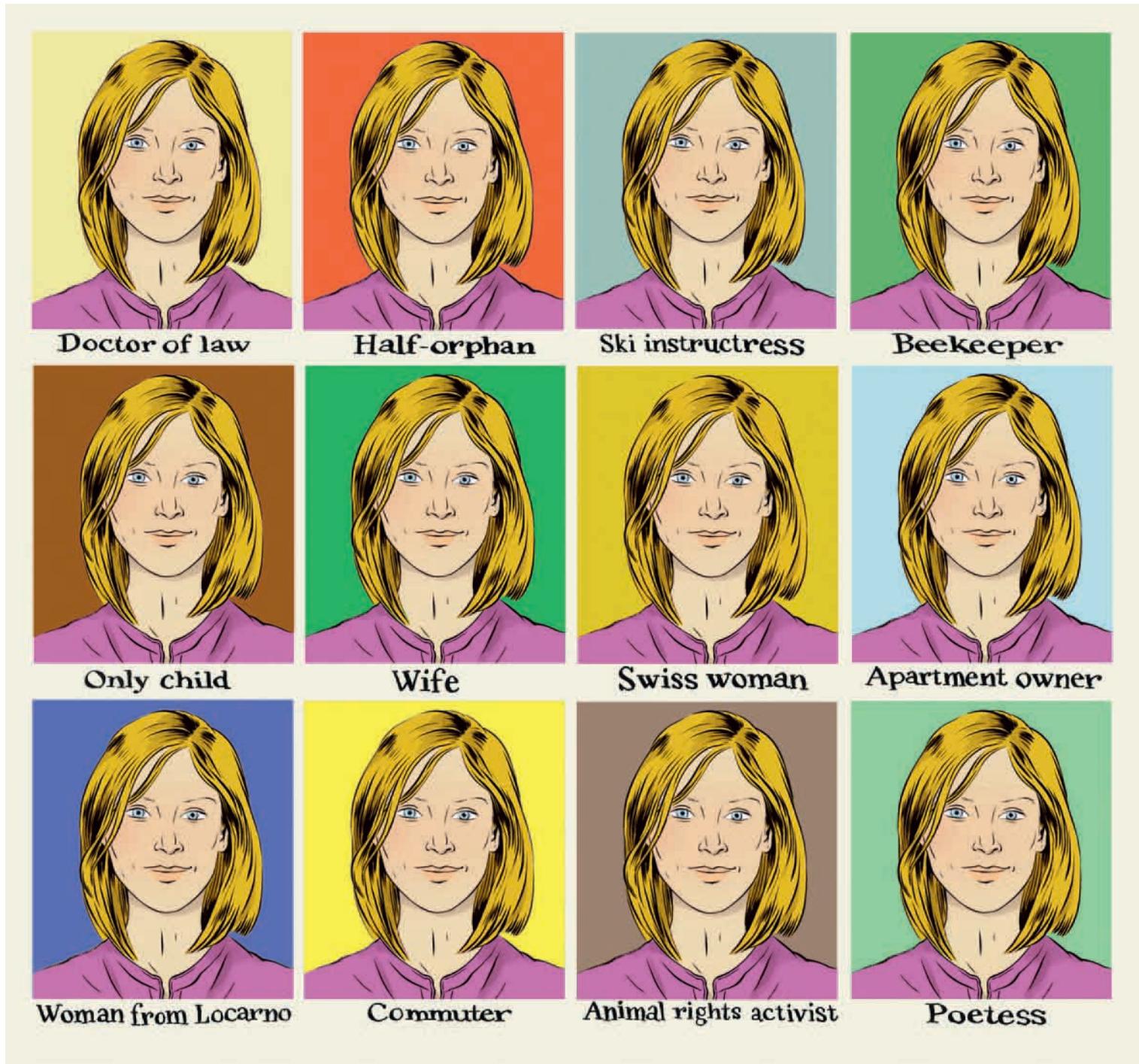


Bulletin

The world's oldest banking magazine – since 1895.



Identity — Who We Are and What Defines Us

Including results of the major survey, the 2013 Swiss Worry Barometer

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Identity Is a Many-Faceted Thing



The following people contributed to this issue:

1 Yves Genier

The Swiss business journalist is experiencing the upswing in the Lake Geneva region, up close and personal. Genier, 47, has always lived between Geneva and Lausanne. His report on Arc Lémanique starts on page 28

2 Monika Bütler

The economics professor at the University of St. Gallen and head of the Swiss Institute for Empirical Economic Research writes about the role of retirement planning in creating identity – with a personal perspective, “My grandmother was widowed with three small children during the war. When she received a modest AHV retirement pension for the first time in 1948, she broke down in relief and gratitude.” Page 20

3 Marco Vernaschi

The Italian photographer has been living in Argentina since 2005. He has worked for many of the world’s largest publications and won the World Press Photo Award in 2010. For Bulletin he traveled with author Andreas Fink to northern Argentina, where they visited a Swiss colony. They returned to Buenos Aires with their suitcases stuffed with Bündnerfleisch, cervelat, raclette cheese, and cornichons. Page 56

4 Urs Willmann

Swiss journalist Urs Willmann left Zurich 15 years ago and moved with his family to Hamburg, where he now works for Die Zeit. The longer he’s away, the more patriotic he becomes. See page 68 for Willmann’s perspective on his homeland.

Whether for individuals or groups, to build up a sense of self or differentiate from others, the act of defining identity strikes a chord with everyone and opens the emotional floodgates. The struggle to define the self is at the heart of every personal biography and, for better or worse, has shaped global history.

This issue of Bulletin examines identity in Switzerland. Knowing that a country cannot have one single identity, we explore various aspects of what it means to be Swiss. For example, what is still Swiss about the emigrants who were driven out of the country for economic reasons more than 70 years ago and settled in northern Argentina (see page 56)? How are the economic recovery and internationalization changing the Arc Lémanique, the booming region on Lake Geneva (page 28)? On page 20, we look into the phenomenon of how social insurance, AHV or Old Age and Survivors’ Insurance, plays a major role in the country’s cohesion. And of course we are also interested in how others see our country (page 68). Anyone who considers themselves a model Swiss citizen should try their hand at the citizenship exam (page 78). It’s amazing how many correct answers are needed to be granted a Swiss passport.

The Credit Suisse Worry Barometer is featured in the middle of the issue. What concerns the Swiss? What is important to them? The survey, which has gathered sentiments on voters’ worries and their perception of identity since 1976, once again produces some astonishing results. More than half of respondents are optimistic about their own financial situation, and nine out of ten think that things will get even better. This proportion has never been higher. Faith in the country’s important institutions and stakeholders is also at an all-time high. The government, media, police and Federal Supreme Court have never been more trusted. The analyses and interpretations of the report start on page 37, and the entire report is available for download at www.credit-suisse.com/worrybarometer.

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Your editorial team



Mechanical Attraction
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Louis Erard
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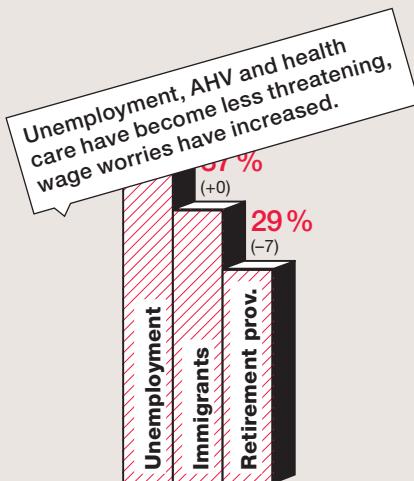
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More than the Matterhorn

Switzerland at its peak: Every Swiss child and every foreign tourist knows the Matterhorn. And not just because of the postcards it's on. It is one of the world's most-photographed mountains and serves as the scenic symbol of the Alpine Republic, as it is popularly known. Typical Switzerland! But the country is not so small that it can be reduced to a single monument. So here are some pictures of landscapes that may not be so typical. But they are totally Swiss.



Les Diablerets in the Vaud Alps.





Caumasee near Flims, in the canton of Graubünden.





Creux du Van in the Jura, between Neuchâtel and Vaud.





The earth pyramids of Euseigne in the Val d'Hérens in Valais.





Monte San Salvatore in Ticino; Lugano is to the right.





The Greina Plateau in the canton of Graubünden.



Self-Perception is a Picture Book

Every person is made up of multiple personalities.
It's not schizophrenia – it's completely normal.
People who are aware of their own multiple identities
are more tolerant of others.

By Simon Kuper (Text) and Zohar Lazar (Illustration)

One day in 1944, when Amartya Sen was a boy in Dhaka – then still an outpost of British India – a bleeding man came staggering into the Sen family garden. The man turned out to be a Muslim day laborer named Kader Mia, who had just been knifed on the street by Hindu sectarians. “I shouted for my parents, while fetching some water for him,” recalls Sen, now a 79-year-old Nobel laureate in economics, in his book “Identity and Violence”. “As an eleven-year-old boy I could not do much for Kader Mia as he lay bleeding with his head on my lap.”

Hindu and Muslim thugs in Dhaka had suddenly begun killing each other. “While he was being rushed to the hospital in our car,” writes Sen, “Kader Mia told my father that his wife had asked him not to go into a hostile area during the communal riot. But he had to go out in search of work, for a little income, because his family had nothing to eat.” Kader Mia died in hospital.

Sudden Distinctions

The incident has stayed with Sen all his life. It got him thinking about identity: Who are we, and what makes people suddenly decide that they are, say, warring

Muslims and Hindus rather than fellow Bengalis, Indians, poor people, neighbors, contemporaries or indeed just humans? “Who are we?” has become a hot topic in the West in recent years, prompted by anxieties over immigration, globalization and terrorism.

“Who are we?” has become a hot topic in the West in recent years, prompted by anxieties over immigration, globalization and terrorism.

Sen enters this debate with a brilliantly simple answer: Stop thinking that anyone has one single identity. It’s misguided to say, for instance, “I am Swiss, but you are Muslim.” Rather, we all have multiple identities. The same single person can be

Swiss, Muslim, a woman, a Basler, an ethnic Turk, a Justin Bieber fan and a bank employee. Sen – a respected philosopher as well as an economist – might just have hit on a solution for our times.

“Identity Can Kill”

Identity is a powerful feeling. It can arouse feelings of sympathy and solidarity. As a Swiss, you might cheer on a skier you have never met just because he’s descending the mountain in a red-and-white or Swiss-cheese-themed suit. “And yet,” writes Sen on the first page of “Identity and Violence,” “identity can also kill.” In 1944, he writes, “I recollect the speed with which the broad human beings of January were suddenly transformed into the ruthless Hindus and fierce Muslims of July.” Similar processes happened in Nazi Germany, in Yugoslavia in the 1990s, and are happening to some degree in Syria today. More prosaically, feelings of identity can make people wish that certain other residents of their country would just “disappear.” The question of identity has bred a lot of disquiet and conflict.

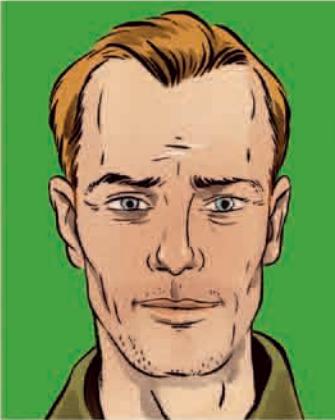
Identity is a Swiss issue too. Few other countries have become so multicultural so fast. Partly due to its success >



Swiss



From Bern



Of Swedish origin



Buddhist



Father



Single



In his mid-40s



Eco-warrior



Engineer



ManU fan



Biker



Violinist



Rambler



Amateur philosopher



Veggie



Dog owner

– peace and economic growth – Switzerland has long attracted immigrants from everywhere. The country's population in 1900 was 3.3 million; today it's over 8 million. About 1.87 million of these people, or 23.3 percent, don't have Swiss passports. Others are legally Swiss, but come from immigrant homes. Some Swiss now wonder what they have in common with a neighbor who has a different skin color, mother tongue or religion (though of course many of the foreigners are Germans and Italians).

In certain Swiss municipalities, non-Swiss are now a majority. In Kreuzlingen, for instance, foreigners make up 52 percent of residents, and in Leysin, 62 percent. Even in today's globalized world this is unusual. In the US census of 2011, Miami-Dade in Florida was the only American county where most residents were foreign-born.

Especially since the terrorist attacks of 9/11, people of foreign origin – particularly Muslims – have aroused distrust in the West. The theory of the “clash of civilizations,” first mooted by the late American political scientist Samuel Huntington, has had a resurgence in popularity. Huntington painted the world as a set of distinct “civilizational” blocs – Muslims, Hindus, Christians etc. – which were almost bound to clash.

If the Differences Vanish

Sen proposes an alternative. He starts by saying that giving anyone a single identity is a distorting simplification. The civilizational divide, according to Sen, misunderstands humans. It only leads to conflict.

Indeed, an extremist like Osama bin Laden used a divide very like Huntington's. A Muslim had nothing in common with a Christian. Similarly, the Yugoslav communist-turned-Serb populist Slobodan Milošević said a Serb had nothing in common with a Croat – not even if they lived in the same building and spoke vir-

tually the same language; not even if they were married. To Sen, giving people a singular identity is not merely mistaken. It's also dangerous.

**“The main hope
of harmony in our
troubled world
lies in the plurality of
our identities,”
says Amartya Sen**

True, Sen is a cosmopolitan with more links to different places than most. He's a Harvard professor who has held posts in Cambridge, Oxford and Delhi. But even the most rooted villager has multiple identities. And these identities keep changing as, for instance, the village grows, the villager stops going to church, a European identity emerges, and so on. The villager may also have forgotten that his grandfather, or other ancestors, came from somewhere else. Multiple identities are an inescapable human fate.

Once you accept that, it becomes impossible to draw simple confrontational dichotomies like “Swiss” and “Muslim.” The concept of heterogeneous identity is more complex than single identity, and yet once introduced it has a clarifying effect on topics as varied as Swiss identity, European unity and global terrorism. Indeed, the excellent Swiss word “Secondo” acknowledges at least a dual identity, including Switzerland and the parents' homeland.

Either, Or – An Error

A rightwing populist like the Dutch politician Geert Wilders sees heterogeneous identity as a problem. He wants people to

have just one passport, one national loyalty: Dutch or Moroccan, say. But Sen sees heterogeneous identity as the salvation for our irretrievably globalized time. Human beings are not all the same, he writes. “Rather, the main hope of harmony in our troubled world lies in the plurality of our identities, which cut across each other and work against sharp divisions around one single hardened line of vehement division.” If Kader Mia's killers had seen him as a fellow Indian, Bengali, Dhakari, poor man or human, who just happened to belong to a different religion, he would have lived, and an 11-year-old boy would have been spared a traumatic experience.

Amartya Sen hasn't just resurrected the name of one of millions of forgotten victims of single-identity labeling. He has given us a theory to live by. □

Simon Kuper is a Financial Times columnist who is British, of South African origin, born in Uganda, raised in the Netherlands, Jewish, with an American wife and children. He lives in Paris and has many other identities besides.

The illustrator, **Zohar Lazar**, works for the New Yorker, Rolling Stone, GQ, Vanity Fair and many other publications. He lives in New York state.



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We, the AHV



In other countries, pensioners are referred to as “best agers”; in Switzerland, they are called AHV.

In a matter-of-fact way – but affectionately.
These three letters stand for more than just social security.

By Monika Bütler

My grandmother was widowed with three small children during the war. When she received a modest AHV retirement pension for the first time in 1948, she broke down in relief and gratitude. The approximately 35 francs per month she received from the Old-Age and Survivor's Insurance was not considered to be much even at that time, amounting to only seven percent of the average income. Despite support from her children, she lived in humble conditions later, too, in a small, dark apartment lacking proper heating. But throughout her life, she remained very grateful for her AHV pension.

65 years later, the magazine “Schweizer Illustrierte” featured “Switzerland's coolest pensioner,” the former ski idol Bernhard Russi, born in 1948, the same year as AHV. There are worlds of difference between my grandmother (who died a frail woman at 66) and the physically fit, modern pensioner Bernhard Russi.

The AHV of 1948 and the AHV of 2013 are also worlds apart. Measured up

against average wages, the benefits are over two and a half times higher than they were; they have been augmented by mandatory occupational benefits insurance and supplementary benefits.

Since AHV was introduced, the remaining life expectancy at the age of 65 has increased by around eight years – mostly problem-free years, it should be noted. On average, the “old folks” are financially much better off than before; they are also healthier and feel younger.

But there are also some negative forecasts for the future development of AHV. These weigh heavily on the minds of the Swiss; the Credit Suisse Worry Barometer ranks them in third place. Even those political circles which contested any funding gap for AHV up until just a few years ago must now admit that a major deficit in the insurance fund will open up unless countermeasures are introduced.

The impending funding crisis has still had no negative impact on the popularity of AHV. It is firmly anchored as an

institution in all sectors of the population. AHV has been a tremendous success. Old-age poverty was practically stamped out within a relatively short period of time; according to Pro Senectute, only around 3 to 4 percent of the elderly now live in poverty. Impressive improvements were made in particular against poverty in widowhood, which is still present even in countries like the US. The insurance has not caused any scandals since it was introduced. It works quickly, transparently and with decidedly low administrative costs.

Three Letters on Wheels

We are the AHV. The secret of this strong relationship? Almost all residents of Switzerland contribute to the funding of AHV, and almost all will benefit from it one day. Unlike federal disability insurance, there is no argument over whether someone is authorized to receive a pension. Age can be determined beyond a doubt and at a minimal cost. There is no such thing as “pseudo elderly.”

In an international comparison, AHV holds a unique position. Gone are the days when the acronym stood for an insurance policy against old age and the death of the breadwinner; it is now a synonym for women aged 64 and older and men aged 65 and older. While seniors, “best agers” or “silver agers” receive discounts in other countries, in Switzerland, signs at the entrance to the swimming pool or museum read simply: “Admission for adults, children and AHV...” When the trains fill up on nice days, commuters grumble, “The AHV is out and about,” likely the world’s only traveling social security. And beneath the annoyance at these cheerful card-playing seniors, there is probably just a bit of envy.

No Privileges, No Extras

The fact that a social insurance plan, of all things, is such an integral part of Switzerland’s self-image cannot be taken for granted. In a 1931 referendum, an early model of an AHV law failed to garner enough votes because of the precarious economy, the conservative business community, young people who considered the premiums to be too high, pension funds that feared being passed over by the laws, and the communists, who considered the benefits to be too meager.

Interestingly, even in those days the “Röstigraben,” the divide between German- and French-speaking Switzerland which has now become practically a part of our identity, was growing – although the situation was reversed at the time. The 1931 model met with the resistance not only of the conservative rural cantons but also of the French-speaking cantons. With 24 percent votes in favor, the model received just as little support in Vaud canton as in Central Switzerland.

The fact that there is such a high degree of identification with AHV might be related to another part of the Swiss identity – direct democracy. Institutions such as old-age insurance are not simply designed on the drawing board but developed through the political process. In a direct democracy, citizens have a “line item veto,” so to speak. It is simply not possible to sneak a reform of the old-age insurance past voters as part of a larger package. Every citizen is compelled to deal with the matter. In the case of AHV, what emerged was a simple and clear solution to poverty in old age and widow-

hood. Unlike in most other countries, there is no designated alternative for civil servants and other segments of the population. This keeps the insurance plan lean and flexible.

But AHV has not been unscathed by special interests. As an example, changes to the retirement age of women were made by federal parliamentarians, who at that time were exclusively male, mostly middle-aged and married. Reducing the retirement age for women from the initial 65 down to 62 was justified not only as a means of securing livelihood (women have lower wages) but also by the fact that men and their wives, three years younger on average, should be able to begin retirement together.

There are also disadvantages to these deep roots in the population. Reforms are harder to achieve as there is a tendency to overlook unfavorable demographic and economic trends. There is never a lack of warnings about impending imbalances due to demographic trends; the Swiss National Bank wrote about an “increasingly aging population” back in 1957. Only if AHV succeeds in dealing with the increase in life expectancies will it maintain the support and appreciation of a broad segment of the population.

The relationship is put to the test not only by financial imbalances but also by an ever narrower focus by each person on their own benefits. The Worry Barometer shows that in the assessment of state pension benefits, there is a major gap between the inside and outside perspective. Although 65 percent of those surveyed stated that they received too little from the state, only 39 percent held this opinion of others; for 51 percent, the state gave too much in general.

Exceptional Solidarity

The solidarity between income groups in AHV is enormous and exceptional in an international comparison. Many gainfully employed people contribute many times over what they will one day receive in pension benefits; the highest benefits are only double that of the lowest, currently a maximum of 2,340 francs per month. On an income of 500,000 francs, the AHV contribution due, including the employer contribution, comes to around 42,000 francs per year. Three quarters of that – an entire maximum AHV annual pension in itself – is sheer taxes, and has

no influence on the amount of pension. It is no small feat that high earners are still supporting AHV.

Fear of the Gap

This could change when those already contributing a lot are asked to contribute even more. Companies already have trouble explaining to their top managers from overseas why they have to make AHV contributions on their non-pension earning income. Of course the voting citizens are more concerned about a collapse of AHV income – and are thus more receptive to the idea – than the negative impact on the country’s competitiveness. As the late Federal Councilor Tschudi once said, “The wealthy don’t need AHV, but AHV needs the wealthy.”

For me as writer of this article, AHV remains an integral part of the Swiss model of success despite all objections, and not only because my grandmother’s gratitude is forever etched in my memory. □

Monika Bütler is an economics professor at the University of St. Gallen with a research focus on social security and the labor market.

I want transparency.
I want people to see at
a glance how and
where the bank earns
its money.

Credit Suisse Chairman Urs Rohner talks about the Swiss mentality, digitalization of the financial industry and the best Hollywood movie about banks.

By Daniel Ammann and Simon Brunner (interview) and Maurice Haas (photography)

Mr. Rohner, what does Switzerland mean to you? Switzerland is my home. I was born here, and I was happy to come back after several stints working abroad. To be quite honest, as a 20-year-old I never would have thought it, because I was really drawn to going abroad.

What defines Switzerland?

Our institutions function very well, and although we are culturally diverse we still have an internal cohesion that makes Switzerland special and strong. We are home to an impressive number of successful companies, both large and small. Switzerland has a low level of government debt and we have a financial sector we can be proud of – over the last hundred years, this sector has contributed significantly to our prosperity. In all fairness, we are, of course, a small coun-

try, so it is comparatively easier to ensure quality education, infrastructure and legal certainty here than it is in larger countries with hundreds of millions of people.

How would you describe the Swiss mentality?

We have a strong national identity, but, at the same time, we are an international, cosmopolitan country, thanks in part to our four official languages. Obviously, we know how to cope with different cultures. This contributes to our success and is probably due in part to the fact that the Swiss had to venture abroad early on to look for work and find markets for their products.

Is there anything you don't like about Switzerland?

Sometimes there is a lack of inner generosity to give others a second chance. This is a fundamental difference between Switzerland and the US, for example, where it's considered normal for people to fail and then work their way back up. It's not unusual there to change careers. We are not so forgiving and this makes people afraid to fail and unwilling to take risks.

How would you describe yourself as a person?

I am inquisitive and open. I'm not easily intimidated, and I generally don't lose my cool, even when things get difficult or unpleasant.

What do you think has made you who you are?

I have a strong basic trust in myself. I believe I can do anything I set my mind to if I try hard enough. I've always been this way – in school, in sports, at work. If you really want something, you can make it happen.

In your early 20s, you won the Swiss high hurdles championship twice. What made you faster than everyone else?

Of course, you have to have some talent and the right physique. But without determination and discipline, you will never get to the top. Being involved in athletics was good training for life in general. It was the first time that I set a specific goal for myself, to be the Swiss champion. I put it above almost every-

thing else. I also had to learn to lose and to accept losing.

Was that difficult?

Yes. I still remember coming in second in the Swiss Youth Championships. I was terribly frustrated with myself, to put it mildly.

Sprinters don't have racquets to smash on the ground. So what did you do to vent?

It's best I don't answer that.

You come from a traditional middle-class family – your father worked for an insurance company – and now you are Chairman of the one of the world's largest banks. Is this typical in Switzerland?

Fortunately, social mobility is possible in Switzerland. And that's true in other countries as well. But it's not all about the person; I was also very lucky.

You joined Credit Suisse in 2004 and became Chairman of the Board in 2011. What is your goal for the bank?

I want Credit Suisse to position itself as one of the world's leading banks in the sectors in which we do business. And then I want us to stay there.

Critics found fault with you after the weak quarterly results in the fall, claiming you didn't have a strategy for the bank.

The quality of a strategic plan can't be measured by the results of a single quarter. And the situation was not nearly as bad as everyone made it out to be before our competitors released their results. Our strategy is long term, and we have been making steady progress since 2011. Talk to our shareholders and read the analysts' reports, and you'll see that our strategy is understood. Our ratings also show this. This isn't necessarily because we are doing everything right, but because we have clearly positioned the bank. And because we have already implemented a number of changes that other banks still have ahead of them.

Everyone is talking about transformation and fundamental changes. To what extent is the Credit Suisse of today a different bank than it was before the crisis?

We have completely restructured our business model over the last two-and-a-half years. We have fundamentally >

reconfigured the investment bank, scaled it down significantly, and cut costs sharply. In addition, we have dramatically cut our risks while massively reducing our balance sheet. We are also proceeding apace with the necessary transformation in private banking. If there is anything we could be criticized for, it would be that we did too much too quickly, all at the same time. Some of this was painful for our employees, but it needed to happen.

Given all these cost-cutting measures, how does the future look for new bank apprentices at CS?

An apprenticeship with us means joining a bank that offers its clients the entire range of financial services, giving apprentices an opportunity to gain a variety of experience here and abroad. We support our talented employees and take pains to offer them excellent opportunities at every stage of their career. One of the reasons we as a company have to be efficient and flexible these days is that we want our employees to have long-term career options with us – even in the face of a rapidly changing financial industry.

Why is investment banking more important to CS than UBS?

I can only speak for CS. We don't come close to conducting every kind of investment banking business; instead, we are focused on the areas where we are strongest, have a good market position and can yield good returns – even under today's much stricter capital requirements. But this also means that the current model must continue to develop, as we recently announced in the context of the global interest-rate business.

Our investment banking arm provides services to large corporate clients, governments and institutions – in short, to anyone who borrows money on the capital market or who wants to invest in it. And for a bank like CS that serves very affluent and demanding clients around the world, it is a major advantage, and in my opinion essential, for us to also be able to offer them investment banking solutions and products. They expect this from us.

The division of the bank's activities into strategic and non-strategic categories in

the fall was widely reported in terms of "store rooms" and "trash cans."

I want transparency. I want people to see at a glance how and where the bank earns its money. In contrast to our competitors, we are keeping our non-strategic units in their divisions. They are not being outsourced to a bad bank. Our aim in this is to ensure that employees do not waver in their responsibility for these units.

The 2013 Worry Barometer showed that the financial sector is trusted more now than it has been in past years. Nonetheless, banks have suffered longer-term damage to their reputations. Why?

Since the middle ages, banks have rarely been popular. When they were managed well, they were respected. Many things went wrong in our industry during the last crisis, and there were excesses that shouldn't be played down. So it's no wonder that the industry is facing a trust issue. We are confronting it in part by focusing on our clients, supplying the economy with loans and capital and playing a constructive role in solving industry-wide problems. As legitimate as the criticism might be, the banks weren't the only ones causing the problem.

Who are you thinking of, in particular?

Politicians have no qualms about immediately blaming the banks. But we could also ask where the enormous public debt came from in the first place. For the most part, it is because public spending was too high for an extended period of time, while, at the same time, no one was implementing the necessary structural reforms. I'm thinking here, for example, of labor market reforms in Western Europe.

When will the national debt crisis end?

In Europe, many banks on the periphery have not yet cleaned up a significant portion of their balance sheets. The national debts are still extremely high and a great many of the necessary reforms have still not been implemented. It will therefore be some time before the Eurozone has truly stabilized. There will probably be no getting around a certain amount of collectivization of the debts in Europe. Politically, this will be hard to sell without insisting on reforms at the same time.

We have a financial sector we can be proud of – over the last hundred years, this sector has contributed significantly to our prosperity.



"We have an enviable high level of political and societal stability in Switzerland." Urs Rohner, 54.

*At the end of the day,
the regulatory
authorities do not
really trust
each other to handle
another crisis.*

*How do you imagine the future of
Swiss banking?*

First, we have solutions for, or at least sensible approaches to solving, the major issues of the past few years – including the tax issue – even though we have yet to endure all the consequences. As for the future, the Swiss financial center can offer a very good package. We have an enviably high level of political and social stability in Switzerland, a generally high level of political dependability for the solutions that are found, a functioning legal system, high quality of service, and a stable currency. In addition, there is still a great deal of insecurity in other markets. People want to diversify their risk and not keep all their money in one economic area.

Where are the dangers?

If we can continue to offer our cross-border private banking business in the future, capital will continue to flow into Switzerland. Business booked in Switzerland is threatened, however, by European rules like the MiFID II financial services directive. This could impede our access to the single European market, which should be avoided at all costs.

A couple of years ago, you were still hoping the financial crisis would become an opportunity to coordinate new regulations internationally to create a global level playing field, i.e. so that all countries have the same conditions.

This has not yet come to pass, unfortunately. There is a tendency for regulatory approaches to diverge on the national level, with many countries erecting their own hurdles.

In order to protect their own financial centers?

Let's be honest here: At the end of the day, the regulatory authorities do not really trust each other to handle another crisis. That's why the US authorities, for example, require major foreign banks to combine their local activities into intermediary holding companies that are subject to their regulations regarding capital ratio and credit limits. This is an attempt to ensure that the institutions have enough capital available locally in case something goes wrong.

Is the “too big to fail” issue under control, from a global perspective?

There is still no fully implemented standard around the world for the orderly restructuring or resolution of an international, systemically important bank. I said five years ago that this is the ultimate litmus test for the system's stability. It must be possible to remove such banks from the system without the system itself experiencing problems.

Is that actually the case yet anywhere?

The US authorities have clear regulations and can restructure or liquidate systemically important banks. Switzerland was also quick to develop very good and powerful regulations. This entails high capital requirements, including convertible equity capital or CoCos [editor's note: contingent convertibles]. Moreover, the regulator has the legal option of forcibly converting borrowed capital to equity capital in a true crisis situation, which massively increases the loss-absorbing capital (to more than 100 billion francs in the case of CS). And the banks must have a plausible recovery and resolution plan should it be necessary. We are in continual contact with the Swiss Financial Market Supervisory Authority (FINMA) concerning this matter, with regard to equity capital and liquidity, as well as about the group's legal entities and organizational structure.

Will the Swiss financial center continue to consolidate?

Presumably, especially in areas where Swiss banks have traditionally been strong, such as wealth management. Costs for compliance and IT will continue to skyrocket due to international regulations. It could be very difficult for small and medium-sized institutions to absorb these cost increases, which would accelerate the consolidation process. You have to remember that all this is happening in an environment where margins for this business have declined significantly in the last five years.

Do you see this as an opportunity?

It is not part of our strategy to play a major role in the consolidation of the Swiss market.

How much longer will Switzerland have two major banks?

For a long time, I hope.

There will probably be no getting around a certain amount of collectivization of the debts in Europe.

Ten years?

I have no doubt of that, for several reasons. Both banks are well positioned in their business areas. The banks can continue to operate successfully in these areas in the future, if they approach them with discipline and if the regulatory environment remains predictable and isn't constantly changing.

Interestingly, according to the latest Worry Barometer, 78 percent of the Swiss people surveyed said that protecting bank client confidentiality was important or very important.

I agree. The question is what exactly this means. Banking laws stipulate that bank employees must maintain confidentiality about their clients, just as doctors and lawyers must. This is a question of the individual right to privacy, and I am fully in agreement with this. But banking confidentiality shouldn't protect tax evaders.

Will general information exchange be a reality in five years?

I'm not going to speculate about time lines. But I assume that some form of automatic information exchange will become the global standard. Eventually, Switzerland will not be able to avoid it.

How are you dealing with this?

Two things are important to me. Because of Switzerland's special situation, we must ensure that clients from countries with which Switzerland has agreed automatic information exchange have the option of first resolving their legacy issues through amnesties or voluntary self-disclosure without incurring penalties. Second, we must ensure that we have non-discriminatory market access in these countries. It is easy for foreign banks to offer banking services in Switzerland. It would be unacceptable if this were not the case in the opposite direction. I think that our politicians will have to drive a hard bargain and demand reciprocity.

Drive a very hard bargain?

A hard bargain is enough.

What other major challenges will the bank face in the coming years?

My children no longer go to their neighborhood branches. They want to take care of everything online. A lot of people feel

this way. And there is a young generation of digitally savvy corporate clients, some of whom earn their money in this field. So you have to ask yourself what kind of services do these clients want from a private bank and what services are they are willing to pay consulting fees and commissions for. And in general, which services can we successfully offer in a society that is increasingly moving toward complete transparency of information?

What do you think?

Innovations like digitizing private banking are already happening, presenting enormous potential for banks and their clients. Clients want round-the-clock, worldwide access to market data and their portfolios, no matter where their assets are booked. They want to be able to test their own portfolios for any variation of risks. And the know-how that the bank has can be shared with clients even better now. Ultimately, digitization will allow us to make the bank an ongoing point of contact for clients that is as dynamic as the client is. This is a pretty big step.

You once said: "I just love the movies. I can imagine doing nothing but producing films or writing scripts when I'm 50."
You are now 54.

I've put it off until 70, but it's still my dream. Sometimes you need dreams that you keep putting off because whatever you're working on at the moment is so interesting and exciting.

What is the best Hollywood film about banking?

I think Margin Call is really very good. J. C. Chandor, the film's writer and director, is definitely critical, but he doesn't succumb to clichés.

What would you like to write a screen-play about?

I'll tell you when I'm 70. One thing is certain: It won't be about the financial industry. □

Urs Rohner, 54, is the Chairman of the Board of Directors of Credit Suisse Group. Previously he was the CEO of the ProSiebenSat.1 media group and a partner in the law firm of Lenz & Staehelin. Urs Rohner is a father of four and lives in Küsnacht.

This interview was conducted on October 30, 2013.



CLAIRES GADROIT,
CROSS-BORDER
COMMUTER:

"I have never felt excluded because I am French. Here, the labor market transcends borders."

Innovation! Openness! Creativity! The Lake Geneva region has come a long way and continues to change at lightning speed. This has led to a certain euphoria in the Arc lémanique along Lake Geneva – as well as to uncertainty.

By Yves Genier (article) and Dan Cermak (photos)

Le Boom!

The desire to create, achieve and advance can be felt everywhere on the 4th floor of Building B located in the Quartier de l'Innovation at the Eidgenössische Technische Hochschule Lausanne (Swiss Federal Institute of Technology in Lausanne) or EPFL. It has a clear view of the new, almost identical buildings that look like white dice with black reflective windows, behind which start-ups are busy turning great ideas into robust business models. Nicolas Durand is in good company; his infinite optimism fits in perfectly here. He and his company Abionic want to revolutionize how medication samples are tested and simplify procedures used in medical labs.

"If you think about all the risks before making the initial decision to take the plunge, then you won't do it. The power of young entrepreneurs lies precisely in their inexperience because it keeps doubts about the future at bay," explains Durand. After finishing his PhD in nanotechnology at EPFL, Durand, a native of Lausanne, and his partner took that plunge.

Abionic was founded in 2010. Today, the company has twelve employees. Although the product has not yet been fully developed, there is no lack of support. Private investors and specialized funds have poured money into the company. "It was not easy to convince them," adds Durand, "but their investment is proof of the dynamic momentum this region is experiencing and which arose thanks to the close interaction between universities and innovative companies."

Durand's motivation to advance and evolve reflects that of the entire region. For ten years, the area around Lake Geneva, known locally as the Arc lémanique, has been a hotbed of growth, with key economic indicators regularly exceeding the country's average. The population has exceeded one million and is increasing by almost 15,000 people per year. GDP growth here regularly exceeds the rest of Switzerland, as does the increase in employment figures (26% compared to 17% for 2000–2013). The region is blessed with diverse business sectors, including real estate, export and financial services. The settling of multinational corporations in the area and aggressive pricing policies have accelerated growth even more.

The region seems to be on the upswing after experiencing a "lost decade" between 1990 and 2000 when the area was struck hard by the bursting of the real estate bubble in 1991. Thanks to an impressive dash to catch up, the income per capita in the Lake Geneva region closed the gap on the national average last year. If this development continues, the region will increasingly prove to be the econo-

The region's economic boom has spread throughout all of Switzerland and has been witnessed by Laurent Miéville, head of technology transfer at the University of Geneva. "The EPFL has swung the gates wide open. Now it is being followed by other universities that also heavily nurture and promote innovation."

This will for openness was especially supported by formative experiences gained in the US. "Like many other researchers, I went to the US to get away from a certain frustration that I experienced during my student days – a frustration concerning the hesitant attitude toward technology transfer," explains physicist Miéville. Will this make the area around the EPFL a kind of "Swiss Silicon Valley," using its California template as an example?

Well, maybe a little. "When we returned to Switzerland, we adopted the best methods from the other side of the Atlantic. We are giving creativity free rein and have become more open toward chaotic competition than is often the case in the German part of Switzerland," emphasized Miéville.

The Arc Knows No Borders

The region has many additional benefits that Jean-Luc Rochat, who heads Credit Suisse in western Switzerland, describes as follows: "Thanks to its beautiful surroundings, this region offers not only a high quality of life, but also a greater openness toward newcomers. EPFL, the multinational corporations and sports organizations attract a great deal of talent to the Lake Geneva region."

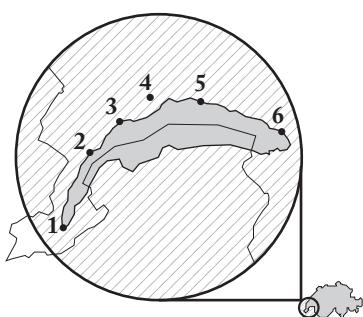
In fact, the western tip of Switzerland has not only its ability to attract innovation to thank for its success, but also its capacity to integrate foreign workers, who mainly come from Portugal, France, Italy, Spain and England. The Canton of Geneva has the highest percentage of foreigners in the country at 41 percent, which is far higher than the national average of 23 percent, and it is noticeable.

"I really had no problem integrating into the Swiss business world. I have never felt excluded because I am French. Here in the Arc lémanique the labor market transcends national borders. People commute to work here from everywhere from Lausanne to Lyon," says event and communications specialist Claire Gadroit. She is a cross-border commuter: Every >

The economic boom in numbers

**Increase in number
of employed from
2000 to 2013: 26 percent
(Switzerland: 17 percent)**

Lake Geneva region



**1 Geneva, 2 Nyon, 3 Rolle,
4 Denens, 5 Lausanne, 6 Montreux**

ic engine that drives the entire country. This could result in a drop in its unemployment rate, which is still chronically above the national average of 3 percent, with Geneva's rate at 5.5 percent and the canton of Vaud at 4.9 percent.

Switzerland's Answer to Silicon Valley

Without a doubt, Nicolas Durand is one of the driving forces behind the boom, as is EPFL as a whole. The impressive development of the university during the last 30 years has produced a massive wave of creativity and a willingness to take risks.

NICOLAS DURAND,
ABIONIC COMPANY:

“It is precisely the relative inexperience of a young entrepreneur that keeps doubts about the future at bay.”





BERNARD PEREY,

MAYOR:

"We cannot expand because there is a shortage of buildable land."

day she drives 45 minutes from her home in Annecy, France to her office in Geneva and back.

Although there are no language barriers between France and its French Swiss neighbor, there are considerable cultural differences. "The Swiss take responsibilities and general lateness more seriously than the French. When it comes to personal relationships, the Swiss are very courteous and formal, whereas some French feel that the Swiss tend to be stuffy," adds Claire Gadroit.

It is not only the cities that are developing new identities. The village of Denens, located north of Morges, was a quiet farming and wine-growing community well into the '70s. Then the first mansions were built on the southern banks of

Lake Geneva and on the slopes of the Savoy Chablais, the foothills of the Alps.

Development, Yes, but Controlled

Over the past 30 years, the number of inhabitants has doubled to over 672 with many of the newcomers from abroad, mainly from English-speaking countries. The freeway is just a five-minute drive away, the train station has good connections and the regional headquarters of many multinational corporations are only a stone's throw away. The village therefore has much to offer.

But does it want this? "We are not a bedroom community yet, but we are well on our way," says Mayor Bernard Perey with a touch of nostalgia. "When I was a child, everyone in the village knew each

other. Today, on the other hand, we know almost nothing about many of the people who live here. Of course, I certainly understand that after a long day at work, people don't feel like having an active social life." Nevertheless, the village has a busy town council which organizes events to bring the community together. For example, it has held a scarecrow competition every three years since 1995. "But usually the same 40 to 50 residents take part every time," admits the mayor. The village of Denens wants to continue to grow. However, it also wants to maintain control, and that, to a certain extent, is happening naturally: "We cannot expand anymore

Read more on page 36.



LAURENT MIÉVILLE,
UNIVERSITY OF GENEVA.

"When it comes to chaotic competition, especially, we are more tolerant than our German Swiss neighbors."



PHILIPPE GUMY,
CHAMBER OF INDUSTRY
AND COMMERCE:
“A commute of less than an
hour has become a luxury
in Switzerland nowadays.”



**ANNE-CATHERINE
POZZA, CONSULTANT.**
“We are heading toward
new values that consist
of a fruitful uncertainty.”

because there is a shortage of buildable land,” explains Perey. “The growth plan for the region shows an increase in the population density around Morges. Most of the new housing developments and jobs are going to be there – outside of Denens.” Perey is not unhappy about this.

Obstacles to Growth

Housing is in notoriously short supply, even if the housing market has relaxed a bit over the last year. The inventory of available housing in the region is at an all-time low, with 0.36 percent in Geneva and 0.61 percent in the Canton of Vaud. In June 2013, there were only 804 apartments available for sale or rent in Geneva, Switzerland’s westernmost city, which of course drives the prices up. Rolle, a charming market town between the lake and the area’s wine-growing region, has experienced a population boom in the last

The economic boom in numbers

Available housing:
0.36 percent Geneva
0.61 percent Vaud

few years. There, a four-room apartment often sells for one million Swiss francs.

“I got stuck in traffic,” is one of the most popular excuses for being late. However, in the Arc lémanique, it is usually true. Traffic jams here are a daily occurrence during the week and are being seen increasingly on the weekends too. Traffic heading to the big cities is as jammed as the trains – one of the uncomfortable results of the economic boom. The number of cars on the road is increasing each year. Currently, there are already 100,000 vehicles traveling between the western Swiss cities of Geneva and Lausanne daily.

Philippe Gumi from the Vaud Chamber of Industry and Commerce has been a commuter since he began working.

First, he commuted for ten years to Bern, which meant more than an hour from his home in the Romont region to work. Then he had a one-and-a-half hour commute to Geneva for three years. His current commute to Lausanne is now a half hour shorter. “Commuting is part of my daily life, it comes with the job.”

It’s Not Where You’re from that Counts

Commuting has become a lifestyle, an integral component of our culture. Among the French Swiss alone, 77,000 commuters traveled daily from one canton to another to get to work in 2010, almost twice as many as twenty years ago. In addition, there are the 90,000 cross-border commuters as well as ten thousand commuters who travel longer distances without crossing canton borders.

“A commute of less than an hour has become a luxury in Switzerland nowadays,” says Gumi, who lives in Fribourg and compares his situation to that in metropolises like Paris or London. “There, travel times are considerably longer and the means of transport not as comfortable.” One drawback to this professional mobility, however, is that the feeling of belonging to a canton has been somewhat lost. Every fourth resident of Fribourg works in a different canton, while every third wage earner in Geneva lives outside the canton. Almost 200,000 Swiss live in France, many in the French suburbs of Geneva. As Gumi comments, almost no one cares where their colleagues live or come from.

New Times, Old Fears

Not only is the feeling of belonging somewhere getting lost in the shuffle, society’s traditional structures are under growing pressure from globalization and more intense communication. “Companies that still operate based on old hierarchies are having difficulties; due to lack of flexibility, they are becoming outdated and have reached their limits,” explains Anne-Catherine Pozza, who works in Geneva as a management coach.

While such developments appeal to freedom-loving, creative innovation drivers, it irritates others who are settled in their comfort zones and are losing their point of reference. “The casualty of this movement in which collective action plays an important role is the individualism that prevailed during the last decade,”

The economic boom in numbers

Annual
population growth:
+ 15,000

says the Geneva native, although she enthusiastically adds, “Today, we are heading toward new values that consist of fruitful uncertainty, intense cooperation and a sharpened awareness of how important openness, transparency and citizen initiatives are.”

Since the beginning of the millennium, the French Swiss have embarked on an adventure, which most of them do not regret. The economic boom which started in the Geneva canton has benefited many. The desire to create, to achieve and to advance is spreading. □

Yves Genier is a journalist with the weekly magazine L’Hebdo.
Photographer Dan Cermak lives in Zurich.

Source of “The Boom in Numbers”: Swiss Federal Statistical Office



2013 Credit Suisse Worry Barometer

What concerns the Swiss? What is important to them? The traditional survey, first conducted in 1976, on Swiss people's worries and their identification with their country.
Plus: interviews with the future President of the National Council, Ruedi Lustenberger, and the President of the Confederation of Swiss Employers, Valentin Vogt.

Concerns: What Worries the Swiss

High Marks in Good Times

The majority of the Swiss population characterizes their own economic situation as good; over three-quarters are optimistic about economic trends within the country. Unemployment remains the greatest concern but has fallen to its lowest level since 2000.

A long-term analysis of the Credit Suisse Worry Barometer documents the close relationship between the unemployment rate and the traditionally greatest concern about unemployment, with a record of 89 percent in 1993. This was a direct consequence of the fact that the unemployment rate had climbed to 4.5 percent within a short period of time, hitting its highest level since 1936. The population had barely gotten used to this difficult situation when unemployment hit its previous

negative record of 5.2 percent in 1997. This had an immediate effect on the Worry Barometer, increasing it once again to 81 percent. The previously third-highest value of 76 percent in 2010 is probably attributable – with a bit of a delay – to another increase in unemployment as a result of the financial crisis.

The economic situation has stabilized since then. Switzerland's unemployment has stayed below 3 percent on average over the past two years; at the time of the Worry Barometer survey, un-

employment was exactly 3 percent and was significantly lower than the European average of 10.9 percent. For that reason, not even half of the Swiss voters consider being jobless to be among their five main concerns, even if unemployment has remained right at the top of the Worry Barometer for 11 years in a row. In 2013, it was 44 percent (–5 percentage points) (see fig. 1), the lowest since 2000.

Revealing differences can be observed within the population groups. On the topic of unemployment, the gap >

The survey: On behalf of and in cooperation with Credit Suisse, the research institute gfs.bern conducted a representative survey of 1009 eligible voters in Switzerland from July 30 to August 25, 2013. The statistical sampling error was ±3.2 percent. The scientific analysis in the two studies "Mixed worry balance – personal economic concerns overtake macro-economic misgivings" (Credit Suisse Worry Barometer 2013) and "Swissness with language-region accents" (Credit Suisse Identity Barometer 2013) was performed by a project team that included Claude Longchamp, Lukas Golder, Martina Imfeld, Cindy Beer, Stephan Tschöpe, Philippe Rochat, Carole Gauch and Johanna Lea Schwab.

The analyses for the Bulletin were prepared by **Andreas Schiendorfer (schi)**.

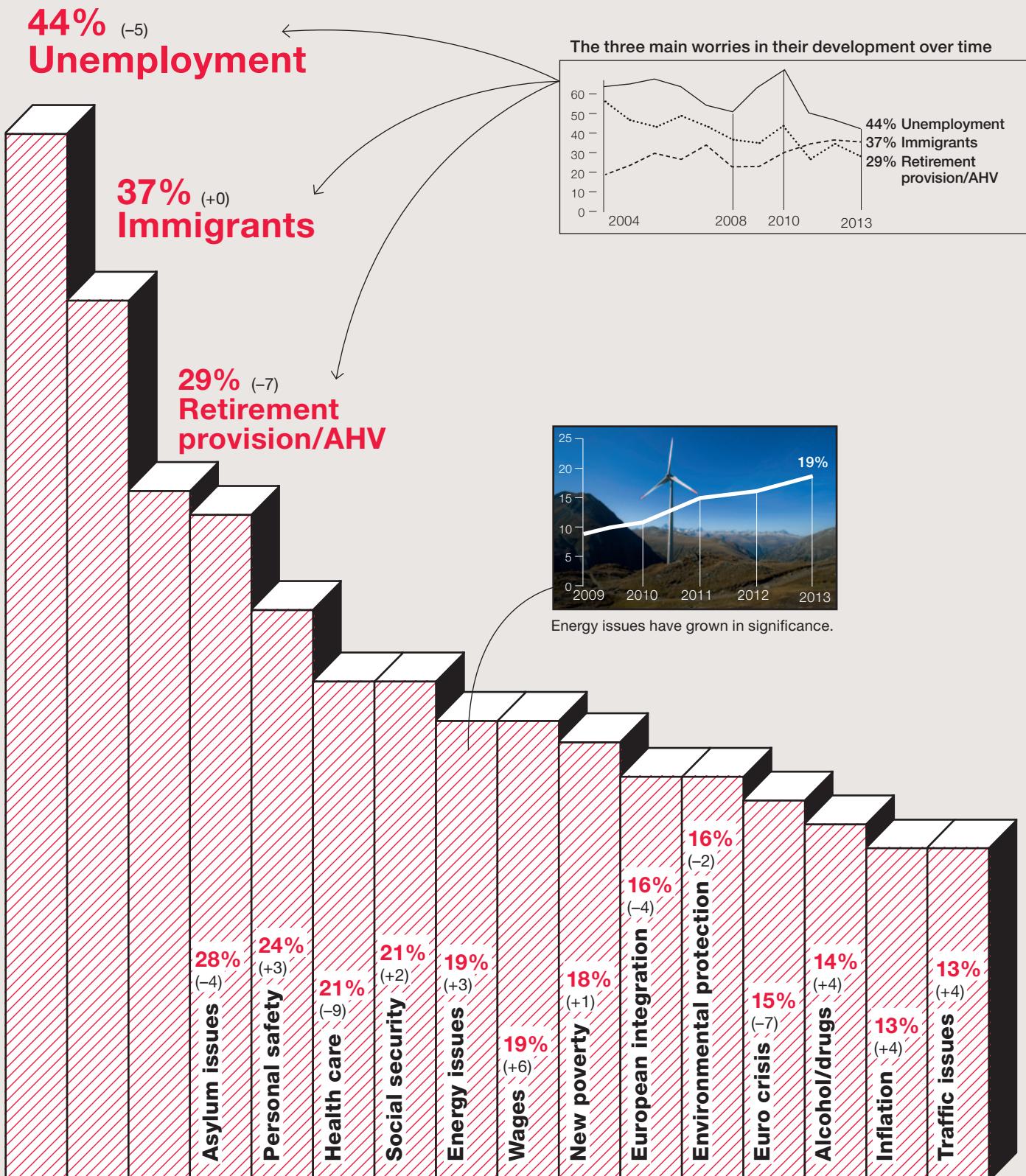
Fig. 1: Key concerns of people in Switzerland

"Out of all of the cards, please choose those five that you personally consider to be Switzerland's five most significant problems."

Unemployment, AHV and health care have become less threatening, wage worries have increased.

As a percentage of voters; prior-year comparison in percentage points in parentheses

50



40

30

20

10

0

represented by the “Röstigraben,” the imaginary border between German- and French-speaking Switzerland, narrowed by 14 percentage points compared to last year, although this concern still ranks significantly higher among Western Swiss (52 percent) than German-speaking Swiss (40 percent); these figures tend to be even higher in Ticino. While the results for women (47 percent) and men (41 percent) are relatively close, there is a clear urban-rural divide between the major cities (49 percent), the medium-sized conurbations (41 percent) and the rural regions (37 percent). Divided by political orientation or party affiliation, unemployment as a concern is more widespread among the Swiss People's Party voters with 52 percent than in the political center (Christian Democratic People's Party: 33 percent) and the left (Social Democratic Party: 42 percent).

If the eligible voters were asked to choose a single concern rather than their top five – as in the main survey – unemployment would still remain at the top with 12 percent. And even in choosing the five main concerns for the future, unemployment has been mentioned more frequently than all other topics since 2008, although at 38 percent, the current value is lower than in previous years.

Immigration Issues Remain Current

As in 2012, foreigners immigrating to Switzerland (free movement of persons) and the related integration challenges rank second of the main concerns, unchanged at 37 percentage points. At 28 percent (-4 pp), asylum issues are ranked in fourth place, like last year. Following a continuous increase, the current slight decline does not correspond to the ever-growing number of asylum seekers. No major differences between language regions can be observed for these two problem areas. Western Swiss, however, rate the immigration issues four percentage points more pressing than the German-speaking Swiss. According to one-third of the voters, immigration and asylum issues will still be among the country's main problems in ten years' time.

Retirement provisions under the three-pillar system have been among the top three main concerns of the Swiss for over ten years, whether because of uncertainty pertaining to the long-term funding of AHV, or due to open issues regarding the funding ratio of pension funds.

At 29 percent, retirement provisions are still ranked third (-7 pp) today; however, the values have been declining since 2003. Despite this, at 37 percent, retirement provisions are practically even with unemployment at the top of the concerns about the future.

Health care was also one of the top three concerns of the Swiss for years. The first time this was not the case was in 2011, when concerns about health insurance plans and premiums dropped to fifth place. In 2013, it is ranked sixth at 21 percent (-9 pp). This could be attributable to success in steadily curbing growth in premiums since 2002, with the exception of 2010. However, considering the

tions about European integration (16 percent, -4 pp). The same holds true – at least in comparison to 2011 – for concerns about the financial (11 percent, -19 pp) and economic crises (10 percent, -25 pp). Discussions about future power supply pursuant to the resolution to withdraw from nuclear energy and the yet unanswered question about the permanent storage of radioactive waste material have directed the public's focus to energy issues – also bringing them into the Worry Barometer, but only to a limited extent (19 percent, +3 pp). A closely related topic is the somewhat less emphasized problem of environmental protection (16 percent, -2 pp).

In contrast, concerns about wages have increased more significantly (19 percent, +6 pp). It is possible that this is related to the debate surrounding manager salaries which voters had to address in two public votes this year. The “new poverty” remained stable (18 percent, +1 pp) in the last survey, at around ten percentage points below the values of 2001 through 2008. But looking to the future, new poverty is being taken quite seriously at 25 percent.

An increase can be seen in the drug problem (14 percent, +4 pp), which could be related to the newly fashionable binge drinking phenomenon. Switzerland is far away from the peak values seen in the nineties (76 percent in 1994).

In contrast, the equality of women and men (5 percent, +0 pp) and education (6 percent, +0 pp) are not seen as signifi-

Wage issues have become significantly more important. Nineteen percent (+6 pp) characterize them as a main concern.

most important political challenges of today (see fig. 5), it becomes clear that high health care costs have not completely disappeared from the population's radar.

High Need for Security

Among other things, the equalization of the former main concerns has also had an effect on the areas of both personal safety (ranked fifth with 24 percent, +3 pp) and social security (ranked seventh with 21 percent, +2 pp). Both topics have increasingly become key concerns in the new millennium. Predominantly women and retirement-age men are concerned about their personal safety. Social security – or, in other words, securing social institutions – is increasingly perceived by middle-age voters as a problem. More than a quarter of those surveyed fear that personal safety and social security will continue to be a main concern in ten years' time.

There have been some shifts within the top ten concerns. Questions about Europe, which were still very significant in 2012, have seen a marked decline: the euro crisis (15 percent, -7 pp) and ques-



The future of the Swiss economy is viewed as positive. Good times for the export business?

cant problems by most of those surveyed. Education is seen more as an opportunity than as a problem. Of those surveyed, 96 percent view the advancement of education as a key political goal (see fig. 5).

Awareness of a problem is associated with an assessment of the economic situation, which can currently be >

Fig. 2: The individual and general economic situation

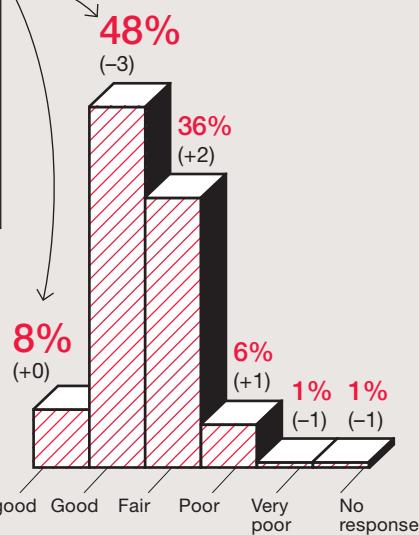
"How would you describe your personal economic situation and the overall economy, and how will they change over the next 12 months?"

A great deal of optimism: Both the personal and the general situation are assessed positively.

Current Personal Economic Situation

56%

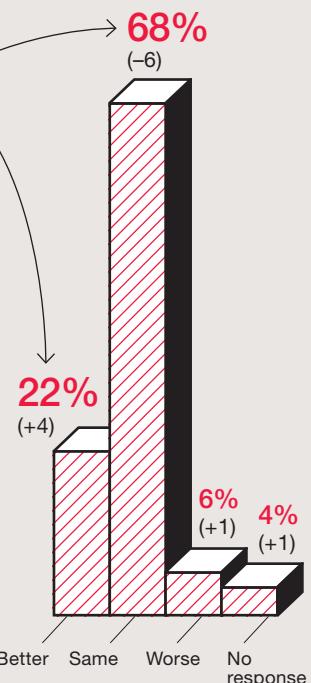
Most of those surveyed characterize their personal economic situation as good or very good.



Future Personal Economic Situation

90%

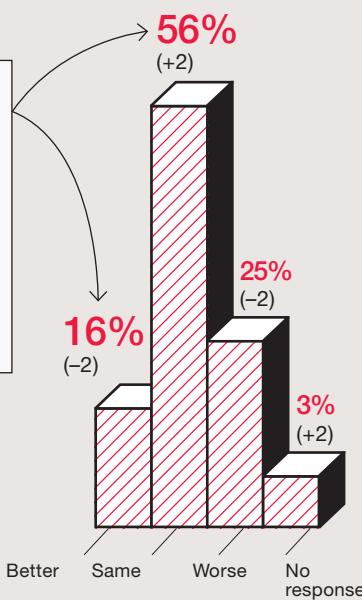
The respondents are optimistic: nine out of ten believe that their situation will remain stable or will improve.



Current State of the Overall Economy

72%

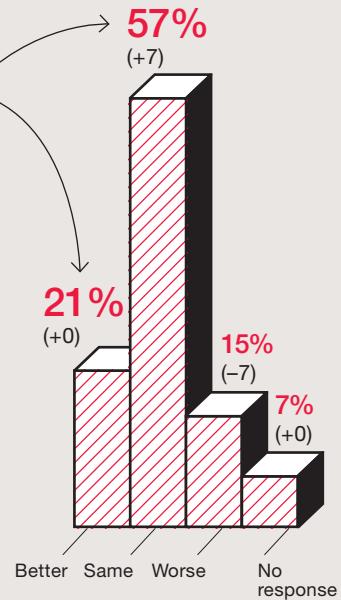
Almost three-quarters of the voters find that Switzerland is doing at least as well as it was last year.



Future General Economic Situation

78%

More than three-quarters of those surveyed express optimism about the country's economic development.



As a percentage of voters; prior-year comparison in percentage points in parentheses

Fig. 3: Who the Swiss trust
 "Do you personally trust these institutions?"

The trust of the Swiss in the country's key actors has increased dramatically and is higher than ever.



As a percentage of voters; prior-year comparison in percentage points in parentheses

For years, trust in the Federal Supreme Court has been strong (picture of the Supreme Court building in Lausanne).

1. **Federal Supreme Court 74%** (+10)
2. **Police 73%** (+4)
3. **Radio 72%** (+22)
4. **Federal Council 71%** (+10)
4. **Television 71%** (+20)
6. **National Council 67%** (+7)
7. **Employee organizations 66%** (+16)
8. **Council of States 65%** (+5)
9. **Paid newspapers 63%** (+22)
9. **Army 63%** (+18)
9. **Banks 63%** (+15)
12. **Public administration 59%** (+10)
13. **Free newspapers 58%** (+23)
14. **Employer organizations 54%** (+15)
15. **Churches 51%** (+10)
15. **Political parties 51%** (+17)
17. **Internet 48%** (+19)
18. **European Union 37%** (+18)

68%

Trust in the government and in parliament (average of Federal Council, National Council and Council of States = 68 percent) is at a record high; in 2011, this figure was only 55 percent. It is unlikely that the political leadership in any other country in the world enjoys a similar level of trust.



Despite an increase, information from the internet is trusted less than information from the radio, television or newspapers.

described as positive/stable (see fig. 2). Of those surveyed, 56 percent rate their own economic situation as good or very good, only slightly fewer than last year (-3 pp). This assessment is dependent on income, but even among Swiss with monthly wages of less than 3,000 francs, 31 percent rate their situation as good or very good; for those earning up to 5,000 Swiss francs, it is 46 percent.

On a very positive note, overall, voters view the future with optimism – over one-fifth of them, more than ever before, believe that things will be better for them in the future. Only 6 percent fear that things will get worse.

More than half of the population (56 percent, +2 pp) rates the current economic situation in Switzerland the same as last year, 25 percent (-2 pp) report that things have gotten worse, 16 percent (-2 pp) that things have improved. The view of the future is even a little bit more optimistic than it was a year ago. Only 15 percent (-7 pp) fear that things will worsen, 57 percent (+7 pp) assume that the status quo will be maintained at a good level, and a stable 21 percent believe that things will improve.

More Trust in Media

In the assessment of the most important decision-makers, politics fares better than ever. Of those surveyed, 63 percent (+4 pp) state that the political community never or only seldom fails in pivotal situations (see fig. 4). Even for the economy, over half of those surveyed believe that it only seldom or never fails (53 percent, +3 pp). The positive mood leads to an exceptionally high level of trust in all key institutions and actors, which have added at least four – and on average an impressive twelve – percentage points compared to last year (see fig. 3). The media has benefited most, although the Federal Supreme Court and the police still ranked highest as in most recent years (see special analysis on page 51). (schi) □

Fig. 4: Are the political and business communities acting appropriately?

"Do you have a sense that the policies of the government and the administration and/or the business community fail in crucial situations?"

High marks for politics and the business community.

Politics

63%

More Swiss than ever before think that politics never or very seldom fails. In 2005, it was only 38 percent.

Business

53%

More than half of those surveyed express confidence in the business community; the figure reached its highest point in 2000 (66 percent).

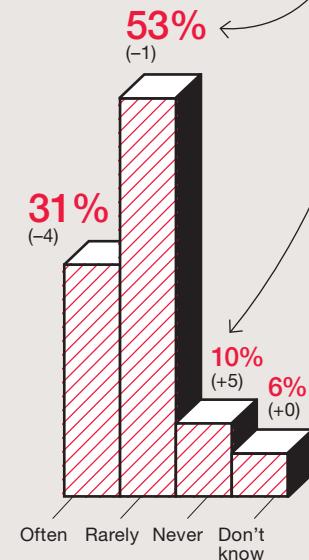
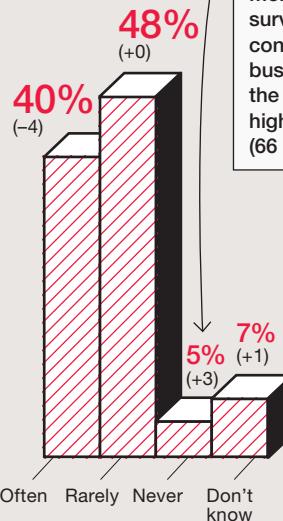


Fig. 5: The most important political tasks of today

"Is it important to you that the political goals mentioned above are achieved?"

Switzerland redefines itself as an education nation.

Securing OASI/Federal Disability Insurance was right at the top in eight out of the last ten years.

1. **Promoting education 96% (+2)**
2. **Securing OASI/FDI 94% (-1)**
3. **Jobs for all young people 92% (-1)**
4. **Funding health care 90% (+12)**
5. **Facilitating economic growth 89% (-1)**
6. **Reducing greenhouse gas emissions 82% (+1)**
7. **Balancing family and career 82% (+1)**
8. **Regulating financial markets 75% (-1)**

As a percentage of voters; cumulative "very and somewhat important"; prior-year comparison in percentage points in parentheses

The Voice of the Economy

“We depend on immigration”

Valentin Vogt, entrepreneur and president of the Confederation of Swiss Employers, talks about the future of Switzerland as a financial center, some upcoming votes and the dual education system.

Interview: Michael Krobath

According to the Worry Barometer, Swiss people are most concerned about unemployment, immigration issues and Old Age and Survivors' Insurance. What do you think are the most important issues?

Voters have a good sense of things. The Confederation of Swiss Employers is concerned with ensuring retirement provision and maintaining the free movement of persons. In addition, our labor market is threatened by unnecessary regulations and a tendency to compartmentalize.

Several votes relating to the labor market are coming up. Will we decide next year about the future of Switzerland as an economic center?

Switzerland is the most competitive country in the world today. We have created about 500,000 jobs in our country in the last 10 years. The unemployment rate is only 3 percent, and – especially important – our youth unemployment is low. Votes mass immigration, a minimum wage and the inheritance tax are putting our system to the test; this worries me. We have to raise general awareness of Switzerland's success.

What is it based on?

Primarily on a liberal labor market. 82 percent of the population between 15 and 64 years of age – more than



“In practice, immigration initiatives do not work.” Border near Rheinfelden.

in any other country – is integrated into working life. In addition, we work more than anyone else in Europe: 41.9 hours per week. The second factor is our very well-trained employees at every level. Our dual educational system is certainly the key to this. Third is our openness towards the rest of the world, where we earn one out of every two francs. And fourth, 20 percent of the gross domestic product comes from industry, and we remain one of the world's most industrialized countries. This provides stability

37%

More than one-third of those surveyed as part of the Worry Barometer feel that the free movement of persons and the integration of foreigners are a major problem for Switzerland. This figure stood at 18 percent in 2003.

and is part of the reason we came through the financial crisis so well.

Why is the Confederation of Swiss Employers such a champion of the free movement of persons?

As our population continues to age, and with predicted immigration of about 40,000 people per year, we will have a shortage of about 400,000 workers in 2030. This major gap between the population size and economic performance is the price we pay for our success. Whatever internal efforts we might make, Switzerland will always be dependent on immigration. The initiative against mass immigration and the Ecopop group's initiative, in contrast, boil down to planned-economy quota-setting and don't work in practice. In addition, the immigration initiatives threaten the bilateral path that helped Switzerland weather the crisis successfully.

Do you understand why immigration is an increasing cause for concern among the people, despite these economic arguments?

The current debate reminds me of the fear of domination by foreign influences in the early 1970s. Some very similar arguments are being used to place the blame for a large share of our problems on the free movement of persons. Immigrants come to Switzerland for various reasons. For example, 7,000 of the 73,000 people who immigrated last year came to our country through marriage. That has absolutely nothing to do with the free movement of persons. But we do need to take certain problems seriously, such as cultural differences with foreign bosses. I think it's important for business to throw light on this and do everything possible to keep immigration as low as possible.

What steps do you recommend?

We should more fully utilize the untapped potential for skilled workers who are already in Switzerland. The culture of continuing to work as an older person is completely underdeveloped. In addition, women are a large, underutilized pool of potential workers.

Reducing wage inequality would be an additional incentive for women.

How can this be achieved?

We have to rethink how things are done – and that takes time. Wage discrimination

has lessened significantly in recent years. This problem has been solved with new hires. As for employment relationships that have evolved over time, we have to continue to follow the path we have chosen. Tools such as the pay parity dialog have been created to help enterprises recognize whether they are providing equal pay for equal work.

"We have to raise awareness of Switzerland's success story."

Valentin Vogt

Concerns about pay and the new poverty have grown, according to surveys. Are fewer and fewer people in Switzerland experiencing prosperity?

The statistics indicate otherwise. According to the Gini coefficient (a statistical measure representing income inequality) wages are distributed more equally in Switzerland than anywhere else. And the phenomenon of the working poor is on the decline here. In contrast, our cost of living and our demands are increasing. I know families who spend more money on communication than on food. Economic considerations mean that we should focus less on increasing wages and more on how we can lower living costs in our country. There is still work to be done in this regard. Switzerland's domestic economy is significantly less productive than its export economy.

Swiss people tend to regard education as one of the country's greatest strengths. Is this for good reason?

The dual educational system is without doubt a major success, but social pressure threatens to water it down to a high-school type of education. We need reforms in primary school as well. Teaching of the STEM disciplines (science, technology, engineering and math) must be emphasized more. After all, Switzerland reached its current level of prosperity thanks in large part to engineering. It was not business people who developed new medicines, machines and time-pieces, but talented people from technical professions.

What is your assessment of the future of Switzerland as a financial center?

I think that the financial center will continue to change. The "clean money strategy" is the strategy of the future, and it will become necessary to win over customers through performance and quality. Along with increasing regulation, this will lead to cost pressure, and additional job cuts in the financial services sector will be necessary. But I'm certain that the path we are on is the right one, and it's promising. Switzerland's banks are competitive and do not have to hide from anyone.

Which industries do you think will see job growth?

Those whose key markets benefit from megatrends such as healthcare, energy, urbanization, water and aging; that is, pharmaceutical, life science, engineering, and technology companies. The world's growing prosperity gives the luxury goods and finance industries a push. Switzerland is very well positioned for the future. We are in excellent shape compared to other countries. But we tend to forget that. □



Valentin Vogt has been president of the Confederation of Swiss Employers since 2011 and is a member of the executive committee of Economiesuisse (the Swiss Business Federation) and the Swiss National Bank's economic advisory council. The trained economist is co-owner and Chairman of the Board of Directors of the Winterthur-based company Burckhardt Compression. He has two children and lives in Hombrechtikon.

This interview was conducted on September 30, 2013.

Identity: What Makes Up the Swiss?

Neutral, Stable – and Smart

Education is gaining in importance, and, along with those values that sustain the state, such as security, neutrality and stability, contributes to the country's identity. The feeling of belonging within municipalities is on the decline – people define themselves primarily as Swiss citizens.



For the Swiss, what are their country's main strengths? One area that is clearly gaining ground in a long-term comparison is education. Its perception as one of the country's main strengths has doubled over the past six years. It is now ranked in second place, right behind neutrality and before stability (see fig. 8). Uncertainty arising from the Pisa studies conducted since 2000, in which Switzerland has not performed as well as it would have liked, has brought about a generally heightened awareness of education and created the foundation for various education initiatives and reforms over the last ten years. The realization seems to have become widespread that a country with scarce natural resources like Switzerland has few other options than to rely on the population's brain power.

The significance of education emerges even more clearly through a second survey result. A huge majority of eligible >

Fig. 6: Who Are We?

"Please name three things that symbolize Switzerland for you personally."

Switzerland is associated with security and peace, and these two concepts are growing in significance. Important in French-speaking Switzerland: watchmaking and chocolate.

Rating Switzerland Overall



Ranking for German-speaking Switzerland

1. **Security/peace 28%**
2. **Homeland 17%**
3. **Countryside 14%**

Countryside

15%
(+0)

Neutrality
13%
(-7)

Homeland
13%
(+5)

Ranking for French-speaking Switzerland

1. **Watchmaking 24%**
2. **Security/peace 19%**
3. **Chocolate 17%**
Countryside 17%

Wealth
10%
(+2)

Freedom
9%
(+2)

Order
8%
(-1)

Solidarity
8%
(+3)

Watchmaking
8%
(-2)

Chocolate
8%
(-1)

School system

Quality

Tradition
Mountains
Cleanliness



Mountains were ranked highest from 2009 to 2011.

Mentioned spontaneously by percentage of eligible voters in open-ended questioning; year-on-year change in percentage points shown in parentheses

voters (96 percent) agrees that fostering education is an important political topic of today (fig. 5).

Diversification as Strength

From an economic perspective, the broad mix of industries in the Swiss national economy tends to be categorized as a greater strength than the clout of individual key industries (see fig. 8 – not all shown). The “generally robust economy” has grown by 19 percent since 2006 (+11 pp) while the most important industries stagnated at various levels. Agriculture (16 percent) and the watchmaking industry (15 percent) were still both six percentage points higher than at the beginning of the study. Swiss quality, the undisputed key strength for many years, has been downgraded by almost 20 percentage points since 2011 to 31 percent. Interpreting this result is difficult, because those surveyed still consider its “international reputation for quality” to be the success factor of the Swiss economy of which they are particularly proud (see fig. 11).

Ranked exclusively at the top of the country’s strengths – besides education – are the traditional values of the socio-political system: neutrality, stability, peace and the right to express an opinion. In regards to which aspects of Swiss politics are particularly popular (see fig. 12), other typically Swiss characteristics such as independence or the militia system round off this image. The virtually unlimited support of the Federal Constitution renewed in 1999 is also a clear indication that there is presently no inclination for more radical constitutional reforms.

Watchmaking and Chocolate

Neutrality is still viewed as one of the most important distinguishing characteristics of Switzerland (see fig. 6). Although ranked lower than last year (-7 pp), all regions of Switzerland consider it to be equally important, unlike the idea of “homeland,” which was mentioned only by respondents in German-speaking Switzerland in the 2013 survey. The dual concept of security and peace (+8 pp) is ranked at the very top this year. This might be related to the current instability of the global situation and is in line with the results of Switzerland’s strengths, where the values conducive to sustaining the state prevailed.

While German-speaking Switzerland places more emphasis on key values such as freedom, order and solidarity, those

Fig. 7: National Pride
“Are you proud to be Swiss?”

**La Suisse existe –
86 percent are proud of their country.**

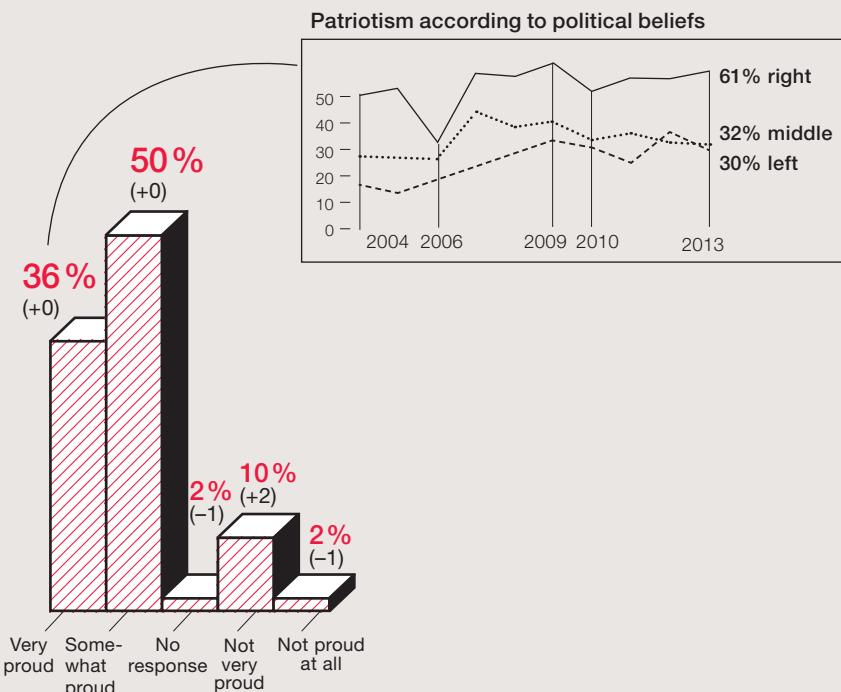


Fig. 8: Switzerland’s Strengths

“In your view, what are Switzerland’s five most important strengths?”

Stability is becoming more important all the time.

1. **Neutrality 47% (+6)**
2. **Education 46% (+5)**
3. **Stability 35% (+10)**
4. **Peace 34% (+4)**
5. **Right to express an opinion 33% (-5)**
6. **Quality 31% (-2)**
7. **Order and cleanliness 29% (-1)**
8. **Individual freedoms 24% (+3)**

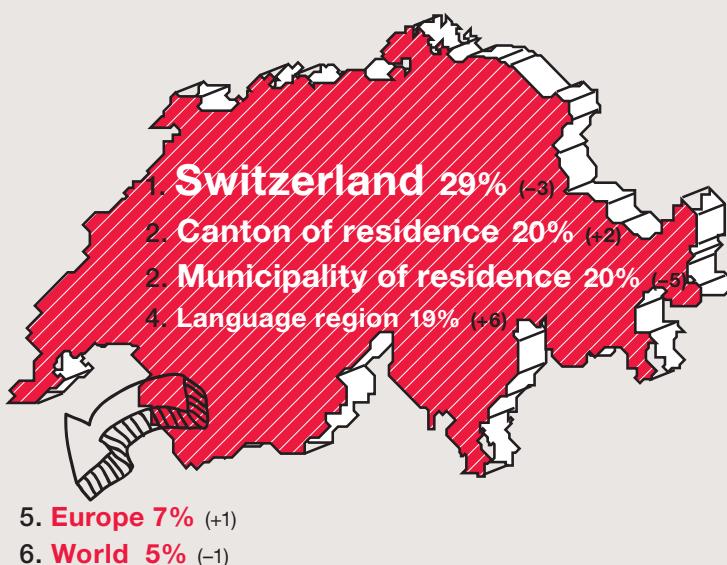
Following a low point in 2011 (37 percent), neutrality has almost reached its highest point of 50 percent (2008) again.

In percentage of eligible voters; year-on-year change in percentage points shown in parentheses

Fig. 9: Feeling of Belonging in Switzerland

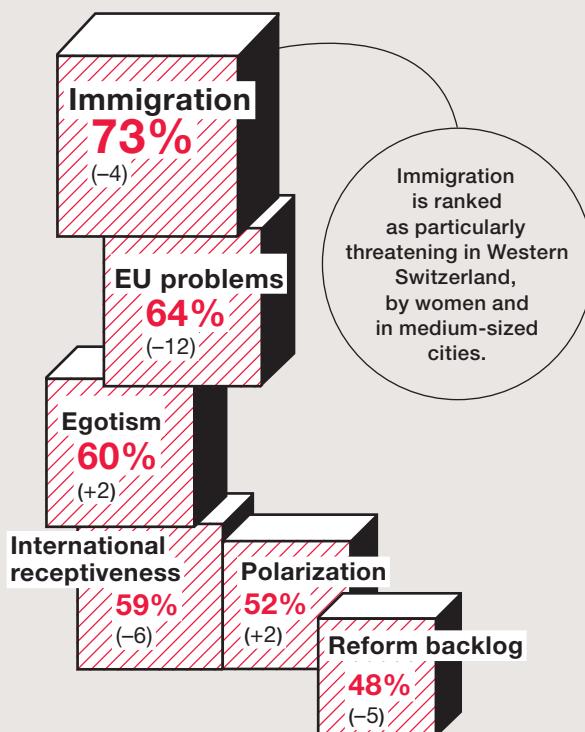
"To what geographical entity do you feel the greatest sense of belonging?"

As the power of municipalities to create identity continues to decline, the sense of belonging to the country is critical.

**Fig. 10: Threats to Swiss Identity**

"What do you consider to be a threat to the Swiss identity?"

The biggest threats are from outside, but egotism is ranked higher than ever.



In percentage of eligible voters; year-on-year change in percentage points shown in parentheses

surveyed in Western Switzerland – with their watchmaking and chocolate – place these two traditional areas, which remain very important to them, right at the top of the distinguishing characteristics.

In line with the previous findings, national pride is still strong (see fig. 7). In contrast, another question, which had long yielded practically identical results, now indicates a slowly evolving sense of identity. For many years, many Swiss have primarily felt a sense of belonging within their municipality. In 2011, as many as 44 percent felt this way, but today that number has fallen by more than half (see fig. 9). This trend not only benefits the canton of residence, as the next larger unit,

National pride is still strong, especially among those of the political right.

but Switzerland as a whole. If that number is expanded to include second responses, then the municipality, at 35 percent, falls to fourth position behind the canton and language region.

This gradual parting from the municipality could have a variety of causes. One might be that growing mobility extending far beyond canton borders is turning many communities from residence to "dormitory" towns. Another contributor could be the fact that municipalities are increasingly consolidating out of financial and administrative considerations. While there were still around 3,000 municipalities at the end of the last century, only 2,584 remained as of the beginning of 2013. These large municipalities, created through consolidation, do not (yet) impart the same sense of belonging. The next few years will reveal whether these municipalities will be able to develop a new identity and along with it a new role in integration and identification. One thing is certain: The state as the guarantor of security and peace has moved closer to individual Swiss voters.

Egotism Threatens Identity

Practically all voters (97 percent) now rate the Swiss economy positively in comparison to the international economy – >

perhaps an expression of the favorable situation in Switzerland in light of the tense economic situation in major global regions and the majority of Europe. This self-confident Swiss stance is also reflected in two other values: 91 percent rank Switzerland's reputation overseas as rather good or even very good; almost half the population (41 percent) believes that the international image of Switzerland has improved even further over the last twelve months. As a result, almost two-thirds of the voters describe Swiss foreign policy as defensive, and 71 percent would ask for a somewhat more offensive stance for Switzerland in international negotiations.

In the early nineties, there was a great deal of uncertainty in Switzerland – the motto of the 1992 World Expo in Seville was “La Suisse n'existe pas” (“Switzerland doesn't exist”) – and policies oriented toward differentiation were cultivated with regard to foreign countries, particularly the European Union. Even today, a majority still considers international receptiveness to be a threat to the country's own identity, although that tendency is declining (-6 pp). In contrast, a growing number of those polled (60 percent) consider national egotism to be a threat to the country's identity. In 2010, only 44 percent considered egotism to be negative. As it has been ever since the survey's beginning, immigration is viewed as the greatest danger (73 percent), but with lower popularity than last year (-4 pp; see fig. 10). (schi) □

Fig. 11: Pride in Aspects of the Economy

“What things make you particularly proud of the Swiss economy?”

Popularity of financial center and public services increases again.

1. **Int. reputation for quality 94% (+3)**
2. **Watchmaking industry 93% (+0)**
2. **Successful SME 93% (+2)**
4. **Strong Swiss brands 91% (+1)**
5. **Machinery industry 88% (-1)**
6. **Pharmaceutical industry 83% (+1)**
7. **Financial center 81% (+10)**
7. **Public services companies 81% (+6)**

A proud record: The four top performers have consistently achieved values of over 90 percent since 2006.

Fig. 12: Pride in Aspects of Politics

“What things make you particularly proud of Swiss politics?”

Swiss politics = neutrality.

1. **Neutrality 94% (+0)**
2. **Independence 90% (-2)**
2. **Federal constitution 90% (+2)**
4. **Citizens' rights 87% (-1)**
5. **Opportunity to express an opinion 83% (-4)**
6. **Coexistence 81% (+2)**
7. **Social partnerships 78% (+7)**
8. **Militia system 77% (+8)**

The social partnership has increased by 16 percentage points since 2009, the militia system by 20 pp since 2008.

Mentioned spontaneously by percentage of eligible voters in open-ended questioning; year-on-year change in percentage points shown in parentheses

Focus on Trust

Never Higher than Today

Federal institutions and decision-makers are very popular with the people of Switzerland.

Trust in the leading decision-makers in Switzerland is currently at record levels. They enjoy a level of trust of 61 percent on average, while the figure stood at just 34 percent in 1996. Trust has almost doubled since the last major recession in 2004 on the heels of the “dotcom crisis,” despite a temporary setback due to the global financial and economic crisis.

Why has trust increased to such an extent? One possible explanation is that during this time, Switzerland – particularly in comparison with foreign countries – remained unscathed by political crises

1999: Brief drop in unemployment, faith in institutions increases.

and prospered economically. When the comparison with neighboring countries is positive, it inspires confidence in the people responsible at home.

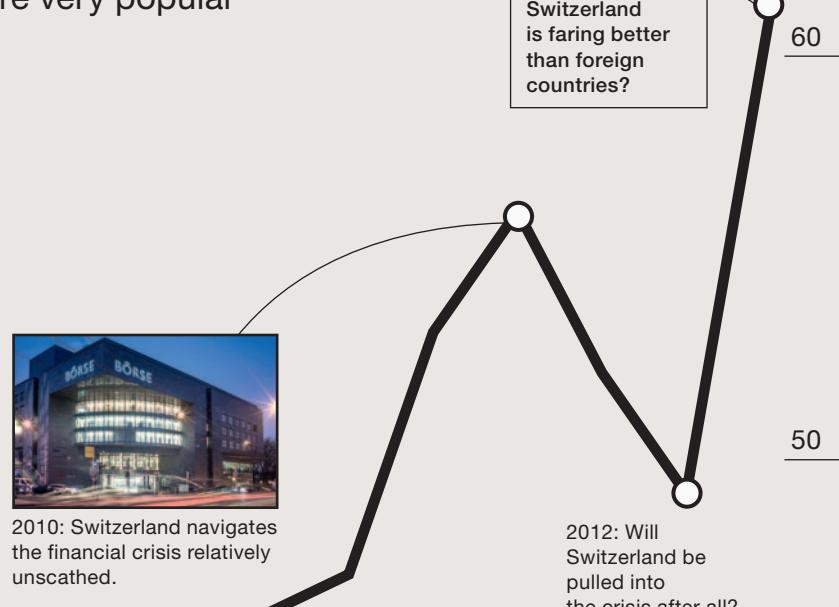
The police and the Federal Supreme Court rank at the top almost every year; in a long-term average, 61 percent of Swiss trust them the most. The Federal Council also always takes a top spot (51 percent), while banks and employee organizations also consistently post high values, on average 47 and 46 percent respectively.

Employee organizations have gained slightly more trust each year since 2006 (34 percent) and reached a record high of 66 percent in 2013. Employer organizations have registered similar gains, but at a slightly lower level (currently 54



2010: Switzerland navigates the financial crisis relatively unscathed.

2004: Confidence is shaken by the long duration of the dot com crisis.



(67 percent, average since 1996: 44 percent) and the Council of States (65 percent, average since 1996: 43 percent). Among political authorities, the Federal Council enjoys the highest level of trust, currently at a record level of 71 percent.

How do these results line up internationally? According to the “Global Trust Report 2013,” the police (81 percent) and the Federal Office of Justice (65 percent) enjoy the highest levels of trust in Germany, as they do in Switzerland. In Germany, however, the government follows behind only after a significant gap (34 percent). The political parties are far behind (16 percent). The military has the highest regard in over 25 countries and performs particularly well for example in Brazil, Japan, France and the US. Churches and religious communities are in second place this year, which received high marks for example in Russia, the US and South Africa. In contrast to Switzerland and Germany, people in these countries do not seem to fully trust the justice system, police and the government.

In Switzerland, the military and the church are ranked in the middle in a long-term average. (schi) □

The chart shows the average trust value. The values of 13 decision-makers have been observed since 1996. The media (radio, television, paid newspapers, free newspapers, internet) is not included, because until 2008, the survey only asked about “mass media.”

Voice of Politics

“The fact that we are so different is what makes us strong.”

The new President of the National Council, Ruedi Lustenberger, discusses Swiss identity, the bilateral road and humility as a virtue.

Interview: Urs Reich and Michael Krobath



Mr. Lustenberger, you ran a carpenters' workshop for over 35 years. What did this teach you about politics?

You learn to value Switzerland's entrepreneurial freedom and realize that a market economy is the right system as long as all the players act in a socially and environmentally responsible manner. For example, it's smart to wait until you've actually received your money before you start spending it on consumer goods and make investments. And if, like me, you've trained 25 apprentices, you also understand the value of our outstanding dual professional education system.

According to the Worry Barometer, voters identify the following with Switzerland: security and peace (28 percent), natural surroundings (15 percent) as well as neutrality and homeland (13 percent each). Do you agree with the above?

Yes, though I would put neutrality and homeland at the top. The survey also shows that voters see precisely these Swiss characteristics as also being threatened by the rapid rise in crime – imported to some degree – continuing urban sprawl and, increasingly, also by the freedom of movement. Regarding that last issue, politicians and the business world should take the worries of the people more to heart.

The voters surveyed identify with different issues depending on the region they come from and the language they speak. Do you view this as opportunity or danger?

Viewed historically, it is an opportunity. There's no other country in the world where people speaking four different languages with different cultures have

To simply give in to any kind of pressure is un-Swiss and would damage, over the long term, our negotiation tactics.

lived together so long in peace, and together function so successfully both politically and economically. It is precisely the fact that we are so different that has made us strong.

What keeps Switzerland together?

There is a certain framework. In Switzerland, there is never an absolute majority, not a region, not a party and not a social

class. Each of us is a member of one or more minorities. What makes the Swiss Confederation unique is that it thrives on the idea of unity in diversity. One of the ways this is reflected is in the two-chamber system and in the majority of States.

Does it worry you that the Swiss identify less and less with where they live, as shown in the Worry Barometer?

That is probably the result of growing mobility. It is therefore understandable, but it is not unproblematic. Local communities represent the core of our subsidiary state. They have major powers and a great deal of responsibility that keep them close to the people and make them efficient. However, for the system to function, you always need people who are willing to take on political responsibility in the community.

Politicians have also been called on to address the long-pending reforms of social insurance. How can these be implemented?

As desirable as this feat would be, the past has shown that it is just not possible politically. It's best to introduce moderate and feasible changes. What I do think is wrong is the idea that we have to bring in foreign workers to rescue the AHV.



96%

Most of those surveyed for the Worry Barometer would like education to receive more support. Forty-six percent see education as one of Switzerland's main strengths.

"When you've trained 25 apprentices, you understand the value of the dual professional education system." Ruedi Lustenberger, former master carpenter.

It is a mistake to assume that these people who arrive in Switzerland at a young age will not want to receive AHV retirement benefits at some point. It becomes a vicious circle. What is also clear is that you cannot cut back on retirement benefits. So that leaves us with two alternatives: either increase what is paid into the system and/or raise the retirement age. However, the situation with the second pillar is different. In view of rising life expectancies, it will be hard to avoid reducing the amount of the conversion rate.

Nineteen percent of the surveyed voters, which is the highest percentage seen since 1995, are worried about the complex issues of energy, nuclear energy and security of supply.

What does this mean for the political decision-makers?

The strategy chosen by the Federal Council is the right one. However, the devil is in the detail; until the 2050 energy strategy takes effect, a great deal of water that could be used to generate power will leave Switzerland.

The trust in political institutions has risen in the last few years and is extraordinarily high. Yet, at the same time, criticism concerning taxes is growing, and for the first time,

the majority believes that the government does too much for the general public.

I'm pleased about the increase in trust. People have noticed that Switzerland – compared to other countries – has done a lot right. In retrospect, the bilateral road toward Europe has been the right one for us. I know from personal experience that people worry about the high level of regulation. The abuse of social services as well as seemingly unrealistic and expensive feel-good measures have had a negative impact on the tax moral and promote government apathy.

Almost three-quarters of those surveyed would like to see a more offensive approach on the part of Swiss politicians toward other countries. How can this be implemented?

To simply give in to any kind of pressure is un-Swiss and would damage, over the long term, our negotiation tactics. However, the situation is complicated. The reasons for the increasing political pressure on Switzerland from abroad are mainly economic. And now politicians are having to solve problems that have been caused by individual economic sectors, especially the major financial institutions and some of their employees, pursuing their own interests.

Voters are looking at the future of their country with greater optimism than before. What should be done to ensure that Switzerland does, in fact, remain successful?

I would advise us to follow our current political path and to rely on our own strengths. As a small country, we will remain neutral and continue to take the bilateral road toward Europe. We are giving our young people a good education and will keep the dual education system in place. And, lastly, we want to safeguard the environment and ensure the future of our political culture. Respect for other opinions and a decent political culture of debate are essential for our direct democratic system.

What is your most important goal as President of the National Council?

To enjoy this office and remain humble. It is the institution that matters, not the person. I am thankful to and have great respect for our ancestors who understood how to help Switzerland progress while maintaining unity in diversity. I would also like to remind everyone that Switzerland's current good fortune is due to people working together and not against one another. □



Ruedi Lustenberger is the 2014 President of the National Council and thus holds the highest office in Switzerland for one year. The 63-year-old master carpenter from Romoos in Entlebuch (LU) has been a member of the National Council, representing the CVP, since 1999. He has been the chairman of the Verband Schweizerischer Schreinermeister und Möbelfabrikanten (Association of Swiss Master Carpenters and Furnituremakers) since 2005 and a board member of the Schweizerische Gewerbeverband (Swiss Federation of Small and Medium-Sized Enterprises) since 2008. Ruedi Lustenberger ran his own family business until last year. He is married and has five adult children.

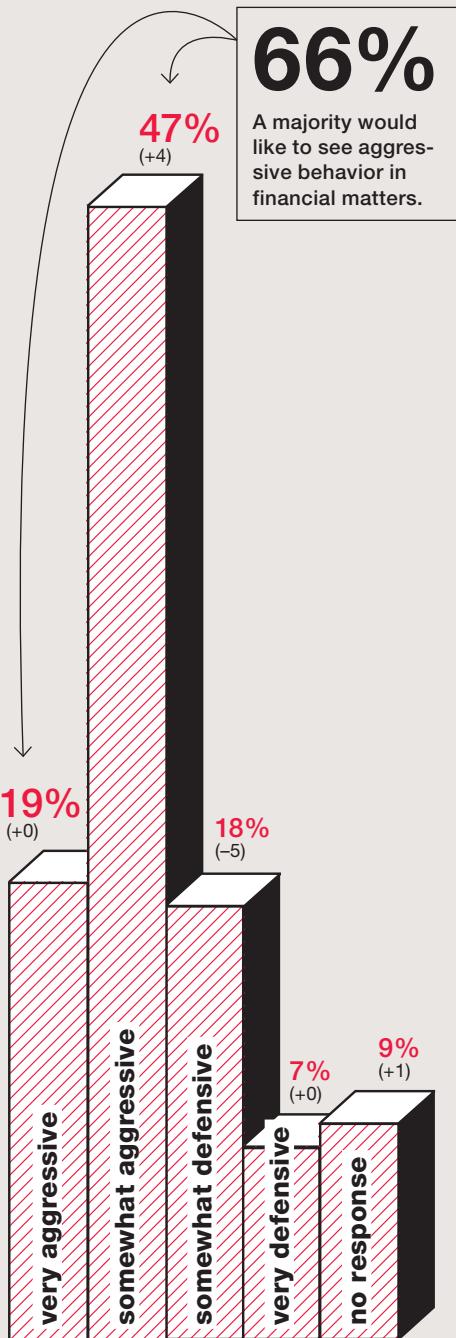
This interview was conducted on September 26, 2013.

Focus on Financial Institutions

Trust Is Back, Call for More Self-Confidence

There is a great deal of confidence and strong opinions on the future of Swiss financial institutions. Voters want to see a more aggressive stance in negotiations with foreign countries.

Behavior Desired of Switzerland in Financial Matters



66%
A majority would like to see aggressive behavior in financial matters.

Based on the results of the Worry Barometer, eligible voters are clearly more deeply engaged with issues surrounding the future alignment of Swiss financial institutions than last year. In principle, there are many strategies to be considered. Of those, the most important seem to be both improved regulatory supervision (79%, +10 pp) and safeguarding bank client confidentiality (78%, new). Reinforcing the institutional investor business (76%, +2 pp) and improving access to foreign markets (74%, +2 pp) follow closely behind. Commodities trading is viewed more skeptically. Although its promotion is still considered important to 63 percent of the population, this represents a decline of 5 percentage points in comparison to the previous year. Almost half of those surveyed consider an exclusive focus on private banking (52%, +7 pp) or the introduction of an automatic exchange of information (49%, +5 pp) to be important.

most one-third still considered the banking crisis to be one of the main problems in 2011 (30%), that number is currently only one-tenth (11%). On the trust question itself, banks managed to climb 15 percentage points compared to last year, reaching 63 percent. That is the highest value achieved since the survey was started in 1995; the banks' long-term average is 49 percent.

Two-thirds of the population (66%, +4 pp) would like to see a very or somewhat more aggressive stance taken by Switzerland in international negotiations; only one-quarter (25%, -5 pp) cautions for more restraint. These values also support the population's concern in Swiss politics in the general matter of representing the country's interests vis-à-vis foreign countries (71%, -1 pp). (schi) □

Financial Institutions among Key Strengths

No less than three-quarters of the voters are very or somewhat proud (76%, +9 pp) of bank-client confidentiality that rules out criminal abuse but protects privacy. The value of the financial institutions as a whole (81%, +10 pp) is even higher in this regard but still lags behind the top values of other industries, in particular behind those of the watchmaking industry (93%) and the machinery industry (88%).

All in all, the Worry Barometer shows that financial sector has been successful in regaining the trust lost in recent years. One-fifth of the population considers financial institutions to be among the country's five key economic strengths (20%, +3 pp). And while al-

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A Chimango Caracara – a falcon
that winters in northern Argentina.

A Foot on Each Continent

What moves people to leave one of the most highly developed, wealthiest and safest countries in the world? Visiting with Swiss expats in the Argentinian rainforest.

By Andreas Fink (copy) and Marco Vernauchi (photos)

“Qué se yo,” is how he responds to the question about his homeland. He could have been just as non-committal with a “was weiss ich” in German, as he is equally adept in guttural Swiss German and the rounded Spanish of the Argentinian north. His parents’ house stands on the edge of the forest, as does his grandparents’ farm. However, 11,000 kilometers, the equator and the threshold separating the first and third world lie between the two buildings. Does he have two homelands? Does this word even exist in the plural? Or does someone like him have no homeland after a life that he has begun anew four times on the each side of the Atlantic?

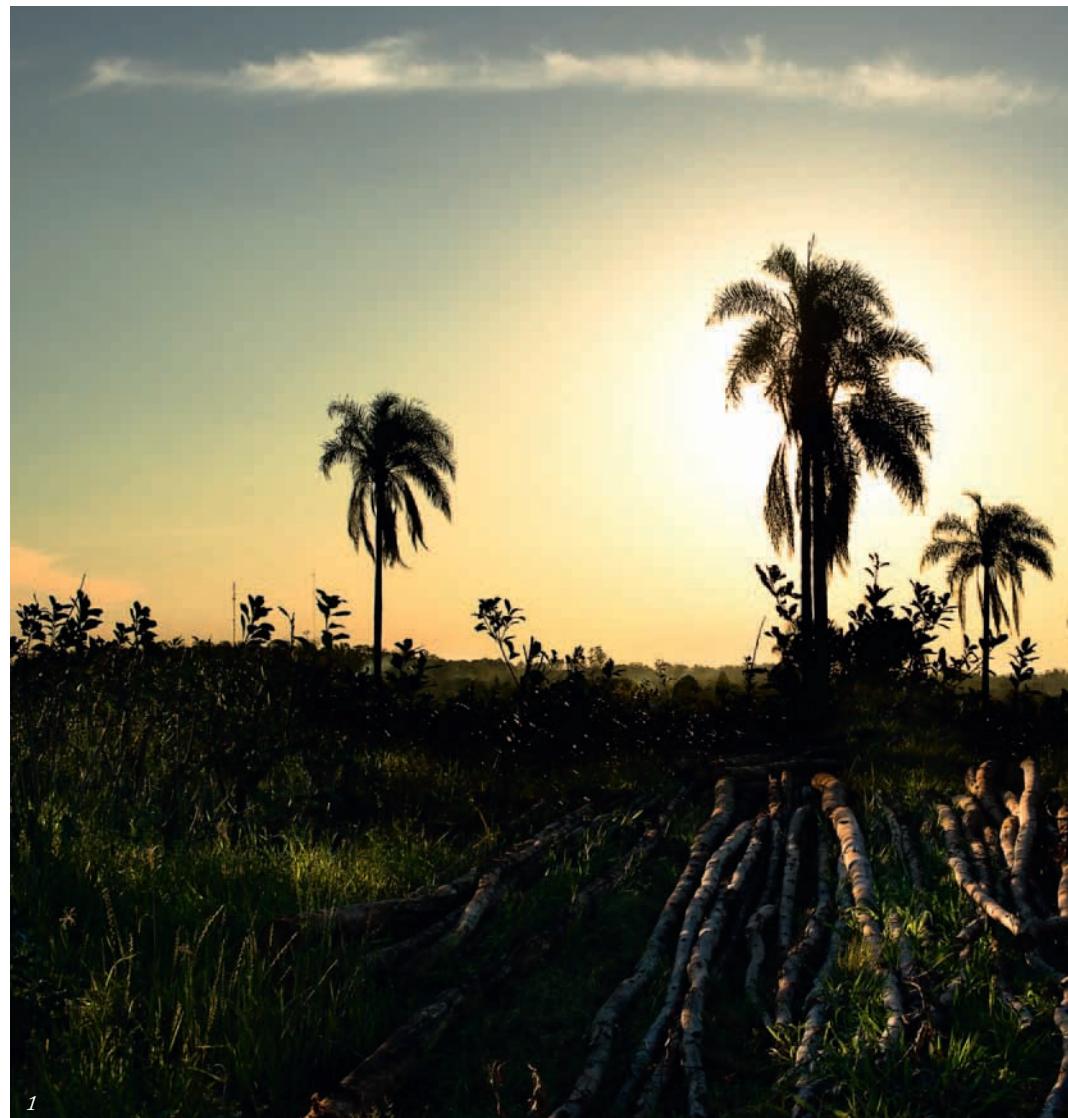
Like many other residents of the village Ruiz de Montoya, Carlos Zimmermann can’t answer these questions. They are Argentinian and they are Swiss, they live in the sub-tropics and in the foothills of the Alps. Many can only survive here because they lived and worked there. They are both immigrants and emigrants.

The journey to the village, which was once born out of necessity, is now a comfortable trip through colorful scenery. Route 12, the main road that runs parallel to Argentina’s northern border, winds its way through the hills of the Misiones Province. Vegetation in every shade of green you can imagine grows out of the rust-red soil that borders the road. We pass through forested regions and plantations where yerba mate, a plant native to the region, is grown. After a turn-off, the paved road winds a few kilometers southwards; and where the village starts after the last crest, you see the bright yellow of flowering trees lining the road.

You also immediately notice that this is no ordinary Argentinian village. The hipped roof on the Swiss Club and the bell tower on the church, complete with weathervane, stand out. There is a sign pointing to “Granja Suiza” where Tilsiter and Raclette cheese are made. It is idyllic, a perfect example of a Protestant Swiss village, though it was named after a Jesuit missionary.

Born out of Poverty

Ruiz de Montoya could also have been called “New Schaffhausen.” Its first inhabitants were families that were no longer welcome in Switzerland. They were tailors, bookbinders, shoemakers: tradesman who had no work or prospects in the crisis years



before the Second World War, but also no experience in farming or agriculture. They were men, women and children to whom the government loaned a few thousand Swiss francs and who were sent, friendless, out into the jungle. More than one thousand families relocated to northern Argentina in the interwar years; those who did so between 1936 and 1939 (at least half) had government loans, but only a few were able to repay them.

Many set off for the rainforest, fooled by the misleading catalogs of private Swiss companies, driven by the hope of striking it rich through farming the native plant yerba mate. The migration to Misiones is the last chapter in the centuries-long history of Swiss emigration due to poverty.

Yet, just two decades after the initial settlement, in post-war Europe, the direction of migration had reversed. Companies between St. Gallen and Geneva needed to attract foreign workers and remembered the Swiss community founded in the rainforest. Families with last names like Flückiger, Schegg, Urfer and Schweris not only had Swiss passports, they still also spoke Swiss

German. The Swiss from Misiones began to return to Switzerland in the '60s. To learn something to take back to Argentina. To earn money for a better life back in the jungle. Not many intended to stay in Switzerland when they departed from Buenos Aires.

I warn you, I want to go back!

When Carlos Zimmermann began his apprenticeship at a Lucerne-based auto mechanic shop, he talked like a lot of other 20-year-olds on Lake Lucerne. He did not shout the fact that he was born in the jungle from the rooftops. His family was from Herlisberg (today merged together with Römerswil), where his uncles and cousins still ran a woodworking business. Carlos wanted to become a car mechanic, but not in the repair shops in Argentina, where tools were often missing, spare parts sat waiting at the customs office and invoices were not paid. He completed his apprenticeship with a diploma and opened his own repair shop right behind Lucerne train station. The shop grew and could have continued to grow, but for Carlos, Central Switzerland became too claustrophobic. On >



1 Green gold? The Swiss had hoped to strike it rich cultivating the native yerba mate plant. Only a few succeeded.

2 Emigrant: Lorenzo Zimmermann moved to the jungle from Switzerland in 1937. Today, Spanish comes easier to him than German.

3 Re-emigrant: Carlos Zimmermann started over four times – on both sides of the Atlantic.

4 Souvenirs, Souvenirs: The living room decor unites the two worlds of the Burri-Mozzoli family. Swiss cowbells hang above bottles made by indigenous Argentinians.



4



5

5 Model school:
the Instituto Linea Cuchilla.



6

6 "Mr. Misiones":
Hans Rudolf Würgler.



7

7 Rita Burri returned after
21 years in Switzerland.



8

8 It was too claustrophobic
for her in Switzerland: Sabine
Haldimann.

9 Heat-resistant cattle: a zebu
in Ruiz de Montoya.



9

the day that he met the girl who would later become his wife, he told her, "I warn you, I want to go back!"

Back to the place where his father Lorenz began felling trees as a 17-year-old. In March 1938, three brothers disembarked from a ship in the river port of Puerto Rico, with saws and axes in their packs. They were three of ten siblings from the sawmill in Herlisberg, Switzerland. The fact that the Zimmermanns were all carpenters was an advantage from the start. They quickly became familiar with local species of trees, such as Lapacho, Cedro, Loro negro and Guatambú, whose wood was suitable for export. They purchased parcels of land in the rainforest, felled trees and then resold the land. They used an old Ford Model T to operate their first saws; they used water buckets for the cooling system.

Lorenz added an "o" to the end of his first name. For twenty years, he ran the co-operative founded in 1953 that exports tea and yerba mate to Europe and Japan. He has also presided over the Swiss Club for many years. Lorenzo Zimmermann says that the best friends of his 93-year life have been Argentinian. Spanish comes easier to him than German. He has never regretted taking the road into the wilderness.

Grossmünster and the Chapel Bridge

It is a rare cool winter day in September in Misiones and the coals in the woodstove are red hot. Family photos hang on the wall above the fireplace, along with certificates from the Swiss Club and souvenir plates from Switzerland. One is of Zurich's Grossmünster Cathedral, a second shows a Swiss alpine mountain hut, the third is of the Chapel Bridge from Lucerne. In a corner hangs a portrait of Pope John Paul II, and across from it an aerial image of Herlisberg with the old wooden house surrounded by the new sawmill, the wood warehouse, and several trucks. "All the Zimmermanns have contributed," says the head of the family, and his son Carlos nods.

Carlos Zimmermann has spent 36 of his 69 years in Argentina and the other 33 in Switzerland. He first returned to Misiones in 1975 with his wife and three children between the ages of two and eight, and a complete auto repair shop in his luggage. He brought with him knowledge, skills, tools and capital – for nine years he made a go of it, but then reality caught up. At the end of military rule in Argentina, inflation there reached 131 percent annually, depre-

ciation made imports impossible, customers ran out of money, and the repair shop could no longer stay open. On top of that, his Swiss wife just couldn't handle the climate. In 1984 the family got on a plane and returned to their new old home.

The Red Earth Beckons

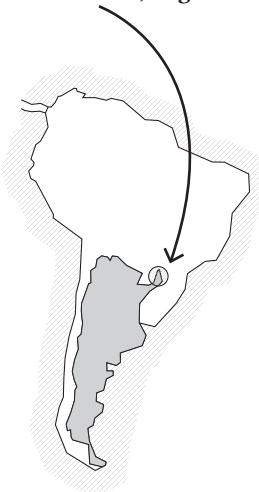
Six years ago, Carlos Zimmermann returned to Argentina, alone. He is divorced; his three children work in Hochdorf near Lucerne. "They are doing fine," says the proud father, and adds that all three have applied for Argentinian passports. "The red earth, it beckons you," says Carlos, who has resolved never to change continents again. He would have had a difficult time living off his pension of 1,600 Swiss francs a month in Switzerland. "The health insurance alone would have taken half of it." In Argentina, where retirees can go to the doctor free of charge, he has his own house and can live quite comfortably, because the AHV (old age and survivors insurance) makes overseas payments.

AHV: These are the three magic letters in the village of Ruiz de Montoya. They stand for the retirement payments from the Swiss pension fund that – along with the money sent back by hundreds of villagers working in Switzerland – make Ruiz de Montoya an attractive place to live. Most Swiss residents of Misiones see the AHV as belated reparations for the government effectively forcing these villagers to emigrate in the 1930's. They have been happy to pay in a minimum amount of less than 100 Swiss francs a month during their working life in order to receive a minimum pension upon turning 65 (currently 1170 Swiss francs per month). In fact, the prospect of a Swiss pension is one of the factors that drives return immigration of young people back to Switzerland, most of whom leave Argentina with no foreign language skills. Because, unlike in its beginning in 1948, the AHV now requires that benefit recipients live and work in Switzerland for a minimum of five years in order to later receive retirement benefits.

A School in the Rainforest

Hans Rudolf Würgler, a long-term honorary consul of Switzerland in Misiones, is familiar with the story of many families who squeeze into two-room apartments in Zurich in order to keep rent costs as low as possible during their work years "over there." In fact, Würgler knows almost all

Misiones Province, Argentina



- Population: 1.1 million (2010)
- Capital city: Posadas

Swiss Living Abroad

More than ten percent of all Swiss citizens live abroad.

- Total number of Swiss abroad: 715,710 (10.4% of Swiss citizens).
- Increase compared to 2002: 116,776 (+19%), the number of Swiss expats has doubled since 1980.
- Favorite continents:
 1. Europe 442,620;
 2. The Americas 175,954; 3. Asia 45,793;
 4. Oceania 30,647; 5. Africa 20,696.
- Selected countries:

Europe: France 186,615;
Germany 80,715; Italy 50,091;
England 30,452; Spain 24,157.
The Americas: US 76,330;
Canada 38,959; Argentina 15,767;
Brazil 14,976.
Other: Australia 23,633,
Israel: 15,970; Thailand 7,431.

Source: Statistics of the Swiss living abroad 2012

the family histories of the current 2,410 Swiss residents of Misiones. The son of a Swiss agronomist, he was born in the Colonia Santo Pipó, about 50 kilometers southwest of Ruiz de Montoya, in 1937. He was sent to Bern for high school and university before returning to Argentina to run the family farm and to tackle the needs of the Swiss residents in Misiones. He came back with the idea of establishing a technical school in the rainforest with the help of the Swiss Evangelical church, and with the contacts to do it.

Read more on page 64.

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The wooden house where teachers Sabine Haldimann and Roberto Henn live is surrounded by a large three-hectare tropical garden.





A monument to hard work: This barn is where the Burri family dried their first crop of tea leaves. Today the local cooperative processes, sells and distributes the leaves.

Last year, the “Instituto Linea Cuchilla” celebrated its 50th anniversary, and 420 students are currently studying agriculture and electrical engineering there. Thirty-seven of the students are Swiss. “Our school is mainly financed by the Argentinian government and tuition fees from the families. But 20 percent of our students have scholarships, which are funded thanks to donations from Switzerland.” Würgler, who was honored for his work in Misiones with the Swiss Abroad of the Year Prize in 2004, makes it very clear that the Instituto represents his life’s work. “I am sure that our school has had a positive impact on the entire province during its 50-year history.” Misiones has needed this kind of positive development over the years.

The heavily forested land between the Paraná und Uruguay rivers has never been able to overcome the disadvantages of its outlying location. The soy boom in the southern region of Pampa brought with it only drawbacks for Misiones: higher export fees, more expensive fertilizer and personnel costs that are rising by 25 percent annually.

Tobacco, Nuts, Tea

“We don’t know how we are going to keep paying our three employees,” admits Rita Burri, although her farm does not look to be in dire circumstances. She takes advantage of the soft evening light to show the legacy of her father and grandfather: densely grown tea bushes planted in long rows. To harvest the plants, which take up four fields and 50 hectares, the family needs workers, even when a machine does the cutting.

The first tea harvesting machine in Misiones stood in this exact farmyard, built by Rita Burri’s grandfather. He was a

smart man, a steel worker who once helped build dams in the Alps. However, the depression of the 1930’s took away his work. To get his five children through the tough times, he took out a government loan and brought the family to Misiones.

Farming experiments followed the arduous work of clearing forested land. Many of his crops were ruined by the humidity and heat. What did grow was often difficult to sell. Like many other settlers, the Burris believed the government goods traders and stuck with the supposedly successful export goods like tobacco, ricinus and jute. Nuts from the Tung tree sold slightly better, but only until its oil began to be synthetically produced. Finally, the Swiss resorted to cultivating tea.

“This field is as old as I am,” explains Rita Burri, born in 1952. A year later, the cooperative was founded, which to this day sells the tea leaves grown in these fields. Her product could be marketed better because it is organically produced – the legacy of her visionary grandfather. But Rita Burri and her husband Roberto Mozzoli cannot afford the expense of certification and distribution, especially now as costs are rising while the world market prices for tea are stagnating, even dropping.

They have asked themselves more than once whether it was the right decision to return to this hill. After all, they lived in Switzerland from 1972 to 1993, their two daughters were born there and still live there. Their hard work and thriftiness helped them pave their way from being unskilled workers to business owners – they ran a laundry and dry cleaning business in St. Gallen. Not once during these 21 years did they travel to Misiones, the flights at

that time were too expensive. “We were very comfortable in Switzerland,” says Rita Burri. “We could have happily stayed.”

They returned to Argentina mainly because of their family. They did not want to relinquish the farm that their parents and grandparents had worked so hard for. And now that the two of them are approaching retirement age, their older daughter recently announced that she would like to move to Ruiz de Montoya in the near future.

Why do people make this move? For family? For the retirement benefits? Or is there possibly something more that drives people to move from one of the most highly developed and secure countries in the world to the backwoods of Argentina?

“I think it has to do with freedom,” says Sabine Haldimann, the English teacher from Ruiz de Montoya. The 40-year-old arrived in the village 16 years ago fresh from university with her teacher’s certificate in hand. She wanted to get more out of life than “a permanent job that anyone in the perfectly organized Swiss system could do,” as she put it. Today, she gives lessons in her small wooden house. The miserable level of foreign language lessons in Argentinian schools guarantees her a steady flow of customers, but not a lot of money.

A Good Place in the World

As a child, Sabine Haldimann had already had the opportunity to view Switzerland from the outside. Her father worked as an engineer for several years in Libya and she grew up under a lot of sunshine and even more blue sky. Back in Switzerland, life there was too dark, too claustrophobic and too tidy.

Her two small children, Luciana and Daniel, are growing up among horses, dogs, cats and an imported garden gnome whose view is gradually being robbed by the wild-growing grasses. The hillside property that Sabine Haldimann and her husband Roberto have spent years cultivating measures three hectares, and it has given them the feeling that they have found a good place in the world. It’s a feeling that they share with other Swiss expats in Ruiz de Montoya. □

Andreas Fink is the South American correspondent for “Focus” (Germany) and “Die Presse” (Austria).

Marco Vernaschi is a photographer based in Buenos Aires.

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Nature or Nurture?

What makes us who we are, our genes or our environment? Once again, biologists are giving greater weight to external forces. We are more malleable than had long been thought.

By Mathias Plüss

Opera or jazz? Faulkner or Hemingway? PC or Mac? People love clear alternatives – we seem to feel a need to declare our allegiance to one or the other. But in fact, there's nothing wrong with saying, "I like a bit of both."

This natural human inclination to frame things in terms of "either/or" is found in science as well, and all too often it has slowed down progress. According to biologist Ernst Mayr, "False alternatives are at the root of nearly every major controversy." As a result, he points out, "The pendulum has swung back and forth throughout the history of science."

The most prominent example is the debate over the respective roles of heredity and environment, which has gone on for decades. Are we the product of our genetic makeup, or our upbringing? This question is often the subject of rancorous debate. But simple common sense tells us that the answer cannot be solely one or the other.

Take, for example, language: Every human being is born with an instinct for language. Even as babies, we start to explore the sounds around us, discovering words and the rules of grammar, without anyone teaching us how. But saying that language is inborn tells only part of the story. Theoretically, every child is capable of learning any language in the world – but in fact, children learn only their mother tongues. Thus the ability to acquire language is genetic, but the content of language is learned. Genes and environment work together.

The controversy began with two biologists in the 19th century. The French



An insight from the field of epigenetics: When young rats are regularly licked by their mothers, an anti-stress gene is switched on that remains active in the next generation.

scientist Jean-Baptiste Lamarck (1744–1829) was, in a sense, the first "environmentalist": He believed in the inheritability of acquired traits. Englishman Charles Darwin (1809–1882), on the other hand, believed that genetic material was immune to external influences. He pioneered the view that genes play the dominant role.

The major ideologies of the 20th century took clear positions in this debate. The Nazis wanted to create a superior human being by eliminating "inferior genetic material," and took brutal measures to do so. Communists, in contrast,

were firmly convinced that people could be changed through education. Prominent Soviet biologists believed that even plants could be trained to acquire certain characteristics. The result was famine.

Disillusionment with the Genome

During the 1960s and 1970s, many Western scientists, too, were convinced that human beings were highly malleable. They believed that children came into the world as a blank slate, capable of genius given the right conditions. The pendulum subsequently swung back in the other direction. With the success in 2000 of the project to

decode the human genome came a belief that we would soon find a gene for every human trait and behavior. “It is now conceivable that our children’s children will know the term cancer only as a constellation of stars,” said former US President Bill Clinton as the first survey of the Human Genome Project was made public. Genetic determinism had made a comeback.

Now, however, a measure of disillusionment has set in again. To be sure, there are reports nearly every day that a gene has been discovered for depression or obesity, or for sweaty feet or unfaithfulness. Seeing an opportunity, companies tell us that they can use the genome to predict our future health.

In fact, however, there is little to back up such promises; in most case, genes raise the risk of disease by only a few percentage points. And how should we respond to the information that our genes give us a ten percent higher risk of developing Alzheimer’s disease? Knowing this will only raise our anxiety level.

Switch On, Switch Off

But some associations are much clearer. If you have a BRCA gene mutation, for example, you have an 80 to 90 percent probability of developing breast cancer, which is why actress Angelina Jolie underwent a prophylactic double mastectomy this past spring. But only very few diseases can be predicted with that degree of certainty.

Perhaps this is because the search for the corresponding gene has not been sufficiently thorough. But another explanation has come to the fore over the past few years. It may be that our genes do not play the kind of deterministic role that is commonly assumed.

Not all of the genes that we carry are active by any means. Throughout our lives, individual genes are turned on and off. This is due to the influence of other genes, but also to environmental factors. The term for this is epigenetics.

Most of the results we have are from animal studies. Researchers have found, for example, that when female chickadees are subjected to repeated threats from birds of prey, their young develop longer wings.

This is clearly a case in which the environment has an impact through the genes.

Environmental Impacts Can Be Inherited

In one experiment, researchers studied the licking behavior of mother rats. Pups that were licked frequently experienced less stress later in their lives. In contrast, the pups of less nurturing mothers often grew to be extremely anxious. Both stress and licking behavior are inherited.

The amazing thing, however, is that these behaviors are not genetic. If an anxious pup is given to a nurturing mother rat, the pup takes on the characteristics of the “foster mother.” Scientists have shown that the licking process switches on genes in the pup’s brain that reduce the level of stress hormones. And these genes remain active in the next generation. This is clearly a case of an inheritable environmental impact – Lamarck’s theory revisited.

Of course, such experiments cannot be carried out with humans. But many believe that similar processes occur with people, too. We know, for example, that babies who are held frequently are more resistant to stress in adulthood. And a posthumous study of people who committed suicide after being abused as children showed that all of their stress-reduction genes were switched off. It seems logical to conclude that the abuse they suffered produced anxiety and stress, and ultimately led them to take their own lives.

It is now suspected that factors in early childhood may play a role in a variety of diseases – including diabetes, high blood pressure, autism, ADHD, depression, schizophrenia and allergies. Obesity, in particular, is now believed to be passed down from generation to generation, although there is no gene for that trait. Overweight mothers set the pattern for their children, leading them to become overweight as well.

For the individuals concerned, it is little consolation to know that their excess weight is due to epigenetics rather than genetics. But there is a crucial difference: With epigenetics, there is a greater chance that they can lose that weight. One study has shown that exercising, even over a period of just six months, can have a notice-

able effect on the activity of the gene for fat cells. Meditation and nutrition are also believed to modify gene activity.

Not Everything Is Ordained by Fate

In other words, epigenetics gives people back a degree of self-determination. We can do something for our health – not everything is ordained by fate. It also allows for the use of medication; for example, a chemical substance exists that calms down anxious rats. Epigenetic changes can be reversed.

Some researchers are now concluding that anything is possible, even after a dysfunctional childhood. It’s too early to celebrate, however, and we need to be careful not to repeat the mistake of lurching from one extreme to the other. The ability to mold human beings at will is certain to remain no more than a dream.

There are still many areas in which our genes do indeed play a decisive role. Intelligence, for example, is largely predetermined. But still, with good schools and appropriate support, it is possible to raise an individual’s IQ by up to 15 points. Surely that is a good example of genes and environment working together. □

Mathias Plüss is an award-winning freelance science journalist.

Waving the Flag

Absence makes the heart grow fonder.
The longer I live abroad, the easier it is
to love Switzerland.

By Urs Willmann

While still living in my native country of Switzerland, I was absolutely certain that I would never, ever fly a Swiss flag. But in June 2006, that's exactly what I did. I was in my office at Hamburg's Pressehaus, home to the weekly newspaper *Die Zeit*. As I was tying a Swiss flag to the radiator, preparing to hang it from my window, I began to realize what living abroad can do to you: I had turned into a patriot.

I should point out that this newfound delight in my Swiss identity was triggered by a specific event. In Germany, where I've lived since 1998, the World Cup was just beginning. And since the dictates of political correctness were allowing even the Germans to display a modicum of national pride in 2006 (one tiny flag per car), I decided that I could as well. A nonconformist at heart, I found it easier to cloak my patriotism in the form of a provocation. So there, right in the heart of Hamburg's business district, a Swiss flag suddenly appeared, impossible to ignore. Reactions were swift. People asked my editor-in-chief, Giovanni di Lorenzo, why there was a Swiss flag hanging from the building during World Cup season – while a German flag was nowhere to be seen.

But needling the Germans was only one of the motivating factors in the affirmation of my Swiss identity. The real reason was that my relationship with Switzerland had become much more relaxed since I had moved away. Living in Hamburg, I had come to see my native country with new eyes. More positively – not always, but for the most part. Absence makes the heart grow fonder.

Taken Aback

My first surge of patriotism was triggered by politics in Germany. I found it disturbing how quickly politicians' statements are turned into action. It takes only a few weeks for slogans to become policy, and all of a sudden political theater is reality. Living abroad, I suddenly appreciated aspects of Switzerland that – reform-minded as I am – I had found maddening in the past: the placid nature of the Swiss, the calm approach to seeking consensus that makes it possible to address problems over the long term. There is no need to abandon a strategy just because yet another political discussion has aired on television. Switzerland, it's a relaxed country.

I recently had occasion to test my new-found love of the country of my birth. The editors of this magazine asked me to write an essay from the perspective of an emigrant, and I enthusiastically agreed to do so. I crafted words and sentences to express my affection for Switzerland. But looking at the results of my efforts, I was taken aback. It was clear from what I had written that after 15 years, I really didn't know my country any more.

The only referendum I could think of was the one to ban minarets; I had waxed indignant about Blocher (whose role in Swiss politics is no longer as dominant as I had assumed, living in far-away Hamburg), and I had celebrated Swiss footballers without having any idea of the current standings in the Super League.

It's come to this. I used to be annoyed when Germans would talk about Switzerland. They all seemed to have "been there on vacation"; they all have "friends in Switzerland" – all of whom are "nice" and speak "such an adorable Swiss German dialect." It's rare for anyone to have more insight than that. They love Switzerland without really knowing anything about it. If you ask them about the Swiss political system, they'll say, "It's a democracy." No one knows the names of the political parties. And now I was suddenly discovering that I was much the same. Who do I know in Switzerland, aside from my friends? And what do I know? Recently, as my daughter was learning the capitals of Germany's states, I tested myself and discovered that I could still name the capitals of the Swiss cantons. But when it came to the members of the Federal Council, I could only come up with four names.

Becoming a Fan

Some years ago, Switzerland Tourism came to Hamburg. I remember looking at this display of Swiss traditions as a kind of game. I participated in the parcours, rolled cheese wheels, shot a crossbow and managed to spit cherry pits a distance of 12 meters. But now I'm discovering to my dismay that I'm still in the grip of Switzerland's foreign marketing offensive. Whenever I think of Switzerland, what I see in my mind's eye are the Alps – the Eiger, Mönch and Jungfrau. And it's my own fault that I'm so ignorant. Since emigrating, I've stopped participating in Switzerland's democracy. The issues that I'm allowed to vote on – they're all so far removed from my life. Although in my defense, it's not made easy for me, or for the Germans. We can't watch Swiss television here – except for "10vor10" at midnight on 3-Sat (with subtitles). When the German media reports on Switzerland, it's usually about something with a direct impact on Germany (tax evasion/banking confidentiality). Or it's something strange or quaint, an opportunity to chuckle over the yokels who live in the mountains: "Swiss wrestling," cow fighting and "drive-in brothels."

It's dawning on me why I feel a sense of patriotic affection toward Switzerland. As a bystander, I can sing the praises of direct democracy without having to worry about the consequences of a referendum. A ban on minarets? I can't do anything about it! And there's no need for me to get worked up about the day-to-day issues of integration policy. Instead, I can blithely celebrate the successes of Switzerland's national football team and laugh along with my German friends when they congratulate me on the victory of Albania I (Switzerland) over Albania II to qualify for the World Cup in Brazil.

My transformation into a fan is almost complete. Being in a foreign country has made me into a foreigner. I love Switzerland because I have finally become a German. □

Urs Willmann is a science editor for the weekly newspaper *Die Zeit*. He and his family emigrated to Hamburg 15 years ago. His Zurich dialect has remained largely unaltered.

“Women Often Have Different Priorities”

Elisabeth Kopp, Switzerland’s first female Federal Councillor, talks about Switzerland’s evolving identity, her personal value system and the self-confidence of today’s female politicians.

Interview: Regula Brechbühl



“I’ve always felt it was important to be able to look myself in the mirror at the end of the day, and to stay true to myself.” Elisabeth Kopp.

You were the first female lawyer to graduate summa cum laude from the University of Zurich, the first female council leader in German-speaking Switzerland, and Switzerland’s first female Federal Councillor. What motivated you to pioneer these roles?

I suppose I was unconsciously influenced by the example set by my parents. Despite running a large household, where children from war-ravaged countries found sanctuary during the war, my mother helped establish a nursery school and was president of the nursery school association. Her initiative was valuable, because at the time there was no nursery school in our municipality of Muri near Bern. My father worked for the federal government as director of the Federal Finance Administration. In spite of lucrative offers from the private sector, he remained a loyal public servant. The work he did was more important to him than the compensation he received. I talked to him about a lot of things when I was growing up, even politics. I was an enthusiastic scout and influenced by scouting’s ideals about responsibility, helping others and doing good. I began studying law in the first place because I wanted to become a lawyer specializing in youth issues. And in 1971 I was an advocate for women’s suffrage. Not because I wanted to get involved in politics, but because I cared about equal rights. As part of a women’s group in Zumikon in 1970, I couldn’t say no when I was asked to run for the district >

Biography

Elisabeth Kopp, 77, was Switzerland's first Federal Councillor. She held that position from 1984 to 1989. A member of the FDP, she grew up in Berne, was a talented figure skater in her youth, and studied law in Zurich. Her political career began in the mid-1950s when she joined an umbrella organization, later known as FDP-Frauen Schweiz, for women's groups related to the Free Democratic Party in Switzerland. In 1974, Elisabeth Kopp became the first female council leader in German-speaking Switzerland, and she made the leap to the National Council in 1979. Soon thereafter, she was made vice president of the FDP Switzerland, and in 1984 the United Chambers of the Federal Assembly elected her to the Federal Council.

A scandal ended her term of office prematurely in the fall of 1988. She informed her husband, Hans W. Kopp, of tax-related charges against a company for which he was serving on the board of directors. Elisabeth Kopp resigned amid great pressure from the media, although she always protested her innocence. The Swiss Federal Supreme Court later cleared her of all charges of violating official secrecy.

Elisabeth Kopp has one daughter and lives in Zumikon. Hans W. Kopp died in 2009.

The Book

The Kopps. No other married couple has electrified the Swiss public like Elisabeth and Hans W. Kopp. They were children of the cold war who had a life-long love affair with each other. They ascended to the country's highest echelons of professional and social life. Two lives, one fate.

She became the first female council leader in German-speaking Switzerland after women won the right to vote, and she was Switzerland's first female Federal Councillor.

He moved between worlds as a star commercial lawyer, university lecturer, a colonel in the General Staff, a media guru and a writer of fiction and non-fiction. Then came that fateful phone call between the two spouses on October 27, 1988. The fall. Social annihilation. They stayed together despite it all.

*René Lüchinger
Elisabeth Kopp*
Two lives – one fate.
Rise and fall of
Switzerland's first
female Federal
Councillor

approx. 248 pages, paperback with dust jacket approx. CHF 39 / approx. EUR 34
Due out in December 2013
978-3-7272-1253-6

council. To my surprise – and without even my own vote – I was elected.

Did these pioneering roles change you?
Not at my core. But I realized how important it is for women to have their say. And not because women can do everything as well as men – or sometimes even better – but because we have a different set of experiences. Because of this, women often have different priorities. I have always worked hard to do well in any job assigned to me, thereby paving the way for other women.

Various allegations ended your political career abruptly in early 1989. You were in the public spotlight for months, although in February 1990 the Swiss Federal Supreme Court cleared you of all charges of violating professional confidentiality. What were you feeling during that time?

It was by far the worst period of my life. It's devastating to have your reputation destroyed. The worst part for me was the feeling of helplessness. To give you an example: Shortly after I resigned, I gave an interview in which I was not misquoted, but the headline said in huge letters, "Still clueless and sugarcoating things." That hurt me a lot.

How did you deal with the situation back then?

I wrote a book, moved to Florence to do postgraduate studies in European law and human rights law, and worked at my husband's law firm. We took in my father, who was over 90 years old, along with two young people from the former Yugoslavia, giving them an opportunity to study in Switzerland. We have a wonderful daughter, who has given us three bright, delightful grandchildren. All of that became more important to me than my political work, although it was also very satisfying to be able to make positive changes through my work.

When you open the newspaper these days, what makes you most happy and what irritates you the most?

It makes me angry when falsehoods are published without the writer doing any research or interviewing the affected parties, requiring people to go to trial to force a retraction. And I'm always happy to read something positive – no matter how small.

In what ways do you think Swiss identity is evolving? Has anything changed over the years? And how liberal is Switzerland now?

Our four official languages and the peaceful coexistence of people from different religions continue to define our identity. In contrast, there is much less willingness to take responsibility than there used to be. Consequently, everything is more regulated, and this comes at the expense of liberal thinking.

I was an advocate for women's suffrage.

Not because I wanted to get involved in politics, but because I cared about equal rights.

Switzerland's economy is one of the world's most competitive. But many people bemoan this development, because it is adversely affecting Swiss values. Is globalization a blessing or a curse for Switzerland?

In the 19th century, Switzerland was still a poor country with multitudes of emigrants. Our only real raw material is water, and we have had to work very hard to achieve prosperity. Switzerland today has the most patents per capita and our stable political situation keeps the country competitive. We must keep it this way. There's no point in worrying about whether it's a blessing or a curse, particularly since globalization is here to stay and has shown us that the world doesn't end at our borders. I don't think globalization is a threat to Switzerland. I'm more concerned about the creeping "me-first" mentality that puts material values above everything. This mentality is a far greater threat to our competitiveness than globalization could ever be.

What values were most important to you as a politician? Would they be different today?

The values that guide my life have always been the same. Experience has simply enriched these values. The most important thing to me was being able to look at myself in the mirror at the end of the day, remaining true to myself and not having to pretend. I was, however, in a



On October 2, 1984, in the first round of voting and with 124 of the 244 votes, the United Chambers of the Federal Assembly elected Elisabeth Kopp the first woman to join the Federal Council.



Switzerland's first female council leader in her office in Zumikon, 1978.

privileged position because I was independent. I was under no obligation to any lobby, and I was not on a board of directors.

Our four official languages and the peaceful coexistence of people from different religions continue to define our identity.

Do you think that women in politics are seen as less of a contradiction in Switzerland today than they were in your time?

Yes, absolutely. Everywhere I got involved, from the municipality level to the cantonal department of education and the Federal Council, I was the first and only woman. As such I had to contend with the fact that my male colleagues – especially in the Federal Council – were not used to women opposing them or giving them clear instructions. That would be completely different now.

So you think it would be easier?

Certainly. People have gotten used to women in these roles. Women are more self-confident now and they value good education. Fifty-one percent of today's university graduates are women. In my opinion, the situation for women in politics, where their votes are essential, is better than that of women in business.

This is especially true in the executive suites, which, as far as I know, are occupied by few women (only 4.5%). So I would consider it an advantage for a company these days to distinguish itself by offering women equal pay for equal work. My attitude about that will never change. Qualifications are the important thing, not gender. Women can be CEOs of major corporations, just as men can be nursery-school teachers.

Would you run for Federal Councillor in this day and age?

Yes. No doubt about it. □

This interview was conducted on October 28, 2013.



Caran d'Ache has been in business since 1924, manufacturing products ranging from crayons for children to stationery for discerning writers. This motif was used primarily in its newspaper advertisements in the late 1920s.

Confoederatio Helvetica

The Swiss brand is worth its weight in gold. Customers are happy to pay a premium for “Swiss Made” products, but then they also expect more.

By Andreas Christen, Philipp Hänggi and Damian Künzi

Identity, in the sense of a cultural background, is growing more and more important in this era of globalization and standardization. It's no wonder, then, that all things Swiss are making a comeback. Unfashionable in certain circles in the '90s, “Swissness” and “Swiss Made” are once again riding high. This trend is apparent in more than greater interest in traditional cultural assets, such as Schwingfest Swiss wrestling contests and greater concentrations of flags at Swiss national team soccer matches. Increasingly more companies are jumping on the Swissness bandwagon. The number of brands using the word “Switzerland,” “Swiss” or something similarly Helvetian more than quadrupled between 2000 and 2010, according to the Swiss Federal Institute of Intellectual Property. The iconic Swiss cross has long since been emblazoned on much more than just the Victorinox Swiss army knife.

Swiss Watches: Precision at a Price

The great interest in the Switzerland brand is based on more than just a re-awakened sense of patriotism. Many Swiss companies are profitably relying on globalization to escape the tight domestic market. And they've noticed that Swissness pays dividends. Studies have shown that, although Swiss products are considered expensive, people around the world are prepared to pay a premium for certain products. Consumers are willing to pay an average of one-third more for Swiss chocolate than for chocolate without a designation of origin. The “Swissness bonus” for luxury watches is 50 percent in most places, and it's even significantly higher in parts of Asia. Studies estimate that the Swiss annual GDP sees a bump

of at least one percent annually thanks to the Swiss brand.

It's not surprising that the brand's economic desirability attracts free riders. Various companies promote their products as being Swiss made, although most or all of the production takes place abroad.

Greater Protection for “Swiss Made”

These products and companies threaten to water down the brand, which would harm manufacturers of genuine Swiss products, as well as the national economy. Therefore, after several years of haggling, the Federal Assembly finally approved Swissness guidelines in June 2013, which regulate the use of the Switzerland brand and protect it better. When a company wants to add “Swiss Made” to its brand, at least 60 percent of the manufacturing costs of industrial products, including research and development, must accrue in Switzerland. For food products, 80 percent (by weight) must originate in Switzerland, with the exception of milk products, which must be 100 percent Helvetian.

The law now defines what may be labeled “Swiss Made” following strict technical criteria. A couple pages of legislative text are not enough to safeguard the success of the “Swiss Made” label, however. As with every other brand, the values associated with “Swiss Made,” such as reliability, tradition and exclusivity, are inextricably linked to the products themselves. Only when the products conform to the high standards can the brand message be communicated credibly and successfully. The watch industry provides a good example.

In the high-end wristwatch segment, mechanical watches in particular are seen throughout the world as a quint-

essentially Swiss product and associated with such values as precision, quality and design. This is not a given. Countries such as France and Germany likewise have traditions of clock making, and some Swiss watch brands have roots abroad. The excellent framework conditions and the craftsmanship of the local workers helped Switzerland develop a clock-making cluster during the 19th century.

Groundbreaking innovations helped put Switzerland on top of the global watch industry. Rolex, for example, constructed the first waterproof and dustproof case in 1926, dubbed the Oyster. A Rolex Oyster came along for the 1927 swim across the English Channel, which did much to make the product a success and burnish the industry's image. In 1960, Swiss researcher Jacques Piccard attached a Rolex to the submersible he used to descend into the Mariana Trench. Omega, in turn, entered the history books with the first watch to be worn on the moon.

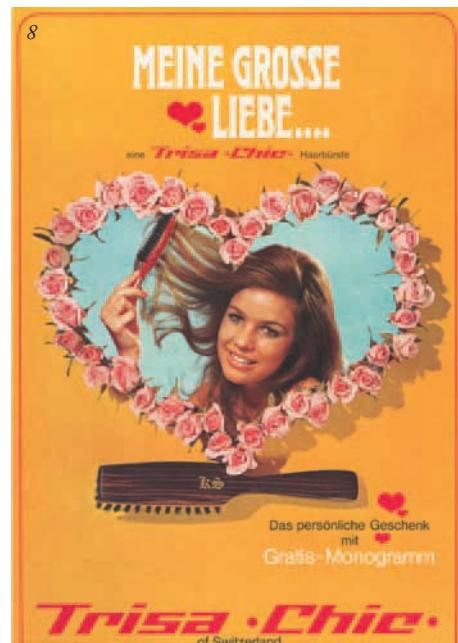
The Price of Regulation

Watches from Switzerland have earned an excellent reputation over the years, which has rubbed off on the “Swiss Made” label and made it practically mandatory, especially for mechanical watches and high-end watches. Venerable brands from other countries, such as Italy's Officine Panerai and America's Hamilton, now routinely produce their watches here.

The Swiss Made label has strict standards, which were established as a trade ordinance during the Quartz Crisis of 1971 and tightened through the federal government's Swissness guidelines. These standards require geographical concentration to such an extent that it seems to run contrary to globalization and the laws >

Classic Swiss Companies in Pictures

Many Swiss brands – not just Toblerone and Ovaltine – are dear to Switzerland, and some are famous around the world. And most of them have been around for years. Bulletin asked some companies to look in their archives for old photos, illustrations and films. Here is a selection of the nostalgic images.



1 *Emmental* is synonymous with Swiss cheese around the world. Unforgettable Swiss skiers in their Swiss cheese ski suits: Paul Accola (left) and Franz Heinzer at the unveiling in 1992.

2 *Wisa Gloria* has been making toys for more than 130 years, staying young despite a turbulent company history. 1965 catalog.

3 *Kambly* was a village bakery in the Emmental region in 1910; now the cookies are sold internationally. Tradition is important. All three generations of the company's presidents have been named Oscar Kambly. 1951 advertisement in the arts magazine "Du" promoting the Butterfly as the world's thinnest cookie.

4 *Zweifel* and chips are inextricably intertwined for Swiss consumers. The chip producer is a family firm. This ad is from the mid-to-late 1960s.

5 *Pfister* furniture has influenced the aesthetics of Swiss households since 1882, helping prevent Switzerland from being confused with Sweden and IKEA. 1961 catalog.

6 Since 1871, *Zimmerli* has meant lingerie that women prefer to show off – like Nicole Kidman did in the film *Eyes Wide Shut*.

7 *Victorinox* has shown the world since 1884 that Switzerland is a) a cutting-edge country and b) has an army. The legendary Original Swiss Army Knife is now part of a wide range of products. 2006 postage stamp.

8 *Trisa* produces more than one million toothbrushes every day, along with other household brushes, hairbrushes and accessories. Long in the tooth: The same family has run the company for four generations. 1975 ad.

of economics. Because of the minimum content definition designed to protect domestic industry, certain individual production steps have to be performed here (such as watch band production), even though Switzerland is at a competitive disadvantage in these areas. The Swissness guidelines' strict requirements intensify this, which especially impacts the watch companies in the lower price segments, as they have to pay closer attention to production costs. The opportunity to stamp final products "Swiss Made" should justify the effort involved in keeping certain production steps in Switzerland.

George Clooney Is Certainly Not Swiss

Other industries in addition to the watch industry benefit from a Swissness bonus, including typically Swiss products such as chocolate and cheese. Despite its strength, the Switzerland brand is not one size fits all. In business-to-business fields like engineering, it's difficult to convert Swissness into monetary value.

It's striking that many globally successful Swiss firms from top industries, such as pharmaceuticals and medical technology, barely emphasize Swissness in their message. And there are exceptions in the consumer goods segment as well, which otherwise leans on the Swiss Made label. George Clooney is the face of Nespresso capsules, and consumers are largely unaware that it is a mostly Swiss product. In fact, international surveys have shown that Swiss products are not usually seen as being innovative or avant-garde.

Hopefully, industries such as IT, pharmaceuticals, research and education will focus more on Swissness in the future, so that consumers around the world will also think of these attributes when they see things that are Swiss made.

Andreas Christen, Philipp Hänggi and Damian Künzi work at Credit Suisse's Swiss Industry Research.

Pearls of the Economy

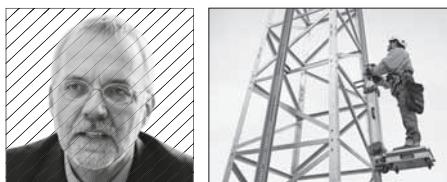
99.7 percent of all companies in Switzerland are SMEs. Here are three typical Helvetian examples.

By Claudia Hager and Simon Brunner

Innovation

HIGHSTEP SYSTEMS AG, ZURICH

*Development and sales of climbing
and lift systems*



CEO: *Andreas Maurer*

FOUNDED IN: 2007

EMPLOYEES: 10

www.highstepsystems.com

www.svc-risikokapital.ch

"There's no reason nowadays why anyone should still have to climb an 80- or 100-meter-high pylon," says Andreas Maurer, 58, founder and CEO of HighStep Systems AG. "Our systems offer risk-free alternatives."

Safety is essential to Maurer, not least because the idea for his business came to him after his father had fallen from a ladder while harvesting cherries 10 years previously. "We asked ourselves why there were no really safe ladders even though many people have to work in elevated locations," explains the trained engineer. The result of these deliberations was the foundation of HighStep Systems in 2007, followed soon thereafter with the development of a climbing system that is safer than traditional ladders and has ergonomic advantages. Technicians stand upright, can choose their own step length, and can safely take a break when needed.

The key feature of the HighStep systems is an aluminum rail which is securely connected to the structure along its entire length. The technician attaches the mobile climbing equipment – either the basic model with which the technician propels himself or the lift – to this

rail. The latter is the world's first portable lift. HighStep Systems is doing pioneering work in the best Swiss engineering tradition.

Applications abound for the climbing and lift systems, from cranes and power pylons to high-bay warehouses, wind towers and shafts. "We are the only company that can retrofit lifts to existing structures," explains Maurer. This means that the company is working in a very promising market. In Europe alone, there are more than a million electricity pylons and approximately 100,000 wind turbines.

The potential is even greater when considering the larger markets. Although the company is relatively new, the 10-person operation has already successfully expanded to other countries, first within Europe and, as of last year, to China and India. "We are involved in expanding India's 4G wireless network and are equipping thousands of telecommunications towers with our rail systems," says the CEO. "We are particularly proud of this job, because it shows that Swiss products can make it on the international market as well – as long as they are innovative."

Accordingly, the company values innovation highly. There is no downtime, products are always being refined, and everyone is always thinking about new applications for them. They are introducing a robot next year that is operated via tablet or smart phone. It will serve as a material transporter or can be outfitted with cameras to take over certain monitoring functions.

Like most Swiss SMEs, the company is feeling the effects of the strong franc and its customers' fear of recession, but Maurer is cautiously optimistic: "Although the operating environment is likely to remain difficult in the short term, the growing focus on safety at work and the impending expansion of infrastructure around the world will ensure that our revenues rise over the long term." >

Precision

MPS MICRO PRECISION SYSTEMS AG, BIEL

Microtechnology



CEO: *Nicola Thibaudeau*

FOUNDED IN: 1936

EMPLOYEES: 350

www.mpsag.com

The search term “Swiss precision” gets 340,000 hits in Google. As expected, precision is considered to be a key Swiss virtue – far above punctuality (“Swiss punctuality”: 10,900) and discretion (“Swiss discretion”: 2,500).

One company contributing to Swiss precision’s excellent image is Micro Precision Systems AG (MPS). The Biel-based operation manufactures tiny components, such as ball bearings just a few millimeters in diameter, spinal screws, micro dosing pumps and pilot bearings.

Nicola Thibaudeau, CEO of MPS, explains, “We build tiny parts that have to be exactly right.” These days, MPS earns two-thirds of its revenue abroad. The client profiles have a lot to do with the region, however, and can be traced back to the local watch manufacturers and high-tech operations. The company was founded in 1936 and rose to fame as Miniaturwälzlager AG when it manufactured the world’s smallest commercially available electric motor.

Germany’s Faulhaber Group acquired MPS in 2003, and motor production was moved to another company in the group. Nicola Thibaudeau, 53, thoroughly oriented MPS toward precision technology. “My favorite product is a tiny dosing pump,” she says. After being implanted under the skin, the pump continually releases medications. “This tiny little device saves lives.”

Nicola Thibaudeau grew up in Quebec and studied mechanical engineering at the University of Montreal. She moved to Switzerland in 1990 for professional reasons, and in addition to her role as CEO at MPS, she is now on the Swiss

Post board of directors. The 24 Heures newspaper wrote in a profile of her that Nicola Thibaudeau is a mover and shaker in the industry: “Her employees really hit the jackpot with her.”

Under her leadership, MPS has been modernized, doubled its turnover and created more than 100 jobs. She is currently busy integrating an acquisition from the Bernese Jura. What does she think of Switzerland? “The level here is incredibly high. I was impressed from the very beginning by our employees’ technological expertise.”

Modern and Traditional

SANDRO VANINI SA, RIVERA, TI

Fruit specialties



CEO: *Beatrice Fasana Arnaboldi*

FOUNDED IN: 1960

EMPLOYEES: 45

(up to 70 during the peak season)

www.sandrovanini.ch

There are countless stories about the origin of the marron glacé, but it is certain that the chef who served Louis XIV (1638–1715) did boil chestnuts in sugared water. Marron glacé fans also inhabit the pages of literature, such as the title character of *The Lady of the Camellias* (1848) by Alexandre Dumas, fils. They were the only gift she would accept.

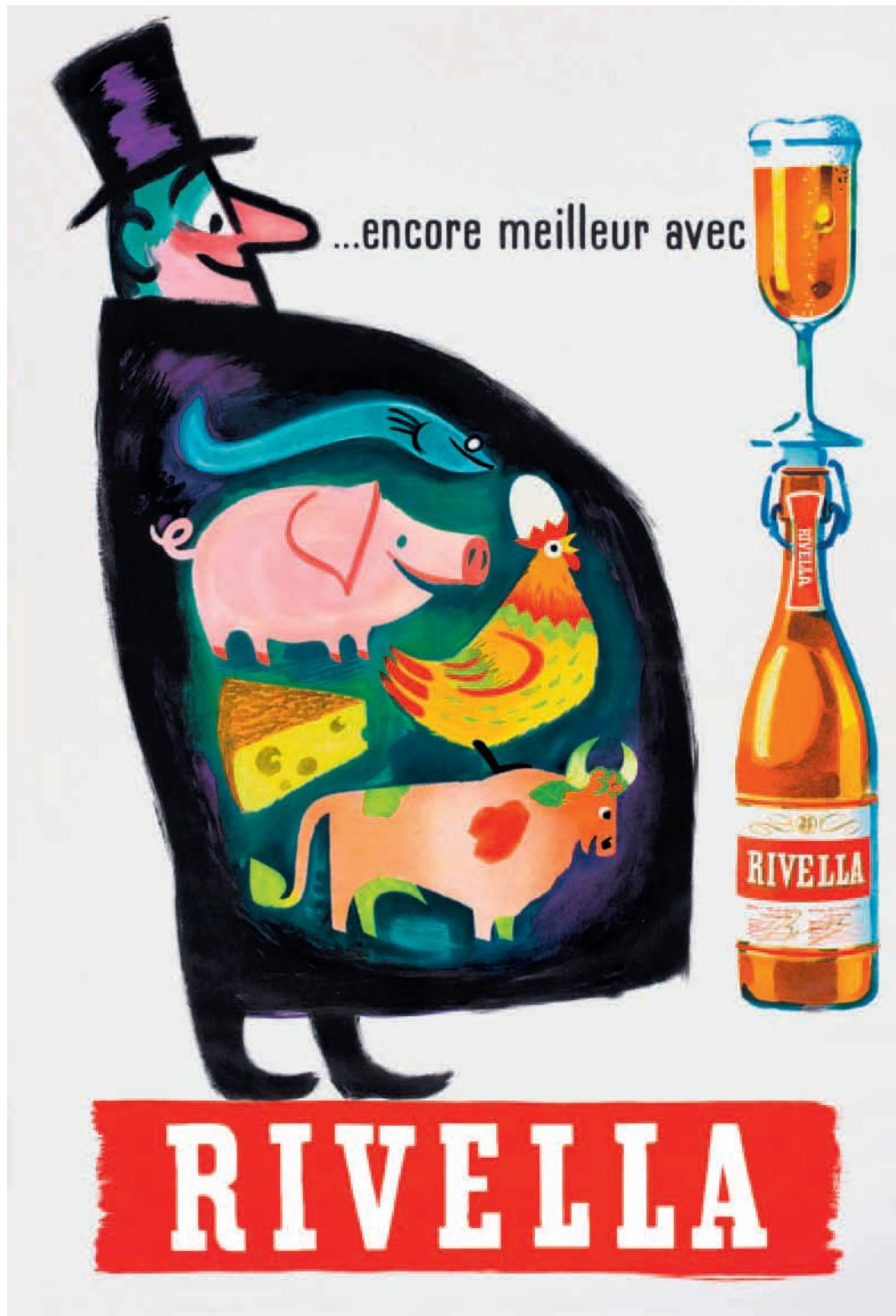
Those who indulge in candied chestnuts in Switzerland are more than likely enjoying a Sandro Vanini product. Not only were marrons glacés a delicacy of the French court, but they are also considered a Ticino specialty. The Vanini family has a long history of making candied chestnuts. In 1871, Sandro Vanini’s grandfather purchased the Offelleria San Carlo pastry and candy shop in Lugano, laying the foundation for the chestnut-based empire. His father took over in 1904, introducing marrons glacés production in Switzerland. And finally the

son, Sandro Vanini, established “Sandro Vanini SA” in 1960, with his namesake company specializing in fruit products, including candied chestnuts.

Beatrice Fasana Arnaboldi, 44, took the helm of the company one year ago. “We are bound to tradition, but we are finding our way into the modern world,” says the Ticino resident. Sales of the sweet chestnuts are down slightly, but they are difficult to export because the high sugar content drives up the export duties.

Today, Sandro Vanini processes hundreds of tons of chestnuts every year; meanwhile, sales of products made from grated citrus peel or candied fruits and mostarda di frutta are even greater. The company sells up to 70 percent of its products as house brands for department stores in Switzerland (and at Migros and Coop supermarkets) and abroad. The famous Ticino sauce made of candied fruit and mustard-flavored syrup and served with boiled meat or cheese sells especially well in Germany. More than 50 percent of sales come from outside Switzerland, including a few extraordinary customers. For example, entire container-loads of chestnut puree are shipped to Hong Kong to be used for a restaurant’s signature chestnut cake.

For more than 30 years, Sandro Vanini has belonged to the Haecky Group in Reinach. A new production location was recently acquired at Monte Ceneri in Rivera. A wealth of new products are in the pipeline, including a salty chestnut pesto and a chestnut cream with chocolate. Arnaboldi confesses, “I adore marrons glacés. They are so sinfully delicious.” □



Rivella's manufacturer calls it "the official thirst quencher of Switzerland." The drink is certainly very Swiss – it contains whey. This ad is from 1953.

Know Your Switzerland

If you want to become a Swiss citizen, you will need to know a bit about your new country. How much do you know? The canton of Aargau puts you to the test with these naturalization exam questions.

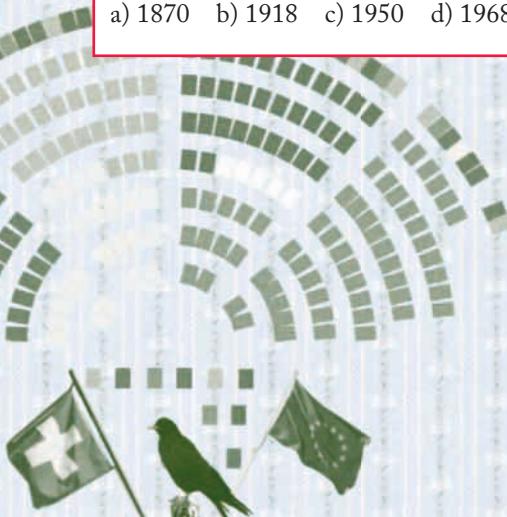
1 Which chamber of the federal parliament is composed of seats in proportion to the population of the cantons?

- a) The Senate b) The Federal Assembly c) The National Council d) The Bundestag



3 When did the last nationwide general strike occur in Switzerland?

- a) 1870 b) 1918 c) 1950 d) 1968



2 Which is an important natural resource in Switzerland?

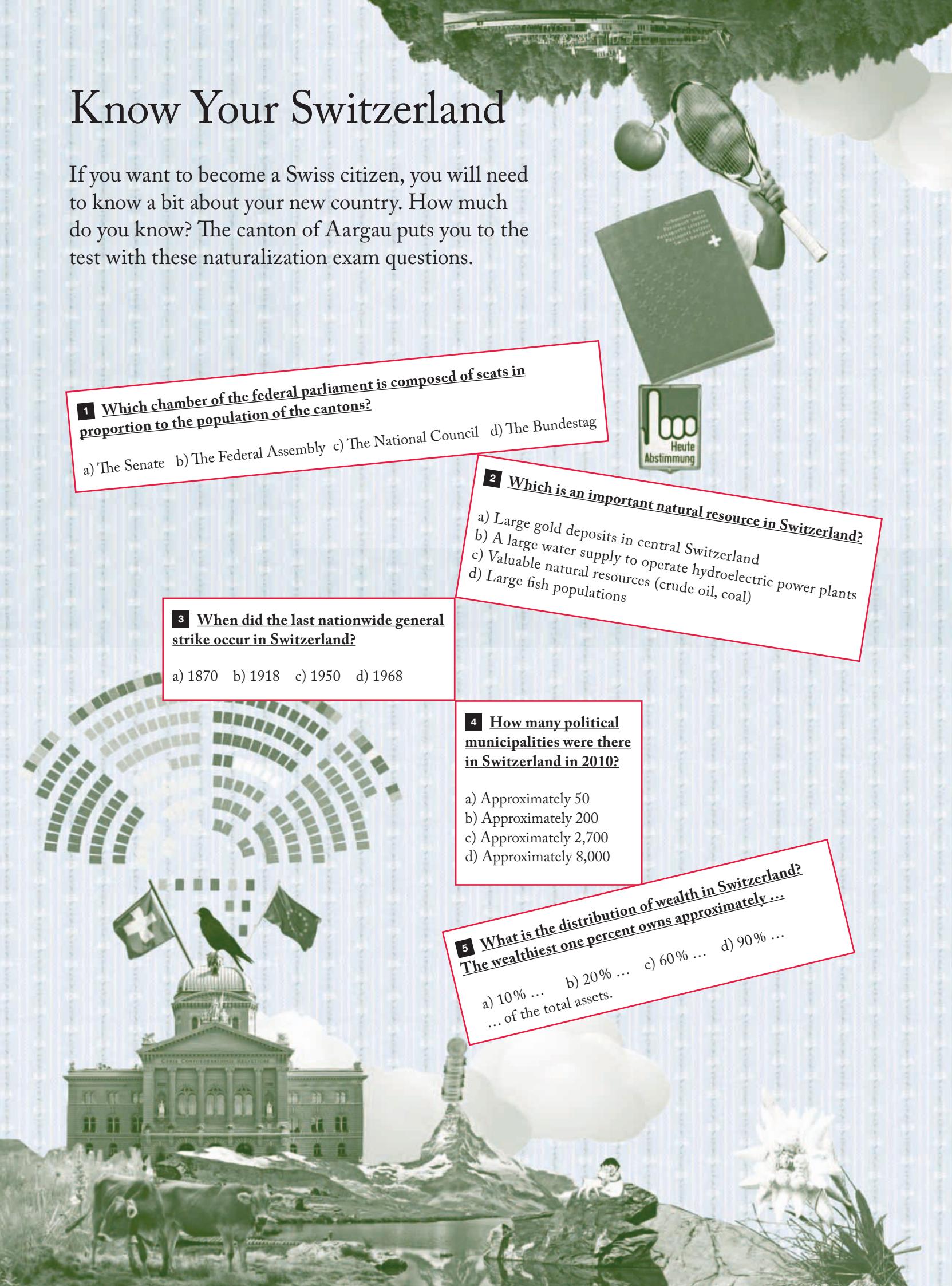
- a) Large gold deposits in central Switzerland
b) A large water supply to operate hydroelectric power plants
c) Valuable natural resources (crude oil, coal)
d) Large fish populations

4 How many political municipalities were there in Switzerland in 2010?

- a) Approximately 50
b) Approximately 200
c) Approximately 2,700
d) Approximately 8,000

5 What is the distribution of wealth in Switzerland?
The wealthiest one percent owns approximately ...

- a) 10% ... b) 20% ... c) 60% ... d) 90% ...
... of the total assets.



“No One Knows What to Expect.”

Are you in debt? What do you eat? Do you know any Swiss citizens (if so, can you prove it)? Walter Leimgruber on naturalization questions.

Interview: Simon Brunner

6 Switzerland is a member of which international organization?

- a) NATO (North Atlantic Treaty Organization)
- b) The Council of Europe
- c) The UN Security Council
- d) The European Union (EU)

7 What is the election cycle for seats in the federal parliament?

- a) Every 6 years
- b) Every 2 years
- c) Every 4 years
- d) Every 7 years

8 What made Kaiseraugst politically famous in the 1970s?

- a) The opposition to the planned nuclear power plant in Kaiseraugst
- b) The bridge across the Rhine
- c) It was a meeting place for the Aargau youth movement
- d) It was a center of Roman theater

9 What is the Federal Council's most important responsibility?

- a) Officiating as a judge for legal issues
- b) Enacting laws
- c) Leading government affairs
- d) Governing the cantons

These questions were taken from the naturalization test in the canton of Aargau, where applicants have 40 minutes to answer 45 questions. There is no “pass” or “fail.” Officials of the municipality discuss the results during the subsequent naturalization interview. View the entire test at: www.einbuergerungstest-aargau.ch

Answers:

- 1 c) 2 b) 3 b) 4 c) 5 c) 6 b) 7 c)
- 8 a) 9 c)

Is the number of naturalizations increasing or decreasing?

In 2008, the number of regular naturalizations had quintupled over the previous 20 years, but now it is decreasing again. There is also a large disparity among the municipalities. The proportion of foreigners that are naturalized in the regular process is dropping in areas where the population is decreasing. While municipalities with a population of 100,000 or more have a naturalization rate of over three percent on average, municipalities with a population between 5,000 and 9,999 have a naturalization rate of under two percent. One in four municipalities has naturalized less than ten people in the last twenty years, and one in twenty-five municipalities has never granted citizenship to anyone.

Each municipality regulates its own process. What are the biggest differences?

Municipalities have wide discretion, especially in determining “suitability.” In some municipalities, applicants are accepted only if they can speak the local language, while in others, they are rejected if they receive social benefits or are in debt. Applicants in some municipalities must hold sufficient knowledge about the municipality, and in others, applicants must be able to prove that they have contact with Swiss people. Hobbies, membership in a local club and volunteer work can be factors in the decision-making process. Even the applicant’s choice of clothing, cooking and eating habits or “good reputation” can have an impact on determining their suitability. One thing is for sure: No one knows what to expect in the naturalization process in each municipality. Every once in a while the media picks up on seemingly bizarre isolated cases, such as when the Federal Supreme Court had to consider whether the lack of a landline telephone might indicate a failure to integrate.

How often are tests conducted, and what is their purpose?

There is no list of municipalities that conduct tests and there is no uniform standard that is used for the tests. However, municipalities tend to rely on test results when determining the applicant’s suitability because negative decisions must be justified. Tests on applicants’ knowledge of the local language and politics are common.

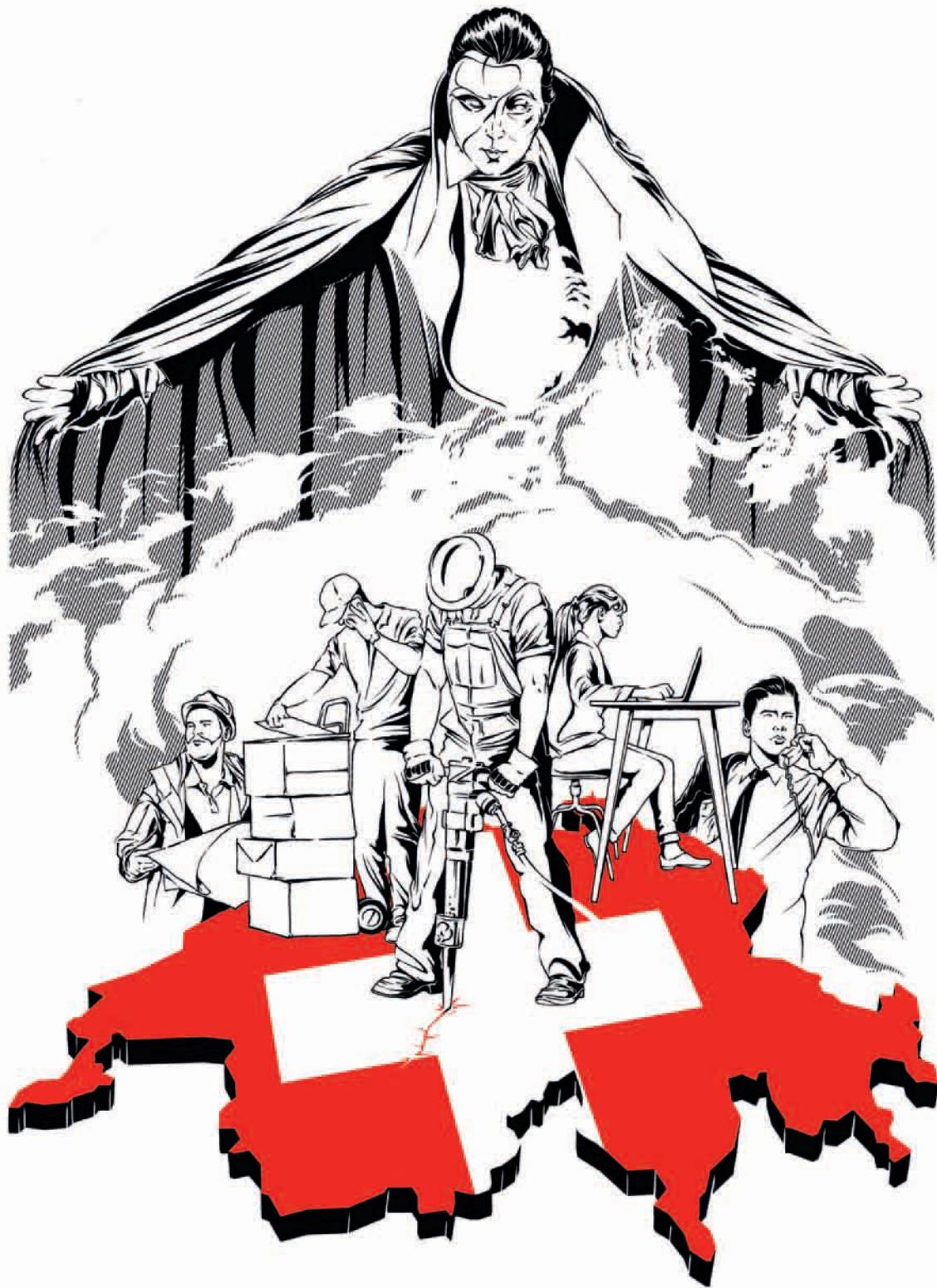
How much does naturalization cost?

The total cost can run between 1,000 and 3,000 francs.



Walter Leimgruber is President of the Swiss Federal Commission on Migration as well as a professor and Head of the Institute for Cultural Studies and European Anthropology at the University of Basel.

The Specter of Unemployment



2013 Credit Suisse Worry Barometer: For the last 11 years, Swiss people have been most worried about unemployment, even though the unemployment rate has never exceeded 4 percent during this time (see page 38).

Jörn Kaspahl is a Hamburg-based illustrator. His work has appeared in such publications as The New Yorker, Monocle, GQ, Wired and Der Spiegel.

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