

bulletin



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International Edition

Cities

Megacities The Homes of Globalization

Life as a Commuter 40 Million Adventurous Journeys

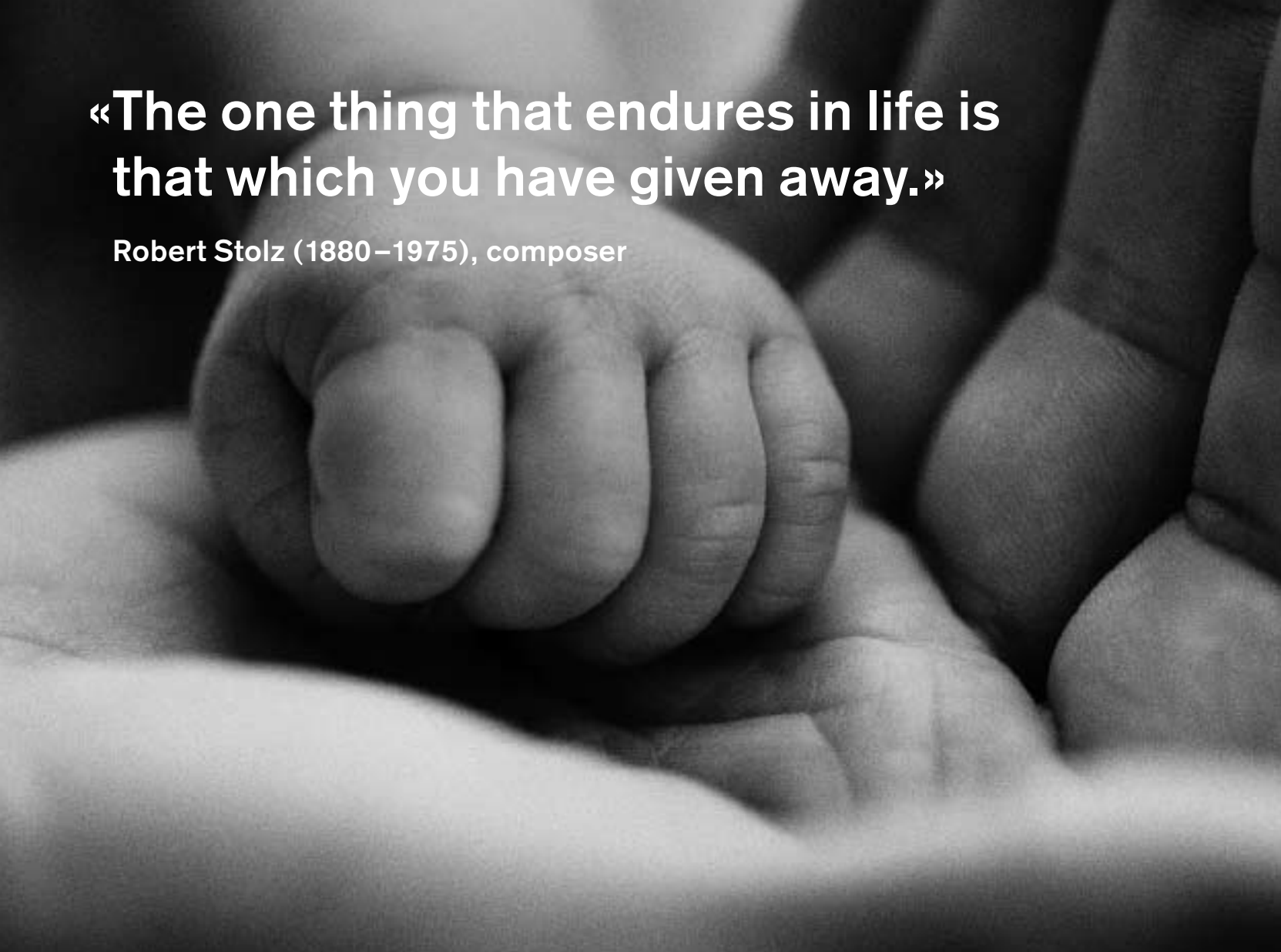
Brady Dougan The New CEO of Credit Suisse

Luxury Goods Desire for Opulence Boosts Sector

India Significant Growth Crucial for Continued Reforms

Renaissance Man Jeremy Rifkin's Views on the World

Bulletin plus 10 Years Direct Net



«The one thing that endures in life is
that which you have given away.»

Robert Stolz (1880–1975), composer

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The urban life of the future is already with us. According to a United Nations study, more than half of the human population will soon be living in cities. That's exciting, but at the same time frightening.

Exciting, for example, if we take a look at Hong Kong. The population of this gateway to China has grown by a factor of 12 in the past 60 years. Layer by layer, the immigrants have settled in the suburbs and made Hong Kong into one of the most densely populated cities in the world.

This terrific speed of growth has resulted in a unique form of urban geography. The further you go away from the center, the fewer western faces are to be seen – until it seems that absolutely everything is Chinese. In the center of Hong Kong, however, the new of the periphery blends into the old of the crown colony. The fermentation process is giving birth to a new culture that is neither Chinese nor British. A culture that is fast-living, service-oriented, focused on the opportunities of tomorrow, pays little heed to past greatness, is colorful, loud, lively, and sometimes just plain lazy. This could be the shape of the city of tomorrow.

Urbanization does of course have its downside. Economist, publicist and critic, Jeremy Rifkin addresses this topic in our leader interview. Hong Kong's enormous appetite for energy, for example, is appeased by coal-fired power stations in China – and this is also noticeable in the air of Hong Kong.

But perhaps as a global society we are now experiencing something like a period of childhood growth, a sort of phylogenetic puberty. We will make mistakes, and perhaps get a bloody nose now and again. And for sure, someone will have to say enough is enough from time to time. But essentially it's all about learning something, testing out the limits of the possible. The future is coming in any case – and in our cities it has already begun. In Hong Kong, no one would understand if we didn't also look for the opportunities behind the challenges.

Marcus Balogh



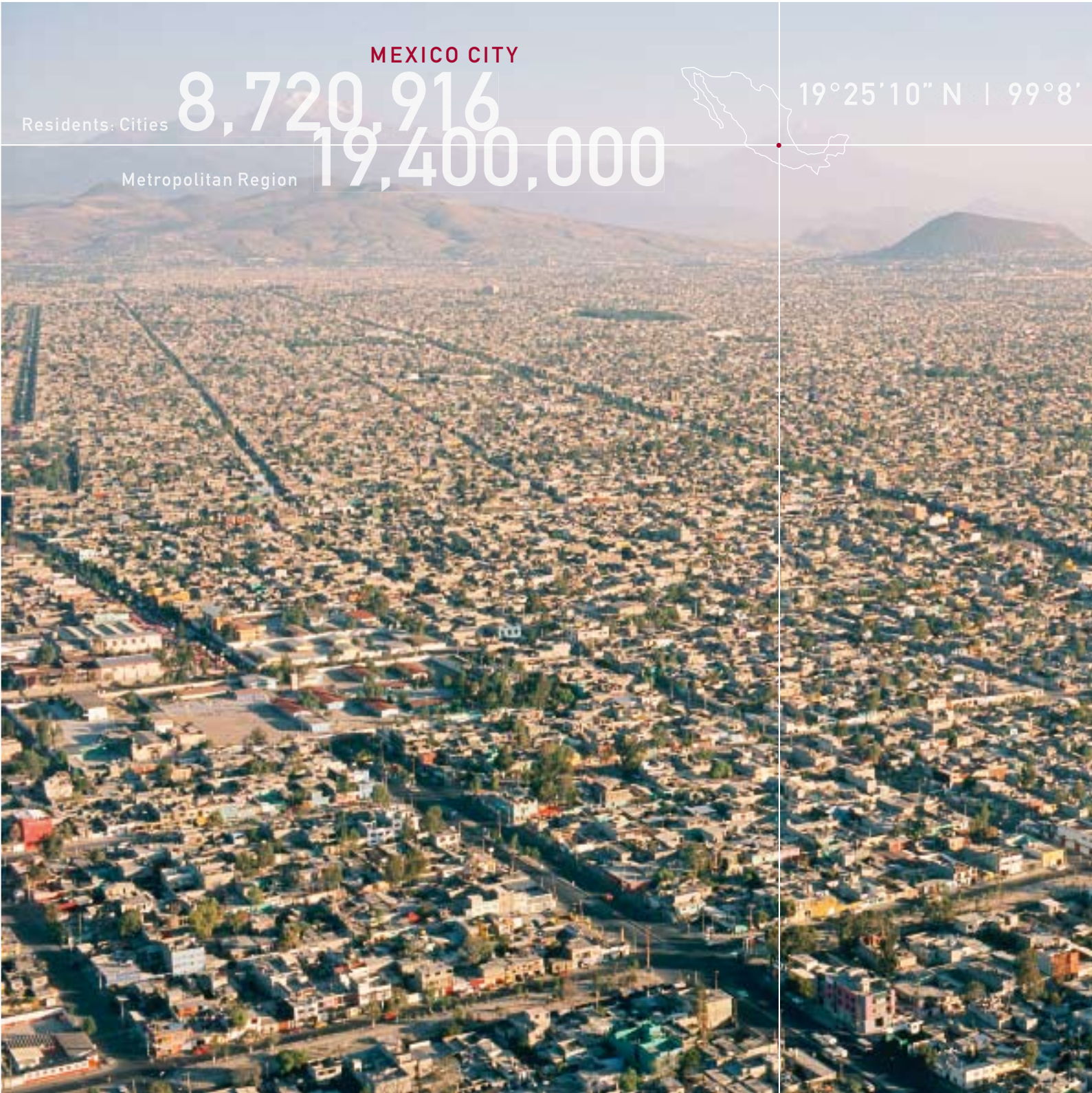
Paul Klee «Clown in Bed», 1937. Paul Klee Centre, Berne. © 2005 by ProLitteris, Zurich

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Bulletin 2/07 Just a few thousand fishermen were living on Hong Kong when the British occupied the island in 1841. Since then, the population has increased by a factor of thousands. With about 6,700 people per km², Hong Kong is now one of the most densely populated cities of the world. In certain neighborhoods, there is a rush hour for both road traffic and pedestrians.

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44" W

An aerial photograph of a sprawling, densely populated city, likely Mexico City, with a large mountain range in the background under a clear sky. The city's urban sprawl is visible, with a mix of green spaces and built-up areas.

**Globalization has a home.
It dwells in the rapidly
growing metropolises of
the world. Globalization,
migration and urbani-
zation are now inexorably
linked. And they are
changing the face of the
world.**

The World Becomes a City

People are migrating into urban centers at an enormous rate. The United Nations (UN) estimates that the proportion of the world's population living in cities will rise dramatically from today's 50 percent to 60 percent by 2030. This is the equivalent of a new city the size of Barcelona being created every 10 days.

Text: Marcus Balogh

The 21st century is being shaped by globalization. This is a transformation so great that the repercussions will surpass those of the industrial revolution. While the industrial revolution in the 18th and 19th centuries affected a third of the world's population at most, the increasingly global intertwining of economy, politics and culture is affecting the lives of almost everyone. What's more, a large part of this transformation is yet to come. For example, a study by the auditing and consultancy company PricewaterhouseCoopers predicts that the gross domestic product (GDP) of the E7 countries – comprising Brazil, China, India, Indonesia, Mexico, Russia and Turkey – will exceed the gross domestic product of the G7 – made up of Germany, France, United Kingdom, Italy, Japan, Canada and the US – by approximately 25 percent in around 40 years. To put this forecast into perspective, the GDP of the E7 is currently about 20 percent of the GDP of the G7.

This development is driven by far-reaching economic, political and technological changes. These factors include the fall of the Iron Curtain, progress in the areas of communication and information technology, the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services (GATS) and the demographic developments of recent decades.

Today, this process of transformation is most evident in the emerging markets. As a result, the emerging markets are now the source of new stimuli that are in turn accelerating the process of globalization. The drivers here are the growing prosperity of these countries on the one hand, and the sheer weight of local demographics on the other: more than 700 million of India's 1.1 billion people are of working age, for example. Every year this number grows by a further 10 million.

Ten Percent of South Koreans Still Employed in Agriculture

These people are looking for work – but they are looking for work in different spheres to those traditionally favored by their predecessors. According to statistics published by the International Labour Organization, the number of people employed in agriculture has fallen from 69 percent to 47 percent in China, from 34 percent to 10 percent in Korea, and from 37 percent to 18 percent in Malaysia. Experience has shown that these developments lead to higher savings ratios, pronounced investment activity, stronger growth and higher consumption. The transformation in labor markets leads to massive migration movements, not just between different countries but from rural areas to urban areas within individual countries.

In many industrialized countries, today's migration is viewed as a phenomenon that manifests itself most visibly in the movement of people from developing countries to industrialized countries. But

migration today is taking place in a much more multifaceted way. Europe is both a starting point and final destination for migratory movements. For example, several hundred thousand Poles have recently migrated to Ireland, while up to a million have found their way into the United Kingdom.

The roots of these human migrations are to be found in the economic benefits sought by migrants. For example, a Polish worker in Britain's National Health Service can earn five to ten times as much as he would in Poland – even if he were able to find such a position in his homeland, where unemployment stands at more than 10 percent.

This loss in qualified workers has made itself felt in Poland, where there is a shortage of 60,000 staff in the health care system. To plug this gap, Polish hospitals have extended their recruitment advertising as far as Malaysia, which in turn could cause the same problem in Malaysian hospitals, which would then be forced to recruit from even more remote places.

The migrations of large sections of society – regardless of their geographical origin or final destination – is therefore leaving its mark on the world as a whole. The evidence for this flickers across our TV screens on a daily basis, even if these are mostly the visually more striking images of migratory movements from poor countries to the rich countries of the world. Such as from Mexico to the US, or from Asia, the Middle East and Africa to Europe. Regardless of whether it's a question of A to B or vice versa, the statistics are nonetheless impressive. An estimated 175 million people now live in a country different to that in which they were born. And this number is growing rapidly.

Of course, globalization and its accompanying migration processes also have their negative sides. The transfer of jobs to low-wage countries is the subject of persistent debate in the industrialized world, for example. Nor is this process anything like complete, indeed. In the area of services, experts still see considerable potential for outsourcing. The General Agreement on Trade in Services and the latest developments in the sphere of information technology are increasingly facilitating the transfer of service functions to all four corners of the globe. Here too, the emerging markets are proving the principal beneficiaries. In Mexico, for example, the proportion of workers employed in the service industry rose from 24 percent in 1980 to 56 percent in 2000 – with corresponding income growth for the segments of the population concerned.

Supporters of globalization view the process as an opportunity to achieve material, social and cultural benefits from this economic integration. The more people seek out working situations that offer higher value creation, the greater will be the drive to develop im-

proved infrastructures as well as health care services and social benefits. But above all, the greater the drive for education – the entry ticket to the global marketplace.

Another important aspect is that today's migration is of a very different nature to that of the past. A combination of growing wealth and the lower cost of new technologies also makes it possible for people in less developed global regions to remain in contact with one another. As a result, the last few years have seen the emergence of previously unthinkable family structures that function across enormous geographical distances. A construction worker in Dubai or a Filipino maid in Singapore can remain involved in the everyday life of their families through a combination of telephone, e-mail, cheap money transfers, as well as the occasional – and now affordable – trip back home.

Migration abroad today is therefore a far cry from the finality that such an act represented as late as the middle of the 20th century. Seen in this context, it is easier to understand why the search for work and prosperity has caused such seismic movements in the mass of humanity, something that in turn has led to dramatic urban growth.

365 Cities with More than One Million Inhabitants

According to the latest surveys, countless urban centers are now expanding to form major conurbations. While New York was still the only city in the world with more than 10 million inhabitants in the middle of the last century, there are now at least 25 urban agglomerations of this size. Furthermore, within the same time frame, the number of cities with more than one million inhabitants rose from 80 to 365.

According to a forecast by the United Nations first announced by Kofi Annan at the beginning of 2005, no less than half of the world's population will be living in urban areas in 2007. By 2030 this figure should have risen to 60 percent. To give some idea of what this means, one would have to imagine a city the size of Barcelona appearing somewhere in the world out of nowhere every 10 days.

This process involves the growth of established cities, not just the permanent creation of new ones. According to United Nations statistics (see table) the ranking of the largest urban agglomerations is currently led by Tokyo with around 35 million inhabitants, followed by Mexico City with 19 million inhabitants, and then New York-Newark and Mumbai, each with around 18 million. The city currently generating the fastest growth is Lagos in Nigeria. In 1975 it was home to 7 million inhabitants and is projected to reach 16 million by 2015. No less breathtaking is the development of Dhaka, the capital of Bangladesh, with its population of 12 million. In 1950 it was home to less than 500,000 inhabitants. By 2015, its projected population of 17 million will move it up in the rankings.

Quite clearly, this explosion in urban demographics has set countries a number of major challenges. Poverty, a phenomenon that affects women and children above all, is continually on the rise. Nor do there appear to be any simple, one-dimensional solutions to this problem. On the other hand, the process of urbanization does enable a growing proportion of the population to tangibly improve their income situation.

The result is an increase in demand for consumer goods, a phenomenon that can have a sustainable impact on the global economy. The first step in this process is the meeting of life's basic needs, such as somewhere to live, water, security, food, purchasable medi-

Megacities (inklusive Agglomerationen)

Source: United Nations, Department of Economic and Social Affairs, Population Division (2006)

	2005	2015*
Tokyo, Japan	35,200,000	35,500,000
Mexico City, Mexico	19,400,000	21,600,000
New York-Newark, us	18,700,000	19,900,000
São Paulo, Brazil	18,300,000	20,500,000
Mumbai, India	18,200,000	21,900,000
Delhi, India	15,000,000	18,600,000
Shanghai, China	14,500,000	17,200,000
Calcutta, India	14,300,000	17,000,000
Jakarta, Indonesia	13,200,000	16,800,000
Buenos Aires, Argentina	12,600,000	13,400,000
Dhaka, Bangladesh	12,400,000	16,800,000
Los Angeles, us	12,300,000	13,100,000
Karachi, Pakistan	11,600,000	15,200,000
Rio de Janeiro, Brazil	11,500,000	12,800,000
Osaka-Kobe, Japan	11,300,000	11,300,000
Cairo, Egypt	11,100,000	13,100,000
Lagos, Nigeria	10,900,000	16,100,000

*estimated

cal provisions and safe transportation. What then typically follows in the wake of this servicing of basic needs is a boom in the consumer goods area, which then spreads to the luxury goods sector. In the case of China, for example, the economic developments of the last 20 years have not only created 200,000 millionaires, but have also created a rapidly growing middle class hungry for premium products and luxury goods.

Alongside the rise in private consumption, the next few years and decades will also be characterized by huge investment in the area of urban infrastructure. According to an estimate produced by the Organisation for Economic Co-operation and Development (OECD), a global total of around 70 trillion US dollars will be required between now and 2030 for the modernization of basic infrastructures. The investment requirement for road building alone is calculated at between 220 and 290 billion dollars annually.

In many cases, these projects will no longer be financed via the traditional route – i.e. from government coffers. New structures will emerge, and new partnerships will be formed. For example, in the form of Public-Private Partnerships (PPPs) vehicles that allow private capital and specialist knowledge to be harnessed in the implementation of government projects. The evolution of the world into a global society defined by city dwellers will therefore also impact upon capital markets and financial services providers.

To assert that the world as we know it will disappear is perhaps a step too far from today's standpoint. What is clear, however, is that urbanization and globalization are inexorably bound up with modern life. The World Bank continues to hold the view that migration ultimately benefits all those involved. According to one statement made in the magazine *Global Investor*, even the global migration of up to 3 percent of working people from high-wage countries by 2025 would entail an additional value creation of 356 billion US dollars – or around double the expected global gains to be achieved from the complete liberalization of international trade. There is no question that this value creation will take place in urban areas. The city has won the upper hand in the development process of residential civilization. The trend appears irreversible. <

Residents: Cities

Metropolitan Region

8,483,351

Commuterland

Today, some 40 million train and subway journeys are made each day in Tokyo. Without its extensive and efficient urban transit system, the Japanese capital would grind to a halt. But how has the system expanded since the first horse tramway in 1882? How bad is the transport system's legendary overcrowding? What measures have been taken to prepare it for a major earthquake? Bulletin looks into these and many other issues.

Text: Tony McNicol

At first glance, a map of the Tokyo public transport network looks not unlike one of the big bowls of noodles favored by hungry salarymen after a long day at the office – a dense tangle of subway, train and tram lines. The Japanese capital has probably the world's most extensive and efficient urban transit system; which is just as well, because with over 35 million residents in the Greater Tokyo area, the network has to serve the largest metropolitan area on the globe. And since Tokyo is the political and economic center of the nation, without a smoothly running Tokyo transport system the world's second largest economy would soon grind to a halt.

At the core of the system is the train and subway network. A government census in 2005 estimated that 40 million train and subway journeys are made daily in the capital. Reputedly the busiest station in the world, Shinjuku station alone deals with around 3.2 million passengers each day. About half of the rail network is run by JR East, one of two companies created when the national railways were privatized two decades ago; operation of the other half is shared between over 30 rail companies. The subway is run by the metropolitan government and two private companies.

The system is famed for its efficiency. Visit a Tokyo station in the morning or the evening and you will find commuters waiting in neat lines behind special markings on the platform. Carriages are generally clean and safe. On most lines, passengers rarely have to wait more than a few minutes for a ride. (On the Marunouchi subway line the gap between trains is around one minute and 50 seconds – just about enough time for passengers to clear the platform before the next train.) When trains arrive, they are almost invariably on time. In the event of significant delays – perhaps caused by a typhoon or other freak weather – station staff can be seen handing out little paper slips at the ticket gates. Salarymen give them to their bosses to excuse their tardiness.

Yet despite its efficiency, the Tokyo transport system faces serious challenges. Train crowding is a stubborn problem for the densely populated metropolis. In addition, transport companies have been striving to adapt their services for a rapidly aging population. And since Japan is one of the most earthquake-prone countries in the world, the network has the frightening task of preparing for transport chaos when the long overdue "Big One" finally arrives.

Tokyo's transport network dates back to the birth of modern Japan, and the early years after the nation first opened its doors to the West. The rapidly modernizing metropolis's first urban transit system was the Tokyo Horse Tramway in 1882. Electric trams arrived a few years later, and remained the main means of transport until well after World War II. Although the city's first subway was opened in 1927, it was only when the roads started to get too congested for trams in the '60s that construction began in earnest.

During the '50s and '60s, transport planners had their work cut out keeping up with Japan's spectacular economic and population growth. In 1950 there were just 14.3 km of subways in Tokyo; by 1970 there were 133.6 km. About 300 km of train line was built during the same period, mostly to transport workers to and from commuter towns springing up all around Tokyo. By the so-called bubble economy of the '80s and '90s the network was close to complete. In 1987 Japan National Railways was privatized and split into two companies: JR East and JR West. Now Tokyo has almost 2,000 km of train line and over 300 km of subway, while the once ubiquitous trams have been reduced to a single line.

But through much of the network's history, one problem has remained the bane of Tokyo's long-suffering commuters – overcrowding. According to JR East, the most packed trains in the metropolis during the morning rush hour run from Ueno to Okachimachi. That short stretch of line has a crowding rate of 216 percent, >

Photo: Tony McNicol

050
200,000

TOKYO

35°40' N | 139°45' E

According to JR East, the most packed trains in the metropolis during the morning rush hour run from Ueno to Okachimachi. That short stretch of line has a crowding rate of **216 percent**, for example, over twice the maximum capacity of the carriages. (100 percent is when all the seats and standing places in the train are taken).

i.e. over twice the maximum capacity of the carriages. (100 percent is when all the seats and standing places in the train are taken.)

That's why JR has to employ station staff to push unfortunate commuters into the trains, cramming in baggage and limbs impeding the closing doors. "It's like the whole of the inside of the train is one big rugby maul," says one employee of a Tokyo trading company. He recalls how as a young worker his daily commute was a three-hour round trip, some of it on the busiest stretches of line. "I could take out my cellphone, but there wasn't space to read a newspaper," he remembers. "Sometimes your feet end up facing one way, and your head in the opposite direction. There are probably young women with both feet off the ground." He relates frightening stories of commuters toppling out of carriages with broken ribs, or their umbrella bent into an L-shape in the crush.

That's not to say, however, that train operators aren't trying to deal with the problem. In fact, crowding is getting slightly better. Where possible, more trains are run. More powerful engines enable longer trains, and carriages have even been widened to fit in more people. To prevent bottlenecks as passengers pour in and out of stations, commuters now use contactless rechargeable smart cards. By April 2007, JR East had issued over 19.5 million cards and 340,000 e-money chips imbedded in mobile phones.

But apart from the general discomfort of commuters, there are other serious sideeffects of overcrowding too. One is that the transport system is a veritable obstacle course for the disabled and elderly. Stations that serve 5,000 or more passengers a day (which means almost all in Tokyo) are legally obliged to install escalators or elevators. But few workers with disabilities can brave the morning and evening crushes. And the problem is only likely to get more severe as Japanese society ages. "There are only 300,000 people with disabilities, but already 25.6 million old people in Japan," points out Toshiyuki Sawada, executive director of the Barrier Free Association in Tokyo. He says that transport companies need to make signs easier to read and ticket machines easier to operate.

Another notorious sideeffect of overcrowding are "chikan" – men who sexually molest young women on packed commuter trains, taking advantage of the fact that their victims can't escape. According to a spokeswoman for the Metropolitan Police Department, there were 2,137 reported chikan cases in 2005. The worst affected are the crowded Chuo and Saikyo commuter lines. Up to now women had tended to suffer in silence, but train companies and police have launched campaigns to encourage victims and other passengers to report incidents. The penalty for chikan offences has been increased to a maximum of 10 years imprisonment, and Women Only train carriages are now common in the capital.

Ensuring safety on complex and busy networks is another major challenge. The reputation of the nation's rail system was shaken by a horrendous crash that happened near Japan's Western second city of Osaka in 2005. A commuter train was going too fast around a bend and slammed into an apartment block killing 106 passengers. The driver, who also died, had overshot the platform at a previous station, and may have been trying to make up lost seconds; he had recently been disciplined by his company for running late. The tragedy provoked a national debate on the balance between speed and safety. Some questioned whether fierce competition for passengers between competing rail companies had been a factor. It was Japan's worst rail crash since 1963.

A safety issue of an altogether different kind is how to prepare for the already overdue day when a major earthquake strikes Tokyo. The capital's rail system is designed to automatically shut down if an earthquake of five or more on the Japanese intensity scale hits. If the quake is small, the system can restart within hours, but in the event of serious damage, repairs can take weeks or months. After the 1995 Kobe quake it was up to a year before some rail services resumed. Even a relatively small quake could cause major disruption. A 2005 study by the government's Cabinet Office simulated the effects of a magnitude 7.3 earthquake striking at 6 p.m. on a weekday and predicted that 3.9 million Tokyo commuters would have to find their way home without public transport. 600,000 people who live too far away to walk would congregate at major stations in the capital after a major quake, including 140,000 at Tokyo station alone.

A large earthquake is also predicted to cause 950 billion dollars of economic damage. "The biggest obstacle to economic activity will be the disruption to commuting. If businessmen can't get to the office, they can't work," points out Itsuki Nakabayashi, a special adviser to Disaster Prevention Committee of the Metropolitan Government. He predicts that commuters will have to sleep at their workplaces for several nights at a time to spread the load on the disrupted rail system.

But despite such challenges, by and large the Tokyo transport system has been highly successful, says Makoto Itoh, a research fellow at the Institute for Transport Policy Studies in Tokyo. Not just that, it has also been remarkably profitable, says Itoh, and relied far less on public subsidy than many other nations' transport systems. "The Tokyo rail system was developed on the basis that it would be funded from fares, without government subsidy," says Itoh. That was made possible in part by Tokyo's high population density and income from a phenomenal number of passengers as the network grew.

On the whole, the reputation of Japan's railways is high, both abroad and at home. Japan has legions of avid trainspotters and transport fans who can be seen most sunny weekends photographing trains on Tokyo station platforms. Visit one of Japan's many amusement arcades and you are likely to find a trainsimulator; complete with driver's seat and controls. Steady improvement of the network also keeps commuters satisfied. Rail companies are expanding routes from two to four lines where they can, and gradually making trains longer, faster and more frequent.

Though overcrowding is still a big problem, there is a surprising lack of protest from commuters, something perhaps explained by the history of the network. Imagining trains more packed than those of today might be difficult, but crowding actually used to be much, much worse. Pity the commuters of the '50s and '60s. Then, the average rush hour train was packed to over 300 percent capacity. "There were injuries when the carriage windows broke," says Itoh.

Perhaps Tokyo's long-suffering commuters' best hope – apart from asking to work flexitime – is a drop in the metropolitan population. The birth rate in Japan is close to an all-time low, and there is almost zero immigration. The population is already falling. If things go on as they are, Japan is expected to lose 20 million people by the middle of the 21st century. Not such good news for the economy, but maybe Tokyo's hard-pressed commuters will get a little breathing space at last. <



Photos: Tony McNicol

1 Women Only train carriage 2 Queuing in the morning 3 A station 4 A pusher 5 "Sometimes your feet end up facing one way, and your head in the opposite direction. There are probably young women with both feet off the ground." 6 In a cramped train carriage



LOUVAIN-LA-NEUVE

50°40' N | 4°36' E

Nighttime Population

19,000
37,000

Daytime Population

800 m

HOCAILLE

600 m

200 m

400 m

Italie

Rue Charlemagne

Cinemas

Area: 920 ha

Science Park: 231 ha

Bois de Lauzelle: 200 ha

Built-up area: 250 ha

Green spaces: 168 ha

Golf: 64 ha

Lake: 7 ha

Town center radius: about 1 km

Pedestrian zone: 11.7-hectare concrete slab covering two to three levels (including car parks)

Railroad station for regular services to neighboring towns and Brussels.

A new rapid transit line, due to open in 2010, will give Louvain-la-Neuve a direct link to Brussels in 17 minutes.

Louvain-la-Neuve

A Modern European New Town

In 1971 this site, southeast of Brussels, consisted only of four farms and beet fields. Today a whole town has sprung up: a university town and a hive of activity. Over 37,000 people live, study or work in Louvain-la-Neuve, which was built in record time. But why build a new town at all (Belgium's first since Charleroi in 1666)? What types of city planning principles were followed? "Bulletin" met some of the designers of this new town – city planners and architects – and talked to some residents, too. They explained the reasons for this vast development project and for its growing success.

Text: Dorothée Enskog

Founded in 1425, the Catholic University of Louvain (UCL) is one of the world's most ancient universities. Like everywhere else in Europe at the time, all teaching took place in Latin. In 1835, five years after Belgian independence, French took over as the language of tuition. From the late 19th century, some of the university's official documents became available in Dutch as well, but translation of courses into both languages proceeded slowly, and French retained its dominance. As time went on, the Flemish separatist movement gained strength and its demands became more pressing. Tension mounted and, in June 1968, the university was split. Its Flemish-speaking section, with 12,500 students, remained in Louvain, while the 11,800 students of the French-speaking section had to move out. So the town of Louvain-la-Neuve needed to be built at full speed.

In 1969 a loan from the Belgian government enabled UCL to purchase 920 hectares of farmland southeast of Brussels for the sum of 747 million Belgian francs (30 million Swiss francs). That loan was paid off two years ago. The UCL authorities could have laid out a university campus, as was the fashion in the '60s, but they preferred to build a new town. Town and gown had coexisted in old Louvain for more than five centuries. Over the years, this had created a special atmosphere, which many enjoyed and wished to recreate. To be avoided at all costs was a dormitory or a closed town, lacking interchange with the outside world. The American architect Victor Gruen proposed an initial city planning project. The

university authorities rejected this, finding it too monolithic. They then approached Raymond Lemaire, a professor of art history from their own ranks, and asked him to devise a masterplan for the new town.

Submitted and approved in 1970, this plan still guides the building and development of Louvain-la-Neuve. Its objective is to create a medium-scale urban environment where townspeople outnumber the student population. "We wanted a small-scale urban environment with a maximum radius of one kilometer, in order to foster academic and social exchange. This meant a close-packed, pedestrianized town of limited area, because pedestrians get into their cars when they have to walk for more than 10 minutes," explains city planner Luc Boulet, who coordinates public works at Louvain-la-Neuve. To create a lively town center, and give people an incentive to walk about, the designers of the New Louvain site also sought to spread the university and its students across the town.

A Town Is Built

The foundation stone was laid in February 1971. Twenty-one months later, in October 1972, the first academic year began at Louvain-la-Neuve. At the time, the new town had around 200 residents and some 800 students at the faculties of applied science. In fact it was thought that engineers, whose future lay in construction, would cope more easily with the inconvenience of the omnipresent building work. "It was a permanent building site. You needed to >



Philippe Piette has lived in Louvain-la-Neuve since 1972, when he was one of the town's very first inhabitants. He now works for the town's information service. He made a point of showing us the Place des Sciences, where students were relaxing between lectures, as well as the Science Park, and one of the UCL's university libraries.

go about in Wellington boots in the early months,” reminisces Philippe Piette of Inforville, Louvain-la-Neuve’s information service. “There was a real pioneering spirit among the first inhabitants,” explains Philippe Piette, who was one of them.

Wholly pedestrianized, the town center of Louvain-la-Neuve is built in a valley. Four residential districts radiate from this like the petals of a flower. The center is based on a concrete slab which covers utilities, the railroad, and two to three levels of access roads and car parks. This has avoided laying out open-air parking lots across the town. Slab-based towns are a rarity in Europe: The La Défense business district in Paris is the best-known example. Two other slab-based towns, Saint-Quentin-en-Yvelines (France) and Zoetermeer (The Netherlands) have decided to abandon the experiment. Another feature of Louvain-la-Neuve is that all its land belongs to the university, which lets it to individuals or corporations on renewable 99-year leases. The leases are granted at 0.15 euro per square meter, plus a share of the site’s infrastructure expenses. Any building or conversion project in Louvain-la-Neuve must be approved by the UCL property management board. “We wanted to retain close control of projects, but we hardly ever reject them. We comment, suggest improvements in materials, the layout of green spaces and parking lots. Above all, we seek harmony between buildings,” points out Luc Boulet, who chairs this board. The choice of materials is limited to prevent building in a patchwork style. Preference is given to local materials. Bricks must be of a certain format and within a specified range of color shades. Roofing must be natural or artificial slate.

“At the start, the building regulations were really strict, but exemptions were widely granted,” emphasizes André Mertens, who has worked on the New Louvain site as an architect since 1970. From an environmental viewpoint, the regulations were revolutionary for their day. In fact they prohibited oil-fired heating and led to the establishment of separation drainage. This means rainwater can be used to feed an artificial lake,” he adds. This is a compact town, with buildings adjoining each other. This gives a powerful boost to walking and to reduced car use. According to André Mertens, it also saves a lot of energy.

Louis Gustin and his family were among the town’s pioneers. They moved there in 1975, attracted by the modernity of the project, the nearby schools, and the pedestrianization of the town. “It was really positive at the start, because there was a community spirit among the inhabitants, and genuine contact between the students and the townsfolk. We often used to dine with the students in their halls of residence on Saturday evenings,” remembers Louis Gustin. “Still, those days are over – due to the town’s expansion,” he notes. The non-student population overtook that of students in 1999.

After the real estate boom of the '70s, Louvain-la-Neuve slid into a property recession in the '80s following a rise in interest rates. It proved a setback to the town’s expansion. The university town only began to exert a noticeable attraction again in the early '90s. Daytime population currently stands at 37,000 people, 19,000 of whom also sleep in the town. “Culture, sport and services are exceptional here. There’s nowhere like it in Belgium. Our town has become the capital of the sub-region of Brabant-Wallonia,” stresses Jean-Claude Nihoul, who heads UCL’s property management department. Currently, around 100 households are on a waiting list for land on which they can build houses. That list was actually closed two years ago, given the shortage of building land. “The town can’t

Background to the University Split

In 1962, Belgium’s Federal Government finalized the line of a language frontier across the country. This made a clear separation between Flemish-speaking Flanders and French-speaking Wallonia. Some months later, language-teaching laws were passed, requiring Flemish to be used as the sole medium of teaching in Flanders, and French in Wallonia. This posed a problem in Louvain, the location of UCL, which was in Flemish territory. Increasingly, in the '60s Louvain, Flemish students took to the streets chanting “Leuven Vlaams. Walen buiten” (Louvain is Flemish – Walloons out). They called for the French-speaking section of UCL to leave Flanders. Tension rose, and soon the split of the university became a reality. The government proclaimed the split in June 1968. The process was launched, and a site chosen 30 kilometers south of Louvain, in French-speaking territory.

really be enlarged, because walking would no longer be the first choice, and Louvain-la-Neuve would suffocate,” adds Luc Boulet.

The Science Park

The university is still Louvain-la-Neuve’s largest employer, with nearly 3,500 employees. Nevertheless, the importance of its Science Park to regional research and employment should not be underestimated. Headquartered in the Science Park, IBA – originally a university spin-off – is the town’s second-largest employer. It develops high-precision solutions for the diagnosis and treatment of cancer. IBA also provides sterilization and ionization solutions for improving hygiene. Certain criteria have to be met by any entity wishing to relocate to the Science Park. Priority is given to companies with active relations with UCL – cooperating in research or exchanges of staff or equipment, for instance. Today over 135 businesses, averaging 50 employees, are established in the Science Park, generating a total of 4,500 jobs. Most of these businesses focus on key sectors such as telecommunications, pharmaceuticals and chemicals. However, all sectors of industry are represented, given that the university teaches all academic subjects.

A Town in Constant Flux

Nearly 25 years after its foundation, Louvain-la-Neuve still lacked a lively town center. It was mainly a university campus with residential districts, as property developer Peter Wilhelm points out. He is the director of Wilhelm & Co., a development company. “Success with the founders’ original aims had been muted. The residential districts were developing very well, but growth of the town center had come to a standstill. Indeed, its reputation was far from flattering, because of its unfinished parking lots, bare concrete struts and so on,” notes Peter Wilhelm. There were practically no major competing department stores in the region (editor’s note: shops selling clothes, furniture, home décor, etc). This forced the people of Louvain-la-Neuve and the 600,000 surrounding inhabitants to do much of their non-food shopping in Brussels. It was the university which wanted the town to become a major regional >



City planner Luc Boulet (left) and Head of UCL's Property Management unit Jean-Claude Nihoul work closely together. In particular, they monitor the layout of green spaces across the town. Students and residents of New Louvain can be seen enjoying them here.

center, attracting people from across the region. "So it needed more shops, better cultural provision, and a wider social mix and age distribution to meet this objective," explains Peter Wilhelm. His development company approached the university in 1993 and offered to build a 13-screen cinema complex, a shopping mall with space for 120 shops, and houses and offices in the town center itself. The project, dubbed l'esplanade, was accepted and work began in 2000. The first phase of the project concentrated on improvement work and on building parking lots under the town center slab. Five years later, the first 240 apartments were ready and the shopping mall opened. The development is expected to draw over 7 million visitors a year in the medium term. Entirely funded by the private sector, the total cost of the operation will amount to 280 million euros. But Wilhelm & Co.'s project is not over yet. Work will commence on 200 extra apartments and 30,000 square meters of office space in the town center at the end of this year.

"Louvain-la-Neuve used to be a country town benefiting from two lifestyles. Opening this mall has made it a town like any other: a retail town which attracts shoppers from the surrounding area," says New Louvain resident Louis Gustin, ruefully. "Louvain-la-Neuve is rather a victim of its own success. It has become an academic ghetto, an elitist nonentity," he adds. The town mainly attracts young and well-to-do university-educated families for its shops, cultural and sports facilities, and for the nearby schools and university. This has led to an explosion in property prices. A long-term lease of 286 square meters of land recently sold at auction for 110,000 euros. "Far more than it cost to build my house in 1975," comments Louis Gustin.

The Future

Other projects are planned in Louvain-la-Neuve. The Hergé Museum, dedicated to the author of the Tintin cartoons, will open in 2009. The state archives of the province of Brabant-Wallonia are being redeveloped. Another large-scale project is the opening of the RER rapid transit line, which will provide a direct link between the university town and Brussels in just 17 minutes. There will also be a motorway service area with parking for 2,500 vehicles. The RER line should be operational from 2010, making the town even more attractive.

With the Europeanization of university education, competition has become tougher and the University of Louvain-la-Neuve is undergoing far-reaching change. It now numbers 21,000 students. In order to survive, however, it must reach a size of around 40,000 students, explains UCL's Property Director Jean-Claude Nihoul. It has therefore approached three other Belgian university faculties with a view to forming a single entity in the next decade. Allowing for this possibility, UCL has acquired a reserve of 150 hectares of land, just outside the present town boundaries, to enable it to expand its campus.

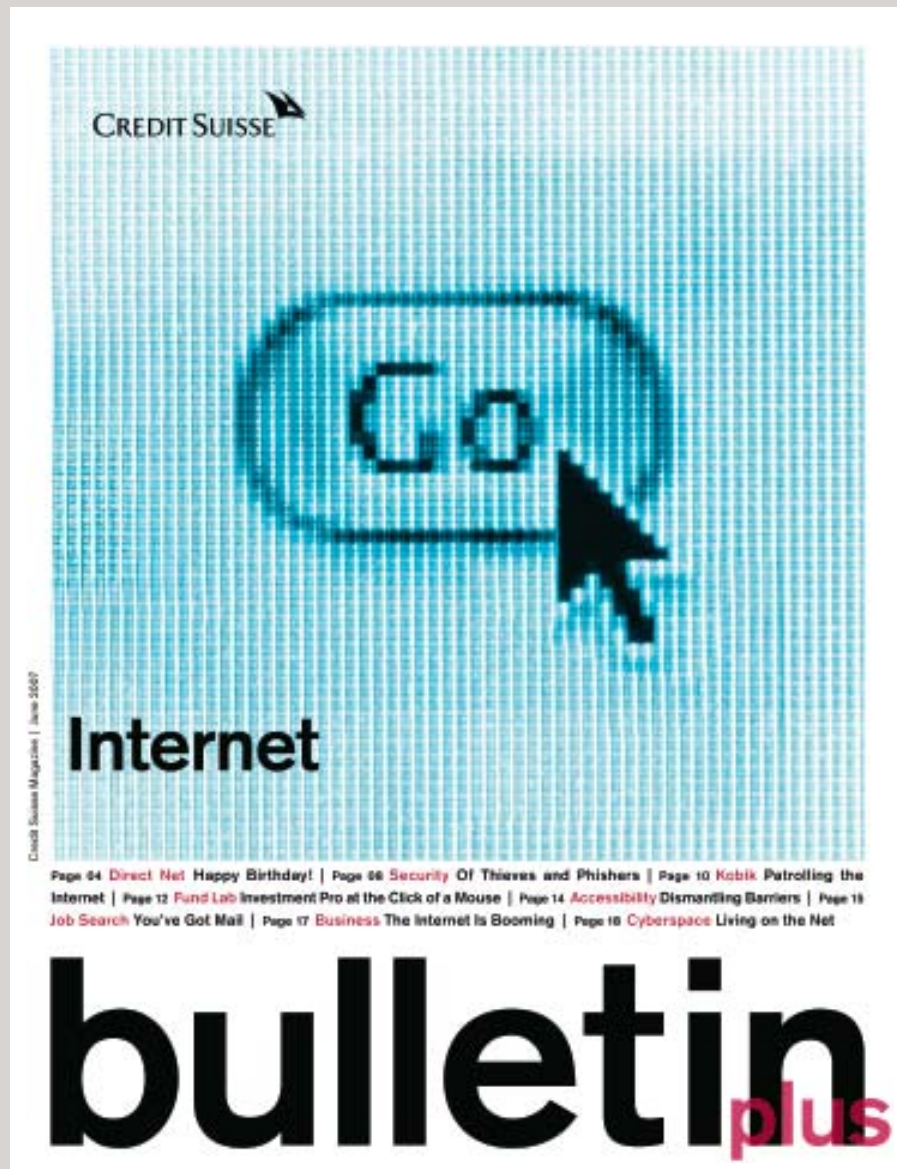
As the example of Louvain-la-Neuve proves, a town is never ever really finished. It develops over time, and never ceases to evolve. "There are many things to do in the future. The town is not finished," confirms city planner Luc Boulet. "The founders of Louvain-la-Neuve were inspired by the Italian cities of the early renaissance, with narrow streets and only pedestrian access. This has made it the only new town on a human scale," concludes developer Peter Wilhelm. <

Bulletin plus – The Booklet in a Booklet

Internet

Credit Suisse stands for innovation. It was, for example, one of the pioneers in online banking 10 years ago and continues to break new ground today. Read more about the topic in Bulletin plus Internet, a booklet which was attached here.

You can download a PDF version at www.credit-suisse.com/bulletin.



Mr Marg, How Are New Cities Built?

Transcript: Daniel Huber



Volkwin Marg is the cofounder of the globally active architectural firm von Gerkan, Marg + Partner (gmp), based in Hamburg. The company has eight branches around the world and employs over 300 people. gmp's projects range from single-family homes, hotels, theaters, sports complexes and transportation facilities to master plans for the development of urban areas. Marg has played a key role in projects including the redesign of Hamburg's dockland area. Together with Jean Nouvel, he also recently won the architectural competition to design the master plan for the new port district of Valencia.

cepts by designing and constructing a specific form of architecture that serves as a template for the detailed aspects of urban development.

For this reason, I believe that the professionalism of a 'generalist' architect is a prerequisite for urban planning. In every city project, it is essential for the identity and origins of the location to be taken into account. The future evolves from the past. Hence, a new district in Hamburg or Valencia must look different to a district in Shanghai. Geological, climatic and cultural factors must be taken into account to preserve the location's identity.

An urban planner must also be a diplomat. For example, my persuasive efforts over many years eventually combined with a hand-drawn sketch formed the starting point for the master plan for the

To answer that question, I must first tell you a little about urban development. A city is essentially much more than the sum of its individual parts. Consequently, urban planning and design are always a means of achieving a higher level of urban cohesion. The role of an urban planner is very different to that of an architect, who rapidly devises a concept, positions his creation in the city and sees the final building materialize before him. In urban development, we are not usually able to witness the completion of this process. Time is of greater importance in this context. The work of an urban planner can best be compared with that of a forester. The focus is on ensuring true long-term sustainability for society. If we continue to take forestry as an example: In Denmark, it is only now possible to harvest the oaks and Douglas firs planted in the Napoleonic era for the construction of the fleet with the aim of using them as planks and masts in ships 150 years later. As urban planners, we also think in terms of generations. In very general terms, urban development involves the management of processes: We not only plant ideas but also cultivate our concepts

new 150-hectare 'HafenCity' district in the docklands of Hamburg. The detailed work based on this plan had to be performed in absolute secrecy. The aim was to avoid prematurely exposing the project to the combative tendencies of the authorities, political parties and the media, as this would possibly have signaled its end. As Chair of Town Planning at the University of Technology in Aachen (RWTH), I therefore had to disguise the plan as an academic project and complete it secretly with my assistants. No official planning application was submitted for good reason.

When the mayor unexpectedly presented a completed project to an astonished public, it took the opposition a full three days to respond with a press release. By this point, people were already convinced of the feasibility of this urbanistic vision. Although only six months were required to plan the project, it took another 10 years for it to be reviewed by local government and the planning authorities.

The situation in Valencia is completely different. The city's mayor, Rita Barberá Nolla, is a kind of 'Mother Courage' figure, who governs Valencia with charisma. She could afford to take the risk of launching an international competition to invite proposals for the redesign of the city's port district. There was no need to plan a surprise coup behind the scenes. The conservative mayor was also not afraid of a conflict with the socialist central government in Madrid, which oversees the port authorities. The proposal we submitted for the competition represented the art of the possible and a suitable compromise for both parties: It shows the way in which the synthesis of the port district and city can succeed. Reflecting the Seven Wonders of the Ancient World, two of which were constructed on the edge of the Mediterranean, for example the Colossus of Rhodes and the Lighthouse of Alexandria, Valencia will also gain a new landmark on the edge of the sea: a V-shaped tower, extending to a height of around 250 meters. This symbol reflecting the 'Valencia del Mar' motif will be connected to the actual city center via the extended axis of the Avenida Francia, in line with traditional urban planning.

The planning of Lingang, a new satellite town near Shanghai, is another very different undertaking. China is about to enter the same dramatic phase of development as Europe did 130 years ago. Around 1 billion of China's total population of 1.3 billion live in poverty in rural areas. Based on experiences in Europe, we anticipate that half of the rural population will migrate to urban areas over the next 25 years. This corresponds to a rural exodus of around 20 million people each year. It's therefore hardly surprising that Shanghai is currently witnessing the completion of a new high-rise building



From the top: This is how the new port district of Valencia should look 10 years from now. From the drawing board to reality: The circular city of Lingang is currently being constructed in China, based on the master plan created by gmp. A sketch by Marg formed the basis for the new dockland area of Hamburg.

every day. But let's return to Lingang: Shanghai is moving its river port far away from the coast because the coastal waters are too shallow. Its new deepwater port has a 30-kilometer bridge which serves as a sort of umbilical cord, connecting the ships to the land. A residential city needed to be built in the vicinity of this vast port. Unlike Hamburg or Valencia, Lingang was a blank canvass of reclaimed land with no clear identity upon which we could base our design. Instead, we had to devise a new concept. We considered the symbolic power of the circle which is a sign of divine harmony in China and decided to create an artificial circular lake at the center of the city. Instead of symbols of power, the lake will contain all of the city's key municipal buildings, which will be constructed

on islands. The city will form a 9-kilometer ring around the lakefront promenade, and further residential districts will be situated on the other side of the circular central park. The body of water at the center of Lingang and the surrounding parkland will not offer any development opportunities for speculators; it is an open space intended for public use. I am impressed by the speed at which the project is progressing. We only heard about the concept for this city four years ago, and the lake, parkland and several public buildings have already been constructed. The transformation of cities takes much longer here in Europe. The protracted balancing of interests is a democratic luxury that we can allow ourselves to indulge in on privatized land. <

47°23' N | 8°33' E ZURICH

Residents: City
Metropolitan Region 1,273

Where the Living Is Easier

Index 108.1. This figure expresses the quality of living in Zurich. The city ranks first in a worldwide survey for the sixth year in a row. But what does a high-quality-of-living index actually feel like? Is Zurich really so lovable and liveable? We spoke with six people who have all consciously chosen to live in Zurich.

Text: Regula Gerber

Björn Wiese has been living in Zurich for almost four years. Born in Germany and previously resident in Berlin, he now commutes 120 kilometers each day to his office in Berne. And the reason: Zurich offers what he describes as a “wonderful” quality of life.

According to a survey conducted by the British firm Mercer Human Resource Consulting LLC, he's not alone. Its annual survey of 215 major cities tries to capture the notion of quality of living in terms of 10 criteria: the political, economic and social environment, schools and education, public transport, recreation, health care, availability of housing and consumer goods, and the natural environment. Not only are these criteria neutral, objective and measurable, they apply to both individuals and families, independently of the standard of living. With an 8.1-point lead over New York (the base city with an index score of 100), Zurich takes first place again in 2007 for the sixth time in a row (see rankings on page 25).

Propaganda and Security

The result does indeed tally with the opinions of many new residents. Ying Yang, a 23-year-old electrical engineering student from Beijing, and Varun Reddy, an engineer from India, chose to come to Zurich because they liked the city so much and were attracted by the prospect of interesting jobs. Both have been impressed by how well-organized everything is, and how peacefully people can interact despite there being four national languages in

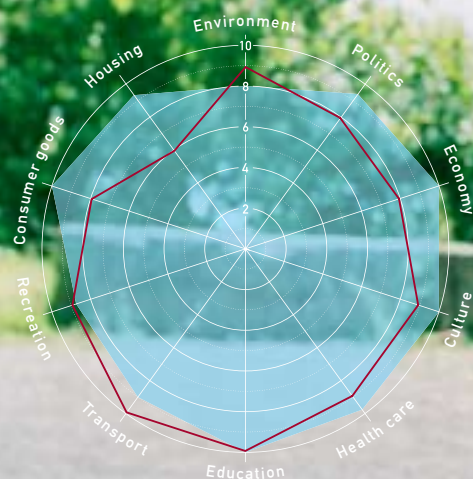
Switzerland. They are also impressed by how helpful and honest people are. “Where else in the world could you leave your iPod on the train and hope to get it back again,” says 30-year-old Varun Reddy.

However, the city makes a less rosy impression in terms of the political and social environment of a German living here. Björn Wiese has this to say: “On the one hand, I feel appreciated – people are aware that economic growth very much depends on having well-qualified professionals. But I also have to deal with a situation where certain political groups, abetted by some of the media, are shamelessly inciting fears that Switzerland is becoming overrun by foreigners. Considering that I'm contributing to the country's economy and paying taxes, I'm fed up with reading about how many more of my kind should be allowed in.” Despite this, he says people here do treat each other with greater respect and friendliness compared with abroad.

For Ying Yang, domestic political stability and – in particular – the peaceful atmosphere are very important. “I feel well here because I don't experience the effects of war or rivalries with other countries. Switzerland also helps political refugees and has good relations with other countries.” She makes a special point of mentioning freedom of speech: “In China the government exercises more control over the media; we have to get our information over the Internet and can't rely just on newspapers.”

Photo: Katharina Lüscher

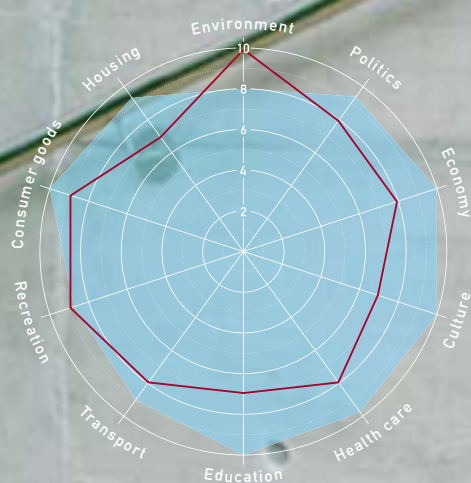
307,062
300



Gabriela Hoffmann

When I was 26, I decided to move to my homeland: Switzerland. I wanted an international place, just like myself, with a big-city lifestyle, so Zurich was the obvious choice. Since then I've put down roots here. If I ever have to go abroad again, I now know that Zurich will always be my base.

■ Zurich ■ Gabriela Hoffmann



Joseph Guariglia

Although this city isn't very big, it's very cosmopolitan. But it's not size that counts, it's the mix: What it has to offer (especially in terms of restaurants and sports) is extremely varied and of high quality. For me, Zurich is like a little New York.

■ Zurich ■ Joseph Guariglia

Manager Joseph Guariglia takes it even further: Freedom of speech in the media is one thing, the right to a personal opinion is another: "I like the way we can speak openly at work, especially when we're talking politics." The 36-year-old American came to Zurich nine months ago to work for Credit Suisse. He grew up in New York, and worked for longer periods there and in Tokyo. He chose Zurich because the city more than met his three main requirements: a good work-life balance, attractive entertainment and interesting people. He really likes living here. Above all, he feels safe. "They're good at tracking down criminals. Unfortunately, that also means I get speeding tickets."

Safe but Expensive

In fact, for many newcomers, especially women, the level of safety in Zurich is a remarkable experience. They even feel very safe going out at night, although they'll tend to avoid the smaller streets around Langstrasse, infamous for its drug scene. The police are perceived as pleasant, discreet and providing a sense of security. In any case, this is the opinion shared by Ying Yang and Gabriela Hoffmann, a Swiss communications project manager at Swarovski, who adds: "Here I can ride my bike home alone along the lakeside at two in the morning. I'm never afraid; nothing's ever happened to me. This means a lot to me, and it's something I never experienced in any of the cities I lived in." And she's lived in a fair number: now 33, she grew up in Nairobi, Singapore and Vienna (where she also studied communications), and lived for a year each in Paris and New York.

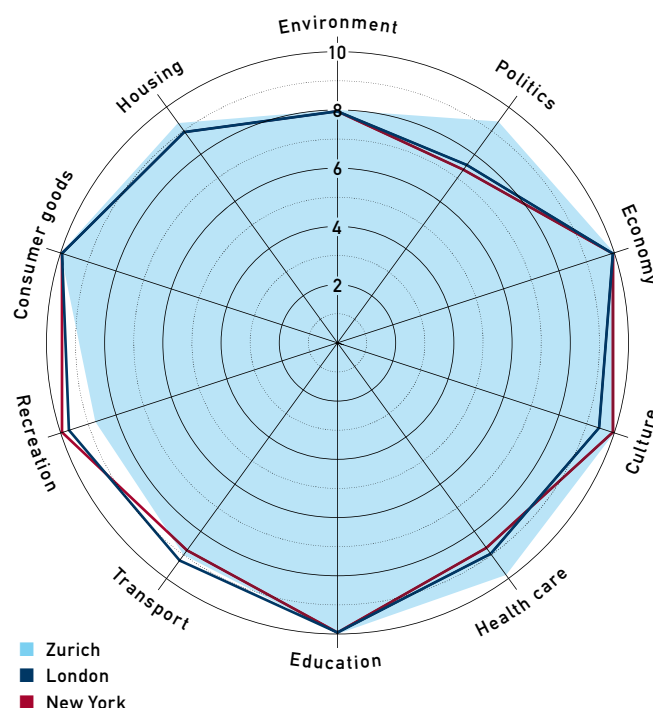
Apart from safety, Zurich is, not surprisingly, also considered one of the world's leading cities in terms of business. Joseph Guariglia, a managing director in the field of financial accounting, confirms this: "The fact that so many foreign institutions and bank branches are represented in Zurich makes it easy to build and cultivate a network." Björn Wiese, who holds a degree in business administration and is a senior marketing manager at Swisscom, finds the city highly developed and good for business: "The city and canton have incredible know-how, and the ability to make the right decisions and develop favorable conditions, for example in terms of tax rates and infrastructure." Willi Meier, CEO of Greater Zurich Area AG (see box on page 27), says: "Recently we've been handling more and more inquiries from international companies that are interested in doing business in Zurich. Prominent examples like Google, Kraft Foods and commercial operations such as Kiehl's find optimum conditions for doing business in Zurich." The environment offers a large number of good jobs and many opportunities for professional and personal development.

All the people interviewed agreed on this, and affirmed the good quality of what Zurich had to offer. For example, Gabriela Hoffmann, in her time abroad, always encountered a great deal of interest in exchange programs with the Swiss universities. And according to Ying Yang: "The ETH (Swiss Federal Institute of Technology) has a good reputation in China and students compete fiercely for the places available there." As regards the job market, Marcel Schläfle, an art director with advertising agency Ruf Lanz, says: "There are some industries like advertising where almost all the interesting jobs are to be found in Zurich." The 36-year-old lives with his wife and young son in a quiet, central location in Zurich. He also points out the huge opportunities for training and development, and says he's always found everything he ever needed. "The only thing I'm somewhat concerned about are the public elementary schools. >

Mercer 2007 Study

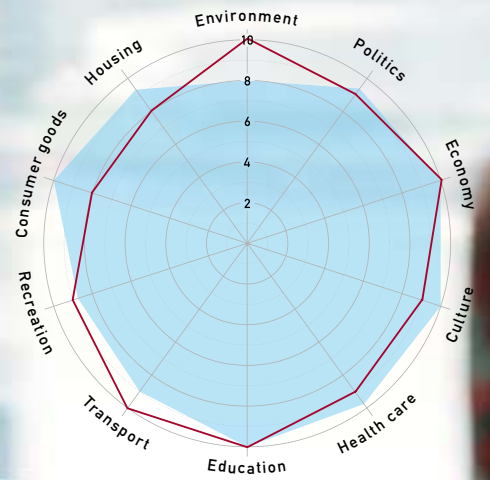
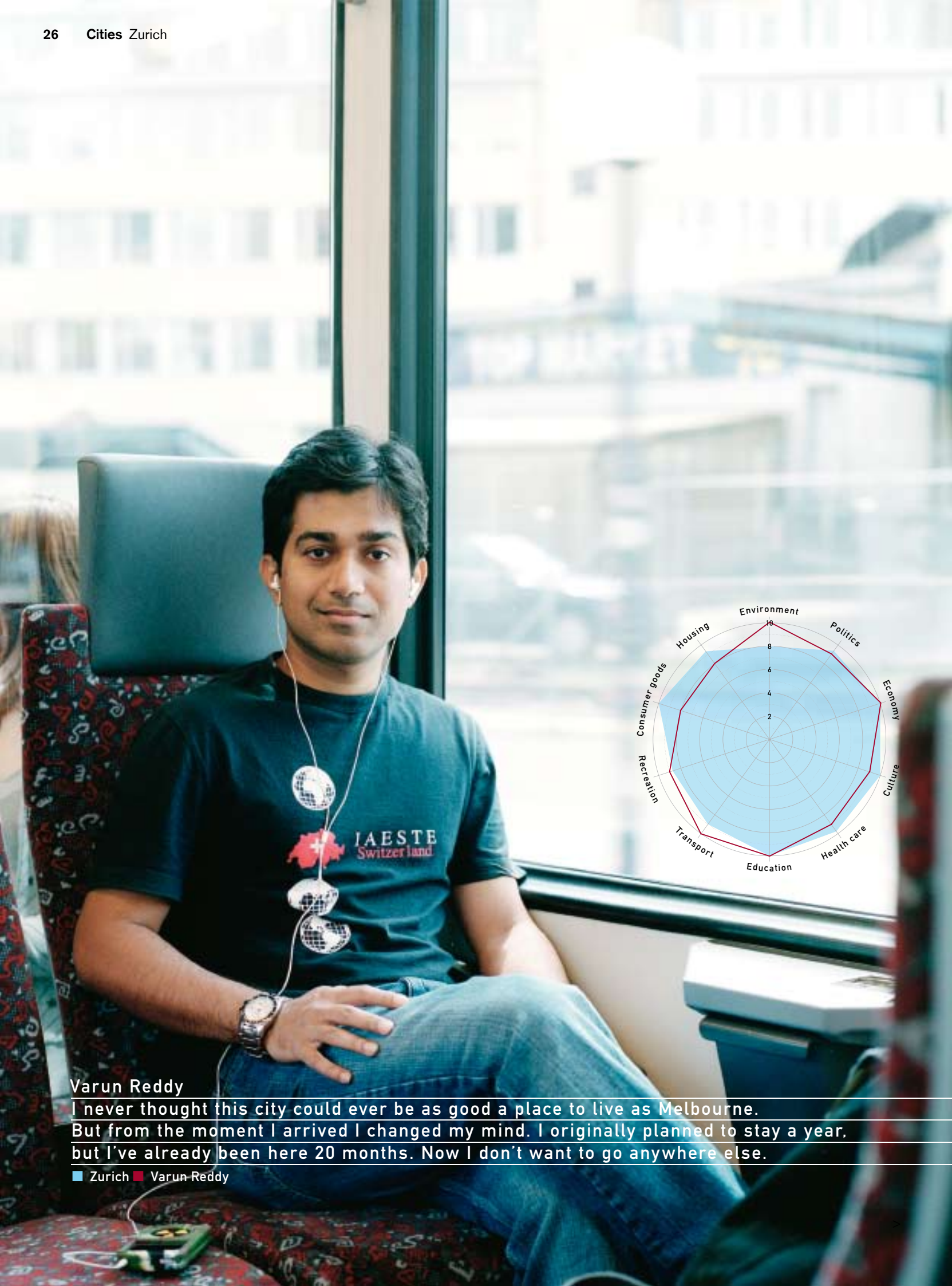
Comparison between Zurich, London and New York based on a study carried out by Mercer Human Resource Consulting LLC.

Source: Mercer Human Resource Consulting LLC



Rank	City	Country	Index
1	Zurich	Switzerland	108.1
2	Geneva	Switzerland	108.0
3	Vancouver	Canada	107.7
3	Vienna	Austria	107.7
5	Auckland	New Zealand	107.3
5	Düsseldorf	Germany	107.3
7	Frankfurt	Germany	107.1
8	Munich	Germany	106.9
9	Berne	Switzerland	106.5
9	Sydney	Australia	106.5
11	Copenhagen	Denmark	106.2
12	Wellington	New Zealand	105.8
13	Amsterdam	Netherlands	105.7
14	Brussels	Belgium	105.6
15	Toronto	Canada	105.4
16	Berlin	Germany	105.2
17	Melbourne	Australia	105.0
18	Luxembourg	Luxembourg	104.8
18	Ottawa	Canada	104.8
20	Stockholm	Sweden	104.7

39	London	Great Britain	101.2
100	New York City	US	100.0



Varun Reddy

I never thought this city could ever be as good a place to live as Melbourne. But from the moment I arrived I changed my mind. I originally planned to stay a year, but I've already been here 20 months. Now I don't want to go anywhere else.

■ Zurich ■ Varun Reddy

There isn't a real standard, and the quality differs from one part of town to the next. And if you want to send your kids to any other kind of school, it gets very expensive."

The cost of living in Zurich may well be the flip side of the coin. The quality of medical care here, for example, is rated highly by all those surveyed, and the compulsory basic insurance gets good marks, although it is considered quite expensive. Doctors, moreover, are often overburdened and certain benefits are not included under the basic coverage, remarks Björn Wiese: "The public at large is only entitled to a smaller range of benefits than in Germany. For people with lower incomes, even a visit to the dentist can create problems."

And accommodation can also be expensive. For Marcel Schläfle and his wife, for example, the search for family-friendly housing two years ago was a very sobering experience. "We spent two years looking for a suitable apartment and finally got one through connections. And it's not a cheap one either. Housing for families is scarce." Only if money is no longer an object can you find really nice apartments in quiet locations. On the other hand, public transport is impressive, regardless of where you live. "The tram connections in Zurich are excellent. I like traveling during the day." Varun Reddy even says: "Here I've traveled more by public transport than in the rest of my life put together." And Gabriela Hoffmann laughs mischievously: "Like a real Swiss, I've now got a tram schedule on my closet door."

Small but Cosmopolitan

All in all, the Mercer study reflects the experience of the people we talked to quite well. Life in Zurich is a bit easier than elsewhere: clean air, access to hospitals, a reliable supply of water and electricity. "Everywhere else I've lived, I always kept candles in the closet. Or there'd be water shortages. Here I can drink from any fountain, it's great," says Gabriela Hoffmann. Praise even goes to the quality, choice and availability of consumer goods, from furniture to bicycles. Ying Yang: "The vegetables, fruit, and even the meat you get in shops and restaurants is very fresh." And then there's the huge choice of restaurants. Here Gabriela Hoffmann thinks that Zurich even stands comparison with a city like New York. "You can find everything, from Indian to Lebanese to Turkish." For Joseph Guariglia it's clear: "This city definitely has a cosmopolitan flair to it. And when it comes to good food, it's the choice that counts, not the size. For me, Zurich's really like a little New York."

A little New York – now we're finally coming to the key words that come up so often when talking with expats: small and easy to manage. Everything's close at hand. The lake, the mountains, the ski resorts – and thanks to the airport, the entire world. "The fact that you have everything accessible in a relatively small area," says Marcel Schläfle, "means I save time and am motivated to do things spontaneously more often. This is an advantage, especially when you have a family. And I really like to experience new things."

For people who like new experiences, Zurich certainly seems to be the right place. At least, that's the impression gained from those we polled on the city and the quality of life here. And if what they say is true, Zurich won't have any problems heading Mercer's rankings again next year. Or, in Varun Reddy's cosmopolitan words: "Kein Problem – a piece of cake!" <



Monitoring Zurich as a Business Location

When it comes to attracting business, Zurich is in stiff competition with cities such as Munich, Frankfurt, Amsterdam, Paris, Milan and Barcelona. The "Stiftung Greater Zurich Area Standortmarketing" (Greater Zurich Area location marketing foundation) is dedicated to serving the public interest by enhancing the attractiveness of the greater Zurich area both Europe-wide and globally. It works to ensure that the greater Zurich area is recognized abroad, and supports companies that wish to set up business there. Identifying strengths and weaknesses is essential to the foundation's marketing endeavors. Accordingly, each year it monitors business development for Credit Suisse to help find out more about the area. At the same time, it offers suggestions as to where the area can be improved in terms of promoting business development.

The current publication for 2006 can be found at: www.greaterzuricharea.ch > Publications

Credit Suisse Group Interview With CEO Brady Dougan

“I Want to Take Our Business to the Next Level”

Interview: Marcus Balogh

Credit Suisse must become the world's premier bank, renowned for its expertise in Investment Banking, Private Banking and Asset Management, says Brady Dougan, Credit Suisse's new Chief Executive Officer. He elaborates on how to leverage global ambitions, the power of traditional values and the agility to seize opportunities to achieve this goal.

Bulletin: On May 5, 2007, you assumed responsibility as CEO of Credit Suisse. What are your thoughts on our current strategy – do you plan to make changes?

Brady Dougan: We are absolutely on the right track. Credit Suisse is one of the few truly integrated global banks. It has proven very attractive to clients and we have barely begun to tap the potential of the platform. We will continue to leverage our strong position in our existing markets and target new high-growth regions throughout the world. We have the right strategy. Our next step is to look at a way to refine and sharpen our focus, to look at new approaches to doing business within our existing strategy, and to take the bank to a higher level of performance and leadership within the industry.

Will our clients feel a difference?

Yes. Deeper client focus will result in more comprehensive, innovative approaches to meeting the requirements of both institutional and private clients. This is an opportunity to differentiate ourselves from competitors with the combination of investment and private banking and asset management expertise that our integrated platform enables us to draw upon on their behalf and of course, with our global reach.

What challenges are you working on right now?

On the one hand we have a very global business, but we also have a long history and tradition in Switzerland. Some of our best businesses are here. A priority of mine is to invest the time necessary to understand and play a personal role in our businesses in Switzerland. It's a privilege to represent these businesses as they develop and I look forward to being more involved.

So you don't think that we are doing business in a saturated market in Switzerland?

Switzerland will continue to play a critical role in Credit Suisse's growth plans. Our objective is to strengthen all our businesses here – private client, corporate and investment banking and private banking. In fact, we intend to improve our competitive position by growing faster than the market. Without question, we will continue to play a leading role here in Switzerland.

Is this why you are learning German?

I delivered my speech at our Annual General Meeting in German – however, I think that my skills are still rather limited. Over time, I certainly intend to improve.

In the same way as you learned Japanese when you worked in Japan?

I've spent half my career outside the US. The more involved you can get in a country's culture – and that definitely includes the language – the better you can understand and become a part of it. Learning Japanese was key to my becoming more engaged in the society and it certainly broadened my perspective. Learning German will help me to achieve something similar in Zurich.

How have these years abroad shaped your management style?

I would like to think that I have developed an analytical and thoughtful style. I also believe in balancing thoughtfulness with the ability to take decisive action. Above all, I think that my style is defined by believing in the importance of people. Our success is entirely driven by our people. They have made us a pioneer in many business areas. Our tradition to innovate is grounded in the talents of our people, continuing that tradition comes down to our people as well. They need to understand and support our strategy. We need to galvanize them behind a clear and compelling vision. That's what my management style is about.

In which business areas is Credit Suisse a pioneer?

Historically, Credit Suisse has been one of the leading innovators in the financial industry. Examples include mortgage-backed securities, the mergers and acquisitions business or more recently, alternative investments that suit the needs of private



CEO Brady Dougan's career at Credit Suisse spans 17 years. During this period, he held a significant number of leading roles in many ground-breaking projects.

Biography

Before assuming his current responsibilities, Brady Dougan served as CEO of Credit Suisse Investment Bank and its predecessor firm, Credit Suisse First Boston. He also served as CEO of Credit Suisse Americas, with oversight of Investment Banking, Private Banking and Asset Management in the region. Dougan joined Credit Suisse First Boston in 1990. He was named head of the Equities division in 1996, and global head of Securities in 2001. From 2002 to 2004, he served as co-president of Institutional Services until his appointment to the role of CEO of the Investment Bank in 2004.

clients. That's just a small sample of business and product areas in which we have led innovation.

Where are we leading today?

We have a number of businesses where we are pushing the envelope – for example many areas in our asset management business, particularly in alternative investments. Another example is life insurance arbitrage trust products where we trade mortality and longevity risk and help structure products for our clients using those capabilities. We are also a pioneer in emerging markets globally. Vietnam, one of the most rapidly emerging economies, is an example. We entered that market very early on and today are the leading financial institution there.

We are also well positioned in the US, Europe, the Middle East, Africa and Asia. Where do we stand in Latin America?

Latin America is a very important market for us. We have a strong, long-standing presence in Brazil and Mexico, which have similar characteristics to larger markets developing in Asia, Eastern Europe or the Middle East. These countries have benefited from globalization and have seen an increasing demand for commodities, consumer products and capital goods. This fuels economic growth and creates wealth. Globalization also boosts capital flows and facilitates investments in those markets.

How have these trends benefited Credit Suisse?

The result is growing demand for our products and services. Our early investment in Brazil and Mexico helped establish leadership in many of our businesses, including Investment Banking. In Mexico, we priced the first global IPO of a microfinance institution, Banco Compartamos. We are also growing our Private Banking and Asset Management franchises in these markets. Several months ago, we acquired a majority interest in Brazil's Hedging-Griffo, an independent asset management and private banking company. That acquisition leverages our Investment Banking franchise in Brazil and enhances our asset management resources and presence. <

Gibraltar



Credit Suisse Gibraltar Celebrates 20 Years

Credit Suisse (Gibraltar) Limited celebrated its 20th anniversary in May and held a gala reception in the Open Air Theater in the Alameda Gardens in Gibraltar to commemorate the occasion. The event was hosted by Thomas Westh Olsen, CEO of Credit Suisse (Gibraltar), who stressed that Gibraltar's growth and success would not have been possible without the support of local partners, the regulators and government of Gibraltar.

Credit Suisse Group's Honorary Chairman, Rainer E. Gut, who was one of the founders of Credit Suisse (Gibraltar), and Chief Minister of Gibraltar, Peter Caruana, also addressed the 120 guests at the reception. "Credit Suisse has built a successful private banking operation in Gibraltar over the past 20 years and is now a leading financial services provider here," said Peter Caruana at the event. "This achievement was confirmed by Euromoney's 'Best Private Bank in Gibraltar' award. I am delighted that Credit Suisse has confirmed that it will remain strongly committed to this market and will continue to strengthen its presence."

Gibraltar provides services across many regions and continents, underlining Credit Suisse's goal to offer multibanking platforms to its clients around the globe. mb

Global



Supporting Climate Change Initiatives

Sustainable Forestry Management Limited (SFM) and Credit Suisse have formed a new finance facility, Sustainable Carbon Finance, which will provide up to 200 million dollars in carbon-backed financing for future projects.

"This agreement demonstrates Credit Suisse's strategic commitment to support private sector investments in climate change initiatives," says Paul Ezekiel, head of Credit Suisse's carbon trading business. The projects will provide purchasers with carbon credits and offsets in the carbon market. They are designed to significantly benefit climate stabilization, reduced deforestation, reforestation, biodiversity protection, and to provide watershed enhancement and new opportunities for the sustainable development of rural communities throughout the developing world.

"If mankind is serious about dealing with global warming in the next few decades, it must utilize all available resources. Carbon forestry is a critical part of the solution," says Eric Bettelheim, executive chairman of SFM, which is building a global portfolio of forest-based enterprises with the help of commercial, financial, not-for-profit and multilateral partners including leading participants in forestry, bioprospecting and ecotourism. mb

Eastern Europe



Expansion in Russia and the Ukraine

Credit Suisse has expanded its private banking services to provide international securities brokerage for private individuals in Russia. It has also opened a new representative office in Kiev, Ukraine.

Credit Suisse is one of the first international banks to offer onshore private banking services in the Russian market and has been expanding its reach in the region since the mid-1970s. It has representative offices in Moscow and St. Petersburg and in September 2006 launched its onshore private banking operations in Moscow.

"We are very pleased to launch our international securities brokerage business," says Market Group Head of Private Banking Russia, Eastern Europe and Central Asia, Michael Vlahovic, "this will substantially strengthen our ability to serve Russian clients in terms of international research, market access, sales and execution."

The opening of the representative office in Kiev is also another step forward in the implementation of Credit Suisse's strategy to enhance its footprint in global growth markets. The office will act as a point of contact for clients active internationally, while also providing information about wealth management services and products available in Switzerland. mb

Emerging Markets Microfinance Deal



First Global IPO of a Microfinance Institution

Credit Suisse successfully priced the first-ever global IPO of a microfinance institution: the 467 million dollar offering for Mexico's Banco Compartamos. For Credit Suisse, the landmark transaction represented a breakthrough for sustainable economic development in the emerging markets and underlines its commitment to microfinance.

Compartamos has over 600,000 clients and operates in 29 of Mexico's 32 states, the poorest regions of the country. The bank provides small working capital loans and other financial services to subsistence entrepreneurs. The short-term, easily renewable loans support a broad segment of the population working in handicraft and garment trades, agriculture, food services and other craft-related businesses. Women account for 98 percent of the bank's clients. In addition to short-term loans, Compartamos provides insurance, business and technical assistance, and educational resources. It reported net income of 58 million dollars in 2006 with a compound annual growth rate of 67 percent over the last six years. Its average return on equity (ROE) since 2002 is 53 percent, which is well above the average ROE of Latin American banks. "The success of Compartamos shows that we are on the threshold of establishing a new and very promising asset class," explained Arthur Vayloyan, head of Investment Services and Products in Private Banking at Credit Suisse. "Estimates show about 2 trillion dollars in socially responsible investments globally. Of that, a significant portion goes to microfinance. It is a really remarkable financial sector that investors are only just beginning to discover." mb

Photo: Compartamos

Alternative Assets Hedge Funds

Global Hedge Fund Advisory Service Expanded

Alternative assets are gaining interest in the investor world. To meet the growing demand, Credit Suisse has expanded its Hedge Fund Advisory service to make it available to private banking clients around the world. Previously, the Hedge Fund Advisory service, launched by Credit Suisse in the UK in 2005, served only ultra-high-net-worth private banking clients and family offices.

"The client base and attitude toward hedge funds is changing, and client demand for access and advice relating to hedge funds is expanding rapidly," explained Steve Smith, head of Funds and Alternative Solutions. "Both institutions and private clients are looking for advisory services and customized solutions, and Credit Suisse is now able to offer this service to high-net-worth clients globally."

The Hedge Fund Advisory service, a joint initiative between Credit Suisse's Private Banking and Asset Management businesses, will provide clients with access to some of the world's leading hedge funds and strategies. It will also feature comprehensive due diligence and bespoke fund and strategy advice that takes into consideration the individual risk/return requirements and preferences of each client. Credit Suisse Asset Management, with its significant resources and expertise in hedge funds, will develop and deliver the Hedge Fund Advisory services to clients of the Private Bank. mb

Corporate Clients Forum

Corporate Clients Credit Suisse, NOVO Business Consultants Hold Medtech Event

Making the Most of Your Mistakes

Credit Suisse has been consistently successful in securing the services of respected professionals for its Corporate Clients Forum. During the month of February, Jean-Daniel Gerber, director of the State Secretariat for Economic Affairs (seco), and National Councilor Johann Schneider-Ammann, chairman of Swissmem, were welcomed in Horgen by Josef Meier, head of Corporate Clients, and Urs P. Gauch, head of Corporate Clients – Large Corporates. Provided the political will to reform does not weaken, they see a positive future for Switzerland as a business location.

At the end of March, John Naisbitt, the well-known American author of the best-seller "Megatrends," presented his new book "Mind Sets!" in Geneva and at the same time responded to critical questions from Urs P. Gauch (pictured right) and the audience. Among other things, Naisbitt called for the privatization of central banks and made a case for gross domestic product to be replaced by the more meaningful gross domain product in the future. For him, the most important mindset and thus a simple recipe for success for entrepreneurs is the following: "Use the power that lies in not needing to be right." Bulletin Special "Succession" contains an extensive interview with John Naisbitt. schi



Swiss Medical Technology Success and Risk Factors – the Future of the Business

Text: Dorothee Enskog

The Swiss medical technology sector, employing about 40,000 people, is booming with combined annual sales exceeding 7 billion Swiss francs and an annual research and development spending of about 750 million francs, Urs P. Gauch, head of Corporate Clients Switzerland – Large Corporates, said at a medtech conference organized by Credit Suisse and Novo Business Consultants in Moutier. Experts highlighted the success and risk factors the industry faces.

Medical device manufacturers have many opportunities in a world with a growing and aging population, increasing demand for their products. The global medical technology market is estimated at 400 billion Swiss francs for 2006 with growth set to remain strong, according to Credit Suisse estimates. In Switzerland, the research activities of its universities in areas such as biotechnology and nanotechnology have given the industry a fresh impetus. Small and medium-sized companies (SME) developing specialized applications and operating in niches have a bright future ahead. Switzerland counts about 500 medtech companies, most of which are SMEs.

The medtech sector's progress has indeed been tremendous over the past decades with hospital stays and partial disabilities being radically cut thanks to devices like hip prostheses, insulin pumps, heart valves and stents, Gilberto Bestetti, the chairman of NOVO Business Consultants, told the medtech conference's audience. In the past, a coronary bypass operation was a risky and expensive intervention followed by a long hospital stay. Today a

stent implantation is carried out with minimal invasive surgery, requiring a hospital stay of a day or two, he cited as example.

Innovation, Specialization Are Essential

Innovation and specialization are crucial to the medtech sector's future success. "The sector needs to be alert, follow the market and its customers, in order to identify their needs. We need to define the right innovative strategies," said Raymond Stauffer, the CEO of Moutier-based Tornos. The latest scientific findings need to be implemented by the industry. Innovation that cuts health care costs such as equipment allowing elderly people to remain independent for a longer time period or medical devices that cut hospital stays are particularly in demand. But to create innovation, the Swiss medtech sector needs qualified and experienced people of which there is a shortage, said Ary Saaman, the director of quality at Lausanne-based Debiotech. "University programs need to be strengthened. Graduates do not only need engineering skills, but managerial skills on top of these. Switzerland also needs more



Innovation and specialization are essential for the Swiss medtech sector's future success, according to Credit Suisse Head of Corporate Clients Switzerland – Large Corporates Urs P. Gauch (from left), Tornos CEO Raymond Stauffer and NOVO Business Consultants Chairman Gilberto Bestetti.

accredited laboratories and regulatory bodies with skilled staff," he added.

Consolidation Ahead

Some of the medtech industry's segments have been consolidating, largely due to the importance of market leadership and need for economies of scale. The heavy regulatory environment and marketing efforts medtech companies face have put many of the sector's SMEs under pressure, according to Credit Suisse research. "The sector's consolidation trend is likely to continue," NOVO Business Consultants' Bestetti said. "But given the large number of technologies and applications available, there will always be numerous start-ups in the sector." Start-up assistance is increas-

ingly institutionalized in Switzerland and coupled with a greater geographic concentration it provides a solid foundation for innovation and know-how transfer between universities and businesses.

Work in a Challenging Environment

The main risk the sector faces is product quality, Tornos CEO Stauffer said. Poor quality can lead to product recalls, a loss of market share, damage to the brand image as well as considerable litigation and claims costs. Other challenges facing the medtech sector are the various regulations in place, price pressure linked to increased competition, the cost of intellectual property rights and the short life cycle of medtech devices, Bestetti said.

Innovation, which is driving the sector, can also be a risk factor as it can lead to over-innovation. "The business dynamics can go out of control. In 2005 there were over 100 hip prostheses on the market. But which are really good and which are just gadgets?" he asked. This is exactly the type of problem at the heart of the considerations politicians need to tackle, said Markus Dür, the president of the Swiss Conference of Cantonal Ministers of Public Health. "Health costs are rising at a greater speed than inflation and one must be aware that not every additional treatment available warrants additional costs. All feasible (medical) solutions cannot be financed," he said. Politicians must make balanced choices, with the resources available to them.

Discussing Allocation of Means

"The allocation of available means needs to be discussed to a greater extent," Dür underlined. "Should we put money in schools, as a better educated population is healthier and costs less in the longer term, or should it be spent on health care costs today," he asked. One should not forget that not only medical care influences public health. "A raised education and social budget can be more beneficial than an increased medical budget, as studies have proved that low wages, poor education and a low social status reduce life expectancy and lead to poor health," Dür added. "The Swiss health insurance will of course finance a medical device when it clearly helps. But very often the situation isn't so clear and that is why politicians depend on the guidelines of medical committees," he said. The population's mentality also needs to be changed. "Today, death is nearly seen as a medical failure. People think everything should be done (to save them), leading to an exponential rise of health care costs correlated with age," Dür said. "We need to ask ourselves if the money should be spent on increasing life quality, or just to delay death. What's clear is that everyone must be treated for life-threatening conditions." <

Useful to Know Financial Market Jargon



Mixed Funds

A Mixed Fund Consists of Different Types of Securities

In contrast to clearly defined funds that invest in a specific form of security such as equities (equity funds) or bonds (bond funds), or are linked to a specific sector or region, a mixed fund can invest in every possible type of security and isn't necessarily tied to a sector or a region. In this way, the fund manager can adapt the investments to the prevailing market situation and improve the fund's risk profile by trading equities, fixed-income securities, options or other derivatives at the moment that is most favorable. For example, if equity prices are high, the fund manager can shift the emphasis to other kinds of securities during this time and revert to equities only when their sale price becomes more attractive. In order to prevent a mixed fund from suddenly becoming a pure equity fund, there is no fixed ratio for the different types of security held. Mixed funds are suitable for investors who consider a pure equity fund to be too risky or a pure bond fund insufficiently profitable. *jb*

Bench- marking

Method for Improving One's Own Performance, Products or Processes by Comparing Them With Others

Who is the leader in this market? And how does your own performance measure up by comparison? Benchmarking is a method that allows a comparison of one's own performance with that of other providers. Gathering the relevant data makes it possible to determine one's own position in the market and set a new goal. Benchmarking indicates the strengths and weaknesses of the performance in question and helps to establish strategies for its improvement. The benchmark is the measure that is taken as a guideline. Benchmarking can be carried out both internally within one's own company, and externally in comparison with other companies. To achieve this, companies often work together as partners. The major difficulty is to determine those performance characteristics that are genuinely open to comparison. The term "benchmark" comes from the field of land surveying and dates back to the year 1842. It designated a notch carved in a rock, from which heights and water levels could be measured. In this notch a stable platform for the surveying equipment was mounted – the bench. The term was soon being used figuratively and from as early as 1884 it described any form of reference point for a measurement. *jb*

Intrinsic Value

Key Figure for Evaluating a Security or a Company

Would you believe it! The idea of "intrinsic value" originally comes from the world of finance and designates the value of a security, calculated on the basis of objective analyses and thus representing the result of more than just a superficial observation. The intrinsic value of a company or its shares (equities) is systematically calculated on the basis of different methods. Business data and economic environment are the critical factors here. The greater the number of analytical methods that are combined, the more reliable is the valuation.

With options, the intrinsic value is derived from a mathematical formula. To put it simply, this involves calculating the difference between the current price of the underlying and the exercise price and then multiplying by the option ratio. The option ratio is determined from the number of units of the underlying, for example equities, that the option holder can buy or sell. This gives the following formula: $\text{intrinsic value} = (\text{equity price} - \text{exercise price}) \times \text{option ratio}$. If the difference is negative, the intrinsic value of a security is zero. As the market value depends on such considerations as supply and demand, whereas the intrinsic value is based on analyses, the two values can differ. If the market value is below the intrinsic value, we talk of undervaluation. If it is above, we talk of overvaluation. *jb*

Credit Suisse Commitment 2/07

Zurich Film Festival

Silvretta Classic Rallye Montafon

Football

June 30/July 1, Basel

Credit Suisse Minichamps
Bachgraben

July 7–8, Zurich

Credit Suisse Minichamps
Allmend Brunau

August 22, Geneva

Switzerland vs. Holland

September 7, Vienna

Switzerland vs. Chile

September 11, Klagenfurt

Switzerland vs. Japan

Golf

July 20, Basel

Play Football Switzerland
Charity golf

July 26, Otelfingen

Play Football Switzerland
Charity golf
Golfclub Lägern

August 10–12, Bad Ragaz

11th PGA Seniors Open

September 6–9, Crans-sur-Sierre

Omega European Masters

September 17–18, Crans-sur-Sierre

Play Football Switzerland
Charity golf, finals tournament

Formula One

July 1, Magny-Cours

French GP

July 8, Silverstone

British GP

July 22, Nürburgring

German GP

August 5, Budapest

Hungarian GP

August 26, Istanbul

Turkish GPZurich Film Festival
Gains Recognition

The Zurich Film Festival, which will take place from September 27 to October 7, 2007, is billing itself as the event “for those who’ve seen everything.” Although it would be too early to speak of a tradition in the sense of Locarno or Solothurn, Zurich has already become a fixture in the Swiss film festival calendar.

The “Golden Eye” trophy for best debut film, awarded previously to Andrei Kravchuk from Russia and Marwan Hamed from Egypt, has already established itself as a coveted honor, particularly since it is now awarded for various categories. The founders of the festival, Antoine Monot Jr., Karl Spoerri and Nadja Schildknecht, are continuing to pursue their ambitious goals: “In five years, the Zurich Film Festival should be the most important festival for young filmmakers in Europe.” They will be supported in this endeavor by Credit Suisse, which has been official main sponsor for three years. schi

For more information visit:
www.zurichfilmfestival.ch

Jubilee Rally Revs Up
in July

Credit Suisse has decided to sponsor the classic car event Silvretta Classic Rallye Montafon. Over the 10 years of its existence the Silvretta Classic has become one of the most prestigious classic car events in Europe. For 2007, the organizers have decided on a 600-kilometer-long route offering a vast diversity of legs. The rallye starts on July 5 with a tour around the Silvretta Massif leading through the charming mountain scenery of the Unterengadin to Davos. After crossing Liechtenstein, the participants will drive their cars back to Montafon, first scaling the Silvretta Alps at 2,032 m and then the Fluelapass (2,383 m).

As every year, the four-day event will feature a breathtaking number of extraordinary classic cars. Eligible for entry were historically significant classic cars older than 25 years and a series of outstanding “youngtimers” built before 1989. ba

Salzburg Festival Portrait of the Festival's President

Helga Rabl-Stadler: Succession Issues Present Throughout My Life

Story recorded by **Andreas Schiendorfer**



Helga Rabl-Stadler gave up her career as a journalist to support her mother in the fashion trade 40 years ago. Succession issues still play a role in her life as a business woman and a politician.

People in Salzburg say, "I'm getting out at Resmann" when they take the bus to the town hall, which stands beside our premises. Our business has become a landmark and clients come to us because they find all the major fashion labels under one roof. It was never my intention to join the family business. Journalism was my dream profession and I made my mark in Vienna working for *Die Presse* and the *Wochenpresse*, and I was the first woman to have a political column of my own in the *Kurier*.

I got married, had my first son and continued with my writing career. My path in life was clearly marked out for me, and I was happy with my situation. Until my mother called me from Salzburg in 1978 and explained that the business was beginning to get too much for her and that she urgently needed support. I had never been especially interested in fashion but there I was, pregnant with my second son and faced with a very difficult decision. I considered everything very thoroughly and did what I had to do, not what I wanted to do.

In 1985 I became vice president of the Salzburg Chamber of Commerce, and in my 40th year became the first woman ever to chair a meeting of the Chamber of Commerce. I became vice president because I was a woman; but I became president

despite being a woman. As a result of my political office I was now also a member of the curatorium of the Salzburg Festival. In 1995, I was made president of the festival and this for me was an absolute dream job. I believe that as the festival's "foreign minister" I have demonstrated political neutrality. Moreover, I have been able to put the Salzburg Festival on a much broader footing among Austrians and strengthened its international reputation in a period when festivals have become so commonplace.

I sometimes ask myself how I've been able to deal with so many different priorities at once – my family, the fashion business, politics, the Chamber of Commerce and the Salzburg Festival. I had to make some sacrifices. For example, I gave up our shop in Linz and resigned all my directorships when I became president of the Salzburg Festival. And the differing locations and careers certainly contributed to the breakdown of my marriage. And there were other setbacks to be overcome, but I'm lucky that by nature I'm not easily frustrated. At the same time I have to emphasize that my activities were a blessing in terms of keeping the peace in the family. Although my mother was very generous, she was unwilling for a long time to let go and allow me to run the business. In fact it only happened when she

Helga Rabl-Stadler is known outside Austria as the president of the Salzburg Festival. But she is also the third generation to manage the family business, Resmann Couture, founded in 1923 as Resmann Furs and Hats. As well as working in the family business, she has enjoyed success as a member of Austria's National Council and in the Salzburg Chamber of Commerce. The transfer of the business to the fourth generation is imminent.

was 70 and I was 50. This transitional phase therefore lasted for a very long time, and if I hadn't had my other life in politics it might well have resulted in a crisis ... I have planned to hand over operational responsibility for the business to my son Sebastian, who is currently gaining some management experience in his own small fashion business, when I reach the age of 60 – in other words, in two years' time. I deliberately want to avoid the trap of feeling more and more indispensable as I get older.

Finally, on the issue of succession I'd like to quote Prince Schwarzenberg; this is a principle that I've always stuck to in my public life: "I give no advice to my successor. Advice only gives pleasure to the person giving it." <

www.resmann.at; www.salzburgfestival.at

Salzburg The Home of Culture

The Nocturnal Side of Reason

Text: Andreas Schiendorfer

Jürgen Flimm succeeds Peter Ruzicke at the Salzburg Festival. And what can we expect from July 27 to August 31 following last year's focus on Mozart? The new artistic directors recently presented the promising new program to the Friends of the Salzburg Festival in Zurich.

The Nocturnal Side of Reason: This is the title that Jürgen Flimm, the new director of the Salzburg Festival, Markus Hinterhäuser, in charge of concerts, and Thomas Oberender, in charge of drama, have given the 2007 Summer Program.

Jürgen Flimm is well known in Switzerland. During the last season he produced three operas in Zurich at the same time: "Fidelio," "Il Trionfo del Tempo e del Disinganno" and "La Traviata." Flimm has also been a regular guest director in Salzburg for 20 years. He began in 1987 with Raimund's "Der Bauer als Millionär," and from 2002 to 2004 he was theater director.

Premiere for "Benvenuto Cellini"

Credit Suisse, which has been one of the main sponsors of the Salzburg Festival since 2006, is this summer offering particular support to the production of Hector Berlioz's opera "Benvenuto Cellini," which has never been performed in Salzburg. The nocturnal side of reason also comes to the fore here. In Jürgen Flimm's words: "Let whatever must happen in the opera happen: murder and manslaughter, theater, revolt and violence – and at the end even: art! In other words, everything that the stage has to offer!" And finally the deus ex machi-

na et cathedra brings its blessing of gentleness and peace to the confused spirits of the night ...

This "enormous work" will be performed from August 10, with the duo Valery Gergiev as conductor and Philipp Stölzl as producer and stage designer – Stölzl made his name with music videos – who will ensure without doubt that the nocturnal side is illuminated and experienced in the full spectrum of color.

Farewell to Marie Zimmermann

Sometimes you begin writing an article just a little too late. The nocturnal side of reason is suddenly no longer merely Flimm's reply to the many operas that end in appeals to reason. The nocturnal or dark side is also the death a couple of weeks ago of Marie Zimmermann, the great mover and shaker in theater and the designated successor to Jürgen Flimm as director of the RuhrTriennale. A moment of sad reflection.

However, this is one of the strengths of music – to master difficult situations and to build bridges that lead us back into life. <

www.salzburgfestival.at; a portrait of the president of the Festival, Helga Rabi-Stadler, can be found in the Bulletin Special "Succession."

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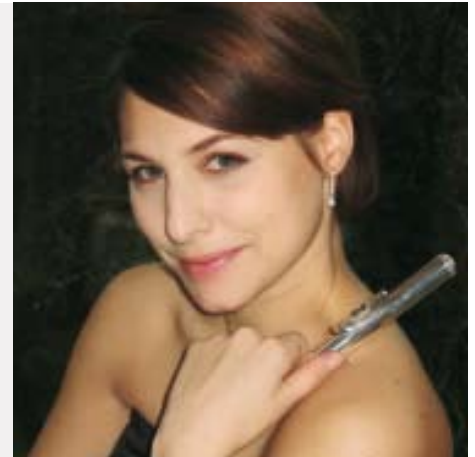
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Lucerne Festival Aniela Frey Receives the Prix Credit Suisse Jeunes Solistes

“Music Is the Most Beautiful Means of Communication”

Text: Andreas Schiendorfer



Aniela Frey is sure to appeal to the audience in Lucerne, Davos and Madrid.

From August 10 to September 16, the Lucerne Festival will offer a great many musical highlights. Anyone with a ticket for Aniela Frey's (already sold-out) concert "Debut" on August 21 is in for a revelation.

We're back in mid-December 2006, sitting in a loud and crowded restaurant in the Zurich main station. The express train to Geneva is set to leave in an hour's time. That's where Aniela Frey attends the soloist class of Jacques Zoon at the Geneva Conservatory of Music.

Just a few days earlier, the 26-year-old artist took first place in the audition for the Prix Credit Suisse Jeunes Solistes. It wasn't something she had taken for granted. As a flautist she was competing with much more popular instruments like the violin or piano. This naturally gave the successful graduate of the Zurich Opera House Orchestra Academy an even greater sense of satisfaction.

I asked her if she now saw herself at the start of a great solo career. "Unfortunately, it isn't quite that easy. Soloist concert appearances are unique experiences, which is why they are highly sought-after and the competition is tough," explained Aniela Frey in a portrait published in the online magazine In Focus. "However, you also have to consider the different aspects of a solo career: Soloists may feel at home on stages all over the world, but in the end they are constantly on the road and are often alone. I personally believe that my strength lies in combining solo concerts with being a team player."

Solo Flute in a Big Orchestra

She loves to serve as part of an orchestra and realize musical visions with the help of the conductor – while at the same time confidently contributing her own opinion. "Discussions about music, the coming together of different approaches to interpretation – these are associated with my most vivid memories. Music is by far the most beautiful means of communication, not just with the audience but also between musicians."

And that's her professional goal: to be the soloist in a large orchestra. She refuses to compromise on the quality of the orchestra she will join, because mediocrity will not get her anywhere. From a geographical point of view, however, she is open – if the opportunity she is looking for came up in Scandinavia, she would take it without hesitation. "Perhaps one day I will play in France or Spain. Then I could go diving in my spare time, which would be pretty good."

Two months later, that statement turned out to be a coded job application. At the start of 2007 there were three vacancies in the world that matched Aniela Frey's hopes. One of them was at the Teatro Real in Madrid – and she got it. Shortly afterward she won a competition in Chamonix, and later completed her soloist training in Geneva. Aniela Frey is reaping what she has sown in many hours of practice over the years.

This string of successes has the "draw-back" that Frey's performances at the Davos Festival and Lucerne Festival will no longer be considered an insider tip. The talents of the former solo flautist of the Gustav Mahler Jugendorchester have now gained recognition outside Switzerland. Could this be her farewell performance? "It's customary to have solo appearances in addition to playing in an orchestra. A lot of famous flautists, for example James Galway and Emmanuel Pahud, started out in an orchestra or play in an orchestra alongside their solo performances.

My ambitions as a soloist have by no means been shelved. On the contrary! In Madrid we do one opera a month, with 15 performances. With careful scheduling, I will have plenty of time for solo work and chamber music. And I'll always be able to find time to do such concerts in Switzerland. The concerts in Davos and the Lucerne Festival will be the absolute highlight of my career so far, and I'll make the most of the opportunity!" <

Tuesday, August 21, 2007, 12:15, Casineum Lucerne. Recital by the winner of the Prix Credit Suisse Jeunes Solistes (sold out). Aniela Frey, flute, accompanied by François Killian, piano. Works by Debussy, Bach, Taffanel, Takemitsu, Schubert, Martin. www.lucernefestival.ch

Formula One Back to the Big Cities

Urban Driving at Its Most Extreme

Text: Elmar Brümmer

Valencia, Singapore, Abu Dhabi: Formula One is heading back to the big cities where the circuits are narrow and more challenging. It all makes sense, because that's where the best money is to be made. The only question is the risk involved.

The vast traffic jams around the Nürburg-ring, Silverstone and Magny-Cours have long been a thorn in the side for Grand Prix supremo Bernie Ecclestone. Poor infrastructure in the surrounding area means they have neither the glamor, the good transport links nor the right number of hotel rooms. To advance his cause, Ecclestone will in future be taking to the streets – literally. It's also the fastest way of getting budding, financially willing candidate venues from around the world onto the Formula One calendar. It's already set to happen next year with Valencia and Singapore, then in 2009 with Abu Dhabi, and possibly Yuanyang in South Korea. For Delhi and Moscow – which have long been prime candidates for inclusion in the race calendar – this could be a way of making their dreams come true.

Monte Carlo – Formula One's big, glitzy one-off – would undoubtedly lose out, but it's a trend that can no longer be stopped: The race is to be brought to the people – not the other way round. But the Monaco Grand Prix also sounds a warning note. For years, the drivers' association has been pointing out the high risks for drivers and spectators in the event of an accident. The principality's harbor circuit has been tolerated by the

FIA – Formula One's governing body – simply on account of its special position, and has in recent years been the subject of big layout changes. The tacit agreement is that as long as nothing happens, the race can go on. In light of the general migration from country to city, it's expected that the Grand Prix Drivers' Association will put forward its view of things in the near future.

If the money's right, the exception can also become the rule. Now it's up to Hermann Tilke – regarded as an ideal circuit designer, particularly in safety matters – to compare his chosen tracks to what's on the city planners' drawing board. He has already identified a crucial drawback in relation to the flexibility afforded by the open country: "You can't tear down buildings. You've got to go round them. The way that's done can vary in practice – depending on the mood and finances of the organizer."

Exotic Backdrop Set to Be Lucrative

The key props used in arguing for individual cases come not from architect Tilke but from the person in charge of the respective city's coffers. By lining up the downtown circuits one after another, Ecclestone will rapidly expand the season to 20 races, and for him it's also a way of addressing the

disadvantage of time differences for the core European TV market. The not entirely uncontroversial Valencia Grand Prix in Spain around the America's Cup harbor represents an ideal, profit-maximizing fit: As the European Grand Prix, it could ensure record end-of-season quotas.

For Valencia, the cost of the showcase race is put at "only" 43 million Swiss francs. Investment in Singapore will be twice that amount. But the Asian financial center is ensuring the prestige is paid for – by a hotel tycoon and the visitors it will attract. During the Grand Prix week, the city's hotels – whether adorned with zero stars or five – will be levying a 30 percent supplementary tax. The higher the check, the more lucrative for the city-state: Over the next five years, 80 million Swiss francs in additional tourism receipts would flow into Singapore. <



Monaco Grand Prix: a high-risk race for drivers and spectators alike

Asia Rising Awareness



Fighting Hunger With Walk the World

On May 13 Credit Suisse employees lived up to the ancient proverb, "He who would move the world must first move himself." They participated in the fifth international Walk the World event, an international event for the fight against hunger organized by the global logistics company TNT and the United Nations World Food Programme (WFP). The aim of the initiative is to raise awareness and halve the number of children dying from hunger by 2015. The worldwide event started in New Zealand and continued in more than 100 countries. Hundreds of thousands join, and this year about 200 Credit Suisse employees walked in Hong Kong and Singapore. For Liping Zhang, chairman of Credit Suisse China Investment Banking, it was a moving event: "It was powerful to see the crowd showing support for one cause. I am proud of our employees who took time from their weekend to help raise awareness and fight hunger." According to the WFP, it only takes 15 cents a day to feed a child in school. Credit Suisse employees raised 17,500 dollars to support the efforts of WFP and their Food for Education initiative, which focuses on the connection between hunger and learning. Credit Suisse already supports a Food for Education program in Sri Lanka that is providing 61 schools with a kitchen and food storage facility, as well as daily school meals for more than 19,000 students through 2008. Credit Suisse with its contribution of 1.5 million dollars is the second largest corporate donor to WFP in Asia. *jb*

Asia



Credit Suisse Gives the Gift of Reading

Credit Suisse donated 249,000 dollars to Room to Read, in support of the international charity's literacy programs for underprivileged children in India. The donation has built 85 libraries and three computer laboratories in Delhi and Madhya Pradesh and published children's books in the local language. It is expected that over 26,000 primary and secondary schoolaged children will benefit from this gift in the next few years.

"At Credit Suisse, we believe in giving back to the communities in which we live and do business," says Paul Calello, CEO of Credit Suisse Investment Bank. "In this region, we have been focused on supporting long-term educational opportunities for disadvantaged children, an area in which Room to Read has had much success."

The charity partners with local communities in developing countries to establish schools, libraries and other educational infrastructure. In 2003, Room to Read India was established to provide a learning environment that encourages a love of reading in an area where illiteracy rates are high and few educational resources exist. *mb*

For more information about Room to Read visit www.roomtoread.org.

Commitment in New York Sponsorship of a Symphony Orchestra

Credit Suisse New Global Sponsor of the New York Philharmonic

Text: Dorothee Enskog

Credit Suisse reinforces its international cultural presence. On June 4, Credit Suisse announced that it will step in as the first exclusive global sponsor of the New York Philharmonic for a three-year period. The engagement starts in September, when the orchestra's 165th season kicks off with an opening night gala featuring the cellist Yo-Yo Ma performing Dvořák's Cello Concerto. "The New York Philharmonic is recognized as one of the world's premier orchestras and embodies certain values also shared by Credit Suisse – those of tradition, innovation and excellence," said Brady Dougan, chief executive officer of Credit Suisse.

The New York Philharmonic, one of the world's oldest symphony orchestras, was founded in 1842 by a group of local musicians led by Ureli Corelli Hill. The orchestra today employs 106 musicians, who play around 200 concerts a year under Music Director Lorin Mazaeeel. The Avery Fisher Hall, with a seating capacity of 2,378, is the home of the Philharmonic, and located at the northern end of the Lincoln Center Plaza in New York City.

One of the Philharmonic's hallmarks is its commitment to contemporary programming and commissioning. Historic world premieres include Tchaikovsky's Piano Concerto No. 2 in 1881, Dvořák's Symphony No. 9 (better known as "From the New World") in 1893 and Rachmaninoff's Piano Concerto No. 3 in 1909. During the ongoing 2006/07 season, the orchestra gave first performances of two commissions: the piano concerto of the Finnish composer and conductor Esa-Pekka Salonen and the trombone concerto of the American composer Melinda Wagner.

The New York Philharmonic in 2004 set a Guinness World Record when it performed its 14,000th concert, an achievement unmatched by any other symphony orchestra. The Philharmonic has recorded nearly 2,000 albums since 1917, with more than 500 recordings currently available. The orchestra also produces concerts downloadable from iTunes on the Internet for 9.99 dollars per album (see: www.nyphil.org/buy/estore/itunes.cfm).

As Credit Suisse will sponsor the international tours of the New York Philharmonic, clients outside the US will be able to listen to the orchestra when it tours in China and Europe during the course of 2008. "We look forward to sharing with our clients the experience of the New York Philharmonic in the United States and in many other cities around the world," Credit Suisse CEO Brady Dougan said. Other Credit Suisse engagements in the field of culture include the Salzburg Festival, the Taipei Fine Arts Museum, the Shanghai Museum and Moscow's Bolshoi Theater. <



New York Philharmonic Music Director Lorin Maazel conducts his orchestra.

Highlights from the 2007/08 season:

September 18 – Opening gala featuring cellist Yo-Yo Ma, performing Dvořák.

September/October – Concert series exclusively performing Tchaikovsky.

October/November – Concert series with Beethoven in focus.

April – World premiere of Tan Dun's Piano Concerto, pianist Martha Argerich plays Beethoven.

To order tickets please visit the orchestra's Web site: www.nyphil.org.



Investing in Luxury Stocks Is No Luxury

Luxury goods are **in vogue** like never before. In fact, 2006 was a record year for many manufacturers of luxury items. The share prices of these companies have also benefited, with luxury stocks having easily outperformed the Morgan Stanley Global Equity Index over the last five years. Many indicators suggest that this trend is set to continue.

Text: Dr Scilla Huang Sun, manager of the Clariden Leu Luxury Goods Equity Fund

What are the actual drivers of demand for labels such as Cartier, Hermès and Bulgari? These brand names stand for exclusivity and wealth. They are richly coveted, yet attainable for an increasing number of people. Asian people in particular have a fondness for luxury brands that were once the sole preserve of the aristocracy. Add in the Russians and the affluent segments of other emerging nations, and you have the source of more than half the global sales in luxury goods today. And this trend is rising.

An important part in the purchase of luxury goods is played by tourists. There are already more Russian and Chinese tourists today than there are Japanese. And their importance is evident in the major cities of Europe: The Chinese and the Russians are also more than willing to spend money on luxury products. On the basis of China's size and its powerful economic growth, the World Travel Organization estimates that there will be at least 100 million Chinese tourists taking international vacations each year by 2020. If one includes Hong Kong, then the Chinese already account for more than 10 percent of the luxury goods market. Last year almost a fifth of all Swiss watch exports went to China and Hong Kong, even out-

stripping exports to the US or Japan. China is the single most important market for the Swatch Group's Omega brand, for example.

The Rich Are Getting Richer Still

The luxury goods industry continues to benefit from the fact that the rich continue to get richer. As a result, more and more money is spent on luxury goods. This phenomenon manifests itself strongly in the USA, where the top 20 percent of earners account for 60 percent of total US income. Where assets are concerned the picture is even more extreme, with the wealthiest 1 percent owning 40 percent of total US assets. In the first three months of 2007, sales of luxury goods in the USA continued to display double-digit growth. At least where high-end consumer goods are concerned, the anticipated slowdown in consumption has been confounded.

Not only is the luxury goods industry growing fast, it is also a very profitable business. This is hardly surprising given that luxury products tend to be beautiful, of very high quality, but also very expensive. Consumers are evidently willing to pay a disproportionately high amount for the products of renowned luxury brands, not least because they are perceived to confer prestige and social dis-

tingtion. Strong brands can thus dictate their prices. In historical terms, the prices of luxury goods have even risen faster than inflation, something that is only possible in very few industry sectors. As a result of the price-setting power enjoyed by luxury brands, the luxury goods business can be very lucrative, but here, too, there are winners and losers.

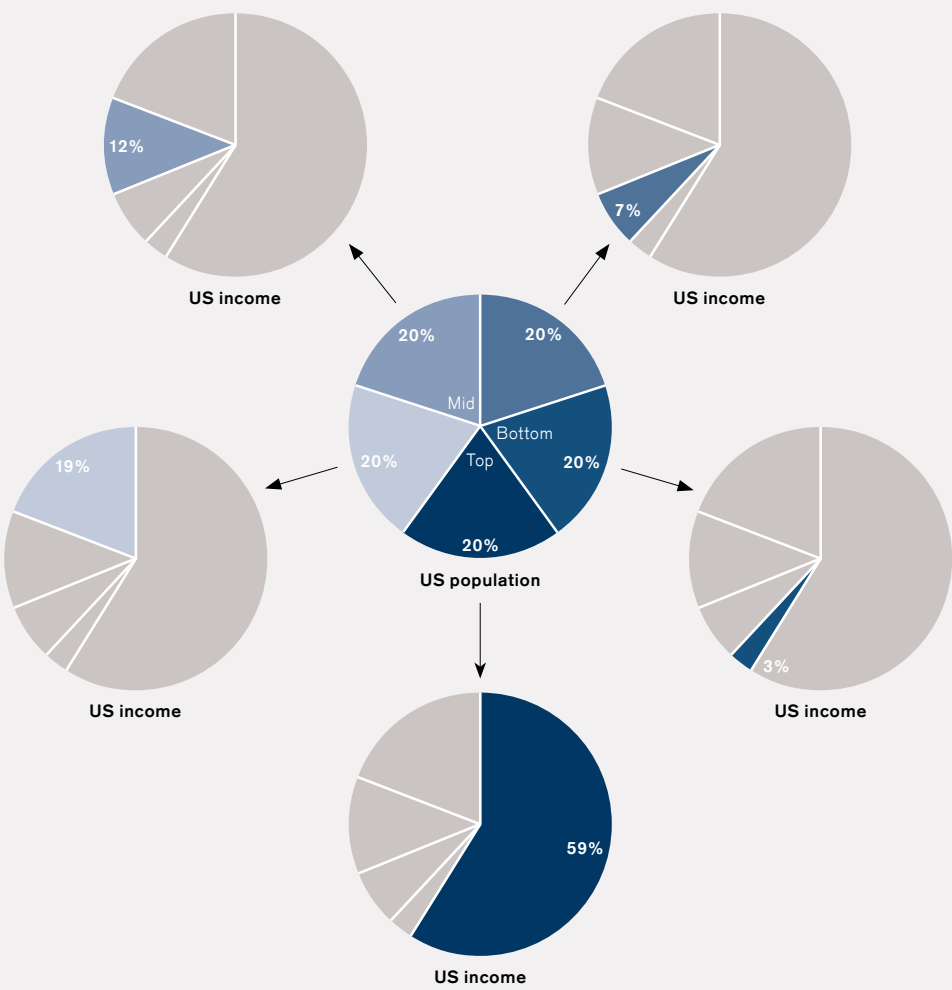
Branding Is Key

What makes for a successful luxury brand? What luxury goods manufacturers represent good investment bets? For every company in the luxury goods industry, branding is the be-all and end-all. But owning a brand is just the beginning. There are countless examples of brands that have either been sold too expensively – and therefore never really made money – or successful brands that were not properly looked after, and even diluted. A successfully managed brand will display at least the following four characteristics.

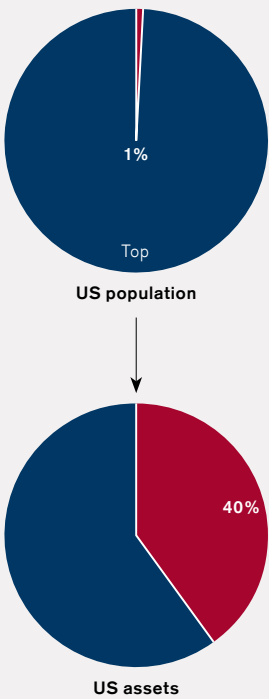
First, a luxury brand must brook no compromises when it comes to product quality. Luxury consumers are prepared to spend large sums of money on brands, but in return they expect top quality when it comes to material, production processes and service. >

Number of Wealthy People Continues to Rise

The highest-earning 20 percent of the US population accounts for around 60 percent of total US income.



Just 1 percent of the US population owns around 40 percent of US assets.



For example, the Kelly or Birkin handbags from Hermès will set the purchaser back more than 5,000 Swiss francs. Despite these hefty price tags, these products have waiting lists. In return, the purchaser is assured of exclusive leather, painstaking hand-stitching and the right to have the bag repaired, even after many years.

Second, the brand needs to be clearly positioned. Every brand sends out a message that differentiates its products from those of other brands. Competition in the motorbike industry is strong. There are many manufacturers of motorbikes competing for the favor of bikers. But those who buy a Harley-Davidson acquire not just a motorbike, but also the Harley-Davidson lifestyle: freedom, independence and America. In this respect, Harley-Davidson has virtually no competition.

Third, successful brands are famous for their continuity. Consumers have expectations of the brands they buy. The Four Seasons hotel chain is renowned for its good service. All staff are subjected to a harsh training process designed to ensure that guests are satisfied and return. The hotel's internal guidelines are very strict and highly client-focused. This is the only way the hotel's high prices can be justified. The hotel's guests can have high expectations, and will not be disappointed.

Innovation as Sales Argument

Finally, perhaps the most important of all the features of a successful brand is its ability to innovate. Consumers of luxury goods are quite sophisticated, and need to be continually seduced by new and attractive products to buy. After all, how many women nowadays actually need another new handbag? How many affluent men do not already own a watch? The proportion of new products in overall sales volumes is often considerable, depending on the brand and the product. The Porsche Cayenne, for example, launched just a few years ago, today accounts for more than a third of all Porsche models sold.

Hence the appeal of investing in luxury stocks. What are the opportunities and risks? The fundamentals appear outstanding. In Asia and the emerging markets, the number of consumers wanting to buy Western luxury brands is rising every day. The luxury product business generates so much cash flow that most companies have healthy balance sheets with very little indebtedness. The operating margin is often over 15 percent.

Though among other things, this will depend on how much is spent on brand maintenance and marketing.

Luxury goods firms are currently spending large sums of money. Tapping into new markets requires great marketing expenditure, and this can often account for up to 40 percent of sales revenues. The smaller the brand, the proportionally greater the marketing investment. This is where large companies, which enjoy economies of scale, can benefit most.

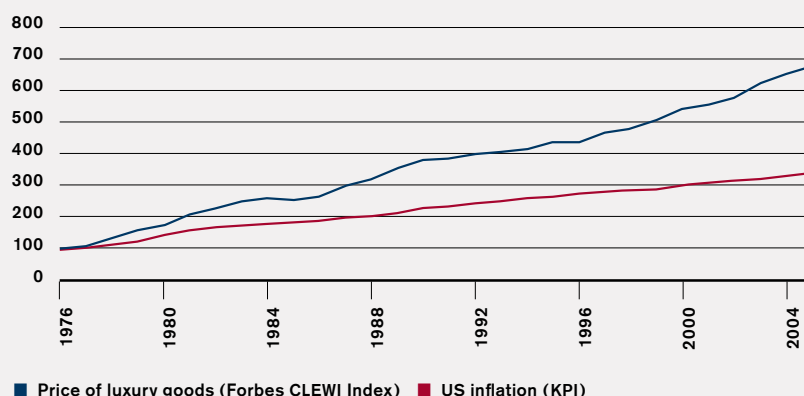
The same is true of the opening of luxury boutiques, for which only the most expensive and most coveted locations can be considered. These investments in the future of brands are both necessary and good business. However, unexpected events such as the outbreak of bird flu or other unforesee-

able crises can lead to short-term collapses in sales in the luxury goods industry, with consequences for profit margins.

Another risk – albeit more for the much more volatile luxury stocks than the luxury goods industry itself – is a further strengthening of European currencies against the dollar and the Asian currencies. The fact is that most luxury goods companies continue to manufacture the majority of their products in Europe, yet export them around the world. Exchange-rate fluctuations can be compensated for through price adjustments over the long term, however. In recent years, investors in luxury goods stocks have made handsome profits. Given the healthy fundamentals of the luxury goods industry, it is only fair to assume that this will continue to be the case in future. <

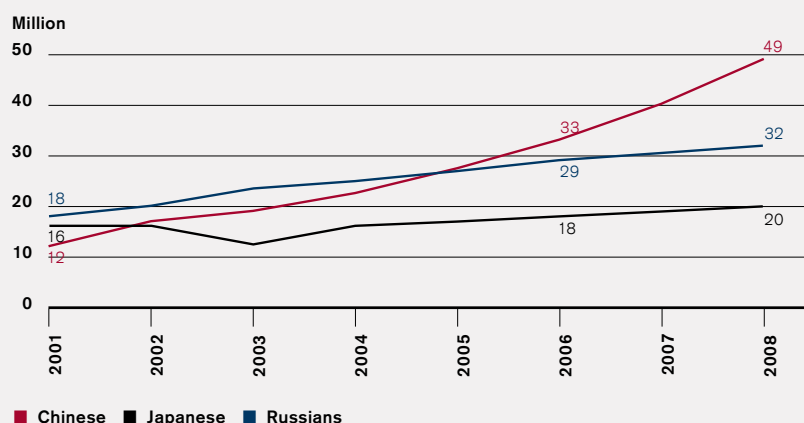
Those Who Own the Brand Set the Price

The prices of luxury goods have risen faster than US inflation over the last 30 years. Margins have risen accordingly. Source: Forbes magazine



Tourists: More Chinese and Russians Than Japanese

By 2020 there are expected to be around 100 million Chinese tourists with money to spend. Russian tourists already occupy second place. Source: WTO, Merrill Lynch





India's development is creating a rapidly growing consumer market that spans the entire economic spectrum. In recent years, a financially powerful middle class has emerged that is made up of some 300 million potential customers – or about the same size as the entire population of the United States.

Growth, Growth and More Growth!

The last decade was impressive, and the next decade is unlikely to be any different. But if the economic mood in India is confident and upbeat, there is also a little concern in the mix. Because without impressive growth, the country's future is in jeopardy.

Text: Marcus Balogh

At the end of April 2007, India became the latest member of the trillion dollar club, or those countries with an annual gross domestic product in excess of one trillion US dollars. This figure is large enough to merit spelling out: 1,000,000,000,000. This statement is rather a bold one, as it is based on the extrapolation of results for the first quarter of 2007. However, the goal will certainly be achieved in the second half of the year, as long as India is not subject to any unexpected catastrophes, and as long as there is no collapse in the global economy.

A pedant might observe that simply exceeding a specific number of zeroes is hardly a magic act – it doesn't mean that anything has actually changed. Yet this event reflects India's latest step in its rise to becoming one of the most significant economic powers of the 21st century.

After all, India's fundamental economic data also looks impressive. And India's civil servants never tire of pointing this out – nor can they resist casting expectant glances toward the future. For example, India's Finance Minister Palaniappan Chidambaram marked his presence at the recent annual Asian Investment Conference hosted by Credit Suisse in Hong Kong by stating that his country would achieve an average annual growth rate of 9 percent over the next 5 to 10 years.

No Growth Worries

This prediction may look optimistic, but it is also wholly realistic. India's economy currently rests on solid foundations. Even as recently as 10 years ago, a company such as Tata Steel would perhaps have had justifiable concerns about being taken over by a company like Corus. Today, however, the balance sheets of many Indian companies stand up to any international comparison,

and the senior managers of these companies are noted for their outstanding "ability to execute." And so, instead of Corus taking over Tata at the beginning of 2007, the Indian steel giant made a takeover offer for the United Kingdom's Corus Group valued at 6.2 billion pounds.

In other respects too, the transformation of Indian industry has been highly satisfactory. While for many years it was above all the IT and service sectors that drove economic growth in India, other areas have recently caught up. "Our manufacturing industry has boasted annual growth rates of 10 percent over the last few years. With our oil refineries, our steel industry, the automotive sector, the textiles and leather industry, and the manufacture of machinery parts, we are now leading global players. And it is our goal to become one of the top three industrialized nations in at least a dozen other industry sectors," states Finance Minister Chidambaram.

Last but not least, he sees the growing savings ratio as a positive sign. "Our savings ratio is running at an impressive 32.4 percent of gross domestic product, and our investment rate stands at 33.8 percent."

Add to this the fact that India is also attracting an increasing amount of foreign direct investment. The equivalent of approximately 15 billion US dollars poured into the country over the period from April 2006 to March 2007. For the coming tax year, Chidambaram is expecting this figure to rise to 20 billion US dollars.

Growth Is a Must

It is only reasonable for people to question whether the growth rates forecast can genuinely be guaranteed over the next 5 to 10 years. "We are hoping that none of the many minor disputes currently in place

around the world suddenly bursts into a major new international conflict. We are also hoping that restraint and prudence will remain the bedrock of political principles," states Chidambaram diplomatically for the record. In addition to a healthy development in the US balance of payments, he has also expressed his hope that the Indian central bank succeeds in keeping inflation within reasonable limits.

In addition to the exogenous factors, India is also struggling with some serious domestic political challenges. India actually needs growth of around 8 percent just to cover the annual requirement for millions of new jobs. Or to put this forecast in some perspective, 700 million of today's total of 1.1 billion Indians are of working age, a figure that will increase by a further 85 million by 2015.

In addition, India needs growth of at least 8 percent to be able to keep poverty under control. 250 million Indians remain below the poverty line today, a figure that amounts to a substantial social and political powder keg. India's political elite is more than aware of this fact, and of the consequent need to act.

India ultimately requires substantial spending over the next few years if the country's ramshackle infrastructure is to be modernized. "Airports, port facilities, power stations, telecommunications, road construction, transport facilities, mines, refineries – over the next five years, the Indian government is planning to invest around 320 billion US dollars in infrastructure projects. 120 billion of this I'm hoping will come in the form of foreign direct investment. But the other 200 billion I will have to find in India," observes Chidambaram. And for that to be achieved – as well as for so much else – he needs growth. <

New Rules for Cross- Border Cash Transports

New regulations apply for the transport of cash across the EU's external borders since June 15, 2007. What should travelers with large amounts of cash be aware of?

Text: Dennis Brandes, Economic Research

The latest introduction of cash controls should be viewed against the backdrop of the fight against money laundering, and, since September 11, 2001, also against the financing of terrorism in particular. Now that cash-free payment transactions are largely monitored, the European Union (EU) is keen to prevent any exploitation of cross-border cash transportation as a loophole for criminal financial transactions. To this end, a new EU directive on cash transportation was approved at the end of 2005, which finally entered into force on June 15, 2007, following an 18-month implementation period. The new legislation standardizes cash controls at all external EU borders. As well as land borders, this also encompasses sea borders and airports. As Switzerland is entirely surrounded by EU countries – with the exception of Liechtenstein – the new legislation applies to almost all of Switzerland's borders and to all people (Swiss citizens and residents, as well as residents of other countries).

The key change is that any cash amount equivalent to 10,000 euros or more must be declared when the bearer is crossing an external EU border, irrespective of whether he is leaving or arriving. This represents a considerable tightening-up of the status quo at the German–Swiss border, for example – under previous legislation, only amounts of 15,000 euros and more had to be declared, and this only upon demand.

Under the new legislation, cash is deemed to include not only notes and coins, but also transferable bearer securities – such as traveler's checks or other checks – and in

some member states also precious metals and precious stones. According to the EU directive, the declaration may be made to the responsible (customs) authorities either in writing, verbally or in electronic form. On its Web site, the EU has put together an overview of the relevant declaration forms of the different member states.¹ Customs officials of the relevant authorities are authorized to search any individuals, their luggage and vehicle. Where there is a breach of the obligation to declare the stipulated cash holdings, the cash in question may be confiscated automatically. If evidence of any illegal action should become apparent, the relevant information may be made available to the appropriate authorities even where the cash assets amount to less than 10,000 euros. Sanctions will be put in place by the different member states: In Germany, for example, these may amount to as much as 1 million euros.

The process of standardization under the terms of the new EU directive is still incomplete. In addition to different definitions of cash and the different forms of sanctions that may be applied, the setting of cash controls across internal EU borders – at the borders between two EU states – remains in the hands of individual states. As is evident from the table below, which sets out all currently known regulations of Switzerland's neighboring countries and the UK, there may be significant differences between the controls applied by a country to its external EU borders and those applied to its internal EU borders. For example, at internal French EU borders a lower cash limit

of 7,599 euros may be transported, with only higher amounts subject to mandatory written declaration. At German borders with other EU countries, by contrast, amounts of 10,000 euros and more need to be declared, but this only upon request. Travelers carrying large amounts of cash will in the future have to be able to distinguish between an internal EU border and an external EU border.

Independent of the new EU directive, Switzerland will introduce cash controls at its borders as part of its implementation of the FATF (Financial Action Task Force on Money Laundering) recommendations. The Swiss regulations envisage letting travelers transport up to 14,999 euros or US dollars, with declaration only necessary upon request. Travelers will therefore face the possibility of being investigated by a customs official of an EU country (to ensure compliance with EU regulations), and then subjected to a second investigation by Swiss customs. Draft legislation on this issue is expected to be submitted to the Swiss parliament in the summer of 2007. Implementation is unlikely to take place before mid-2008 at the earliest. With this latest legislation having been implemented by the EU, and Swiss implementation of FATF recommendations looming, travelers will have to get used to stricter regulations. Despite tighter controls, however, the "free movement of capital" principle remains in place. <

Study by Economic Research on this topic: Update Cash Controls: The New Rules at the Borders, May 2007, www.credit-suisse.com/research (Publications > International Issues)

Cash Controls in Switzerland, Liechtenstein and Selected EU Countries²

	Controls at the EU's External Borders	Controls at the EU's Internal Borders	Possible Sanctions	Definition of Cash	Implementation by
Controls under EU Directive					
Germany		Obligation to declare (upon demand) from EUR 10,000	Up to EUR 1 million	Incl. precious metals	
France		Obligation to declare (onus upon traveler) from EUR 7,600	Under discussion	Incl. precious metals	
United Kingdom	Obligation to declare (onus upon traveler) from EUR 10,000	Ascertained only within context of general customs controls	Under discussion	Excl. precious metals	15.06.2007
Italy		Under discussion	Under discussion	Under discussion	
Austria		Obligation to declare (upon demand) from EUR 10,000	Under discussion	Incl. precious metals	
Controls as per FATF Recommendations					
Switzerland	At all Swiss borders: obligation to declare (upon demand) from EUR/USD 15,000		Infringement fines ³	Excl. precious metals ⁴	Still unknown, mid-2008 at the earliest
Liechtenstein	Regulations to be drawn up and introduced broadly in line with Swiss solution				

¹ http://ec.europa.eu/taxation_customs/customs/customs_controls/cash_controls/declaration_form/index_en.htm. ² As of May 25, 2007. Our publication on this issue will be updated on the Internet once further information becomes available (www.credit-suisse.com/research, Publications > International Issues). ³ Up to 5,000 Swiss francs. ⁴ However, within the scope of customs law, these must be declared if they exceed the free-of-charge limit.



More Women – More Growth

Women still encounter obstacles when it comes to their full integration into production processes and the political system. However, their purchasing power is increasing, with a corresponding impact on the economy. Studies by Credit Suisse show that a rise in the proportion of working women can enhance the **growth potential of an economy. In concrete terms: 1 percent more women corresponds to 0.8 percent more growth.**

Text: Anja Hochberg, head of Economics and Forex Research, Christine Schmid, Senior Equity Analyst

Women are increasingly important for the global economy. Their gross domestic product (GDP) contribution is growing due to the increasing consumption of goods and services on the one hand and higher productivity on the other. According to official statistics, working women generate about 40 percent of the GDP in industrialized nations. If the unpaid housework they perform is also taken into account, their contribution significantly exceeds 50 percent. It is highly probable that the increasing presence of women in the labor market will further accelerate economic growth – particularly in the West. In view of demographic trends, the growing participation of women in the labor market is also more than necessary in order to boost overall employment levels.

In most industrialized nations, over half (50–70 percent) of all university graduates are women. The position of women in the labor market is generally strengthened if they have good qualifications, as this increases their potential income and employment opportunities.

Female Employment Rates Are Rising

This trend may ultimately lead to an increase in productivity and output that should, in turn, strengthen the growth of per capita GDP. We expect female employment rates to rise in mature industrialized nations in particular, where the proportion of people in employment is declining as the population ages. Our studies relating to the Eurozone indicate that this trend has already begun.

According to a panel analysis (see page 52), there is a significant correlation between higher levels of female employment and an increase in economic growth. Our estimates indicate that a 1 percent increase in female employment would equate to a 0.75 percent increase in the Eurozone's real GDP. However, given that the proportion of working women is currently increasing by approximately 0.6 percent per annum, this would correspond to an annual contribution to economic growth of 0.4 percent. A rise in the level of female employment would therefore be accompanied by a significant increase in growth potential.

Work Can Boost the Birthrate

Female employment is one of the least exploited sources of potential growth to date. However, major obstacles on a global scale evidently still prevent it from being utilized to the full. The role of working mothers is often cited in this context. There are fears that an increase in female employment levels could have a negative impact on birthrates. However, studies have revealed the apparent existence of a slightly positive correlation between the birthrate and the participation rate – at least in industrialized nations.

According to a study by Credit Suisse,¹ a family-friendly policy should not only encompass equal employment opportunities but also the compatibility of professional and family life. To guarantee the latter in Switzerland, it will be necessary for the tax

disincentives for second earners to be abolished and for external child care provision to be supported. As well as enhancing potential growth, an increase in the female participation rate in the labor market should also prompt a change in the economic structure of society by altering demand in the service sector, for example. The diagram on page 52 illustrates how a higher level of female employment appears to reduce the savings rate in these countries, for example it increases the consumer willingness to >

Proportion of Female University Graduates

In most industrialized nations, the proportion of female students who obtain a university degree (at least two years of full-time study) exceeds the proportion of men.

Source: OECD

Germany 61%



UK 67%



Japan 65%



South Korea 52%



Sweden 53%



US 60%



spend. This is of considerable importance in countries with a comparatively high savings rate such as Germany. As many household-related services that were previously performed by women on an unpaid basis are outsourced, the potential for the positive development of economic growth rises in both the industrialized nations – where the demand originates – and in emerging markets.

Significant business opportunities exist for financial services providers that target female clients. In addition to the increasing number of women who now earn their own income, there is also a growing number of wealthy divorcees and widows, reflecting today's different lifestyle and the ageing baby boomer generation. In the US, 90 percent of women will manage their money themselves sooner or later. Real estate ownership is also becoming increasingly important in the context of long-term financial planning. According to data from the National Association of Realtors, single women are the most rapidly growing segment of buyers in the market for owner-occupied homes. Financial institutions that provide comprehensive advice and products aimed at wealth preservation are well positioned to serve this growing client segment.

Companies Need to Adapt

We also expect to see a continued positive trend in the sale of women's luxury goods such as cosmetics, wellness products, clothes, accessories, jewelry and watches. This should benefit companies with strong global brands. Firms generally need to adapt to changes in the consumer world or they will run the risk of failing to address half of the market.

In the case of economic decision-makers, it is important to decipher the differences in conduct between men and women – particularly with regard to macroeconomic parameters such as private consumption, savings and investment behavior and risk tolerance. Women tend to spend a larger proportion of their income on activities that benefit the household. They are more interested in efficient but lower-risk savings and investment opportunities. According to the International Monetary Fund, equality has a favorable impact on economic growth which, in turn, reduces the differences between the sexes. Political and economic decision-makers need to urgently address sexual inequalities in order to safeguard future economic growth. <

Modeling of the Impact of Female Employment on Economic Growth

Based on a panel of 16 European countries and Japan for the period between 1993 and 2003, Credit Suisse has estimated the effect of the change in the participation rate on GDP growth. A panel encompasses both cross-sectional components (countries) and a time series component (annual observations).

Given that both GDP growth and the participation rate are subject to cyclical fluctuations, we have verified time-specific effects using dummy variables for each year in the panel regression.

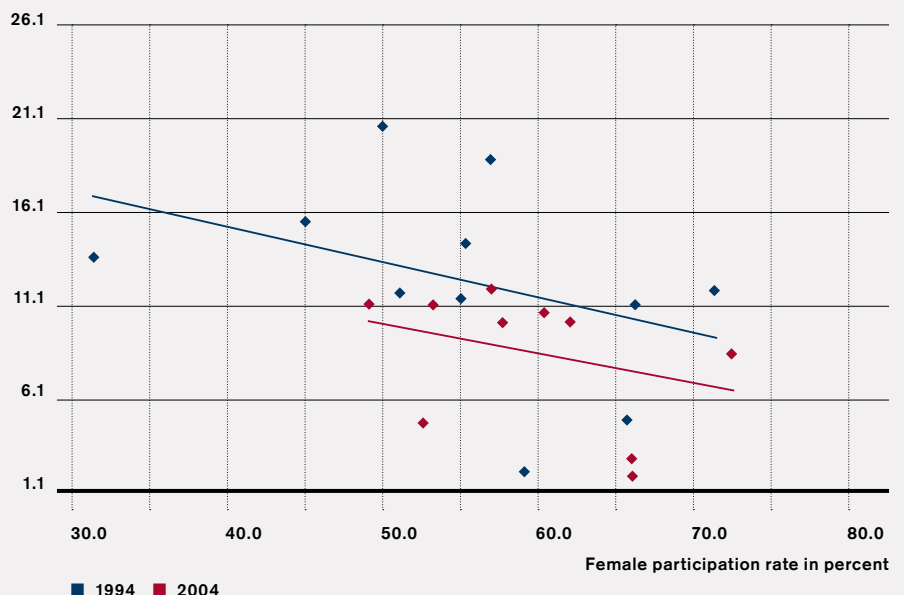
We have identified a strong statistical correlation between the change in the participation rate and GDP growth for most countries, with an explanatory content for the estimate of around 75 percent.

We estimate the effect of the increasing participation rate on GDP growth to be an average of 0.4 percent per annum. The effect is greater in countries experiencing strong growth, such as Spain and Ireland, and is more limited in countries experiencing weaker growth, such as Germany and Italy.

Savings Rate of Private Households

A higher female participation rate also appears to increase the consumer willingness to spend on a national level, which has a positive impact on countries with relatively high savings rates, such as Germany. Source: OECD

Savings rate of private households in percent



Presentation or Stimulation?

The Problem With PowerPoint



By **Matthias Pöhm**
296 pages
ISBN: 3-636-06265-4

Gone are the days when the spoken word was enough. Speeches are today accompanied by voluminous PowerPoint presentations. Texts are displayed and then concealed, words weave their way into the picture from all sides and elegantly disappear again. All well and good, you might think. Everything looks perfect, but the sought-after success still remains elusive.

"When you use PowerPoint, the audience's gaze is fixated on the screen. People cannot resist the temptation to read. You can then in principle do without the speaker," explains Matthias Pöhm, a leading speaking coach. In his book "Präsentieren Sie noch, oder faszinieren Sie schon?" (Do You Present or Do You Stimulate?), he makes a plea for doing away with PowerPoint altogether. After all, as Pöhm points out, when Martin Luther King delivered his legendary "I have a dream" speech in 1963 to 250,000 people, PowerPoint hadn't been invented. And yet this speech was to have a lasting influence.

Pöhm says that only 7 percent of a speech's content is really absorbed in the listener's memory. It is therefore of vital importance to elicit a positive feeling from the audience – and this is very seldom achieved with computer animations. The book includes numerous tips for the presenter. For example, Pöhm advocates flipcharts instead of beamers, the use of metaphors, and dispensing with self-explanatory charts and slides. The advice is imparted within the context of brief stories taken from real-life situations as well as a variety of anecdotes. The book is structured in such a way that the lessons can be immediately put into practice. All in all, an interesting and helpful guide for both professionals and beginners in the art of presentation. **sds**

The Helvetic Big Bang

The History of the SWX Swiss Exchange



By **Tobias Sigrist**
and **Richard T. Meier**
Hardback edition
247 pages
ISBN: 3038232513

Even younger traders will be able to remember the time before electronic stock market trading: The final bell for the traditional style of floor trading didn't toll until August 15, 1996. Richard T. Meier and Tobias Sigrist provide a detailed account of the transformation of cantonal stock exchanges into the integrated "Swiss Value Chain" and illustrate that change isn't driven solely by market forces, but also by people.

So much was certainly true in the case of the original seven Swiss stock exchanges: Founded in the middle of the 19th century, it took almost 80 years before they formed the Association of Swiss Stock Exchanges in 1938. And this was not a wholly voluntary step on their part, but a reaction to the government's threat to pass a Federal Stock Exchange Act. The only way to counteract this was a system of self-regulation. It was thanks to this flexibility that Swiss exchanges were able to generate above-average profits in the period of post-war recovery. They achieved this, however, without adapting their outdated organizations, which followed only with the establishment of the SWX in 1993. What were the factors that drove the seven exchanges to this merger after decades of independence? The authors list deregulation, derivatization and automation as the "catalysts of structural change." They cite institutional investors as the principal cause of the demise of brokerage and licensing cartels and of the popularization of derivatives. The book describes how the transformation of the Swiss stock exchange – in contrast to that of London's "Big Bang" – followed an evolutionary path and how this can be expected to continue in spite of transatlantic stock exchange mergers and alternative trading platforms. **sg**

The books reviewed can be ordered from www.buch.ch.

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“Europeans Work to Live – Americans Live to Work”

Interview: Daniel Huber and Michèle Bodmer

Renaissance man **Jeremy Rifkin** is a social critic whose convictions have been known to polarize. As an advisor to many heads of state, he puts provocative issues up for debate, including the risks of mass urbanization, the fall of the American dream and the need to preserve our species while conserving the planet.

Bulletin: This issue focuses on cities. What is your view on urbanization?

Jeremy Rifkin: I believe we need to rethink the way we live. Certainly there is much to applaud about urban life including its rich cultural diversity and social intercourse and its dense commercial activity. But the question is one of magnitude and scale.

Are we growing too big too fast?

For the first time in history, a majority of human beings will be living in vast urban areas, many in megacities and suburban extensions with populations of 10 million or more, according to the United Nations. Large populations living in megacities consume massive amounts of the earth's energy to maintain their infrastructures and daily flow of human activity. The Sears Tower in Chicago uses more electricity in a single day than the city of Rockford, Illinois, with a population of 152,000. Today, 414 cities boast populations of a million or more and there is no end of this trend in sight. We have become “Homo urbanus.”

Is that such a bad thing?

No one is really sure whether this turning point in human living arrangements ought to

be celebrated, lamented or merely acknowledged. That's because our burgeoning population and urban way of life have been purchased at the expense of vast ecosystems and habitats.

While urbanization poses a threat to certain social classes and even the environment, it has also helped to evolve the way goods and services are made available.

It's no accident that as we celebrate urbanization of the world, we are quickly approaching another historic watershed: the disappearance of the wild. Rising population, growing consumption of food, water and building materials, expanding road and rail transport, and urban sprawl continue to encroach on the remaining wild pushing it to extinction.

Where does this leave us? Can we coexist?

Try to imagine 1,000 cities of a million or more just 35 years from now. It is a concept that is hard to grasp and it is one that is unsustainable for the earth. We need to put serious thought into how best to lower our population and develop sustainable urban environ-

ments that use energy and resources more efficiently and that are less polluting. In the next phase of human history, we will need to find a way to reintegrate ourselves into the rest of the living Earth if we are to preserve our own species and conserve the planet for our fellow creatures.

In the emerging markets the cities are also growing rapidly as people move from rural areas to the centers where the manufacturing jobs are ...

The whole world is lamenting that all the jobs are going to China. It is true that China produces and exports a far greater percentage of manufacturing goods, but a new study by Alliance Capital Management has found that manufacturing jobs are being eliminated even faster in China than in any other country. Between 1995 and 2002, China lost more than 15 million factory jobs, 15 percent of its total manufacturing workforce.

Where are those jobs going?

Those jobs didn't go to Vietnam or to Singapore, as many might believe. They were eliminated from the face of the earth. Manufacturing employment has declined every year in the past seven years and in every >



Economist, philosopher, professor and author of 17 books, Jeremy Rifkin is a social critic and a futurist who examines the global impact of scientific and technological changes on the economy, the workforce, society and the environment. While his critics have labeled him a scaremonger, he raises important global issues and serves as an advisor to government leaders and heads of state. Rifkin who was called “the most hated man in science” in 1989 by Time magazine, has lead numerous campaigns for more control over the development of genetic engineering. He envisions the dawn of a new economy powered by hydrogen and renewable technologies, including solar, wind, geothermal, hydro and biomass. His most recent bestseller, “The European Dream,” has been won the International Corine Prize for the best economic book of 2005. Rifkin is the founder and president of The Foundation on Economic Trends (www.foet.org) in Washington, DC, and a fellow at the Wharton School’s Executive Education Program.

region of the world. This employment decline occurred during a period when global industrial production rose by more than 30 percent. In fact, worldwide, 11 percent of all of the factory jobs have disappeared – they weren’t outsourced to anywhere else, because the cheapest Chinese worker is not as cheap and efficient and sophisticated as the technology that’s substituting on the factory floor. At this rate, we will see an end mass factory labor within 30 years, which I’ve projected in the first edition of “The End of Work” in 1995.

These projections sound pretty dire.

The fact is: If the current rate of decline continues – and it is more than likely to accelerate – manufacturing employment will dwindle from the current 164 million jobs to just a few million by 2040, virtually ending the era of mass factory labor. We are losing jobs all over the world in crisis proportions. In 1995, 800 million people were unemployed or underemployed. Today, more than a billion fall into one of these categories.

Is the same true for white-collar industries, or can we expect those jobs to increase?

The white-collar and services industries are experiencing similar job losses, as intelligent technologies replace more and more workers. Banking, insurance, and the wholesale and retail sectors are introducing smart technologies into every aspect of their business operations, fast eliminating support personnel in the process. For example, the US-based Internet banking company Netbank has 2.4 billion dollars in deposits. A typical bank that size employs 2,000 people. Netbank runs its entire operation with just 180 workers.

On the other hand, these so-called smart technologies are creating new job opportunities.

Actually, that it is old logic that technology gains and advances in productivity destroy old jobs but create as many new ones is no longer true. The software, computer and telecom revolutions, and the proliferation of smart technologies are finally wreaking havoc on jobs in every country. In fact, industry observers expect the decline in white-collar jobs to shadow the decline in manufacturing jobs during the next four decades, as companies, whole industries and the world economy become connected in a global neural network.

If more and more people are jobless, where will the consumer demand come

from to buy all the potential new products and services made available through smart technologies?

Therein lays the conundrum. We are being forced to face up to an inherent contradiction at the heart of our market economy that has been present since the very beginning, but is only now becoming irreconcilable. Greatly increased productivity has been at the expense of more workers being marginalized into part-time employment or given their walking papers. A shrinking workforce, however, means diminished income, reduced consumer demand, and an economy unable to grow. This is the new structural reality that government and business leaders and so many economists are reluctant to acknowledge.

What exactly is it that they have to acknowledge? Mass unemployment?

I’m saying is we’re ending mass wage labor in the first half-century. People see it as “Oh my God,” doom and gloom, and actually we should see it as the greatest triumph in the history of the human race: We don’t have to do these things anymore. We don’t have to measure ourselves in machine hours by simply producing our own survival. We can let machines do that. But we can’t grasp it, so we don’t even have a global discussion on the end of work, because we can’t imagine what we would do and how we would be compensated if we could allow the machines to do the work.

If the machines are doing all of the work, where does that leave us?

There is one sector that is most immune to computers and that is what we call the non-governmental organizations, or the not-for-profit or the civil societies – that’s where we engage in culture, create our bonds of affection, our sense of everything from our civil arrangement. But there’s tremendous opportunity there. When I wrote the first edition of “The End of Work,” I said that that’s where the new employment is going to be. I advise a number of heads of state in Europe and the European Commission and 40 percent of the new employment in the EU-15 has been in that sector in the last ten years – 40 percent!

How do you suggest creating that shift to this human sector?

We simply need to tell our economists coming out of the master of business administration schools how to use fiscal policy to stimulate social capital and the civil society organizations so that they become the place

where there's increasing employment. In that way we balance employment in the market, employment in the public sector for public capital, and then employment in the civil society for social capital. This is the most immune to computers, because in this sector you need humans; it's about the metaphysics of human engagement with each other – it's deep play.

What do you mean by deep play?

Deep play is where we create deep bonds of participation to explore our humanity, our relationships to the human principles of life. If you take all of the art, religious, secular, social justice, civic, community, and sports activities, all of those are deep play as they are an end in themselves. The end result is joy, actual revelation. It's experiencing each other and exploring our humanity. People do it because it gives life meaning. It's what you remember about life on your deathbed.

In your book, "End of Work," you also suggest that the work week will become shorter and deep play time will increase, as a result of the spread of smart technologies.

Exactly. The work week is going to go down to 30 hours because the substituted technologies will allow us to work shorter hours and produce more output. That's the whole success of the Industrial Revolution: shorten the work week and provide more time. I think a 30-hour work week is about right, because what we know is the optimum peak performance of mammals, especially primates, is about three to four hours reproduction time a day; the rest is play and rest, whether it's the family dog or cat or a lion in the Savannah, or yourself or myself. Studies I've done on peak temperature show that you get three to four hours of optimum performance; the rest is down time.

So the 40-plus work week ...

Is just a waste of time. It's a completely old-fashioned idea: work, work and more work. I don't think more than six hours are required. Better technology is going to mean shorter hours and better benefits so more people can share in the work. This also means more time for play, for family, which is more of a European approach to work. I think the Europeans have it right, the Americans have it wrong. We live to work, the Europeans work to live. The Japanese and Koreans go with the American model and most of the rest of the world goes with the European model, balancing work and play.

It's the European's ability to focus on quality of life, which has formed part of your argument that the European dream is eclipsing the American dream.

The American dream is very wedded to work ethic – we work the longest hours in the world, even longer than the Koreans and Japanese. It's part of our religiosity. If you get a good education, and if you work hard, you can make a success out of your life. But this dream is an individual one fueled by self-interest. It focuses on the personal accumulation of wealth and individual success whereas the European dream focuses more on quality of life. Europe's flexible, communitarian model of society, business and citizenship is better suited to the challenges of the 21st century.

Is Europe ready for the challenge?

Europe is really best positioned between the extreme individualism of America and the extreme collectivism of Asia to lead the way into the new age.

You seem very optimistic about Europe.

Europe's a mess, with all the hypocrisy, the biases, the shortfalls, and the power struggles, but having said all that, it's also the laboratory for globalization. I'm not naïve about Europe, but with all its problems, we've got 500 million people across 27 countries, from Ireland to Russia, who have come together in less than three generations to create – as confused as it is – the first transnational global political space in history. The dream that's emerging is the first attempt, as feeble as it is, to create something akin to global consciousness.

What will it really take for the European dream to succeed?

I think the dream will succeed or fail based on the ability of Europe to integrate Islam. Europe's dream is to be a global public square, with unity in diversity, where people of the world can live together with a common dream of inclusivity, sustainable development, human rights and building peace. However, to accomplish this, Europe must effectively integrate North Africa and the Middle East, and especially Islam. If it fails, the world is going to take a step back, and we may not achieve that kind of global consciousness. Then the question is who else can develop this dream, if it isn't Europe? <

Jeremy Rifkin was a speaker at the Credit Suisse Thought Leadership Conference in March 2007.

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Endless Love

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"He's mine," sighs the woman on the television, and to the accompaniment of romantic piano music the message runs as follows: "You, too, can find the great love of your life: with parship.ch!" The love of your life: a subject that has inspired poets and given rise to films that are ageless in their appeal. A subject that makes the world go round. Or at least that of the 800,000 singles who live in Switzerland. According to a study carried out in October 2006, more than 45 percent of all Swiss Internet users have used the Web to search for the love of their life. One in six has even been successful – at least temporarily.

Over two million people look for a new partner with industry leader Parship. Swissflirt promises not only partnership, but also amorous adventures. Almost 300,000

users speak for the enthusiasm with which this promise is taken up. Success stories strengthen the searchers' resolve, wedding pictures nourish the hope of those on the lookout for love, and the Parship babies stare out at you with their big eyes – a silent promise for all those single females who are starting to panic. However, there are just as many disappointments, illusionists and broken hearts on the Internet as in real life, and the search often lasts even longer: three years on average! On the other hand, the Internet eases demographic bottlenecks. So much is true at least for men, for whom greater difficulty in the search for a partner has been predicted for many years, as women become increasingly well educated and consequently more demanding. Amid the vast expanses of the

Web, men can already find the most beautiful women imaginable abroad at the click of a button. For 70 percent of men, according to the study mentioned above, the way a woman looks is at any rate the most important factor. So why beat about the bush when on sites like bride.ru an initial selection can be made on the basis of aesthetic criteria before writing to the lady in question? This, of course, only if you're not too bowled over by the bevy of Russian beauties on offer to do so.

The love of your life via the Internet? It's something that my best friend, for one, no longer believes in after just six months. She is hoping that Mr Right will come up to her one day in the supermarket and ask if she can explain which melon is ripe and which one is not.

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Online Forum: The World of Investment Funds

The large profits to be made in the equity markets over recent years have aroused the appetite of investors. Nevertheless, many Swiss citizens are still reticent in committing themselves in financial markets, as they rate the risk to be too high. Indeed, it is possible to suffer painful losses even in a booming market if you back the wrong horse. There are, however, ways of minimizing this risk. Diversification is the magic recipe. Or in plain English: Don't put all your eggs in one basket. So instead of buying only Novartis shares, investors should also participate in Roche. It would be better still for them to include other sectors and regions in their portfolio. Additional diversification can be achieved by taking account of other asset classes, such as bonds, money market paper, real estate or commodities – in addition to equities.

Yet how can the individual investor achieve such a broad spread of assets? The easiest way to do this is via investment funds. With an investment fund, a multitude of investors pool their assets in a collective fund. The fund manager then invests these collective

Only one in five investors in Switzerland takes advantage of the benefits of investment funds.



assets professionally in accordance with a previously defined investment strategy. Thanks to investment funds, even investors with a relatively low level of assets can achieve a broad diversification, and so minimize risk. At the same time, they remain flexible as they can redeem the fund units at any time at the redemption price.

Given these advantages, it is therefore surprising that only one-fifth of all Swiss citizens invest in investment funds, as was revealed by a recent survey of the AXA insurance group. In order to lessen these concerns with regard to the financial markets, Credit Suisse is organizing an online forum on the topic. A qualified expert from the Asset Management division will be available to answer questions from online users. The forum starts on July 2 and will remain online for three weeks. **ath**

Find out more at www.credit-suisse.com/infocus.

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



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