadaists, most notably Francis Picabia, Marcel Duchamp and Kurt Schwitters.

This exhibition, which will run from February 15 to May 12, focuses on the wealth and variety of European pop art and is designed to present visitors with the opportunity to review and reassess one of the most intense chapters in the history of art in the 20th century. It will feature the works of many artists, including the following: Thomas Bayrle, Peter Blake, Pauline Boty, KP Brehmer, Erró, Öyvind Fahlström, Franz Gertsch, Domenico Gnoli, Raymond Hains, Richard Hamilton, David Hockney, Alain Jacquet, Allen Jones, Jean-Jacques Lebel, Konrad Lueg, Eduardo Paolozzi, Peter Phillips, Michelangelo Pistoletto, Sigmar Polke, Martial Raysse, Gerhard Richter (photo: “Phantom Interceptor,” 1964), Mimmo Rotella, Niki de St. Phalle, Peter Stämpfli, Wolf Vostell. 

www.kunsthhaus.ch

O₂ Bubble Tutankhamun and the Golden Age of Pharaohs

The Legacy of Tutankhamun Lives On Through His Treasures

Text: Brendan Maton

The treasures of Ancient Egypt's Golden Age are now displayed in London's O₂ Bubble, in an exhibit sponsored by Credit Suisse. Sticking to the simple goal of explaining the dynasty of Tutankhamun with the aid of opulent artifacts, this show has a winning formula. It's a reminder of the wonders of a past civilization.

"May your life force live; may you spend millions of years, O you who loves Thebes."

So reads the legend on a lotus blossom cup belonging to Tutankhamun, the world's most famous pharaoh. The exquisite trophy is one of about 40 items that belonged to the Boy King currently on display at London's O₂ Bubble as part of a wider exhibition featuring artifacts from Ancient Egypt's 18th dynasty, the Golden Age.

The legend seems to be holding its promise. Tutankhamun's body may have been laid to rest 3,500 years ago when he was only 19, but his presence and splendor live on through these treasures. In his day, Tutankhamun ruled over a population of perhaps three million. An estimated six million people will have trooped reverentially past the flail and crook, signs of his power, by the time this exhibition closes August 30, 2008. Ancient Egypt has never been more popular.

The Pharaohs maintained power by means of great monuments, notably temples and statues honoring the gods, their ancestors and themselves. Dictators and potentates even today emulate this practice by means of colossal statues in their own image. But visitors expecting towering sculpture and massive artifacts will be disappointed at this exhibition. There is one

mighty head of Akhenaten, Tut's predecessor and possibly his father, suitably placed in a narrow room of its own, approached through a corridor of pillars, staring down from on high.

There is also a splendid, almost 7-foot-long gilded coffin of Tjuya, possibly Tut's great-grandmother, uncovered by Theodore Davis in 1905. Most objects, however, are on a smaller scale: duck-shaped perfume jars; a decorative hunting stick in faience; the handle of a spoon carved into the shape of a naked servant in repose; an elaborate golden fan. The last, alas, appears without the original ostrich feathers attached but is engraved with images of the Boy King in his familiar seated archer's pose hunting the birds themselves.

Finding Beauty in the Small Things

Having already toured 11 US cities, this is a well-traveled exhibition. Each of the 11 rooms at the O₂ Centre is full of wondrous things, laid out sparsely to accommodate large crowds. The curator thoughtfully left room to view the objects from all sides and it takes a good hour to appreciate everything. Any more would be exhausting. "If you stand in front of each object in this exhibition, you will never see anything like it in

your life," promises Dr Zahi Hawass, secretary general of Egypt's Supreme Council of Antiquities and zealous curator of this exhibition. He has chosen beauty rather than mass to convey the splendor of the Golden Age. The ostrich fan, for example, features two startled prey engraved in a space no bigger than a button. Elsewhere, in gold relief on one panel of a miniature shrine, the Boy King steadily pours ointment from a jar for his queen, Ankhsenamun, who sits beneath him and captures the fluid in a graceful open hand. As Howard Carter, the English archaeologist who discovered Tut's tomb, described the revelation: "Details of the room within emerged slowly from the mist, strange animals, statues and gold. Everywhere the glint of gold."

But it is not the eye-catching gleam that makes the treasures of the pharaohs superb. Every tribal chief ever introduced to gold has hoarded it and been buried with it. Few, however, employed craftsmen who could render such skilled and pleasurable scenes in the precious material as the pharaohs of the 18th dynasty. Admiring just the cube-shaped shrine, a memorial to the connubial love of the Boy King and Ankhsenamun, is worth the entrance fee alone.

This is an exhibition that features beautiful objects exclusively, but they are not all fashioned in gold. There are three model ships on display, which tell us a lot about the major mode of transport in Ancient Egypt, a country dependent on the river Nile for its livelihood. The work of their gold-



Left above: It takes several men to lift the 7-foot-long coffin of Tjuya. **Left below:** This fan, made of wood and covered in sheet gold, was once topped with ostrich feathers. **Right:** Dr Zahi Hawass, secretary general of Egypt's Supreme Council of Antiquities and curator of the exhibition.

smiths may have not been surpassed for millennia, but Ancient Egyptian mariners kept to simple curved hulls. There is no ribbing and planks to these boats but they are elegant and swift. The seats for oarsmen on deck and all other woodwork have been constructed entirely without metal joins or bracing. They are single-masted. One minor complaint regarding labeling is that visitors are only told that the material is wood. We have no idea which particular type of wood the Ancient Egyptians preferred for their boat-building or indeed any other ornament. Of other materials, most of the statues are in polished grey granite, which makes them darkly imposing under the spotlights.

Canopic jars and oil-bearing vessels are in a pale orange admixture of glass and calcite. There are also many smaller objects, including delicately-painted faience pomegranates and other fruit, in startling turquoise. Turquoise itself, the darker blue of lapis lazuli and dun red carnelian appear in elaborate chains of jewelry. These would be worn on the chest of the deceased to ease their passage in the afterlife, just as the bright blue fruit would magically provide sustenance after death.

Hawass and colleagues deserve praise for the simple lessons this show imparts on the importance of the afterlife. The visitor is constantly reminded that the beauty of the

artefacts was intended to ensure the pharaohs immortal happiness. The very fact that Tutankhamun lay undisturbed for 35 centuries is testament to this desire to secure peace and prosperity after death. As Hawass explains: "It was the dream of every ancient Egyptian to keep his tomb hidden for eternal life." No part of the exhibition exemplifies this cultural sensitivity better than the dark walls of the room wherein the burnished coffin of Tjuya lies. Several of the earlier rooms are lighter in color. In contrast, this room is black as night, save the spotlights on her grave goods. One is reminded of the contrast between sombre death and the role of splendid goods in defeating it.

An Educational Exhibit

This visual ploy stands in contrast to the final room of exhibits, to which everything beforehand appears to lead, the burial chamber of Tutankhamun himself. Here is computer imagery of the numerous outer gold coffins, and brass lines in the floor to indicate the size of those coffins. But in the center of the brass lines lies merely a life-size black-and-white photographic image of the king. This is a disappointment because the narrative of the exhibition promises the visitor an encounter with Tutankhamun. Despite this, the exhibit artfully tells the story of Tutankhamun's life and the time in which he lived.

The venue itself, the O₂ Bubble, is easy to reach although it is as unpleasing to the eye as the exhibits inside are wonderful. The obligatory gift shop is overrun with meretricious souvenirs. Each in their way contribute to remembering the wonders of Ancient Egypt. "This exhibition is both fun and educational," Hawass explains. It is true, that there is just the right amount of information and artifacts to be memorable. Its successor, jokingly labeled King Tut II by Hawass, is already being planned, ensuring the legend of Tutankhamun takes another step toward immortality. <

Tutankhamun and the Golden Age of Pharaohs
November 15, 2007 – August 30, 2008
The O₂ Bubble, London
<http://www.visitlondon.com/tutankhamun/>

New York Philharmonic Credit Suisse is Global Sponsor



New York Philharmonic Starts 166th Season

This year's opening of the New York Philharmonic's 166th season was distinct in many ways. The new season marks the beginning of Credit Suisse as the orchestra's first-ever global sponsor. Another first was the free dress rehearsal on the morning of its opening night concert on September 18 in Avery Fisher Hall – a gift to the city from the Philharmonic and Credit Suisse. As the crowds lined up for the free tickets, they were treated to a performance by the New York Philharmonic Principal Brass while Credit Suisse volunteers handed out water and Swiss chocolates. All who waited hours for the dress rehearsal to begin were rewarded as they saw Yo Yo Ma perform Dvořák's Carnival Overture, Cello Concerto, and Symphony No. 7 under the direction of Lorin Maazel.

A record 1,000 guests attended the opening night concert, including many distinguished people from the arts, finance and government. Karlheinz Muhr, a Credit Suisse Asset Management executive, also made his public debut as a director of the Philharmonic's board at the opening night gala. The concert was also simulcast on local Public Television Station (PBS) in the US as part of the "Live from Lincoln Center" series and simultaneously projected onto a jumbo screen in Lincoln Center's Josie Robertson Plaza, where another 1,000 fans viewed the concert. The coming months will also feature another first for the Philharmonic. As part of its Asia 2008 11-concert tour, the orchestra will perform in Shanghai for the first time. From February 11 to 24, the orchestra will travel to Taipei, Kaohsiung, Taiwan, Hong Kong, Beijing, Shanghai and China. mb

Rugby Sponsorship Continued to 2011



Credit Suisse Renews Hong Kong Sevens Sponsorship

The Hong Kong Sevens rugby tournament will continue through 2011 with the support of Credit Suisse. The four-year agreement was reached by Credit Suisse, the Hong Kong Rugby Football Union (HKRFU), and co-title sponsor Cathay Pacific in November. "We are delighted to continue our partnership with Credit Suisse and Cathay Pacific," says the director of marketing of the HKRFU, Paul Dingley. "The sponsorship commitment will help us maintain the unique status of the Hong Kong Sevens as the preeminent tournament in the International Rugby Board World Sevens Series."

This renewal will mark 14 years of continuous support for this popular sporting event in Asia for Credit Suisse. "You won't see better Sevens rugby anywhere else in the world," says Paul Calello, chief executive officer of Credit Suisse Investment Banking and Credit Suisse Asia Pacific. "The tournament complements our annual Asian Investment Conference (AIC). Together they make it the best week to be in Asia for investors and sports enthusiasts alike." The 2008 AIC will take place from March 31 to April 3, and the Hong Kong Sevens Tournament from March 28 to 30. mb

www.credit-suisse.com/conferences/aic/2008

Credit Suisse Commitment

City of London Names Credit Suisse's Giles Keating "Volunteer of the Year"

Text: Michèle Bodmer and Heinz Deubelbeiss



Giles Keating was named Volunteer of the Year at the Lord Mayor's Dragon Awards for his involvement in the community in which he lives. The Tech4all charity, which he helped establish 10 years ago, helps London's homeless stay connected with access to a free voicemail service aptly named VoiceMail4all.

Lord Mayor John Stuttard presented Giles Keating with the "Volunteer of the Year" Dragon Award for his commitment to the community. The economist is already looking into ways to set up the voicemail service his charity provides in UK cities beyond London.

The City of London celebrated the contributions made by individuals and businesses toward the social and economic regeneration of their communities at the Lord Mayor's Dragon Awards event on October 10. At this year's celebration, Giles Keating, head of Research for Credit Suisse Private Banking and Asset Management, received the Volunteer of the Year award from Lord Mayor John Stuttard. "The Dragon Awards are an important way to reward those who are working hard to give back to their local communities and to set the standard in neighborliness for all enlightened Greater London businesses," says the Lord Mayor.

Gaining Stability With Technology

Keating is the driving force behind VoiceMail4all, a project that offers homeless people free access to a voicemail service, which enables these individuals to find a job, hear from family and friends, keep in touch with support workers, or look for more permanent housing. Through Tech4all, a registered charity devoted to reducing poverty through the use of technology, the VoiceMail4all project was launched in 1997 with a small-scale pilot project targeting 20 homeless individuals. Since then, Tech4all has gained funding to establish a full pan-

London service operated by St Mungo's, the city's largest homeless organization.

Keating believes that the telephone has completely permeated society and that individuals who do not have phones face enormous problems. "Having a phone is a sign of stability and a settled existence, a sign of belonging to society. By giving a homeless person access to VoiceMail4all, we enable them to maintain contacts and forge new ones. A telephone is almost a piece of home. It helps users to get into contact with medics, family and friends, and with accommodation and employment offices," he explains. "VoiceMail4all is an advantage when it comes to looking for work, as users can now leave a telephone number where they can be contacted. Mobile phones don't do this – homeless people lose them easily, or have them stolen, or they run out of credit – and a landline number gives a greater sense of stability to potential employers than a mobile number."

The work of Amartya Sen, the Indian economist who received the Nobel Prize in 1998 for his concerns with how cultural and technical achievements affect a society, inspired Keating. "As an economist, I'm interested in matters of economic development and also in the spread and availability

of technology. When, over 10 years ago, I considered voluntary work, I tried to find a field where I could contribute my specialized knowledge, as I wanted to achieve the greatest effect through my involvement. That is why I helped set up Tech4All."

Looking Ahead to Helping More People

On average, Keating spends at least a few hours a week on the project, attending quarterly meetings and events, approving materials and finding potential new funding sources. "Many of our donors are charitable organizations, but we also have private benefactors and Credit Suisse has also made significant contributions," he explains. "The company has supported us in many ways, specifically it helped many of its employees in London to become involved."

As is typical for economists, Keating is looking beyond the current achievements of the project toward its future. "Over a 1,000 people have benefited from VoiceMail4all in London and the number is rising. We are working with local organizations to set up this service in other UK cities. We hope that the Lord Mayor's Dragon Award will bring the idea into the spotlight and lead social institutions to contact us and open up the service across Europe and beyond." <

Credit Suisse EMEA Builds Community Spirit

Building Business Value With Charitable Activities

Interview: Michèle Bodmer

Balance sheets alone are no longer the only measure of a company's strength. Today's successful businesses also adopt a strategic approach to corporate citizenship by giving back to the communities in which they operate. Bella Berns, head of philanthropy for Credit Suisse EMEA, explains the importance of striking a balance between financial gains and community spirit.

Bulletin: You've been working at Credit Suisse Europe, Middle East and Africa (EMEA) for about a year as head of philanthropy. When did you develop an interest in this field?

Bella Berns: My Mom was an executive director of a local organization in the US that provided legal counsel and safe homes for women and children who were in unhealthy relationships or abusive homes. So, I grew up in a very socially aware family, and from a young age, this concept of giving back to the community was instilled in me.

How would you describe your job?

I joined Credit Suisse to restructure its corporate philanthropy in EMEA, that includes everything from building a team to corporate granting to employee engagements, and to advising clients on individual philanthropy. My task is to approach our philanthropic efforts more strategically.

What exactly is the client philanthropy services initiative?

This is an advisory service to assist our clients in efficient giving. This UK pilot project was launched in September as we found many of our clients want to make charitable contributions while still living (as opposed to bequests). And they want to get more

involved in their communities – both local and international. With no regulatory standards across international boundaries and thousands of worthy charities and often confusing tax issues, this can be a daunting task. Many entrepreneurs seek our advice to ensure their donations are strategic and efficient.

You mentioned taking a more strategic approach to philanthropy in EMEA.

EMEA had been supporting charitable organizations on a limited budget with average donations of 20,000 dollars. While we had exposure to a lot of organizations, it was difficult to truly measure the impact that Credit Suisse has in the community over five to 10 years. It is essential that we understand the social impact of our efforts in order to make a sustainable difference in the long term. In 2008 we will narrow our focus to five to 10 core partners and make much larger grants over a longer period.

Would you define corporate philanthropy just as "spreading the wealth"?

Today's definition of corporate philanthropy is contributing both profit and resources to nonprofit organizations to improve communities. That includes donating money and the time of your workforce toward causes

and programs. These charities are chosen to further a company's core values by aligning its corporate grant making with social issues that reflect both its corporate concerns and ideals.

And what is Credit Suisse EMEA's approach to corporate philanthropy?

Credit Suisse as a company wants to be a good community partner in the areas in which we work. As a corporation we seek to help local community members improve their own situation. We do that through increasing educational opportunities or economic development through employment, to help these individuals build their capabilities in order to become contributing members of society. We are not just in those communities to make money, but also to create a sustainable community.

Where is the line between philanthropy and commercial self-interest?

Companies naturally have an eye on adding value to their businesses and boosting their corporate profiles; philanthropic initiatives can benefit this. The most direct benefit to Credit Suisse is the professional and personal development of our workforce through community volunteering. These initiatives, which promote our reputation of being a good community partner, can also be the differentiator that helps a potential employee choose our company. At the end of the day, Credit Suisse has shareholders and will never be able to give away a billion dollars of charitable grants, but as a responsible corporation we can give away a cer-



Above (left to right): Joshua posts a letter with a mobility chair from Whizz-Kidz, Credit Suisse charity of the year. Bella Berns, EMEA's head of philanthropy. **Below (left to right):** Volunteering for Habitat for Humanity. Teach First teacher mentors students (www.teachfirst.org.uk).

tain percentage of our profits efficiently and strategically to create meaningful change in the communities in which we operate.

Why is it so important that employees who volunteer can do so with the support of a company?

When employees utilize their skills and talents in other areas, such as working in the community, they are also developing their professional and personal capabilities. Therefore we encourage our employees to get engaged in their local communities by volunteering a day of their time a year, and we pay them for that day.

You are based at Canary Wharf, a booming district in London. Is there more to this area than meets the eye?

Canary Wharf is actually based in East London, one of the most impoverished areas of

the UK and Europe. It has a very high immigrant population where English is a second or a third language. These families face a multitude of problems such as lack of education and jobs, and poor living conditions in a city that is very expensive.

What are the types of initiatives Credit Suisse supports in the London area and how do you go about choosing those causes and initiatives?

Worldwide, Credit Suisse focuses its philanthropic efforts on education. In EMEA we are supporting youth education. From that aspect, we determine what the biggest issues are in regard to access to education and literacy. Once those issues are determined, we find the best proven ways to address them through partnerships with innovative charities. In East London, truancy

and exclusion from the formal school system is one of many hurdles these families face. We are working with charities that help to get those children back into school. This is important because with every year of education, employment opportunities increase along with many other positive causal affects, such as better health and birth rates. Educating the children in the community is also good for business in the very long term, because these children are our future employees, and ideally, our future clients.

How are you approaching this focus on education in other regions?

With the help of the local offices we identify very specific local problems in regard to youth education. For example, we understand Paris has issues similar to London, with a large immigrant population that is not being integrated into the education system. In Paris, we will partner with organizations making a tangible difference on inclusion.

How important are philanthropy initiatives in the emerging markets in particular?

Looking just at Eastern Europe, the Middle East and potentially South Africa, it is important for Credit Suisse to be a leader in those communities as we develop business plans and relationships there. We need to be a social partner in those regions and not only derive profit from them, but also invest in those communities for the long term.

Asia Pacific, Eastern Europe and the Middle East are also areas with the biggest growth potential for philanthropy of high-net-worth individuals. It is very interesting how everything ties together. As wealth is accumulated, the individuals who are making money are also conscious of the vast discrepancy between their earnings and those of the general population in their communities. Today's individual philanthropists, our clients of the Private Bank, are giving at a much younger age than those in the past and are giving much more strategically. For these individuals it is important to be affiliated with a company that is also doing its part for society. <

Employee Volunteering Julie Lutz's Story

Serving Soup in the City of Roses Gains Vital Donations

Text: Joy Bolli and Michèle Bodmer

It's safe to say that with her 18-year history working for Credit Suisse, Julie Lutz loves her job. Yet one challenge alone isn't enough to satisfy her drive, so she decided to invest her free time in a good cause. She found fulfillment in organizing a volunteering campaign that would help the poor in Switzerland.

It was May when she took on the task of participating in Soup Day, one of the biggest Credit Suisse employee volunteer initiatives in Switzerland, where individuals get a humble meal of soup and hearty bread in exchange for a donation of their choosing. The Soup Day fundraising campaign, supported by the People in Need foundation, was created to gain donations for Schweizer-Tafeln, which helps to combat poverty in Switzerland by collecting surplus food and distributing it via various social institutions to those in need.

While Credit Suisse employees have supported the campaign since its launch in 2004, this was the first time that the branch in Rapperswil, a historic town on the Lake of Zurich, took part in the initiative. This quaint city in the canton of St. Gallen was one of 37 in which Credit Suisse operates that organized individual Soup Day drives. "We wanted to expand the offering in the eastern part of Switzerland, and I was immediately up for the challenge," Lutz explains. "Knowing I would have help from my colleague Michaela Bischof, I was convinced that this would be an easy task."

Thinking back over the past five months of preparation for the Soup Day, she realizes she was perhaps a bit overenthusiastic

in her forecast. "I now realize that we had no idea what we were getting into."

She explains that getting the basics together was the least of the problems they encountered. Renting the tent which would shelter the volunteers, organizing the chefs who would make the soup and the tables where passers-by could enjoy their meals was done very quickly. So, too, was getting the chefs from a renowned restaurant in the region to agree to volunteer their time and culinary skills for the day.

Soup Day Success Is About Small Things

The devil, however, was in the details. It was obvious from the spread available on Soup Day that every detail was arranged with great care. The tables were draped with tasteful tablecloths, and garnished with ribbons and bountiful flower bouquets. The buffet was artfully arranged, and all of the employee volunteers were dressed in the same color and wore a name tag. "I would have never been able to think up and organize all of these artful details without the help from Michaela," she admits.

And from the number of guests who stopped in for a bowl of soup or coffee and cake, it was obvious that their efforts were appreciated. Getting to that point was,

however, a big endeavor. As with all other Credit Suisse teams across the country organizing a Soup Day, the budget for Rapperswil was just enough to provide the basics, and so the organizers had to look for more sponsors. The Rapperswil team was also faced with the fact that the public in this region was unfamiliar with Soup Day. "We had to get the public relations wheel turning and that was time-consuming," Lutz recalls. "Luckily we gained the support of our local radio station, which broadcast commercials for free and later also reported from the site." Another important sponsor was the restaurant Villa Aurum, a top-notch restaurant. Its managers, Silvia Moser and Walti Merz, didn't hesitate in offering help, which was a great motivator for the team.

Transporting the finished product from five kilometers away, however, was another dilemma that the team faced. Who better to handle the logistics of transporting the huge containers of soup to the tent than the Swiss Army, which also agreed to be a sponsor? "The army provided the transport containers to bring the soup from the Villa to the tent in the city center," she explains. Two regional bakeries also did their part and provided cakes and hearty bread for the day. And another sponsor supplied the espresso makers to ensure that guests could also get a java boost. Even the white roses adorning the matching tablecloths were made available by a local florist.

Besides getting sponsors on board, it was also important to find celebrities for



Soup Day was the first volunteering experience for Julie Lutz, head of Private Clients for Rapperswil, and also the first time she had organized such an event. While she was surprised by the time it actually took to get rolling, she and her team tackled the task with vigor. "I am not the type of person who enjoys the routine of a nine to five job," she says. This is a good thing as what she had regarded as an easy side job turned out to be an extensive organizational challenge.

Fourth Annual Swiss Soup Day Statistics

This year, the Soup Day was conducted in 37 cities throughout Switzerland on November 15. Thirty of the 37 sites were organized by Credit Suisse employee volunteers. They served 4,500 liters (1,500 portions) of soup – all made by star cooks – and received 116,000 Swiss francs in donations. The entire amount will benefit the People in Need foundation and will be used to support the logistics of the project Schweizer-Tafeln, which gathers spare food supplies from grocery stores around Switzerland and distributes them to emergency accommodations and relief organizations. Credit Suisse has been supporting the Soup Day campaign since its inception in 2004. This year, 250 employees volunteered, making it the largest Credit Suisse volunteering event in Switzerland to date.

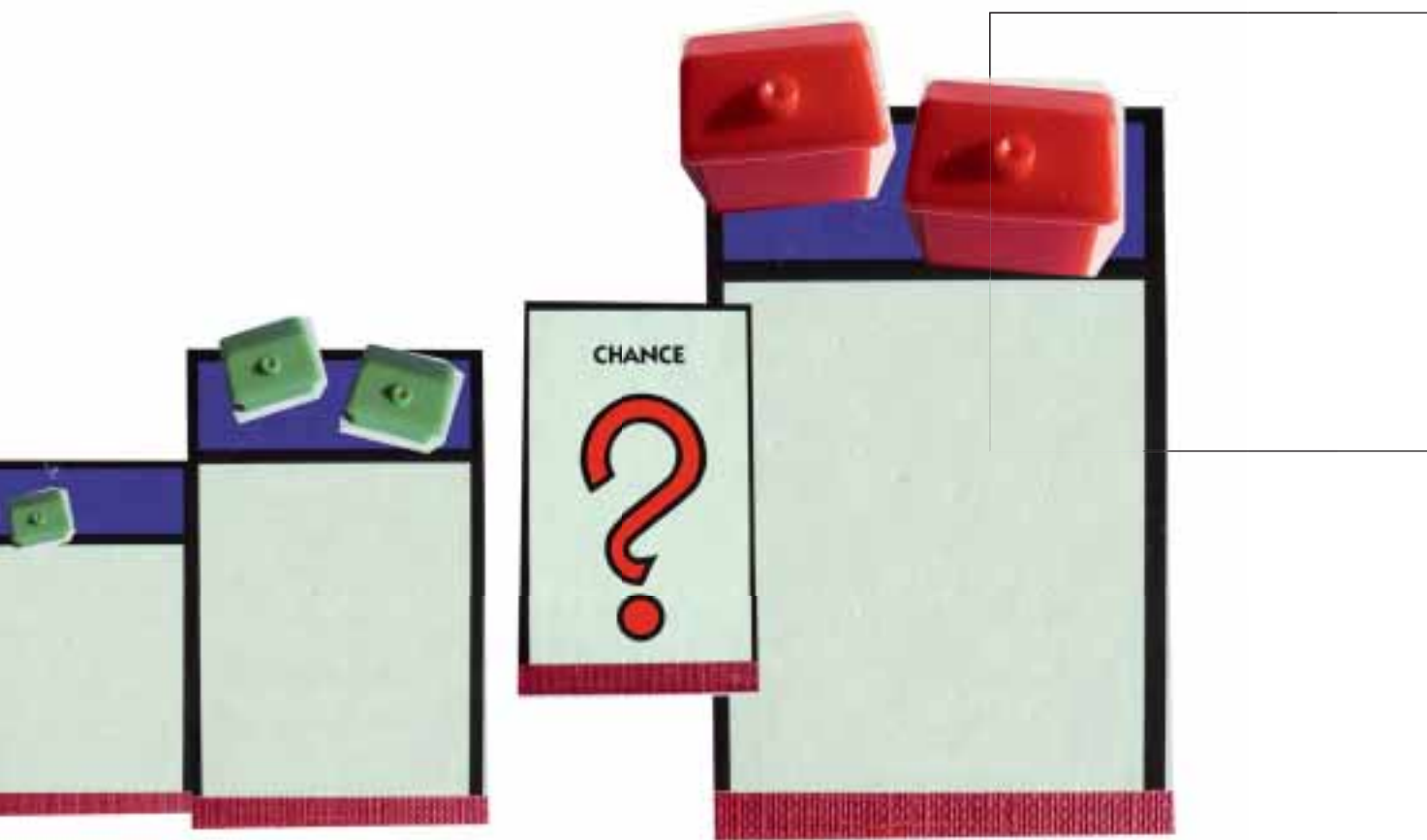
support. This was one of the most difficult tasks. Lutz and her team approached more than 30 celebrities. "Most declined, but some answered our letters personally and apologized for not being able to participate in our event," she says with regret, as prominent volunteers are extremely important for attracting guests to philanthropic events. After many months of work, they finally managed to gain the support of an interesting group of local celebrities, including Anja Meierhofer, beauty queen and representative of the City of Roses, cyclist Urs Freuler, singer Paloma Würth, and director Michael Steiner. Together with the Credit Suisse volunteering team, they served pumpkin soup, and kept the guests in good spirits with their banter.

Helping people in need was a good motivation for the volunteers. It is all too easy for residents of Switzerland to forget that poverty exists here. In fact, about 13 percent of Switzerland's population lives below the poverty line, and their income is insufficient to cover everyday expenses. Knowing that the proceeds collected at the Rapperswil tent would help these individuals get the necessities they need, inspired the team. Lutz also enjoyed the support and camaraderie from colleagues who worked in different units. "It's nice to work for a good cause – but the added bonus was the team's bonding experience."

A good number of visitors were lured in by the warmth of the tent and the smell of savory pumpkin soup on this cold November day. As they laughed and ate, donations were discreetly dropped into the nearby boxes. The boxes were not filled completely on this first Soup Day for the city, but that doesn't discourage Lutz, who believes the unseasonal chilly weather did not help the team reach their goal of 500 visitors. "It takes a start-up phase for every event to become successful. Next year, everything will be easier," she says with determination. Does she really intend to take on the task again next year? "By all means," she replies smiling. "Next year we will even raise our target to 1,000 visitors." <

Swiss Financial Sector Wants to Regain Leadership Position

Switzerland is a major international financial center. To further improve on this strong position, representatives of the country's financial services industry have come up with a **"master plan"** that could create tens of thousands of new jobs by 2015 and bring in 10 billion Swiss francs in additional tax revenues.



Text: Manuel Rybach, head of Credit Suisse Public Policy Switzerland

Financial services are the most important sector of the Swiss economy. Banks, insurance companies, investment funds and financial infrastructure, including the stock exchange, account for nearly 15 percent of Switzerland's gross domestic product (GDP), with the banks alone contributing some 48 billion of the total 70 billion Swiss francs.

The financial sector also accounts for 16 percent of total tax revenues with the larg-

est proportion again coming from the banks, and offers around 200,000 jobs for highly skilled and high-performing people, of which around 100,000 are in the banking sector. That constitutes about 5 percent of the country's jobs. The sector also makes a substantial indirect contribution – for example through expenditures by financial firms and their employees on goods and services marketed by nonfinancial companies, especially Small to Medium Enterprises (SMEs). The

financial sector and other areas of the economy thus benefit from each other.

The financial sector and individual financial firms therefore make a major contribution to Switzerland's prosperity. And yet, in a world dominated by increasing global competitive pressure, the financial sector cannot afford to rest on its laurels. Competition between the leading international financial centers has risen perceptibly in recent years. Market share and even entire areas of busi-

ness have been lost to foreign financial centers owing to an insufficiently competitive operating environment. This undesirable trend is illustrated by the exodus of foreign exchange trading business and the lost opportunity to establish Switzerland as a center for investment funds.

At the same time, Switzerland's growth momentum is too low. In a comparison with seven major competitors, the Swiss financial sector ranked second in the 1980s, slipping to fourth place in the 1990s.

Since 2000, it has been classed as low as sixth. The declining growth in real value creation compared to its major international competitors, along with recent initiatives launched by London, New York, Paris and Tokyo to strengthen their financial centers, prompted the associations representing the Swiss financial sector and infrastructure operators to draw up an integrated, cross-sector plan for the future of the Swiss financial services sector as a whole.

A Master Plan With an Ambitious Vision

In September 2007, the Swiss Bankers Association (SBA), Swiss Insurance Association (SIA), Swiss Funds Association (SFA) and the SWX Group, SIS Group and Telekurs Group, which are merging to form Swiss Financial Market Services on January 1, 2008, published their joint strategy called the "Swiss Financial Sector Master Plan."

Credit Suisse was actively involved in this project, especially the preparation of the strategy for the banking sector, which has been published separately by the Swiss Bankers Association as "Swiss Banking – Roadmap 2015," yet forms an integral part of the overall master plan (see box). The master plan sets out an ambitious vision: It aims to position Switzerland, which currently ranks sixth in the international financial sector, back among the top three alongside London and New York by 2015.

Five Areas of Priority

To achieve this ambitious goal, the sector needs to take action. Swiss financial companies need to strengthen their market position and increase their market share through first-class products and services, and a strategy geared to the future. At the same time, the basic conditions in which the financial center operates need to be improved. The master plan identifies five areas of priority:

1. Education and research: Switzerland should position itself as a top destination for financial education and research, and attract talented financial professionals from abroad by building on initiatives that are already under way (for example, the Swiss Finance Institute funded by the banks) and by ensuring a suitable immigration policy.

2. Regulation and supervision: The aim here should be to strengthen self-regulation and the principles-based "better regulation" philosophy, supported by a more risk-based approach to oversight. It is important to ensure that Swiss financial supervision is recognized as being equal at international level as this is a key prerequisite for nondiscriminatory access to foreign markets.

3. Collaboration between the financial services industry, authorities and politicians: Other countries show that collaboration is vital to strengthen the financial sector. In Switzerland, there is a need to improve collaboration in the areas of regulation, oversight and taxation.

4. Taxation: In growth areas such as hedge funds and private equity, Switzerland needs to offer internationally attractive tax models. Another goal is phased abolition of stamp duty by reducing rates each year. The reduction in revenues from stamp duty should be more than offset by the additional growth generated by the other activities.

5. Financial infrastructure: The financial center needs to be supported by infrastructure that is at the leading edge in terms of quality, cost-efficiency and innovation.

Implementing the Strategy Will Pay Off

If the action set out in the master plan can be implemented rapidly, the impact meets expectations, and market conditions do not deteriorate significantly, it should be possible for Switzerland to achieve its "top three" target ranking by 2015. That would be a significant boost to the economy. The financial sector's contribution to GDP could rise from 70 billion Swiss francs today to 130 to 150 billion Swiss francs.

That in turn would result in a sharp rise in the number of people working in the financial sector and in tax revenues, as well as the sector's indirect contribution: The best-case scenario outlined in the master plan assumes that tens of thousands of additional jobs could be created and (net) tax revenues could be increased by around 10 billion Swiss francs. <

Swiss Banking – Roadmap 2015

As part of the master plan, the Swiss Bankers Association has prepared a position paper – "Swiss Banking – Roadmap 2015." Credit Suisse was actively involved in its preparation.

The roadmap identifies eight areas which should be given top priority in the bid to strengthen the sector because of their high growth potential or present position.

- Private banking
- Retail banking
- Investment funds
- Pensions business
- Hedge funds
- Private equity
- Swiss capital markets
- Commodity trade finance

Working closely with its members, the Swiss Bankers Association has analyzed the challenges facing these areas of business and defined the necessary action. Around 80 institutional, regulatory and tax-related aspects were carefully weighed up and prioritized. The results are consolidated in 20 points that are of material importance for the banking sector and which should improve its international competitiveness. These can be grouped in the following areas:

- Strengthening competitiveness in tax matters
- Strengthening competitiveness through appropriate implementation of international standards, while maintaining banking secrecy
- Improving the effectiveness of the authorities in matters relating to Switzerland as a financial center
- Fostering the attractiveness of Switzerland for collective investment schemes
- Improving the framework conditions for trusts and foundations
- Greater flexibility in the regulatory framework for the pension funds business.

The task now is to place these demands in the political arena and regularly assess political and administrative progress in implementing the necessary measures.

<http://www.swissbanking.org/swiss-banking-roadmap.pdf>

Boom, Bust and Recovery

Weighing the balance between long secular trends and short- to medium-term cycles is a key input to investment decisions. The underlying influences from economics, politics, technology, demographics and finance are always evolving, but even so we believe there are **many lessons to be learned** from a long, historical perspective.



Text: Giles Keating, head of Global Research for Credit Suisse Private Banking

Looking back over almost 160 years of the stock market, we find that the average total real return over and above inflation, and including dividends, has been a healthy 6.2 percent per annum. US equities benefited from political continuity throughout this entire period, as did those in some other countries, such as the UK and Switzerland, while stocks in some other nations including Germany and Russia saw price collapses or total losses, reflecting political trauma.

A study by Professors Elroy Dimson and Paul Marsh¹ at London Business School suggests that a sufficiently diversified portfolio, held for a long enough period, will tend to average out even events of this magnitude. Their work showed that a portfolio of stocks diversified across 16 major countries

purchased in 1900 would have delivered about 5.8 percent a year average real return since then (see chart, left on page 47). This is significantly ahead of the real returns achieved on bonds during the same time period of about 2.8 percent in Switzerland, 1.6 percent in the US and just 1.3 percent in the UK. It also beats the negative real return recorded since 1910 for commodities, as measured by the CRB index.

Holding assets for a long period makes it more likely that returns will be close to these averages. Investors who bought a diversified stock portfolio and held it for 25 years would have achieved a real return very close to the long-term average (see chart, right top on page 47). This applies to any entry point, even when the purchase

was made right at the top of the market, just before a crash. However, few investors are willing or able to hold their investments for such a long period. For shorter holding periods, returns can differ from the average by a large margin in either direction, depending on market conditions. Looking back in history, it is helpful to divide those conditions into two broad types: long secular bull markets, of which there seem to have been three in the last 160 years, and the turbulent periods in between bubbles, crashes and slow recoveries.

The Secular Bull Markets

The first secular bull market lasted about three decades, from the US Civil War until the start of the 20th century. It reflected

major economic expansion in the US and elsewhere, as well as massive migration to the Americas, technologies such as railroads and electricity, and monetary stability or even deflation under the gold standard, which underpinned a powerful bull market in bonds. The second secular bull phase for equities came after World War II and lasted for just over two decades until the end of the 1960s. Drivers included cheap oil, the baby boom, the spread of US suburbia, post war reconstruction in Europe, tariff cuts for manufacturers, and military and civilian use of technologies like aerospace. An expansionary monetary and fiscal bias gradually became embedded in chronic inflation, initially stimulative but finally destructive, with bonds unsurprisingly in a long bear market. The third secular bull market for stocks began in the early 1980s, lasting about two decades until the dotcom bubble burst in 2001. Corporate America copied Japan's lean production and emphasized shareholder value, tax reforms boosted incentives, the digital era began, populations exploded in poorer nations, liberalization stimulated world trade, and the emerging market boom spread across Asia, Mexico and elsewhere, thus offsetting stagnation in continental Europe. Stimulus also came from falling real oil and commodity prices, following earlier overinvestment. Monetary policy reversed the excesses of the 1970s, and maintained generally low inflation, triggering a new bond bull market.

Will History Repeat Itself?

Within these secular equity bull markets, there were periods of decline, many of them small to medium-sized, but occasionally larger, like the 1987 crash. The smaller events were reversed within weeks or months, the larger ones usually rebounded within a year or so, and none appear large in the longer historical perspective. Had investors held positions through them, they would have regained their losses rather quickly. Of more importance are the three much larger boom-bust-recovery cycles in between the secular bull markets. Two of these cycles occurred in the 1914–1945 period, in between the first and second secular bull markets. The third one occurred in the 1970s, in between the second and third long bull phases.

The dotcom bubble, crash and subsequent rebound looks as though it may be a fourth such boom-bust-recovery cycle. More details about these cycles are given in

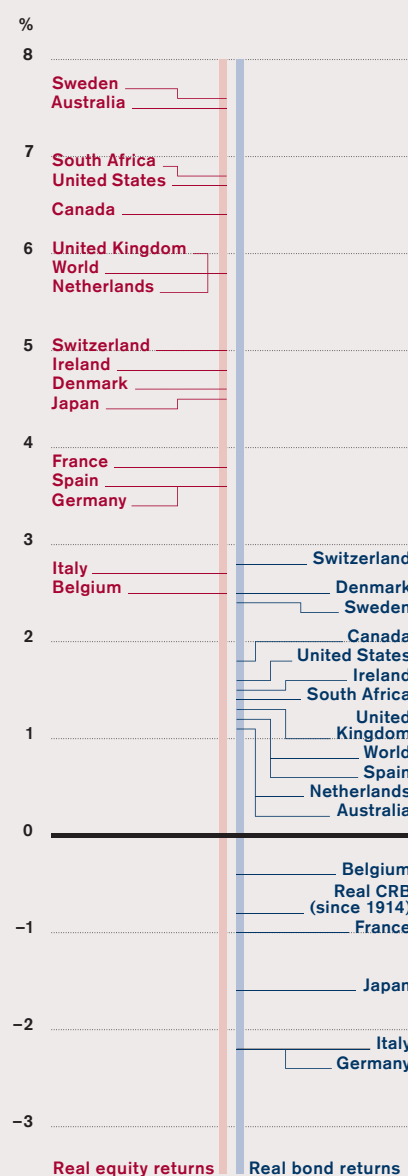
the charts. Although the details differ, a common pattern of four phases can be detected. In the first phase, there was a sharp rise or bubble, sometimes building up over four or five years, and sometimes happening more quickly. The second phase saw a very large fall of between about 40 percent and 80 percent (in real total returns), spread over some two and half to three years. The third phase was a recovery, lasting about four to six years. The fourth and final phase began with a short but sharp correction, of perhaps 15 percent to 20 percent or more, before seeing a resumption of the recovery for another three to four years that brought the markets back to the starting point in terms of real total returns. If we map the dotcom

bubble, the crash and the subsequent recovery (starting in early 2003) against these historic cycles, it appears that the first three phases have been almost completed, implying that the fourth phase lies just ahead. If the historical pattern is repeated, this would suggest that stock markets can continue their rising trend for at least another three to four years, but this trend would be more volatile than it has been recently. In particular further significant corrections could lie ahead over the next 12 months. <

Research data for this article provided by Credit Suisse analysts Marcel Thieliant, Alison Weingarden and Reto Meneghetti.

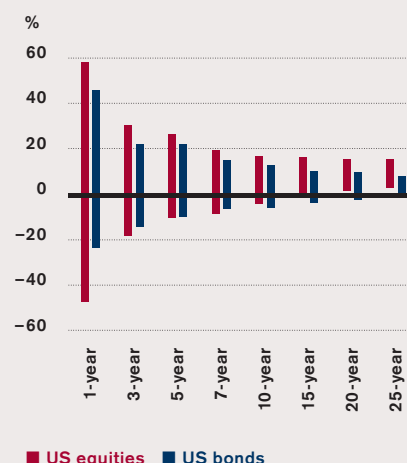
Real Equity vs Real Bond Returns Since 1900

Source: Dimson & Marsh (2002), CRB



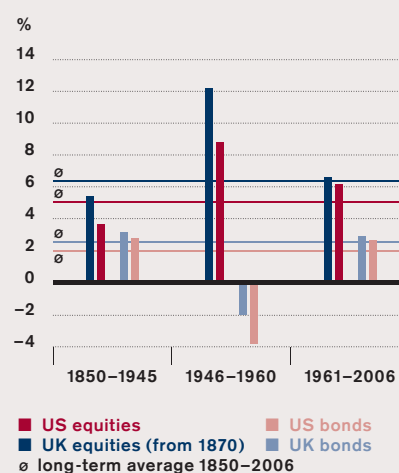
Annualized Real Returns for Different Holding Periods Since 1900

Source: Global Financial Data



Real Equity and Bond Returns in the US and UK

Source: Global Financial Data



The Coming Revolution in Health Sciences

Over the past decades, health sciences have advanced so rapidly that many experts are predicting exponential progress that will propel the field to a new level. Some go as far as to suggest **a new era** – just decades away – where all major human illnesses can be cured and where intelligence is enhanced beyond imagination. Are such claims justified?



Text: Carri Duncan, Trained Neuroscientist and Equity Research Analyst

We stand on the shoulders of giants. As the findings of our predecessors serve as starting points for our endeavors, mankind can go farther than ever before. Moreover, in the course of the 20th century it became clear that many areas of human life are subject to accelerating change. Computing and information technology are often cited as prime examples for progress at an exponential rate. To this day, for example, the number of transistors on a computer chip has doubled roughly every two years since the 1960s – a phenomenon termed Moore's Law.

Health sciences too have seen major advances over the past decades – in areas such as biotechnology, biomedical engineering, psychology, pharmacology and health care. Increasingly, progress is driven by interdisciplinary efforts. Medical physics has given rise to higher resolution brain imaging, which has fundamentally enhanced our understanding of brain function and dis-

ease. Chemistry and biology helped shape biotechnology in a way that has greatly contributed to our lives. Designing organisms to produce large amounts of human insulin at a low cost is just one example. The newly emerging field of nanotechnology also holds promise in multiple fields of the health sciences, specifically in diagnostics, tissue engineering and drug delivery.

Some experts are now projecting the health sciences to be just as much subject to accelerating change as the fields of computing and information technology. It took 15 years to sequence the genetic code of HIV – it took only 31 days to sequence SARS. If we project such trends into the future, the staggering impact of exponential growth will literally guarantee, according to some, to bring us immortality within 20 to 30 years. And there is more. Imagine computers more powerful than the human brain (see image 2), and human bodies augment-

ed by technology to such extent that the entire concept of human life requires redefinition (see box on Singularity).

Such huge claims are not made by outlandish laymen, but by leading thinkers and serious scientists. The most distinct of them is Ray Kurzweil. Educated at the Massachusetts Institute of Technology (MIT) by Marvin Minsky – one of the founding fathers of artificial intelligence – Kurzweil not only boasts an impressive record of accurate predictions about technology to date, he has also made seminal contributions to machine intelligence. Kurzweil was the first to invent many machines, including the omnifont optical character recognition, print-to-speech reading machine for the blind, CCD flatbed scanner, text-to-speech synthesizer, music synthesizer capable of recreating the grand piano and other orchestral instruments, and commercially marketed large-vocabulary speech recognition. In his 2004 book

"Fantastic Voyage: Live Long Enough to Live Forever," Kurzweil argues that we will achieve immortality within 20 to 30 years with the aid of gene therapy "reprogramming" nanobots – which are robots the size of blood cells designed to enhance every aspect of life – tissue engineering and many other revolutionary biotechnologies. Such claims rest on the assumption that health sciences are based on the same principles as information science and technology.

Why Health Sciences Are Different

There are at least two arguments against such claims. Firstly, biology is fundamentally different from, for example, computer circuits or hard drives. Living organisms exhibit a degree of complexity that exceeds that of nonliving objects. For example, the issue of emerging and reemerging disease highlights the dynamic nature of organisms. With improvements in vaccines and antibiotics, in the 1950s, the end of most infectious diseases seemed on the horizon.

Since then, a new onslaught of infectious diseases including Variant Creutzfeldt-Jakob disease, commonly referred to as Mad Cow disease, HIV/AIDS, severe acute respiratory syndrome (SARS) and Ebola have emerged. While technology has enabled the development of broadband antibiotics, this very technology has allowed antibiotic-resistant super bacteria to emerge. Although progression continues in this field, it is necessary to recognize the ability of living systems (including bacteria) to change in response to human innovations. Biologists such as Robert Rosen have shown that Newtonian physics fails to describe biological systems due to an inherent complexity that is specific to life ("Life Itself: A Comprehensive Inquiry Into the Nature, Origin, and Fabrication of Life," 1991). Even simple organisms, such as bacteria or viruses, are unpredictable. And not all diseases have genetic components that would allow for a reprogramming of human genes.

Secondly, social and ethical dimensions play a more prominent role in constraining and shaping progress in the health sciences. And they will do so even more in the future. If radical advances in the health sciences do take place, the question of equal global access surfaces. There may be the implications of a radically changed and changing demographics: Is our planet equipped to serve a hyper-fast growing population? Will it lead to political and social instability? Ultimately,

Singularity Similar to advances in health sciences, scientists in the field of artificial intelligence are making predictions for a now unimaginable transformation in mental and physical aptitude that will mark a new super intelligent era and redefine life as we know it. This technological transition, termed "Singularity," has been the subject of science fiction novels for some time, but serious thinkers are also beginning to study this phenomenon. In September, futurists gathered at "The Singularity Summit 2007: Artificial Intelligence and the Future of Humanity." Augmenting human intelligence through genetic engineering and brain-computer interfaces are predicted by some to occur in 20 to 30 years.

is living forever desirable? To date, ethical and economic considerations have played a paramount role in affecting the progress of health sciences to an extent not experienced by information technology. Debates surround the areas of genetic engineering, cloning and embryonic stem cell research – discussions that are minuscule in extent and complexity compared to those required under the scenario envisaged by some visionaries. Independent of technical possibilities, human society is limited as to how fast it can alter its conventions, rules and routines.

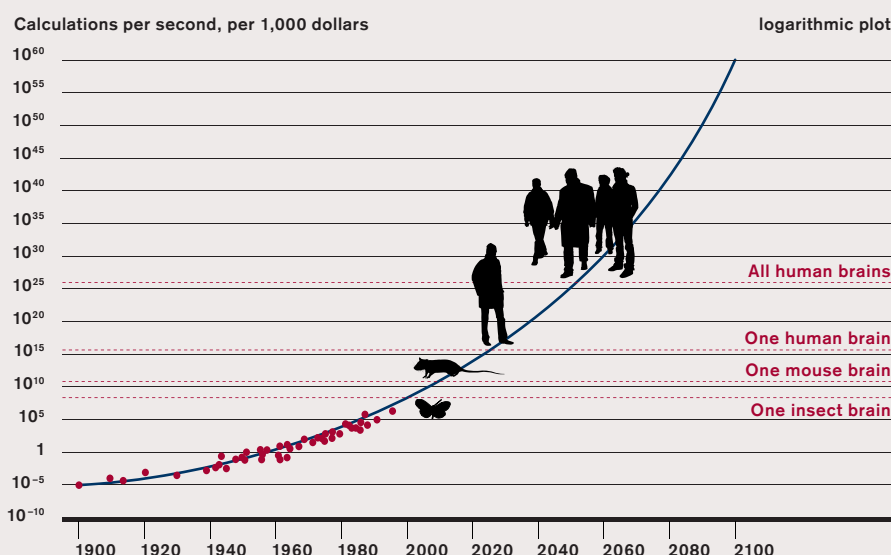
Humans are slower than machines. Therefore, progress in the health sciences will be less rapid and smooth than predicted by Kurzweil and his proponents. Health sciences will continue to advance, but likely not as

smoothly, rapidly and predictably as memory-chip performance or broadband-connection speed. The road will be bumpy, with setbacks and new challenges not even on the radar from today's vantage point. Nevertheless, health sciences will inevitably become more interlinked with nanotechnology and computer science. New forms of collaboration will emerge that reap benefits from different disciplines even faster. Dialog and consensus across borders will also become more important. For those who understand the relevant drivers behind these trends and their implications this presents significant opportunities. Revolutionary change in the health sciences might not come as quickly as futurists believe, but society should prepare now as if it would. <

Exponential Growth of Computing: 20th Through the 21st Century

Due to exponential growth, computing power is projected to soon reach levels that surpass the intelligence of the entire human population.

Source: Ray Kurzweil and Kurzweil Technologies, Inc.



Shift Afoot in Automotive Luxury



The car has been a status symbol since it replaced the horse and buggy, but the definition of what puts a car in the luxury bracket has been watered down. The days when it meant sport performance and a refined interior are gone. Today, **technical advancements and increased environmental friendliness** are the decisive selling points of luxury cars.

Text: Markus Mächler, Fundamental Analysis

A few Hollywood stars wanted to set an example for the benefit of the environment, and in doing so elevated the hybrid mid-market Prius to cult status. Comfort isn't everything, and superior technology can mean both luxury and prestige. In the high-end price segment, automaker Toyota was quick to react with its Lexus models, thus seeing to it that the stars could remain true to the hybrid trend without sacrificing the leather-trimmed surroundings to which they're accustomed. However, the luxury car of tomorrow features not only a powerful motor and the finest of interior appointments, but also delivers a sense of environmental awareness while at the wheel.

Though initially skeptical, the German competition has come to appreciate this fact and is now scrambling to invest billions in hybrid technology in a bid to keep up with the trend. Even traditionally uncompromising sports car producer Porsche – which considers motor development its core business – is participating in a hybrid consortium. To see just how important it is to be a pioneer in technology, look no further than Audi and Jaguar. While Audi has consistently banked on innovations like all-wheel drive and aluminum-frame construction, which catapulted the carmaker into the top tier of the luxury market, Jaguar has introduced hardly any technological innovations, and is languishing as a result.

Today, small cars in the class of a Fiat 500 boast the kind of 0-60 times that were the sole domain of sports cars just a few

years ago. Compacts are now equipped with a level of technological assistance and quality materials that approaches what can be found in a Mercedes S class, with the shortfall coming only due to space restrictions. The difference continues to lie primarily in the quality of the finishing and in the service. Since BMW's relaunch of the Mini, size has no longer been equated with luxury. In urban areas and cities in particular, nimbleness and flexibility are given greater weight than rear leg room.

The battleground for market share in the luxury segment has long since moved away from styling, and in future the decisive victories will be won in the field of technology. The key points that the luxury automakers have to address initially are, above all, weight reduction and optimizing fuel efficiency.

Electric Vehicles Have a Future

Alternative drive systems will be a key topic over the medium term, with the electric motor likely to continue to gain in popularity. Projects such as Lightning Electric in England and Tesla in the US have given observers cause to sit up and take notice. The vehicles are on a par with established luxury sports cars in terms of design and performance, with the advance down to the battery technology powering the electro-hub motors.

The Tesla, which draws its power from 6500 mAh lithium-ion batteries, can be had for about 150,000 Swiss francs. The recharging time for the batteries, commonly

used in laptops, is shorter than that of conventional car batteries. Altair Nano is responsible for developing the technological basis of the Lightning Electric. The titanate batteries reduce the charge time to 10 minutes, if the driver hasn't already generated enough kinetic energy during braking. Of course, the mass market also has to get to grips with alternative drive systems. But the luxury segment has the advantage of having shown measurable success more quickly, and it also benefits from the fact that its target group is willing to pick up at least a part of the tab for being able to bask in the glow of being among the first movers.

Diesel Goes Mainstream

In order to meet the maximum allowable target values set out in the Kyoto Accord, it's the CO₂ emissions, above all, that have to be reduced. With this goal in mind, much has been done particularly in Europe to successfully bring the diesel motor into the mainstream. And it now has its supporters in the luxury segment too. Similar success for the diesel in the US continues to remain elusive for European luxury carmakers, whose latest initiative, "BlueTec," seems to have died before it really got going.

Mercedes, Audi and BMW were collaborating in the US market to promote diesel as a "clean" fuel, and wanted to emulate the great success Toyota is having with its hybrids. But in the US, diesel has such a poor image that it may take a long time before the European initiative pays off. However, >

the new corporate average fuel economy (CAFE) standards that will regulate pollutant emissions and fuel consumption of vehicles in the US may lend some support.

Status Symbol Remains Intact

Branding remains a crucial point in automobile marketing strategy. Repositioning of established brands is scarcely possible, although Audi's success is a special case. Daimler Chrysler failed in its bid to reposition the Chrysler brand. The price and quality of Chrysler vehicles has increased, making them unaffordable to its traditional customers, while the new target group were put off by the brand image. Another example is borne out by the Volkswagen Phaeton, which failed to find acceptance in the premium segment, while the Bentley, based on similar technology (both are VW products) at twice the price, made a significant contribution to the automaker's revival.

Just how sensitive this topic is can be seen from the fact that Toyota, with its up-scale Lexus brand, has been the only Japanese automaker to venture into Europe, and after years of relative obscurity is only now gaining a foothold on the strength of its hybrids. In the US, practically every Japanese automaker maintains a luxury brand, for example Nissan's Infiniti. Chinese automakers such as First Auto Works, partnered with Volkswagen and Toyota, are also producing luxury vehicles under the name Hongqi. The limousine, modeled after Rolls-Royce, won't be finding its way out of China.

Highly Competitive Super Luxury Class

It's said that established luxury brands are less sensitive than the mass producers to economic cycles. This has to be qualified, however, since competition is fierce in the highest price segment as well. Rolls-Royce, Maybach and Bentley have to fight for every customer because there's limited demand for vehicles that cost as much as a single family home. In the sports car class, Audi (R8) and Mercedes (GTR) are increasingly turning up among the Ferraris, Lamborghinis and Porsches. Collectors are keeping demand stable to some degree, but even Porsche is showing difficulty attracting its targeted 1,250 purchasers for the Carrera GT. It's only Ferrari, with an annual production run of approximately 4,000 units, that can afford to pass along the currency risk to its clients, as price sensitivity is hardly a factor for this brand. All other manufacturers

bear the currency risk themselves. Despite attempts at hedging, European manufacturers are finding that the weak US dollar in particular is having a negative impact on their earnings statements. By setting up production facilities in the US, Mercedes and BMW are trying to negate a portion of this dependency in a "natural way," and are employing a consistent hedging strategy for the remainder of the risk.

Exclusivity Versus Mass Production

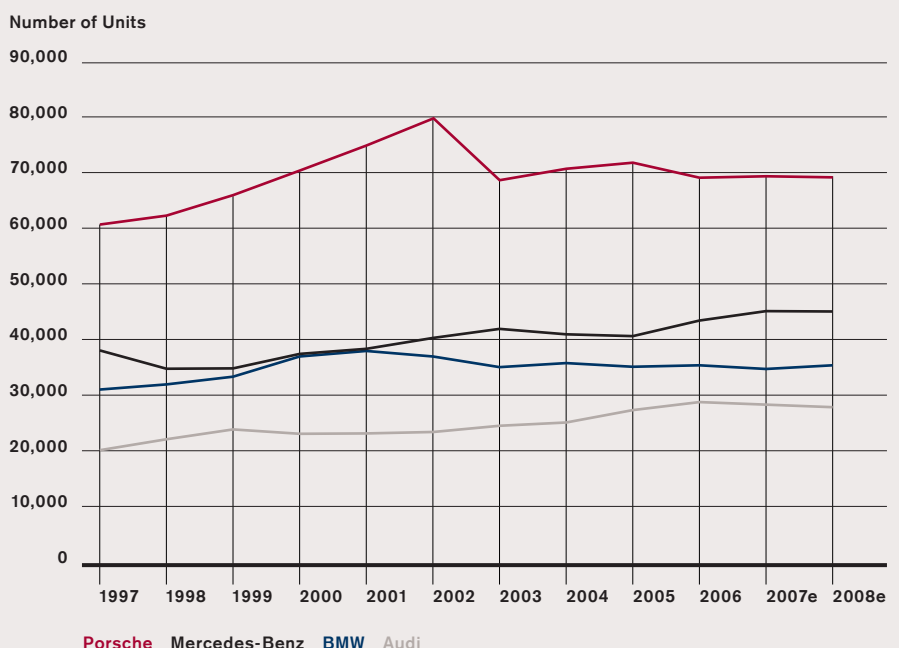
Manufacturers such as Porsche, Mercedes and BMW have reached a critical size. In order to develop and produce vehicles efficiently, the manufacturers have to constantly increase the size of their production runs. And yet volumes remain too small to continue conducting their own fundamental development work on alternative drive systems. Porsche has thus opted to establish a collaborative effort with Volkswagen. The Stuttgart-based sports car producer has very strong ties to the mass producer out of

Wolfsburg, and is dependent on the synergies that have been established. The result saw the shared effort Cayenne/Touareg/Q7 developed largely by Porsche, with production coming from VW in Bratislava. The standard parts aren't detracting from the brand image. Together, the two German automakers are working on a hybrid solution which could well be groundbreaking for further development work. In order to survive in an increasingly demanding global market environment, luxury car makers also have to network more and, wherever possible, take advantage of cost synergies without having to relinquish their autonomy as a result. The market is polarized with luxury automakers on one side, and low-cost cars the likes of Renault's Logan on the other. In the low-price segment, profits rest with mass production as margins have become infinitesimally small, with the exception of the replacement parts business. It's possible to earn decent margins in the luxury segment as long as quality and exclusivity are guaranteed. <

Sales per Premium Automaker Vehicle

Model changes influence automaker sales at regular intervals. Even in the premium segment absolute price levels are stabilizing, as there will be a noticeable demand for smaller, more environmentally friendly, but well appointed vehicles.

Source: company data and Credit Suisse estimates



Why Smart People Make Big Money Mistakes and How to Correct Them

Lessons From The New Science Of Behavioral Economics



By **Gary Belsky and Thomas Gilovich**

Paperback edition

224 pages

ISBN-10 0684859386

Why do we find it easier to spend far more on a pair of sunglasses when we pay by credit card instead of cash? And why do we value money we have been given less than money we have had to work hard to earn?

Clearly, the value we ascribe to money varies from one case to the next, depending on where it comes from and what we want to spend it on. In research, this type of conduct is referred to as mental accounting and belongs to the area of study known as "behavioral economics." This discipline attempts to explain how and why people make apparently irrational or illogical decisions when spending, investing, saving, or borrowing money.

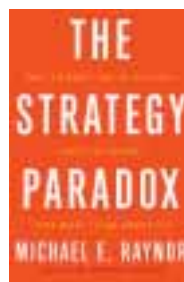
According to research, we all make misguided financial investments – even the most intelligent among us. Handling money effectively is, therefore, purely a matter of thinking and acting in the correct way.

In their book, psychologist Thomas Gilovich and financial journalist Gary Belsky seek to optimize precisely such forms of behavior. Based on findings from behavioral economics, they describe methods that, if correctly applied, can help us counteract patterns of behavior that can sometimes cost us dear. The book contains practical advice and conceptual solutions, but no magical formulas.

Such an approach serves to reassure readers that with the help of this entertaining and well-structured material they can avoid making quite a few wrong decisions in the future. **rg**

The Strategy Paradox

Why the Commitment to Success Leads to Failure – and What to Do About It



By **Michael E. Raynor**

Hardback edition

320 pages

ISBN 0-385-51622-3

History is written by the winners – so they say. Does the same thing also apply to the history of successful strategy implementation within the game of economic competition? Well-known financial author Michael E. Raynor examines not only the history of the winners, but also that of the losers, and what his analysis brings to light is remarkable. According to Raynor, there is often hardly any difference between the strategies of the winners and the losers.

The Apple iPod, for example, was a success principally because Apple once again demonstrated perfect timing. The Vivendi Group, on the other hand, was a shade ahead with its internet strategy at the time and thus hit the headlines in 2002 as a result of record losses in the tens of billions – despite having a sophisticated strategy that had attracted broad recognition.

Raynor draws on a number of examples to prove his theory that success is enjoyed by those who factor "uncertainty" into their strategies. He recommends committing oneself not simply to a single strategy, for better or worse, but creating a sort of portfolio of strategies that includes those that promise exceptional gains, as well as others where risk is minimized.

Overall, Raynor's strategies probably require a greater amount of planning than most companies are accustomed to these days. If he's right, however, following his advice will prevent them from ending up as yet another subject for the headline writers. **ba**

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“To Enjoy Life, You Need to Enjoy Food”

Interview: Daniel Huber

Peter Brabeck has been with food giant Nestlé for around 40 years, having worked his way up from ice cream salesman to CEO and chairman of the board. He is an advocate of genetic engineering, and a critic of biofuels. Asked for his views on the Swiss, he values their tolerance and enthusiasm for hard work.

Bulletin: You’ve come directly from lunch to our meeting. Do you still notice whether you’re being served Nestlé products?

Peter Brabeck: Absolutely. As a former ice cream salesman, I have extremely strong brand awareness. And brands are the lifeblood of our company.

With 8,000 brands and around 120,000 products, it must be difficult to keep track of things.

Well, it’s pretty simple if the brand is displayed on the product packaging. When it comes to ingredients, things get a little trickier. In a recent interview I was served six glasses of mineral water, and then was asked to identify the various brands.

And how did you score?

I identified them all correctly.

That’s amazing. How important is food to you?

For every human being, eating is the biggest social experience of all. There isn’t a single major social event that’s not in some way

accompanied by a meal. Whether it’s a national independence day, Christmas, Easter, birthdays, right through to funerals.

Do you cook yourself?

I love it. Cooking is one of my hobbies. Unfortunately, I very rarely get the time.

What’s important to you in terms of food? Do you have a favorite meal?

I think it’s a bit like music. If you were to ask me “What music do you like?” my answer would be: “I love all music, so long as it’s good music.” And it’s the same with food. I’m a really big fan of Asian cuisine, and I like Peruvian cooking as well. That said, you can’t beat a nice Zürcher Geschnätztes (Zurich-style veal stew) with Röstli (fried grated potatoes). Or, if I’m in Austria, a delicious dumpling with sauerkraut and roast pork always hits the spot.

So what’s a typical Peruvian meal like?

It could be ceviche, for example. That’s really fresh, raw fish. Once caught, it’s marinated in vinegar and lemon.

Sounds good.

And it tastes as good as it sounds (laughs).

Would you describe yourself as a bon vivant?

Very much so. I enjoy life. And in order to enjoy life, you need to enjoy food too. At the end of the day, food is the key to fitness and good health. If you don’t have a good, balanced diet, you will never achieve a sense of well-being.

Organic products have long been a big trend in Europe, and increasingly so in the US. What’s your view on organics?

I’m not actually opposed to organic products, but I’m not a blind fanatic either. Organics are a luxury that not everyone in the world can afford. What’s more, you should also be aware that organics harbor certain risks. If you eat certain products that were fertilized naturally, you can have a very high degree of toxicity in some instances. That means you need to prepare, wash and disinfect such foods very carefully indeed. There >



Peter Brabeck-Letmathe was born in Villach, Austria, in 1944. He studied at the Imperial Export Academy in Vienna. He joined Nestlé in 1968, immediately after graduating, and worked as an ice cream salesman at the then subsidiary Jopa-Findus. From 1970 until 1987, he served in various management roles in Chile, Ecuador and Venezuela. He then transferred to Nestlé group headquarters in Vevey. Five years later, he joined the executive board as general manager of Nestlé AG. In June 1997, he was appointed as CEO and member of the board of directors. In April 2005, he was elected chairman in addition to his role as CEO. At the general meeting of shareholders on April 10, 2008, he is expected to step down as CEO. Brabeck is married and has three adult children. In his leisure time, he is quite an adventurer. Not only is he a passionate mountaineer and glacier pilot, he is also a loyal Harley-Davidson rider.

have been cases of people actually dying from organic products. The potential risks aside, the idea of a natural apple or lettuce obviously has tremendous appeal.

Unlike organic cultivation, you're a big advocate of genetic engineering. But legislation requires the company to proceed very cautiously, at least in Europe. Doesn't that bother you?

We're neither progressive nor cautious. We take the view that genetic engineering has been around since time immemorial. We wouldn't have wheat, oats, and the like, if people hadn't tried to manipulate plants for the purposes of their own consumption. Anyone with a garden who propagates new plants is a genetic manipulator. The fact is, every tulip is a result of genetic engineering. Anyone who now says we only "do natural" is in denial. Every dog is the result of genetic manipulation. Every horse, every pony. It's just that in the past everything proceeded at a much slower pace because there were no ways of introducing processes and accelerating them on a systematic basis.

Genetic engineering is about increasing production more than anything.

Can planet earth ever produce enough for everyone to eat?

Until recently I'd have said: yes, absolutely. Then biofuel came along: By that I mean the whole debate surrounding biological fuels. It's not very easy to answer that question now. The fact is, if political plans – particularly those of Europe's politicians – were actually to be implemented, the question of whether we have sufficient agricultural land would be a very pertinent one indeed. Personally, I doubt it. First, the world's population will probably continue growing from today's 6.5 billion to 8 billion or 9 billion; second, we are campaigning against methods that increase yields and are actually reducing the amount of agricultural land available. It doesn't add up.

Is corn cultivation for biogas really so significant in volume terms?

This year, 138,000,000 tons of corn will be grown for biofuel in the US alone.

That's definitely a really big number we're talking about.

The effect on prices is just as powerful. And not just the price of corn. The price of milk, for example, has risen in the past couple of months or so from 1,900 dollars for a ton of dried milk to 5,400. I see three reasons behind this enormous rise in the price of raw ingredients. The first being demographics.

We are seeing a constant increase in the number of people enjoying better living standards, especially in Asia. People have more money, and therefore the opportunity to feed themselves better. Second, water is becoming increasingly scarce. For many years, India was an exporter of wheat. Due to the water shortage, it is now having to import wheat again. In China it's a similar picture. There, the water table is sinking a little with each passing year. As a result, there is less and less water for growing cereals. The third problem, as I mentioned earlier, is biofuel – and indeed on two fronts: the available land and water. It takes 4,650 liters of water to manufacture one liter of ethanol from corn. They can only do that because water isn't rationed by price.

How is Nestlé responding to the rising price of raw materials?

Higher food prices are less of a problem for us than they are for smaller manufacturers. Because of the strength of our brands, consumers continue to purchase our products despite the fact that a portion of the higher costs is passed on to our customers – and actually that only goes to improve our competitiveness.

How many people depend directly or indirectly on Nestlé to make a living?

Until recently, we employed 265,000 people directly. We now have the Gerber workforce on top of that. That means the figure is probably between 280,000 and 285,000 at the moment. In addition, we have around 550,000 farmers working solely for us. And then we've got a whole host of others, for instance the people who run the entire distribution operation. In total, therefore, there are about 1.2 million people working exclusively with us, or for us.

How do you deal with the fact that any bad decisions on your part will have a direct effect on the lives of about 1.2 million people?

In very general terms I'd say our decisions have an influence on every single person in the world. The reality is that nearly everyone of them is a customer of ours. We sell around 1.2 billion products daily. Can you imagine? As I always say, we're probably the largest democracy in the world. At the end of the day, our customers aren't forced to buy our products. Every day they make their own 1.2 billion individual decisions as to whether to go for one of our products. And the totality of all these decisions determines our success.

In the past I've had to correct Austrians, Americans, and even Italians, who were all convinced Nestlé was an Australian, Italian or American company. How Swiss is Nestlé?

In terms of brand awareness, our intention is to be very local. We're very proud if people in Germany think Nestlé is a German firm. This is to do with the fact that consumers have a very strong emotional attachment to brands. And if it's locally anchored, we believe that's a good thing.

When you talk with opinion leaders, however, Nestlé certainly is perceived as a Swiss company, even if that's not really the case any more. These days the business is around 30 percent Swiss-owned. The rest is in foreign hands.

What's the proportion in terms of employees who work in Switzerland?

Around 8,600 people work in Switzerland.

Is "Swissness" in any way still reflected in the corporate principles and core values defined by Nestlé?

Some of our core values certainly have a strong Swiss influence. For me, perhaps the most important is tolerance. Here at the headquarters in Vevey alone we have over 80 nationalities. And that means a Muslim and an Indonesian whose wife is from Israel must be able to sit in the same office and be respectful of each other's differences. Tolerance is a very important matter that undoubtedly has a big connection with Switzerland – a country I find very tolerant given the multicultural and multinational make-up of its society.

Interestingly, the point about us being industrious is still one of the company's values. I think that too reflects the attitude of the Swiss population. A while ago we were all very proud when some political parties wanted to introduce the 35-hour week, a movement which led to a referendum. And the Swiss electorate said: No, we want to work 42 hours. One consequence is that the three factories we'd earmarked for France were actually built in Switzerland. And that meant 600 new jobs were created.

Soon you'll have been with Nestlé for 40 years. How important is loyalty to you?

At Nestlé, it's normal for employees to stay with us for a long time. Our retirees on average have spent more than 25 years with the firm. Loyalty and long-term commitment to the firm are very strong factors. Conversely, that also applies to the firm's loyalty toward its employees.

In an article for Time magazine, a journalist characterized you as being ambitious, stubborn and cautious. What other characteristics would you use to describe yourself?

I don't know where the journalist got those three characteristics. I don't entirely agree with him. I wouldn't describe myself as ambitious. But I enjoy getting things done. And that's slightly different from being ambitious. I get pleasure out of shaping new things, out of changing things. Just look at the way we've changed this firm: What was once a food company is today a leading nutrition, health and wellness company.

Do you have a role model in terms of your management style?

I recently had a very illuminating experience on the question of management style. In fact it was with Team New Zealand at the America's Cup. The team's boss puts his microphone to the side at the start, and doesn't utter a single word for the entire race. The team knows what has to be done, and doesn't need any instructions. He decides the strategy and discusses it with the team prior to the race; he then puts the microphone away so he can't intervene, leaving the team to handle the race on its own. Only at the finish does he report back with his analysis of the race.

It's a similar situation with a global group like Nestlé. It makes no sense for me to get involved if a decision needs to be made on what to do at one of our sites in the US or China. You've got to have full confidence in your teams out there in the field, and support them in their work.

In Switzerland, you've already climbed our most famous mountain, the Matterhorn. Are there any other peaks you'd like to scale in the Alps?

I've already done a few others: the Jungfrau, Monte Rosa, Breithorn and Mont Blanc. But there are still some mountains that appeal to me. The Dent Blanche, for example, has been on my list for quite some time now.

These high-level mountaineering trips are no walk in the park, and they are not without risk. You need to be fairly fit, don't you?

Fitness was one of the reasons why I decided to take things a bit easier. With each passing year you need to put in more effort to stay in shape. I'm also still an enthusiastic glacier pilot. And for that kind of activity you need to be on top of things – both physically and mentally. <

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Living in Password Hell

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Are you also one of those people who, like me, use the Web to write e-mails, pay your bills, and buy plane tickets, books and clothing online? These chores and frivolous shopping sprees should take just a couple of clicks to complete if it wasn't for the dreaded registration page.

The joy of buying a best-selling novel or a new outfit is suddenly squelched the moment that page pops up asking you for your password to proceed with your order. To reach that goal all you have to do is type in that password, but what happens instead? Your mind goes blank. It becomes impossible to remember that clever password you created a couple of days or weeks ago. For obvious security reasons you haven't written it down. This scenario is what I call "password hell."

The easy way out of password hell is to use the same passwords as often as possible. Numerous online users admit to using the same password for multiple sites and never bother to change it unless forced to by the system. Funnily enough, it is usually these same people who cite information security as being their main concern when using the Web. Despite this, the passwords they choose tend to be short and only contain lowercase letters. I fully sympathize.

There is nothing more frustrating than imposed passwords, which are totally meaningless, at least 10 characters long, and must contain upper- and lowercase letters, at least one number and a special character. They expect all of this from their users along with the memory of an elephant. I complained and sweated about this frus-

trating password phenomenon until the day I found out that a hacker can crack passwords that have just five characters in just a matter of seconds. Now I use a password generating program which is available free of charge online.

For those like myself suffering from severe password amnesia, I recommend a secure password manager. This is an application that enables you to store the hundreds of user names, passwords and identification codes that you never remember. But guess what? To enter into this application you will need a password, and this one should definitely be long and difficult to break. Worst of all, you will have to memorize this crucial code or accept the risk that an intruder might gain access to all of your other passwords.

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Online Forum: Alain Sutter on Hand to Answer Questions

Former Swiss soccer hero, Alain Sutter, previews the soccer year of 2008.



June 7, 2008, is D-day: At 6:00 p.m. precisely, Switzerland will host the kickoff of the opening game of the European soccer championship at the St. Jakob-Park in Basel. As we approach the depths of winter, there isn't much sign of football fever yet, but things are no doubt likely to heat up in the weeks and months ahead. Credit Suisse, the main sponsor of the Swiss national soccer team since 1993, will be staging a variety of events in an effort to heighten anticipation of this sporting highlight of the year.

Activities will be taking place both on the street and in the virtual world. For example, the online magazine In Focus will be staging an online chat forum with leading figures from the world of Swiss soccer at regular intervals, with former national team player Alain Sutter launching the series. Born in Berne, Sutter is best known to many football fans for his brilliant performances at the 1994 World Cup. Although his professional career, which took him from Zurich Grasshoppers to Nuremberg and Bayern Munich, and finally Dallas, came to an end almost 10 years ago,

this skillful former soccer star can still dribble his way successfully through the maze of current soccer events – whether it be as a TV pundit or columnist. In his role as a Laureus sports ambassador for Switzerland, Sutter also supports a number of social projects in the area of youth football, including buntkicktgut, Blind Spot and MYSA. Furthermore, he is a member of the grants committee of the Young Kickers Foundation, which was set up in 2006.

The online forum with Alain Sutter starts on January 14, 2008, and will continue live for two weeks, during which time users can send their questions to the expert. Questions may be about any aspect of soccer, from youth development, or chances for the Swiss national team at the European championship, to personal questions about Sutter's career. You will be notified by e-mail as soon as the reply to your question has been posted. **ath**

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Katja M., a nurse in the Red Cross Service, cares for paraplegic Peter in a special camp for the handicapped organized by the Swiss army.



Samaritan Petra D. attends to blood donors during a collection campaign.



Jürg B. enjoys helping with the 2 x Christmas campaign for needy families in Switzerland.



During a REDOG course, Karin H. and her rescue dog Troj learn how to search for people buried in rubble.



Esther A. of the Red Cross Home Assistance Service goes for a walk with widower Wilhelm F.



John W. and his Samaritan colleagues get infirmity supplies ready for upcoming public events.



Sara M. of the Junior Red Cross helps Goran learn German and with his homework.



Lifesaver Nadja R. teaches pre-school children about the dangers of being near water.



Medical trainer Peter W. teaches teenagers how to dress a wound.



Red Cross volunteer driver Willi P. helps Erika U. get to the doctor's.

Volunteer work is first-hand experience of humanity. In Switzerland more than 50,000 Red Cross volunteers strive to improve the well-being of their fellow men. In doing so they gain valuable experience and enhance their own lives. They provide more than 1.6 million hours every year – an inestimable contribution to our society. Without their participation we could not fulfil our mission: helping people in need. The Swiss Red Cross and its member organizations would like to thank all their volunteers wholeheartedly.

Swiss Red Cross 

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