

# Bulletin

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## The Next Generation

In this Issue: Credit Suisse Youth Barometer 2014



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The following contributed to this issue

### 1 Philipp Mattheis

The Munich-based journalist (born 1979) has been reporting since 2012 for the magazine *WirtschaftsWoche* from Shanghai. For this issue, he met with students from a coveted MBA program in Hong Kong. What are their goals? What fascinates them about Asia? And why is China so attractive? *Page 28*

### 2 Justin Jin

The native of Hong Kong accompanied our reporter Philipp Mattheis with his camera through the Chinese island metropolis. Jin (born 1974) travels a lot and, in addition to two Chinese dialects, also speaks English, Russian and Dutch. He describes himself as a photographer, researcher and storyteller. *Page 28*

### 3 Mathias Plüss

The 41-year-old Swiss science journalist studied physics, mathematics and musicology. He has received multiple awards for his articles published in *Weltwoche* and *Magazin*. In this issue, Plüss takes on the centuries-old, never-changing complaint about "young people today." *Page 44*

### 4 Stefanie Schramm

The freelance journalist and author (who has contributed to *Die Zeit* and other publications) writes about energy, technology and the environment. For us, she interviewed the world-renowned psychologist Walter Mischel, who made history with the "Marshmallow Experiment," a method for determining which children will be successful later on in life. *Page 50*

# Young People Today

**T**here is little certainty in this world, and sometimes the road ahead seems more unclear than ever. However, one thing is for sure: The next generation is coming. And sooner or later, it will take over from us (and hopefully still pay for our retirement, see page 18). But who is the next generation? This issue of Bulletin takes a close look at today's young people, with a focus on the Credit Suisse Youth Barometer (starting on page 55), which gives deep insight into the lives of 16- to 25-year-olds in Brazil, the US, Singapore and Switzerland. The results? Today's young people think, act and feel digitally.

**I**nternational youth expert and professor Lynne Chisholm believes this is a positive development. The virtual world of this generation is none other than the "street corner of its grandparents' generation" – in other words, a place where young people can meet undisturbed. Except in the digital world, even shy or geographically isolated young people can be a part of it. The majority of young people today are aware that it's necessary to protect yourself on the internet, and know how to do it. They don't believe much in cultural pessimism. In contrast, they hold up the mirror to their parents, who "notoriously have trouble understanding young people's worlds."

**I**n Switzerland, young people are still carefree and feel materially secure in their world. But this generation is not without its issues. For example, the relationship between Switzerland and the EU and the relationship with the older generation have been added to the long-standing issue of foreigners. Thomas Held, trained family sociologist and director of Avenir Suisse for many years, has three adjectives to describe Swiss youth: "privileged, spoiled, insecure."

Starting on page 6, we will introduce to you six exceptional talents – we hope you enjoy this view into the world of tomorrow.

Your editorial team



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# Yes, I Do!

They're athletes, thinkers and craftspeople.

They are among the best at what they do.

Six exceptional talents from six disciplines explain how they became masters in their fields.

*Texts: Sandro Benini, Michael Krobath, Mandana Razavi and David Schnapp*



A solution to nearly every situation:  
Lia Walti, who plays for the women's  
football club 1. FFC Turbine Potsdam.

## *Lia Wälti*

ATHLETE, 21,  
FROM LANGNAU, IN EMMENTAL,  
SWITZERLAND

Asked to name her outstanding characteristic, Lia Wälti singles out neither her exceptional ability to read the game nor her amazing ball-handling skills. Instead, she says: "My ability to remain calm. I can find a solution to almost every situation."

Wälti, 21, is from Langnau, Emmental and is recognized as being among the best of a very talented generation of female football players. Thanks in part to her contribution, Switzerland recently qualified for the 2015 Women's World Cup – the first time ever that the Swiss team has qualified for an international tournament. "She is definitely a leader on the field. Her understanding of the game reminds me of Bayern Munich star Philipp Lahm," says Martina Voss-Tecklenburg, coach of the Swiss national team. "She is one of the

most intelligent players in the world." She is also highly regarded by top German club 1. FFC Turbine Potsdam, where she established herself in her very first season. "Lia has been our big discovery," raves coach Bernd Schröder.

But what is it that sets her apart from the more than 22,000 licensed female footballers in Switzerland? At a height of 1.67 meters, and weighing 61 kilos, she is neither especially tall nor especially strong. Her speed, too, is in the average range. Is success genetic? Does it have to do with a person's environment? Or is it all about persistence? "One or the other is not sufficient; everything has to be in place if a player is to make it to the very top," says coach Voss-Tecklenburg.

Lia Wälti's story is a good example. She owes her coordination to her mother, a world-class junior handball player, and her father, a first-division footballer. Sports were an important part of family time: "Rollerblading, cycling, swimming – we did it all," says Lia. >

At the age of nine, she joined her local football club. At 13 she was discovered by Bea von Siebenthal, who was then coach of the national team, and chosen to attend the Credit Suisse Academy in Huttwil, the football association's training center. "That period of my life made all the difference," says Lia Wälti. "It was there that I realized what I was capable of, and I began to focus all of my energy on football." After completing her schooling, she enrolled in a new commercial apprenticeship for athletes. She was one of the first young women in Switzerland who were able to concentrate exclusively on football, thanks to the improved support system that had been put in place. And that is crucial, as researchers have found. Studies have shown that an individual has to practice a skill for 10,000 hours – approximately 10 years – to perform at the highest levels.

A support system is not enough; a person's environment is equally important. "I was always encouraged, and I was forced to test my limits," says Wälti. As is typical of highly talented people, she tended to measure herself against athletes who were older and stronger. At the age of 15, she competed in the semifinals of the U19 European championships. She was the only girl to train with the U16 boys in the Young Boys (YB) club in Bern. And she led the YB women's club to the championship when she was just 18.

Last, Lia Wälti has the right attitude. While it is not uncommon for child prodigies to lose touch with reality, she has her feet planted firmly on the ground. When she was 17 and received her first offers from abroad, she didn't hesitate to turn them down. "She is absolutely professional," says Martina Voss-Tecklenburg, "and she's a nearly perfect footballer."

Now a prominent venue awaits Lia Wälti: the 2015 World Cup in Canada. We will soon see whether Lia Wälti is ready to take the final step to becoming not only a talented player, but an international star. She is level-headed enough to make it happen.

## *Elia Palme*

YOUNG ENTREPRENEUR, 33,  
FROM LUGANO, SWITZERLAND

The idea that prompted Elia Palme to start a business came to him as he was on the tram. While studying computer science in Fribourg, Lausanne and Zurich, he would read articles from a variety of newspapers on his smartphone on his way to the university. It was annoying to have to open a separate app for each publication. "It should all be accessible through a single app," Palme thought. He talked to a professor about developing just such an app, and she encouraged him to give it a try. Today the 33-year-old native of Ticino is the founder of the start-up Newsron, headquartered in Lugano. Founded in October 2012, Newsron has won several start-up awards and now has six employees.

After downloading Newsron on their smartphones, users can select countries, areas of interest and media – and then access clearly structured information without ever having to switch from one app to another.

While still in school, Palme was so fascinated by information technology that he neglected his other subjects. "I was a poor student," he admits. After finishing secondary school, he began a four-year apprenticeship at an IT business.

Recognizing Palme's talent, his boss encouraged him to go back to school to earn a university degree, and even offered him financial support for his studies.

Palme and his fellow students were dismayed at the lack of exciting companies in their home canton that might later offer them a job. "My dream was to start the first

The locational advantage of Ticino (far away from Google and Microsoft); Elia Palme, start-up founder.





IT company in Ticino that would appeal to my friends and other IT specialists from southern Switzerland,” says Palme. Lugano was an attractive business site not only because its wages and cost of living were lower than in Zurich, but also because there was less competition in the field of IT. “If I find a good employee who wants to live in Ticino, neither Google nor Microsoft is on site to lure him away.”

The basic functions of Newscron are available free of charge, but users pay a fee for a premium account and more specialized applications. Palme reports that the app has been downloaded several hundred thousand times.

The young entrepreneur wants to change how people read newspapers online. His company is like a newsstand: “No publishing company would think of operating its own newsstands. Similarly, at some point newspapers will no longer spend money to create their own applications. Instead, they’ll sell their digital content through companies like Newscron. What’s more, we will create added value, for example by having curators for certain subject areas.” Palme has no solution to the fundamental problem that afflicts newspapers today – the culture of free content on the Web. But he is convinced that soon newspapers as we know them today will no longer exist.



"I learned to hold a violin when I was five years old".  
Violinist Sergey Khachatryan.



## Sergey Khachatryan

MUSICIAN, 29,  
FROM YEREVAN, ARMENIA

Music is his religion, says 29-year-old violinist Sergey Khachatryan. Born in Yerevan, Armenia, and then growing up in Germany, young Sergey developed a love for his instrument at an early age. “I remember learning how to hold a violin when I was five years old. I would sit on a chair and hold the violin under my chin – I wouldn’t play, but I still expected everyone to clap for me. Later I was no longer motivated by applause. Today, in fact, I don’t really play for the audience at all,” Khachatryan said in an interview with the Swiss cultural magazine Du.

But Khachatryan does not consider himself a born violinist. “For me it’s all about the music, and finding myself in another world.” His parents and his sister all played the piano, so he gave the violin a try. “I just naturally came into contact with music,” says Khachatryan.

Khachatryan’s breakthrough came in 2000, when he was 15 and won the internationally renowned Jean Sibelius Violin Competition in Helsinki. He was the youngest violinist ever to win that competition. Two years later his first CD was released, and since then he has performed with numerous major orchestras and in the world’s premier concert halls. Most recently, Khachatryan received the coveted 2014 Credit Suisse Young Artist Award, and he performed works by Beethoven and Dvorák with the Vienna Philharmonic at the Lucerne Festival.

Although he comes from a family of musicians, it was by no means a foregone conclusion that he, too, would choose that career path. He inherited from his father not only a feel for music, but also a passion for cars. “If I hadn’t become a musician, I might be a racing car driver today,” says Khachatryan.

Despite the encouragement Sergey Khachatryan received at an early age, his career proceeded gradually – until now. A rather shy, boyish young man, he wasn’t groomed to be a media star, nor did he >

rush from one concert hall to the next without a break. "I didn't become a big name overnight," he says. As he carefully built his career, a key concern was to limit the number of concerts he gave. He wasn't expected to perform 120 times a year, a schedule that can quickly burn out a young musician. He notes that despite giving only about 40 concerts per season, he has had the good fortune of being able to perform with major orchestras – and he points out that a successful career does, in fact, require a certain degree of luck.

Critics have been effusive in their praise. Reviewing a performance in Basel, with his sister Lusine at the piano, the newspaper Neue Zürcher Zeitung described listening to him as "opening up the senses and joining the musician on a journey." The Süddeutsche Zeitung wrote: "Music can hardly contain more contradictory elements: poetic tenderness and exhilaration, but also a sense of brooding, emotional outbursts and profound melancholy."



## *Carolina De Robertis*

AUTHOR, 39,  
FROM CAMBRIDGE,  
UNITED KINGDOM

Carolina De Robertis wrote her novel – the book that led to her international breakthrough as an author in 2009 – in secret. A creative writing professor had repeatedly turned her away when she tried to enroll in her class. Fearing that her book would be a failure, she locked herself in her apartment and spent her weekends

writing. The need to write down a story that had begun to take shape in her mind when she was only 16 was more powerful than the blow to her self-confidence.

The professor turned out to be wrong. De Robertis's debut novel, "The Invisible Mountain," was acclaimed as a masterpiece by critics from major newspapers and magazines throughout the United States and Europe, from the San Francisco Chronicle to the Sunday Business Post in Ireland. She was hailed as a new star in the field of Latin American literature, a long-awaited new voice following

Many stories remain unwritten:  
Carolina De Robertis, author and  
traveler (England, Switzerland,  
California and Uruguay).



in the footsteps of great writers like Isabel Allende and the recently deceased literary giant and Nobel Laureate Gabriel García Márquez.

Indeed, asked which authors have influenced her writing style, De Robertis says that when she was only 13, García Márquez's epic family saga "One Hundred Years of Solitude" opened up an entirely new world to her. Like many teenagers, she was also searching for her roots at that time. Carolina De Robertis was born in England in 1975 to Uruguayan parents. Later on her father, a professor of

microbiology, accepted a teaching position in Switzerland. The family lived in Basel for several years before moving to Oakland, California, in 1985.

At the age of sixteen, Carolina's dream of seeing her parents' homeland became a reality. Her experiences there stayed with her, and eventually grew into a story. A few years would pass before she returned to Uruguay to conduct research for her book. She wanted to absorb the essence of the country and its people and put it all down on paper. She studied literature, taught and worked as a counselor for

rape victims before gathering the courage to compose the first few sentences of what became her debut novel.

Her patience paid off, she says, and she wouldn't trade her experiences as a teacher and counselor for anything. "I want to encourage members of the next generation to write, and I want them to be excited about literature. My work as a counselor taught me to listen, and it also showed me how many individual and family tragedies there are in this world. I learned about the strength of the human spirit." Far too many stories remain unwritten, says De Robertis. She wants her work to allow these "invisible voices" to be heard. Her writing brings to life stories of Uruguay and its people in poetic language that stands in sharp contrast to often brutal descriptions of South America's past. It is clear that the critics were right about her talent.

*Bibliography:* "The Invisible Mountain" (2009), "Perla" (2012). Her new book, "The Gods of Tango," will be published in 2015 in the United States and Germany.

## Sam Mealy

THINKER, 23,  
FROM DUBLIN, IRELAND

Sam Mealy was always an excellent student. But he attributes his outstanding performance in every subject, whether foreign languages, history or mathematics, not only to his intelligence and talent, but also to the influence of his family. His family had no television set until he was 13 years old, so books were his main source of entertainment. His mother is a scientist and university professor; his father is a surgeon. Both of them attach great importance to commitment, effort, reading and intellectual curiosity. And Mealy, who speaks fluent German, enjoys learning for its own sake.

During both primary and secondary school, he was often teased for keeping his nose to the grindstone. "For many teenagers, it's not cool to be too successful in school. The fact that I was pretty good at football helped to counteract my image as a nerd." Mealy could have studied economics, computer science or engineering, which would have enabled him to earn a lot of money at a young age. He chose instead to major in political science and history; human behavior, social and national development and people's interactions and decisions were what interested him more than anything else. During and after his academic training, he wrote several essays that won international recognition. His article "Taming the Dragon: Dispute Resolution in the South China Sea" won the Project Firefly Emerging Leaders Essay Competition, which is sponsored by Credit Suisse and seeks to encourage young academic talent. Mealy has also won races at several Irish and international cross-country tournaments.

However, Europe's high unemployment rate, stiff competition and the struggle to find a job – all of which are problems particularly for graduates in the humanities – were an issue even for a brilliant young man like Mealy. After graduating from university in 2013, he sent out 60 job applications to international organiza-

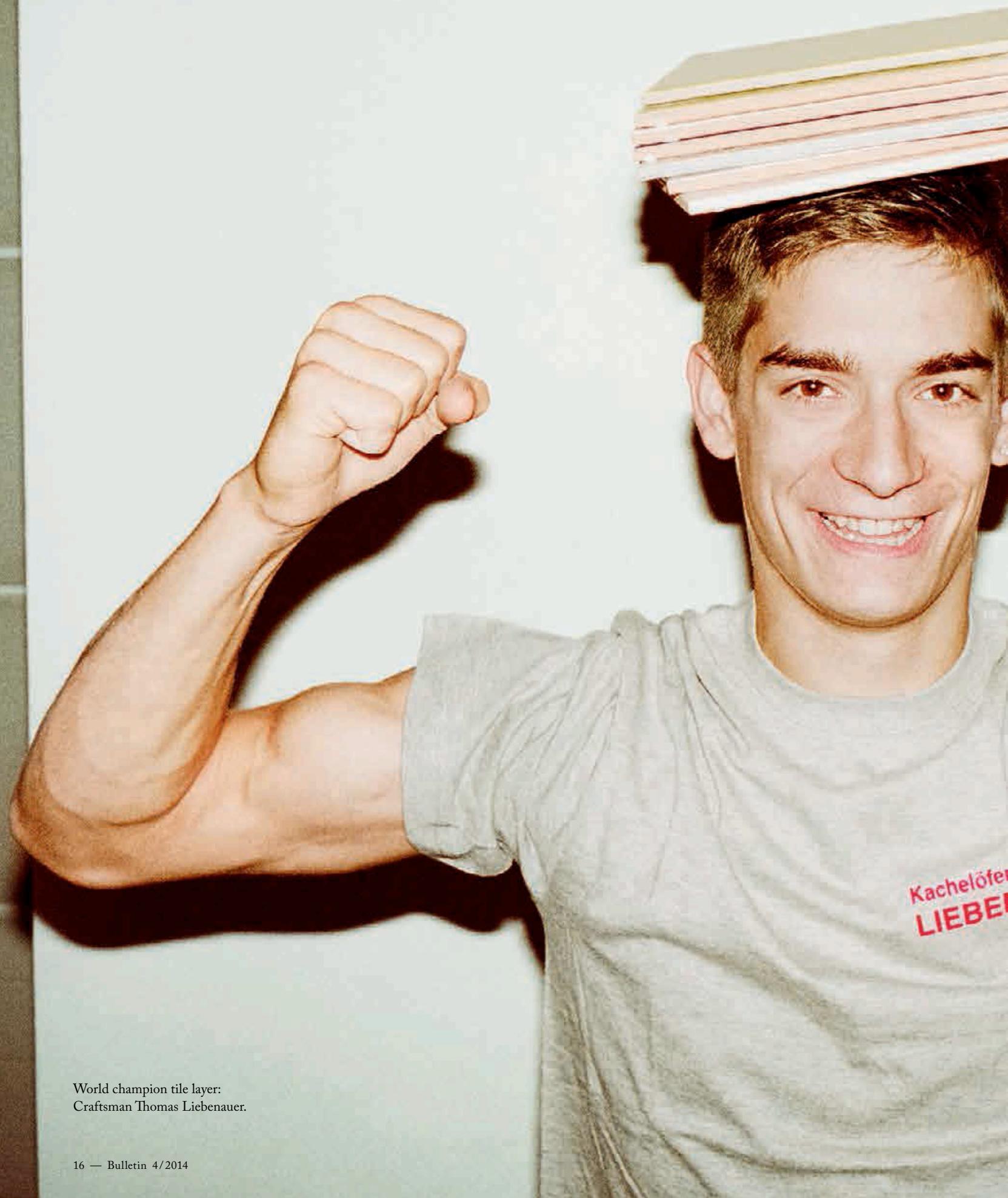
tions, academic institutions, NGOs and think tanks throughout Europe – and in all 60 cases, he received either a rejection or no response at all. "I'm sure it didn't help that I was unwilling to accept an unpaid internship," he says. This frustrating experience led Mealy to conclude that effort, commitment and hard work aren't always rewarded after all. "The idea of the American dream, which I had heard so much about when I was growing up, apparently isn't true. The right connections, your father's influential friends, your family's reputation are more important."

Rather than working for an international organization, Mealy is now employed by the internet service provider Dropbox. The job is an opportunity for him to acquire economic and technological expertise. Mealy recently completed a six-month course in San Francisco, where the company's headquarters are located. But he hasn't lost sight of his ultimate goal, which is to pursue an academic career in the field that has fascinated him since childhood: politics.

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Commitment, effort, reading  
and intellectual curiosity:  
Sam Mealy, winner of an  
essay competition.

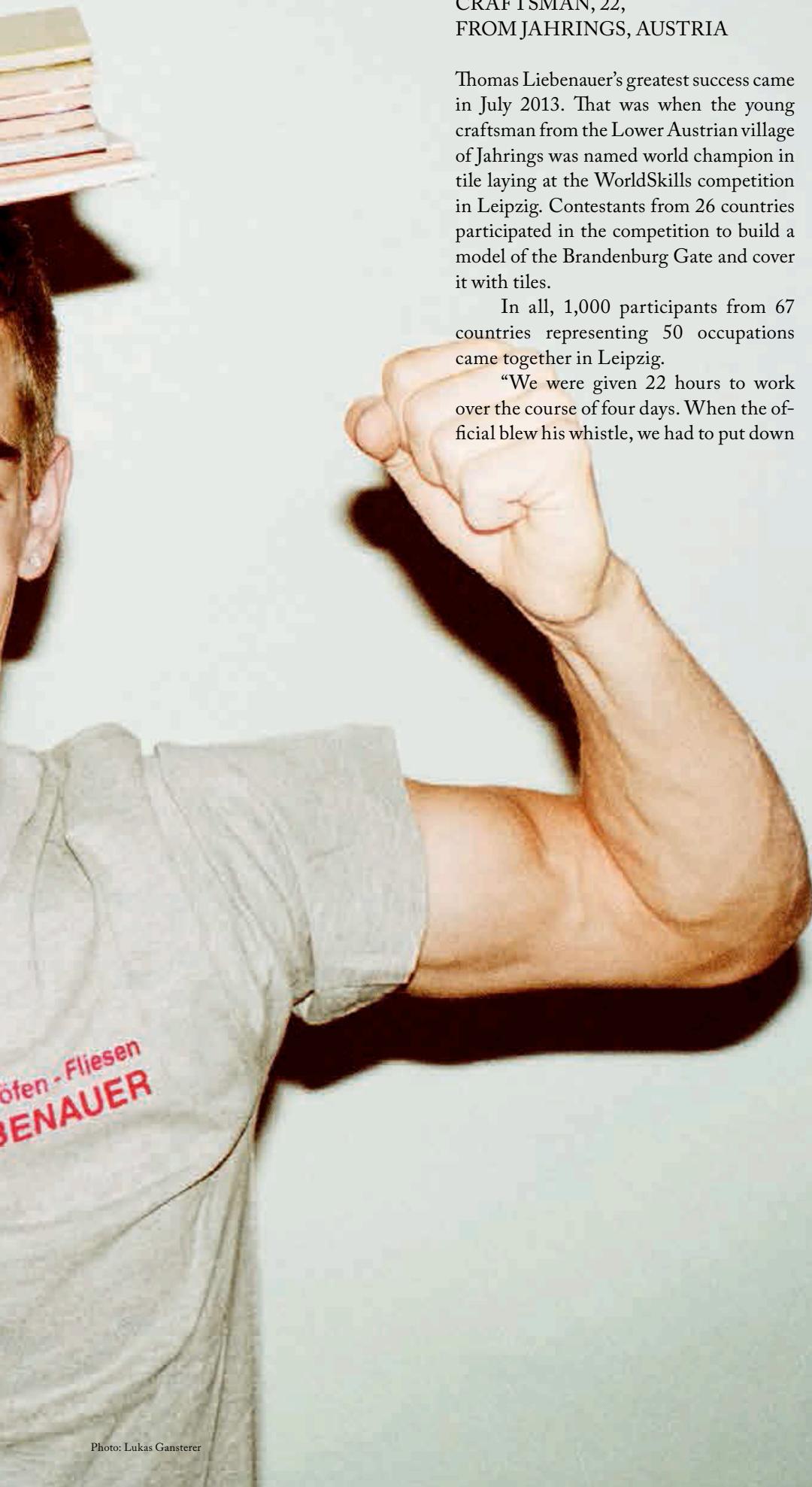




World champion tile layer:  
Craftsman Thomas Liebenauer.

## Thomas Liebenauer

CRAFTSMAN, 22,  
FROM JAHRINGS, AUSTRIA



Thomas Liebenauer's greatest success came in July 2013. That was when the young craftsman from the Lower Austrian village of Jahring was named world champion in tile laying at the WorldSkills competition in Leipzig. Contestants from 26 countries participated in the competition to build a model of the Brandenburg Gate and cover it with tiles.

In all, 1,000 participants from 67 countries representing 50 occupations came together in Leipzig.

"We were given 22 hours to work over the course of four days. When the official blew his whistle, we had to put down

our tools immediately; no one was allowed to spend more time working than anyone else." What mattered was finishing the project within the allotted time, and of course making sure that the end result was attractive and precisely crafted. The young Austrian speaks in short, unemotional sentences, but it is evident that he takes pride in being named world champion. Liebenauer has become something of a celebrity in his village and in Zwettl, a town seven kilometers away. Newspapers have interviewed him and published profiles; the president of the Lower Austrian chamber of commerce extended her congratulations, as did the head of the Zwettl chamber of commerce. Both officials viewed Liebenauer's victory as confirmation of the high quality of local trades, the competitive strength of the training offered in those fields and the effectiveness of the state's dual system of vocational training.

Liebenauer knew even as a child that he would one day become a tile layer and join his father's business. "I wasn't particularly interested in school and learning. I've always preferred to work with my hands; I'd go out to the garage and create something out of wood. Or I'd go with my father to a construction site. I liked being outside rather than in the classroom." After completing his compulsory nine-year schooling, he began working at his dream job. He passed his master craftsman's examination this year.

Laconic as ever, Liebenauer describes his daily routine: "Early in the morning we drive out to the construction site to work. At the end of the day I go home, and then usually to my girlfriend's house."

"We" – that is, Liebenauer, his father and an apprentice. It has never been a problem that his father is his boss. Sport is Liebenauer's hobby, especially football and cycling, and he's also a volunteer firefighter. Sometimes he meets friends in Zwettl for a beer. The family business, located in the family's home and workshop, employs four skilled workers and two apprentices. "I still have to pass the business management exam if I want to take over the company later on," says Liebenauer. But it's likely to be another 15 years or so before his father retires. Then the world's best tile layer will have his own business.



"We've turned retirement into a well-paid, long-term occupation": Economist Kotlikoff talks about the Social Security system.

# “We’re waging a war against our own children”

Prospects for coming generations are bleak, according to well-known American economist Laurence J. Kotlikoff. Young people are being exploited and robbed of what is rightfully theirs. We are no longer capable of paying for retirement benefits or the healthcare system. Saving the Western world will require radical reform and sacrifice.

Interview: Daniel Ammann and Michael Krobath

## *Professor Kotlikoff, you warn of a “Clash of Generations.”\* How dire is the situation?*

It’s worse than we think. I’ve actually understated the case. It’s not a clash of generations, but rather a war. We’re waging a war against our own children. And the worst of it is that we’re winning.

## *War? You put it in very dramatic terms.*

It’s not being waged with tanks and howitzers, of course. It’s a war of funding shortfalls and ever increasing consumption by older people at the expense of coming generations. It’s most evident in the case of retirement provision. This is our most disastrous “success.” We’ve turned retirement into a well-paid, long-term occupation. We wanted to do the right thing for older people by providing ever higher retirement benefits to keep them healthy and secure.

## *That’s a generous thing to do. Why is this a war?*

It’s extremely unfair to our children, grandchildren and great-grandchildren. We’re burdening them with massive government debt in order to pay for that generosity. These unfunded bills will stretch into eternity. Our children won’t be able to pay them. And we, too, are nowhere near being able to pay them – if we even wanted to.

## *What will be the consequences?*

We’re financially exploiting future generations. Young people are having their earnings expropriated for decades to come. It’s happening in my country, the United States. It’s happening in Western Europe. It’s happening in China and Japan. Young people don’t yet realize it, but they are going to have to pay the bill. They’re growing up with financial liabilities, and you can be certain that future governments will expect them to pay.

## *Why isn’t anything being done?*

Young people see in the older generation their parents and grandparents, and they

## My country, the United States, is flat broke – and we don’t even know it.

want to support them. Older people, on the other hand, apparently see only strangers when they think of the younger generation. We’re not behaving like adults. Adults take care of their children. We’re not doing that.

## *What needs to be done?*

First of all, we need to acknowledge how dire the situation is. When private individuals are unable to pay their bills, they’re

bankrupt. When companies are unable to pay their bills, they’re bankrupt. And when countries are unable to pay their bills, they’re bankrupt – even if they print money and other countries are still willing to accept it.

## *You’re saying that the Western world is bankrupt?*

My country, the United States, is flat broke – and we don’t even know it. The American government isn’t even capable of calculating our fiscal gap as it stretches into infinity. And it isn’t willing to reveal whether its investments will be able to cover the explicit and implicit liabilities of the future. This is deceptive accounting! It’s worse than Bernie Madoff’s Ponzi scheme or Enron’s accounting fraud.

## *Could you briefly explain what you mean by a fiscal gap?*

To put it simply, the fiscal gap is the government’s credit card bill. It’s the difference between expected future income and a country’s total anticipated expenditures. The problem isn’t even the official government debt that is listed in official statistics. The problem is the hidden debts, the implicit commitments that are deliberately kept out of the government’s books. If we add these implicit commitments to Social Security and healthcare, the fiscal gap of the United States exceeds that of Greece or Spain.

\*Laurence J. Kotlikoff and Scott Burns. *The Clash of Generations: Saving Ourselves, Our Kids, and Our Economy*. MIT Press. 2012

### ***How large is it?***

The American government has 202 trillion US dollars less than it needs to fund all of the commitments it has made to the American people. That's 202,000 billion dollars. The gap is 12 times as large as our gross domestic product. Most of the Western industrialized countries are faced with a similarly bleak situation. When we calculated Germany's fiscal gap a few years ago, we arrived at a figure of seven trillion euros. The pension systems of most industrialized countries are nothing but pyramid schemes that have been in place for decades. They will collapse like a house of cards as soon as younger people are no longer willing to pay the bill – or are unable to do so. After all, they can't pay more in taxes than they earn.

## **Most pension systems are nothing but pyramid schemes.**

### ***Your diagnosis is devastating. Do you also have a cure?***

One thing is clear: There are no painless solutions. Over the past decades, per capita consumption by older individuals has dramatically increased. In 1960, the average 80-year-old consumed roughly two-thirds as much as the average 30-year-old. Today 80-year-olds consume 50 percent more than 30-year-olds. This is massive redistribution from young to old, no matter how poor the young or how rich the elderly. The reasons for this increase are Social Security and healthcare systems that are unsustainable over the long term, as well as tax breaks for older people. Members of the older generation are consuming more than they should. Period. They need to rein in their consumption. We need to cut entitlements for the older generation.

### ***Could you be more concrete, and give us some numbers?***

To close the fiscal gap, the American government would have to immediately and permanently raise taxes by 57 per-

cent or cut all benefits by 37 percent. And we need to radically reform and simplify our tax, healthcare and Social Security systems. This is the only way to save the United States.

### ***It's a devastating message. How would you propose reforming the system?***

We need to have the courage to take bold action. I propose abolishing our existing system of retirement provision and replacing it with a system of personal security accounts. In the United States, we have a national savings crisis. The baby boomers, who are now reaching retirement age, have saved far too little over the course of their lives. Last year we saved only two percent of our gross domestic product. That figure was 15 percent during the 1950s! As a result, many baby boomers will find themselves dependent on Social Security in their old age.

### ***How would such a personal security account work?***

First, I would freeze the existing system. All accrued benefits would be guaranteed by the state and paid as they come due. Then all workers would be required to contribute eight percent of their pay to a personal security account. The account balances would be invested by a computer in a global index fund of stocks, bonds and real estate. This would involve virtually no fees. When people are between ages 60 and 70, the same computer would convert their account balances into annuities based on average life expectancy at that time. Note that the government would provide a guarantee against inflation, so that the balances would at least equal the beneficiaries' contributions adjusted for inflation.

### ***How much money could this approach save?***

In the United States, approximately 60 trillion dollars – in retirement benefits alone.

### ***That can't be achieved without dramatically reducing benefits. Will today's young people have to accept that their benefits will be much lower than those of today's retirees?***

Substantially lower, yes. Lower than the benefits they have been falsely promised,

which they never would have received in any case.

### ***This proposal will do nothing for young people.***

Of course, today's young people will be hit hard, but the new system would also help them. Their savings would be invested in the global markets, at no cost to them and with a broad level of diversification. Their capital would be protected against loss of value. Above all, they would benefit from a modern system of retirement provision that is truly sustainable.

### ***How do you expect to garner political support for this sort of reform, which requires sacrifice from everyone? The elderly, in particular, are unlikely to vote against their own interests.***

Why not give young people under the age of 35 two votes, so they can also represent the interests of those yet unborn?

### ***You would prefer an even more radical approach.***

At the St. Gallen Symposium, someone asked me whether old people should be denied the vote. The audience said no, but I would say yes. >

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**Laurence J. Kotlikoff**, 63, professor of economics at Boston University, is one of the most highly regarded economists in the United States and well known for his outspoken views. In the 1980s, during the Reagan administration, he served as senior economist on the President's Council of Economic Advisers. He caused an international stir with the idea of "generational accounting," a concept he helped to develop in the early 1990s. This measures a country's current and future payment obligations, including not only explicit government spending, but also implicit government debt, primarily resulting from Social Security entitlements. Kotlikoff writes columns and blogs for the Financial Times, The New York Times and the Bloomberg news agency.

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"There are no painless solutions": Economist Kotlikoff.

*That would hardly increase the likelihood of achieving your proposed reforms.*

We also have to appeal to the interests of today's 45-, 50- and 55-year-olds. They, too, are victims of this system.

*Do you really believe that politicians are ready to pursue new solutions?*

No, it's already too late. That's something they should have done 30 or 40 years ago. I no longer believe that either the Republicans or the Democrats will take the necessary action. Two hundred years ago, Thomas Jefferson – who is admired by both Republicans and Democrats – wrote that "the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale."

*When young people recognize the gravity of the situation, will this lead to social unrest?*

(Sighs) I do indeed expect that we will see social unrest. The problem will continue to increase in magnitude.

## And vote the politicians out of office! They've made a mess of everything.

*What has changed for you personally since you have been focusing on this issue?*

The idea of retirement at some point. And I worry more about my two sons.

*How old are they?*

They're 16 and 23.

*What are you especially concerned about?*

I hear so many stories about well-educated young people who graduate from top universities like Harvard, only to be unable to find a job. The son of good friends of mine graduated from Yale a year ago with a degree in economics. He's smart – and he's been unemployed for a year, despite sending out dozens

of applications. Ten years ago, he would have found a six-figure job immediately.

*Given such dismal prospects, should young people even go to college?*

I would certainly be very reluctant to take on debt to do so. I'd first see if my parents, grandparents, aunts and uncles could help me out. My goal is to make sure that my children graduate from college debt-free. Although I earn a relatively high salary as a professor in Boston, my standard of living isn't much different from that of any middle-class family. It's always been more important to me to spend my earnings on my children's education.

*What would be your advice to young people?*

Don't go into debt! Be politically active! In the United States we have an organization called the American Association for Retired People, which lobbies for retirees. What we need is an Association for Young People that fights for inter-generational equity. And vote the politicians out of office! They've made a mess of everything.

*And what would you suggest to a young woman or man at the individual level?*

Young people need to recognize that higher taxes and benefit cuts will hit them hard. In extreme cases, they may need to consider working abroad. I say that as a patriot who would rather stay in the US and solve these problems.

*How are you preparing your sons for this catastrophe?*

I'm putting money aside for them.

*In times of crisis, all you have is your family – as in the past.*

It's true. My partner has a daughter who graduated from a good college in Boston. She earns 50,000 dollars a year and lives in New York. That's not very much here. She visited us recently, and was utterly distraught. She can't make it on her income, because she still has a student loan to repay. Her mother decided to take over the loan for her. This illustrates the pressure on young people today.

*Is the middle class finished?*

The American middle class is doomed. We used to promote the American dream: Our children would do better than we have. Increasingly, the American dream is becoming a nightmare. It's a foreseeable disaster, but we're not taking the necessary steps to prevent it. This is tragic – and irresponsible. □

# What We DON'T Know About Money

Most young people have limited knowledge of financial and economic issues. According to the latest PISA study, their financial literacy is astoundingly low. And the situation is not much better for many adults.

By Sandro Benini

"Let's assume someone pays 15 percent interest per annum on a loan of 8,000 francs. Another bank offers a loan of 10,000 francs for a longer term, and this loan is subject to a 13 percent interest rate. Not counting the fact that the borrower will be able to repay the old debt with the newly borrowed money, name two further benefits of the new loan."

This problem belongs to the most difficult level of questions included in the test the OECD used to evaluate the financial knowledge – also called "financial literacy" in technical jargon – of 15-year-olds from 18 countries in its 2012 PISA study. The correct answer is: The interest rate is lower, and more money is available to the borrower. The solutions seem to be simple, but on average, only one in ten of the young people surveyed managed to come up with them.

## The Chinese Perform Best

Out of five levels of difficulty, 15 percent of young people do not make it past the second level – the one including questions such as how to determine the amount of shipping costs on the basis of the invoice when ordering consumer goods. Chinese youngsters performed best of all, while those from Colombia and Southern Italy showed the poorest performance. The US was below the OECD average. It is hardly surprising that children from good socio-

economic backgrounds and with their own bank accounts achieve better results, while a noteworthy difference between the genders appeared only in Italy (boys did better than girls). Strong math skills tend to help achieve higher financial literacy, but the relationship is not equally strong in all countries. The per capita GDP of a country, however, has only a minimal impact on its young people's financial literacy.

There are numerous other studies which indicate rampant financial illiteracy among both young people and adults. According to a study by the Center for Economic and Entrepreneurial Literacy published in 2009, "an overwhelming number of Americans are incapable of answering even the most basic questions on credit, interest and basic economic concepts." Even a term like "Dow Jones Index" was familiar to a mere 53 percent of those surveyed. Conducted at the peak of the global financial and economic crisis, the timing of the study was deliberate, as the most devastating economic downturn since 1929 increased the level of awareness on the part of schools, authorities and politicians regarding the lack of financial knowledge among a large proportion of the population. Every April is thus known as "Financial Literacy Month" in the US, during which projects are introduced to improve the skills of schoolchildren. As mentioned above, the US was also below the average of the >

## Aflatoun

Aflatoun was founded in Amsterdam in 2005 and today the organization is a network of over 150 NGOs in 105 countries. It is dedicated to improving education for children and young people worldwide with a special focus on social and financial education. Aflatoun supports enterprise development among young people. They should save money, motivate others to save and tap new sources of income (see examples on next page).

### Facts and figures:

- **Participating countries:** 105
- **Number of children reached (2013):** approx. 2.35 million
- **Participating schools and other educational centers:** 27,347
- **Cost per child per year:** EUR 7.40

Website: [aflatoun.org](http://aflatoun.org)

Twitter: [@Aflatoun](https://twitter.com/Aflatoun)

Credit Suisse's Global Educational Initiative has been in existence for more than five years. In 2014, a new program to provide financial education for girls was launched in partnership with Plan International and Aflatoun. Joint projects are under way in Brazil, China, India and Rwanda.  
[credit-suisse.com/aflatoun](http://credit-suisse.com/aflatoun)



**Ivonne, 12, Ecuador**  
Chocolate entrepreneur

"Aflatoun taught me how to start a business even with just a little money. Now, with the help of my mother, I am making and selling chocolates after school. I'm also recycling plastic bottles as a way of earning extra money for my business, which I call Ivonne's Chocolate Shop. I plan to use the profits to pay for my studies. And I'm also opening my first savings account."



**Salah, 12, Sudan (center)**  
Goat owner

"Last year I got a passbook savings account, which allows me to keep track of my money. By the end of the year I had saved 11 francs! I decided to buy a goat. My father gave me a little extra money so that I would have enough. Now my sister, my two brothers, and I drink the goat's milk. And the goat has given birth to a kid goat! I hope that I'll eventually be able to sell a lot of goats and earn enough money to take care of my family's basic needs."



**Lynette, 12, Uganda**  
Future banker

"Being the oldest child has some advantages, but it has disadvantages as well. For example, I like the fact that my brothers and sisters respect me. But I also have certain responsibilities. My mother relies on me to take care of the others when she's not at home. Speaking of responsibilities: If I had a savings account with a bank, I would have to travel a long way to the next branch to make deposits. It's much easier to manage my savings through the Aflatoun club at school. All I have to do is talk to the teacher and enter the amount in my savings account passbook, and then I can withdraw money. Someday I would like to open my own bank with branches in the villages to show children how to save money. Then they could use their savings to buy books, pencils and crayons."



**Amy, 14, Indonesia (left)**  
Paper tulip entrepreneur

"My name is Amy. I'm 14 years old and in eighth grade. When I'm older I want to study psychology. I use recycled paper to make beautiful tulips. I put them in a box, and then my friend Lia and I go door to door selling them in our neighborhood. Sometimes Lia helps me make them, and in return I treat her to a meal or a snack. I can earn up to four francs in a week. So far I've saved nearly 40 francs. I'm not yet satisfied with my earnings; I have a seven-year-old brother, and I'd like to help pay for his schooling."

13 OECD countries surveyed in the 2012 PISA test.

#### PISA Test without Financial Section

An investigation conducted by the European Fund and Asset Management Association Efama ranks the financial literacy of the Swiss population as comparatively high; however, because the promotion of financial skills was not anchored firmly enough in the cantonal curricula, Switzerland did not allow its school children to participate in this section of the PISA test. The Swiss National Bank and the Swiss Business Federation criticized this decision and are calling for more instruction on the topic of finance. Nevertheless Switzerland still plans to omit the financial literacy section in the next PISA study in 2015. □

**Sandro Benini** is a journalist. He reports from South America for the newspaper *Tages-Anzeiger* and other publications. He lives in Mexico City.

# What Do You Get If...?

A quiz for students (and parents) on debt, interest bonds and other money issues.

3. Estimate: What was the average (gross) monthly salary in Switzerland in 2010?

- (A) 4,800 francs
- (B) 6,800 francs
- (C) 8,800 francs

5. Andreas has 4,000 francs in a savings account. The interest rate is 4 percent, the rate of inflation is 3 percent. What was Andreas's real rate of return from his bank account last year?

- (A) 1 percent
- (B) 7 percent
- (C) 160 francs
- (D) 12 percent

These questions were created by Iconomix, the Swiss National Bank's educational platform, and are aimed at students in upper-secondary education (vocational and high schools).

8. Mrs. Meier has 100 francs in her savings account and the annual interest rate is 4 percent. What is her account balance after five years (excluding any fees)?

- (A) Just over 120 francs
- (B) Exactly 120 francs
- (C) Just below 120 francs

1. What are "economic cycles"?

- (A) Developments in the value of a financial investment
- (B) Increases in the overall level of prices
- (C) Upward and downward fluctuations in the economy

2. Which of the following pairs of goods are complementary?

- (A) Landline and mobile phone
- (B) Ballpoint pen and pencil
- (C) Lamp and light bulb

4. What form of investment provides the best protection against inflation?

- (A) Cash
- (B) Savings account
- (C) Fixed interest bond
- (D) Real estate and gold

6. Bond A has a higher yield than bond B. Which of the following is most accurate?

- (A) Both have the same level of risk
- (B) Bond A has a higher level of risk than bond B
- (C) Bond A has a lower level of risk than bond B

7. What happens to the price of a bond when the general interest rate falls?

- (A) The bond price falls
- (B) The bond price rises
- (C) The bond price stays the same

9. What interest rate would a bank account have to earn for its balance to double within a period of around 10 years?

- (A) 2 percent
- (B) 7 percent
- (C) 10 percent
- (D) 15 percent

10. What is the maximum amount to which a sum of 1,000 francs can be increased within the money creation process if a bank has to keep 5 percent in reserve and puts the remaining money back into circulation?

- (A) 995 francs
- (B) 1,050 francs
- (C) 5,000 francs
- (D) 20,000 francs

Answers:  
6B, 7B, 8A, 9B, 10D  
1C, 2C, 3B, 4D, 5A

# Girls Click Differently

Given the right computer games, young women might well be interested in programming. It worked for the author.

By Nitasha Tiku

I am the daughter of Indian immigrants to the United States. Like every Bengal tiger cub, after dinner I had to learn my multiplication tables, memorize vocabulary and study maps. My success was limited.

I learned much more efficiently while I was trying to find Carmen Sandiego. Carmen Sandiego? She was the master thief I searched for in my favorite computer game, “Where in the World is Carmen Sandiego?” A virtual detective agency provided clues, such as a national currency or a landmark. At the age of seven, I knew that Iceland’s currency was the Icelandic krona, although I couldn’t have found Iceland on a map. And my early enthusiasm for computer games eventually led me to become a technology reporter.

In the United States, a huge nationwide push is underway to teach children coding, along with reading, writing and arithmetic. These efforts are being funded by the nonprofit organization Code.org and ultra-rich donors like Amazon, Google, Bill Gates and Mark Zuckerberg. So far, 20,000 teachers have adopted the Code.org curriculum.

Gender differences may pose the greatest challenge to efforts to interest young people in pursuing a career in IT. Every year, high school students in the US can take Advanced Placement exams before entering college. Last year, girls made up less than 20 percent of those taking the AP exam in computer science, and in three states not a single girl took the test. In 1984, 36 percent of computer science graduates were women; by 2013 that share had dropped to only 14 percent. And in

the professional world? At Google, for example, women account for only 17 percent of technical employees.

Are girls and women responsible for this imbalance, or is it due to the fact that the field of IT is shaped by men? Natalie Rusk, a research scientist at the Massachusetts Institute of Technology (MIT) Media Lab, is looking into this question. She helped to develop the open-source platform Scratch, which allows children to program games and animation. She thinks that the next two years will determine whether coding can start to close the gender gap. That’s her goal.

## Boys Fight Zombies, Girls Create Fantasy Worlds

A paradigm shift is under way – instead of trying to get girls excited about a technology that apparently doesn’t interest them, people are paying more attention to what is already on their computer screens. Some educators believe that gearing computer games to girls’ interests might be a way to interest them in coding and even increase the number of girls in technology-related classes. “We need to meet girls where they are,” says Reshma Saujani, founder of the nonprofit organization Girls Who Code.

Stephen Foster, one of the founders of the San Diego-based organization ThoughtSTEM, which teaches children to code in after-school programs and summer camps, has observed gender differences as well. “Students were always showing up in Minecraft T-shirts,” he says. “After seeing two dozen children

wearing these shirts, we thought, ‘Oh, hey, maybe these kids know something that we don’t.’”

The computer game Minecraft looks like a 3-D fairy tale that was cranked through the Matrix and came out rendered in blocks. One of the factors in Minecraft’s

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## Math for Brazil

Funding for the natural sciences is intended to help Brazilian high school students succeed. Brazil’s projected growth in the 21st century leaves students, especially those who attend the public school system, at risk of falling behind. Although current growth rates are low, the demand for qualified engineers and technicians continues to rise. But the educational system is in dismal shape. Brazil ranks near the bottom in the PISA surveys; its most recent scores for mathematics performance were lower than those of Albania, Montenegro, and Kazakhstan (2012).

Worldfund’s STEM Brasil program is designed to encourage and support science and math teachers at public high schools who will, in turn, motivate students and encourage them to pursue careers in the economically critical STEM fields (science, technology, engineering and mathematics). STEM Brasil is a two-year, 180-hour program that focuses on teachers at public secondary schools. So far, 1,700 science and math teachers have completed the program or will soon do so, 110,000 students are the beneficiaries.

Website: [worldfund.org/en/programs/stem-brasil](http://worldfund.org/en/programs/stem-brasil)

Credit Suisse provides funding for STEM Brasil and Worldfund as part of its Global Education Initiative: [credit-suisse.com/worldfund](http://credit-suisse.com/worldfund)



One hundred million registered users: The 3D game Minecraft (photo) is played by a surprisingly high number of girls.

success is that players can create modifications of their own, known as “mods” – content, figures and even whole worlds. And this is where Stephen Foster noticed striking differences between boys and girls. The boys tended to play and program in “survival” mode, battling zombies, for example, while the girls preferred “creative” mode, which allows you to build anything from a house to a village to an entire fantasy world.

Despite millions in funding and the support of President Obama, Code.org is not yet mainstream. Minecraft, however, is. The game has 100 million registered users. Lady Gaga even released a Minecraft-themed music video in March. MIT’s Natalie Rusk welcomes the game’s success. “We’re happy about the Minecraft phenomenon. First it seemed like it was mostly boys, but now a lot of girls are getting engaged in Minecraft.”

A hundred students were on ThoughtSTEM’s waiting list for its first Minecraft class two months ago. “I’d almost say that more girls were waiting in line than boys,” says Stephen Foster. “There are so many girls who play Minecraft who

could be easily persuaded to learn coding – they just don’t realize it yet.”

#### **Jobs, Gates, Zuckerberg: Role Models for Girls Are Lacking**

One problem in attracting girls to IT is a lack of female role models. Steve Jobs, Bill Gates, Mark Zuckerberg and all of the “garage entrepreneurs” in Hollywood movies – they’re all men. Rebecca Feldman, a seventh grader from Queens, had a discouraging experience in a robotics after-school program. “I was one of two girls in the class,” she says. “We kind of had to fend for ourselves.”

Then her parents heard about CoderDojo, a nonprofit dedicated to teaching kids to code, free of charge. CoderDojo NYC was co-founded by Rebecca Garcia, a 23-year-old programmer who gravitated toward coding through an early obsession with the virtual-pet game Neopets. Neopets is especially popular with girls, and allows them to customize their pet shops using the programming languages HTML and CSS.

Rebecca Garcia began to mentor Rebecca Feldman, who became known as

Little Rebecca. After her first programming session with Ms. Garcia, Little Rebecca went to her parents and said, “I really like this. Is this something you can do for a living?” □

**Nitasha Tiku** is a technology reporter. Her articles have appeared in the business magazine Inc., the technology platform Valleywag and The New York Times, among other outlets. Twitter: [@nitashatiku](https://twitter.com/nitashatiku)  
© The New York Times

# No Time to Sleep While Asia Is Growing

Hong Kong from above:  
View of the financial metropolis  
from Victoria Peak.

Europe is stagnating, aging and bogged down by debate.  
America is busy managing its unequal distribution of wealth.  
But Asia is booming. A visit to Hong Kong and Asia's  
toughest MBA program. The business elite of tomorrow  
prepare for their future here.

By Philipp Mattheis (author) and Justin Jin (photography)





"Performance, work experience and nationality":  
MBA Program Director Sean O. Ferguson.

A brisk wind blows down from Victoria Peak, the highest spot in Hong Kong, onto the rooftop terrace of the 21-story high-rise in the Soho entertainment district, dispersing the hot, humid daytime air. The sun sinks into the sea behind the skyscrapers. Down below, car horns honk, air-conditioners whirr, people speak English, Cantonese, Mandarin and Indian languages. But up here, all those sounds meld into a solid murmur of noise. The tables hold plates of tapas; a group of young people toast each other with glasses of white wine. In the twilight, you can't see how tired they are.

Ted Milonas, a Greek, talks about the new numbers from China: 7.4 percent growth in the first quarter, a good showing yet again. But can you trust the numbers? Diesel consumption, which normally correlates closely with growth, has stagnated recently says Ted, who worked in the energy sector. Jessie Zhang from China replies that there is a lot of unde-

clared work in China that is not even reflected in the statistic. In reality, the growth is even higher.

Yuan Lee Chung from Malaysia asks whether anyone has been to New York – her exchange program at Columbia University starts there in September. Jessie has to head out. She needs to check on her baby, but still stops into the office briefly to write a few emails. The others clink glasses, and in that sound there is something that otherwise only children or perhaps brand-new graduates have: unlimited optimism.

After the first drink, part of the group goes back to work. Some work until midnight, others longer. "Five hours of sleep," says Ted, "was my average over the last year." Naynah Haruray, a fellow student from India, laughs. "Five hours? You sure slept a lot!"

Regardless of which elite university you earn a Master of Business Administration (MBA) from – the program is a mental marathon. But at the Hong Kong University of Science and Technology (HKUST), it's an ultramarathon. People who want to earn an MBA here within 16 months must be willing to go to their limits and also invest 93,500 US dollars – the cost for tuition, housing and living expenses. Many have quit well-paying jobs to attend the program. On average, the MBA students have six years of work experience and are 30 years old. No one doubts that the effort is worth it, because while the European and US economies have stumbled in recent years, everything is growing in Asia. Especially the People's Republic of China, but also other huge markets such as Indonesia, India, Vietnam and Malaysia as well.

#### Ted Wants More

Most students have left their home countries to begin a new life in the Far East. The semester has just ended at HKUST. Now Ted, Naynah, Yuan Lee, Jessie and Harry are starting internships, which are part of their program: at investment banks, insurance companies, consulting firms.

Ted Milonas is 26 years old. He attended university in Greece and left behind a good job in the investment indus-





"Five hours of sleep," says Ted, "was my average over the last year."

*Ted Milonas* — the 26-year-old Greek worked in the investment industry. Now he is attending university in Asia, "where everything is growing."

try in Athens. But: "I didn't see any major opportunities for myself in Europe," he says. "I thought about going to the US and working really hard, or moving to Asia, where everything is growing." He started learning Mandarin and looked around for MBA programs. Ted finally decided on the program in Hong Kong.

Qualified professionals are still rare in China. Many Western companies in China complain about rising wages, the lack of training and high turnover among local employees. For that reason, Western employees who can speak Mandarin are in demand. And people who have an MBA from HKUST on their resume are usually hired after their internship. Ted gesticulates with his hands while talking as if he has too much energy in his body. "Everyone here is extremely motivated," he notes. "It's intoxicating."

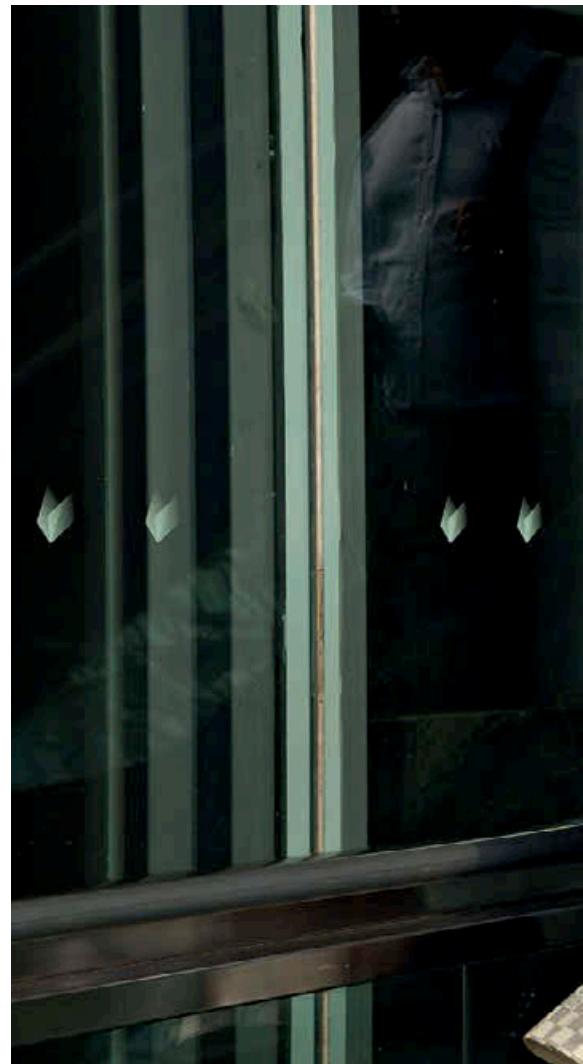
It takes about 45 minutes with public transportation to travel to the school from the rooftop terrace in the center of Hong Kong where the MBA students meet every week. First you take the subway for a few stations on Hong Kong Island and then travel under the bay to Kowloon, the mainland side of Hong Kong. From Hang Hau station, it's ten minutes by bus or taxi to Clearwater Bay. Palms, vines and hibiscus crowd along the road between the cliffs. Thunderclouds float over the small island offshore toward the school. July is the rainy season. Space in Hong Kong is rare and valuable, so the university is also built up the side of the cliffs.

#### Best MBA in Asia

The director of the MBA program, Sean O. Ferguson, is a tall man who talks about the school's advantages in a thick Texas accent. It's the best MBA program in Asia, among the top 10 worldwide, 95 percent of students have a new job within three months of completing the program, 88 percent work in Asia after graduating, they earn on average 82,000 US dollars in the first year and 153 percent more three years later. As such, HKUST offers one of the highest returns worldwide measured by the costs. Around 500 students apply per year; 100 are accepted. "Our >



“A piece of paper counts for little in a market that is constantly changing”: Professor Stephen Nason in one of the university’s lecture halls.

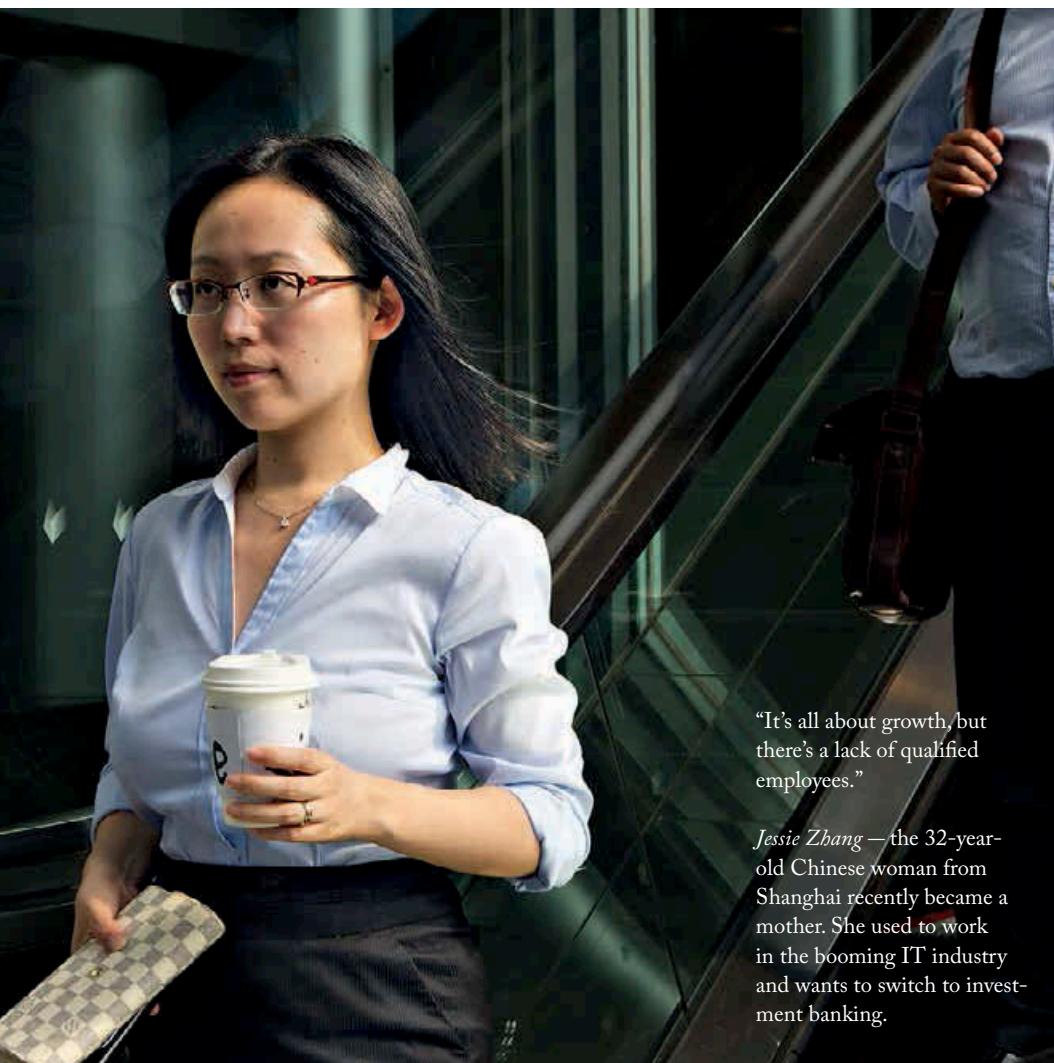


selection criteria are a mixture of academic performance, work experience and nationality,” says Ferguson. “We place value on having a balanced mix of students here.” People should be prepared to deal with cultural differences in business life. 15 percent of students come from North America, 31 percent from Europe, 18 percent from China and Hong Kong, 32 percent from other Asian countries and 4 percent from the rest of the world.

The workload is intense. “You have to calculate three hours of preparation for each hour of class,” says Ferguson. So for the minimum of 12 classroom hours, students have 48 hours of work per week. Add to that group projects, field trips to companies, presentations and independent networking. Anyone who needs more time has to sleep less.



88 percent of MBA graduates work in Asia after finishing, they earn on average 82,000 US dollars in the first year and 153 percent more three years later. The main building at HKUST.



"It's all about growth, but there's a lack of qualified employees."

*Jessie Zhang* — the 32-year-old Chinese woman from Shanghai recently became a mother. She used to work in the booming IT industry and wants to switch to investment banking.

### Hong Kong

The special administrative region of the People's Republic of China became a British colony in 1843. Hong Kong left the British "empire" in 1997. The free market economy has remained.



**Population:** 7,234,000

**Income tax:** 15 percent

**Unemployment rate:** 3.2 percent (2013)

**GDP:** USD 274.01 bn

*Source: Tradingeconomics, Hong Kong Economy*

### Tax Return on a Beer Coaster

Hong Kong's lean bureaucracy is one of its major advantages as a business center. Anyone who wants to open a business can do so within a week. The tax return fits on a beer coaster: 15 percent, flat. The city is considered the world's most business-friendly metropolis. There are no import and export tariffs.

Because China has largely shielded its financial system up to now, Hong Kong has remained the region's international finance center even after leaving the British Commonwealth in 1997. Hong Kong is the gateway to all Asian markets, even Japan, for example. The island nation with around 130 million inhabitants has been fighting a recession for decades and could benefit even more from China's growth in the future. The major beneficiaries would be the Japanese car companies, which are setting their hopes on China's growing middle class of active consumers and opening numerous new production locations in China.

Or Malaysia: At only 4 percent to 5 percent growth, the country doesn't come close to China, but investors favor it for its political stability and rule of law. Or Taiwan, with its high education level and highly specialized, well-connected SMEs. Or Vietnam, which offers companies an alternative to China as a production location because the People's Republic is becoming too expensive with its relentlessly growing wages.

### Green Tea at Starbucks

Nevertheless, HKUST focuses on China in its MBA program. "China is still Asia's most important market," says program director Ferguson. "That's why we offer a separate class, 'Business in China,' and numerous case studies that look at examples from companies from the mainland." Even for many Hong Kong natives, the mainland remains unknown and suspect. Some Hong Kong bankers speak respectfully of the giant to the north, but have never set foot there themselves.

To fill this knowledge gap, CEOs come to the school and report about their experiences in the world's largest growth market. Countless case studies illus- >

trate the theory. The Chinese do not drink coffee, and have never done so. Nevertheless, the Starbucks chain covered China with thousands of stores where they offer shakes with green tea. By contrast, the German company Media-Markt had to withdraw from the market. The Chinese are world champions at shopping online. Although many customers visited the store in Shanghai, they preferred to order from the popular e-commerce website, Taobao.

One course, “Marketing in China,” focuses on China’s consumer culture. Many Chinese people consider Western products higher in quality than domestic ones, but the new consumers are also very online savvy and easily upset. Foreign companies in particular whose products exhibit shortcomings are named and shamed on the internet. Companies that ignore social networks such as Weibo and Weixin run the risk of landing in a crisis – as has happened to Apple, Bosch Siemens Home Appliances and Kentucky Fried Chicken.

### From Fishing Village to Megacity

To get an idea of China’s boom, just take a ride on the subway over the border. Shenzhen begins right behind the bustling border stations. When former party leader Deng Xiaoping started the first economic reforms 35 years ago as Mao’s successor, Shenzhen was a fishing village with a few thousand residents. Today 14 million people live in the model city, which has ten other cities with over one million residents within a 200-kilometer radius. More than 60 million people live in the Pearl River Delta and earn approximately as much as the population of South Korea.

Jessie Zhang comes from China. The petite woman from Shanghai worked at an IT consulting firm for the past few years. IT is a boom market in China. “It’s all about growth,” says the 32-year-old, “but there’s a lack of qualified employees.” Zhang was tossed into projects that she was hardly prepared for. The number of young people attending university in China is growing steadily, but they don’t learn much practical knowledge. After

university, starting salaries are 5,000 renminbi, or around 700 Swiss francs, which is also low by Chinese standards. This reduces loyalty to a company – most Chinese people will change jobs immediately if the competition offers them a five percent raise or a shorter commute. Protection against dismissal or a period for giving notice don’t exist in China.

### Understanding China

Stephen Nason is one of the professors at HKUST who prepares students for the often culturally underestimated giant that is China. His class on negotiating techniques is popular. The California native uses simulations to teach students what is important in making deals. “A piece of paper counts for little in a market that is constantly changing,” says Nason. For that reason, many Chinese people re-

sist fixing the continually changing reality in a contract. In negotiations, the key is to build trust. “Guan Xi” is the Chinese word for the web of half-business, half-personal relationships that needs to be managed with many small gifts and invitations to meals. Anyone who wants to do business in China must understand this principle. “Just drinking Baijiu rice schnapps with Chinese business partners is not enough.”

Jessie Zhang wanted out of this environment after working in it for eight years. She wanted to become an investment banker and gather international experience. Her husband, an HKUST alumnus, suggested the MBA program. Shortly after Zheng was accepted, she became pregnant. Nevertheless, she never missed class. She got up at six in the morning, read the business news and got



Unlimited optimism: MBA students enjoy an evening aperitif on the 21st floor of a high-rise in Soho. Many of them go back to work afterwards.

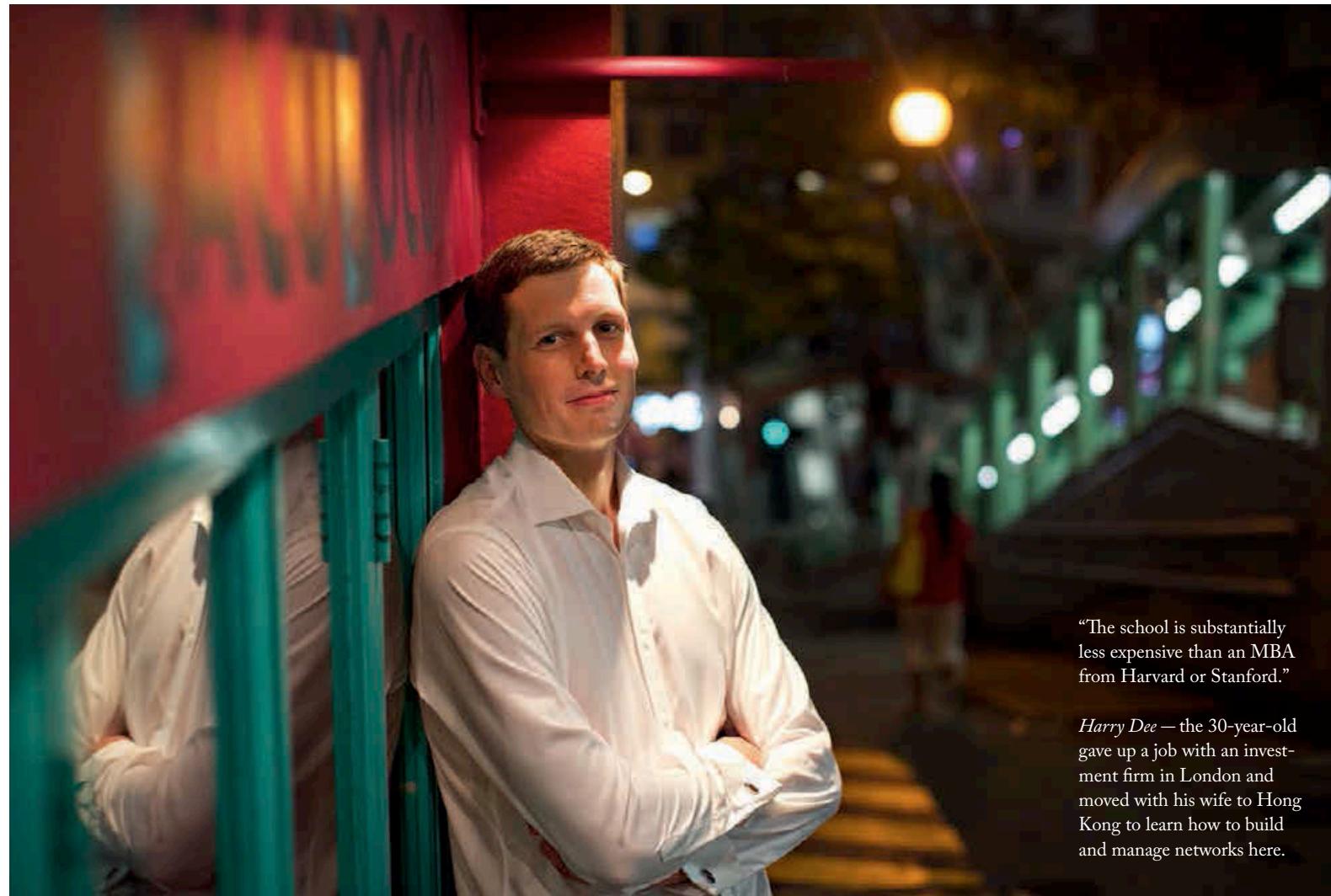


ready for class. Afterwards she took part in team meetings or drove from campus into the city to build her network. Now Jessie has almost reached her goal. Her child was born in January, and her parents are taking care of the baby. Jessie herself is completing an internship with a private equity firm and anticipates an annual income of between 60,000 and 100,000 US dollars in the future.

#### **It Isn't Just about the Money**

Not every student is in the MBA program because of money. Like Harry

Dee, for example. He chiseled out 45 minutes for a lunch break and is now sitting in a coffee shop in one of Hong Kong's many air-conditioned shopping malls to talk about his career path. He had a well-paying job at a London investment firm. But after seven years, he had the feeling that "my learning curve had plateaued," he says. In the end he decided to leave his home in the UK and attend HKUST. "The school ranks near the top, but is substantially less expensive than an MBA from Harvard or Stanford." The 30-year-old moved >



"The school is substantially less expensive than an MBA from Harvard or Stanford."

*Harry Dee* — the 30-year-old gave up a job with an investment firm in London and moved with his wife to Hong Kong to learn how to build and manage networks here.

with his wife into an apartment on Hong Kong Island – far from campus, but close to the city's economic pulse. Learning how to build and manage networks has been the most important thing in the program for him. Now Dee is doing an internship with MetLife, a publicly traded American insurance company. The growth opportunities in this market are enormous, he notes.

"For me, it's not really about a higher salary at the moment," says Dee, a political scientist by training. "I'm thinking long term." In 10 years, he would like to be the country manager for a company. "Achieving a goal like that is nearly impossible in shrinking markets," he says. "But it's achievable here in Asia where new opportunities are constantly arising."

HKUST graduates still have the best chances for jobs with international firms that operate in Asia. 88 percent of graduates go on to work in Asia; over half of those remain in Hong Kong. The culture in Chinese companies is unique: Supervisors are not criticized, people only take on responsibility if they have been explicitly ordered to do so, and problems are often not addressed out of fear of humiliation – for themselves or their supervisors. That is slowly changing. Chinese companies like ICT solutions provider Huawei or Lenovo, the world's largest PC producer, are expanding. Huawei now earns two-thirds of its revenues outside of China, but only a quarter of its managers are not Chinese. Therefore, employees who are familiar with both cultures are in demand.

Harry is not drawn to China. The language barrier is too great. You have to invest a lot of time to learn Mandarin. Although the school offers a course in it, there isn't enough time to master the language – let alone become fluent. In addition, many foreigners are deterred by the environmental and air pollution. Most MBA graduates stay in Hong Kong where Cantonese and English are the common languages.

#### High Value of Education

Yuan Lee Chung, a Chinese woman from Malaysia, can hardly believe her



new life. "I grew up in a village in Malaysia," says the daughter of two teachers. "In one month, I'm moving to New York." The 31-year-old studied electrical engineering, but worked for several years in the finance industry in Singapore. At first she was drawn by better earning opportunities. She took out a loan to finance the MBA. Meanwhile, her priorities have changed. "I recognized that freedom and passion are more important to me than a high salary," she comments. "Through the MBA, I have more opportunities to choose a profession that makes this possible for me."

Most of the MBA students come from the upper-middle class. The Chinese – who are influenced by Confucianism – place an especially high value on education. The downside is that many young Chinese people have trouble with their





The city is considered the world's most business-friendly metropolis. There are no import and export tariffs. Pictured here is the center of Hong Kong.

own work/life balance. Working overtime is a given. According to the state-controlled China Youth Daily, 600,000 people die every year from working too hard. The number is difficult to verify, but the fact is that the lights are on late at night in offices in Shanghai and Beijing.

It is just starting to dawn on Asia's new middle class that material wealth isn't everything. But for Jessie Zhang, the focus is on advancing her career. The grandparents are caring for her baby, which has become common for many Chinese families. She and her husband want money. She doesn't think about whether the price might be too high. "Westerners want security and quality of life; the Chinese are hungrier," says Jessie.

#### Music Therapist as Banker

It has gotten dark on the rooftop terrace in Soho. Lights are glowing in millions of windows. Most of the MBA students are sitting at their desks at HKUST burning the midnight oil again. They don't sleep while Asia is growing.

They say that an MBA helps graduates change their job, industry or location. At HKUST, all of these together seem possible. Last year a music therapist from the US applied, notes program director Ferguson. Today she is working as an investment banker in Hong Kong. □

**Philipp Mattheis** is the China correspondent for *WirtschaftsWoche* and lives in Shanghai.

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# Who is Next?

In the next five years, more than 70,000 Swiss SMEs are due for a change of ownership. But who will the successors be?

SMEs favor solutions along family lines, or at least within the company. Early and meticulous planning is required in order for these to be successful – the question of money is secondary.

By Andreas Christen

Over the course of a career, the leader of a company has scores of important decisions to make, but few are as critical as determining his or her successor. To whom can I hand over my company when I step down one day – and at what price? The issue of succession is at the heart of family firms, which make up 78 percent of all SMEs in Switzerland. For these, the survival of a life's work, perhaps even that of generations, is at stake.

Within the framework of the study series entitled "Success Factors for Swiss SMEs," Swiss Industry Research at Credit Suisse, in cooperation with the Center for Family Business of the University of St. Gallen, researched how SMEs pass their companies on to the next generation and what factors are important in doing so. Over 2,000 Swiss SMEs from all regions and industries were surveyed.

## Half a Million Jobs

The numbers are impressive. In early 2013, 22 percent of Swiss SME entrepreneurs planned to transfer ownership of their companies in the following five years (see chart). Extrapolated across the economy as a whole, this means that by the year 2018, almost a half a million jobs in more than 7,000 companies could be impacted by a transfer of ownership. Thus, carefully planning and executing company succession brings benefits for more than just the people directly involved in the process. When well-managed companies are successfully passed on to the next generation, economic value is preserved in the form of jobs, value creation and tax base.

Successions are not always successful, however. Researchers believe that up to 30 percent of companies do not find or

look for a succession solution, and cease to exist. According to our survey, microenterprises (1 to 9 employees) report difficulties in finding a succession solution more frequently than do small (10 to 49 employees) and medium-sized companies (50 to 249 employees). For this reason, microenterprises more often plan to close or liquidate their company.

As previously stated, 78 percent of Swiss SMEs are family firms. The issue of company succession impacts these companies in a special way, since here, the realms of work and family are closely interwoven. When a company's leader steps

Early and systematic succession planning is the most effective tool in avoiding the hazards of succession within a family. Research supports this: For a family handover, the succession process takes around 6.5 years on average – significantly longer than for other solutions.

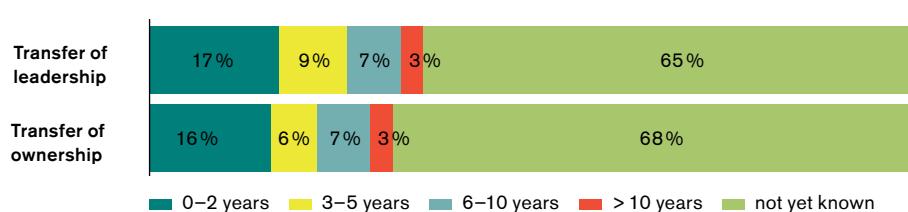
## Preference for Internal Solutions

The question at the beginning of this succession process is, to whom do I want to hand over my life's work? Family firms prefer family handovers; non-family firms favor a transfer to employees within the company. But the actual solution does not

## Company succession

When do you want to hand over ownership/management of your company?

Share of responses, N = 2,063



Source: Credit Suisse SME Survey 2013

down, both the company and the family are forced to redefine themselves. Succession within the own family also harbors a significant potential for conflict. Disputes on staffing within the company, the fear of losing power, doubts regarding the qualifications of successors or disagreement on the company's strategic (re)orientation occur frequently.

always correspond to the ideas of the company owner who is stepping down. In practice, more often than planned, the company is sold to external buyers. These also include many companies whose leaders lacked any specific plans for potential successors. Less often than planned, the company is sold to employees. Though employees often indicate a fundamen-

tal interest, they frequently shy away from the entrepreneurial and financial responsibility. The same thing can happen in family firms – the children may simply lack any desire to take on the responsibility, or have already taken a different professional direction.

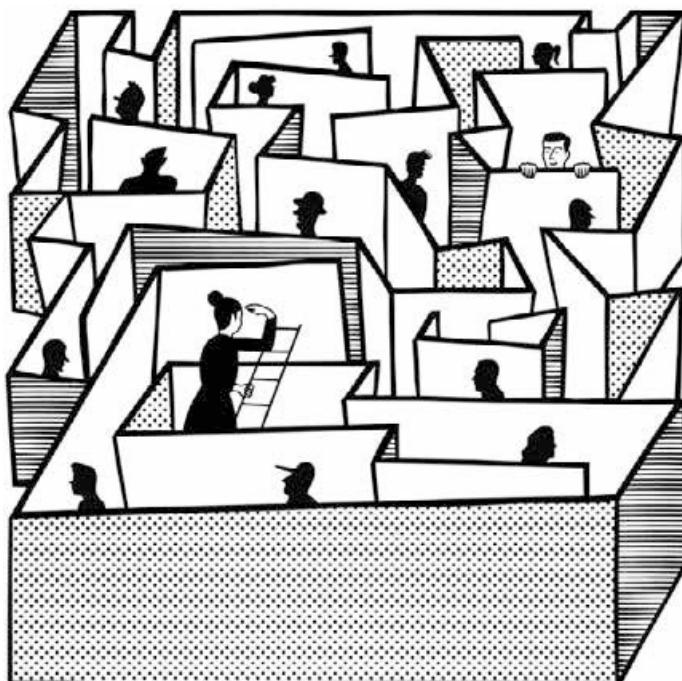
#### 42 Percent Discount for Family

And sooner or later, every succession will encounter the question of the price that the new owner will have to pay for the company. Here, the study shows that, on average, employees are not able to buy the company for less than an external buyer. Family members, on the other hand, receive an average discount of 42 percent in comparison to the market price. One fifth of the family members even take over the company of their predecessor for free.

Without a doubt, the question of price is an important one for succession planning, but despite this, the study shows that self-fulfillment is the prevailing motive for taking over a company. This is a typical observation for a country like Switzerland, with its functioning labor market, sociopolitical stability, and a consumption- and leisure-oriented society. Many entrepreneurs also seem to achieve this self-fulfillment in practice. They are comfortable in their role, and the majority of them would recommend entrepreneurship to their children and friends. Their retirement from the company is therefore mostly due to health or age-related reasons and only seldom for financial reasons or a desire for more free time. □

**Andreas Christen** works for Swiss Industry Research at Credit Suisse.

# “Interest and Demand”



How does a company find good people, and how do good people find an interesting company? Insight from human resources consultant Helen Handfield-Jones.

Interview: Bernadette Calonego, Illustration: Golden Cosmos

*Ms. Handfield-Jones, the martial-themed slogan “War for Talent” has become a standard term to describe the global search for talent. You were there when it was coined. How did it happen?*

Our McKinsey team researched for five years and surveyed 13,000 managers from over 120 companies to find out how companies recruit and integrate managers. One morning, my colleague Steven Hankin spontaneously said, “If this ever becomes a book, it should be entitled ‘The War for Talent.’” The expression perfectly

embodies the frenzied search for talent in IT and other sectors during the 1990s. Those were wild times. Companies were extremely aggressive in their recruiting efforts, including from competitors.

*Would you choose the same term today?*  
No. Even though it is a catchy phrase, the book is about more than just the question of how to hire people. It is also about how to retain, evaluate and promote them. I would avoid using any war metaphors.

*Has there been a fundamental change in the competition for talent?*

Not in terms of a company's management. The higher the position, the fewer the candidates who are able to take on these complex and difficult roles. The pool of top managers is small. The situation is exacerbated by the gaps that baby boomers are leaving when they retire. The push to fill certain positions is even more intense today than it was at that time – while in other areas there are enough suitable successors.

*Has globalization and the larger talent pool that this has opened up served to mitigate the competition for well-trained workers?*

It is true that China and India, for instance, and other regions of the world have given us access to a huge reservoir of skilled technical workers. But there is still a shortage of managers and creative talents in all countries. Also, as a result of immigration laws and major cultural differences, recruiting workers globally is complex and difficult – as well as expensive. Western companies still have to learn that.

*Are there companies doing a particularly good job with managers?*

Offhand, what comes to mind are companies based solely on talent such as tax consultants and accountants, law and investment firms. But the positive examples come from companies in the manufacturing and consumer goods industries: I am thinking of General Electric,

IBM, Procter & Gamble and Johnson & Johnson. They are highly successful in recruiting, retaining, evaluating and promoting good managers.

*Many companies focus on recruiting the best and brightest.*

That alone just isn't enough. There are things that are almost as important as selecting the right candidates. Companies should take excellent care of the people who already work for them. That begins with evaluating the performance and assessing the future potential of their staff. Find the right role for them and give them ongoing feedback. People with high potential must be helped to advance within the company. But companies shouldn't neglect the dependable, solid employees or tolerate those who perform poorly.

*Have there been changes in the last ten years with regard to the talents and capabilities that the top managers have to possess?*

More emphasis is being placed on interpersonal skills as well as on the ability to successfully cooperate with people in a company. Managers must involve the employees more and provide them with greater support in their development.

*Microsoft founder Bill Gates and Apple founder Steve Jobs both dropped out of college. Do you think that a company today would recognize their gifts?*

Over the course of their careers, people like them follow paths that are difficult to replicate. They have to find a niche in order to realize their enormous potential. Integrating people like that into traditional companies is difficult.

*What are the three key reasons for a person to choose a company?*

First of all, a corporate environment that people find stimulating and where they can advance professionally. The superiors for whom they work are just as important. It is a cliché, but good bosses attract good people. Thirdly, people seek companies that give meaning to the lives of their employees and can inspire them with their vision.

*And what are the main reasons why people leave a company?*

Frustration is the number one reason. People are frustrated when their careers do not advance as they would like. Secondly, incompetent, small-minded bosses who do not have a clear overview or vision and are unable to motivate their employees. Thirdly, when employees are not valued and recognized.

*In the late 1990s, American economist Paul Krugman speculated that the "devaluation of the academic education" would become a trend for the 21st century. He forecast that many jobs once requiring an advanced degree would be eliminated. Do you also expect that academically educated people will become less in demand than skilled workers or unqualified workers?*

That is an oversimplification. It depends on the profession and on the geographical location. Different sectors will always require different employees. Here in Canada, for example, there is an enormous lack of skilled workers and craftsmen who need to have specific training.

*Assuming one of your children was starting college this fall, what major would you recommend?*

In the long term, prospects are very good for mathematicians, scientists, for engineers and for skilled workers in the health industry. At the same time, however, I should add that people tend to do better in careers that they love. They have to find the crossroads of interest and demand. If someone is interested in Roman history, maybe there is an option in museum technology. □



Canadian **Helen Handfield-Jones**, 56, was one of the McKinsey team of authors that coined the phrase "War for Talent" in the late 1990s. Today, she

manages a human resources consulting firm in Canada and is considered an expert in CEO evaluation and succession management.

**Bernadette Calonego** is a freelance journalist in Canada.



## Mosquito 2.0

Each year, 390 million people are infected with the dengue virus, 22,000 of whom die from it. Mosquitoes with modified genes are now being introduced in an attempt to eliminate the unwanted species. The project is promising – and controversial.

By Andreas Fink

**S**mall mosquito, enormous destruction: Each year, mosquitoes kill more people than all wars in the world combined. Some 1.2 million people fall victim annually to the malaria virus carried by the *Anopheles* mosquito. And dengue fever, for which there is no vaccine or treatment, is responsible for 22,000 deaths per year, a trend that is constantly on the rise.

All attempts over the last several decades to eradicate the *Aedes aegypti* mosquito, the dengue carrier that originated in North Africa and spread throughout the world, have failed. During the rainy season, when swarms of mosquitoes descend on tropical cities, the authorities send out groups of workers to spray, shrouding entire neighborhoods in white clouds of poisonous gas. A few weeks later, the mosquitoes return. This is because many insects have long been resistant, and because the insecticide never reaches all the eggs of the hearty *Aedes aegypti*. The next generation thus stands ready to unleash its destruction.

Small mosquito, enormous hope: *Aedes aegypti* OX513A is the name of the genetically modified variant of *Aedes aegypti* that was designed to eliminate the original species. The first country that decided to allow OX513A to be released nationwide was Brazil. These mosquitoes are thus the first genetically modified creatures in the world to be systematically released into the wild. It is nothing short of a revolution.

### Built-in Death Gene

Brazil's public health department budgets BRL 1.5 billion, or some CHF 600 million, annually to combat insects. Despite this, the number of dengue cases has continued to climb every year. In 2013, a record 1.5 million cases were reported, but there are sure to be significantly more unreported cases in the large tropical country. "We urgently need new methods and new tools to protect urban populations," says Paul Reiter, professor of medical entomology at the Paris-based Pasteur Institute and one of the best known experts on mosquitoes and their effects.

On the outskirts of the Brazilian city of Campinas, UK biotech company Oxitec has been breeding up to two million male OX513A mosquitoes per week in petri dishes, tanks and boxes since the end of June 2014. On the outside, these

creatures are no different than their counterparts in the wild. But on the inside they carry two modified genes.

One is a fluorescent marker that makes it possible to distinguish the modified insects from their wild counterparts using an electron microscope. And the second modified gene is intended to be the crucial tool for eradicating the mosquito population in the long term. This hereditary building block was modified so that in the wild the mosquito produces too much of a protein, triggering the death of the insect within three days.

The male mosquitoes have three days to look for a mate and produce offspring with their altered genetic makeup. If inseminated, the female, which is much larger than the male, must bite someone in order to get the necessary protein from his or her blood. Some five days later she lays her eggs. These eggs carry the same genetic modification as their father. Thus, the offspring are also killed off.

It works, as UK biotechnicians at Oxitec discovered in field trials. The company, which was founded in 2002 by scientists at the University of Oxford, has been conducting tests with its patented insects, which are officially called OX513A, for the last five years in Brazil, Malaysia, Panama and the Cayman Islands.

They started in rural areas, then the small Brazilian city of Juazeiro, where the dengue rates are among the highest in the world. Together with the Brazilian non-profit organization Moscamed and the University of São Paulo, the UK scientists determined when and how many of their modified mosquitoes needed to be released in order to eliminate the offspring as effectively as possible. The numbers were promising. Up to 93 percent of the *Aedes aegypti* population was reduced in test areas without endangering other species.

### “Frankenstein’s Monster”

The plan to systematically release genetically altered creatures for the first time has led to criticism. "This is Frankenstein's monster," contends Helen Wallace, director of the UK NGO Gene Watch. Conservationists warn that releasing unnatural gene combinations into the wild poses an incalculable risk. Oxitec's CEO Hadyn Parry responds with disarming simplicity: "Our insects die. That is what they are bred to do." Unlike genetically

modified corn, the modified genes do not remain in the environment.

Opponents of gene technology have their doubts about this. They warn that genetically modified females could also escape to the outside world. The male and female larvae are separated manually, with lab personnel destroying the female larvae. But if the genetically modified female mosquito inadvertently gets into the environment, it could result in an unplanned transfer of the gene to humans if someone is bitten, say the conservationists with suspicion. Oxitec CEO Parry considers this scenario impossible. None of the proteins that are used end up in the salivary glands of the modified mosquitoes.

Brazil's National Technical Commission for Biosecurity ultimately agreed with Parry's arguments and allowed the release of OX513A nationwide. As a result, Parry's company, Oxitec, which was founded in 2002 in part with donations from the Bill and Melinda Gates Foundation and currently has 50 employees, is looking forward to good times ahead. Because the mosquitoes that are hatched cannot travel more than 400 kilometers, there will likely soon be a need for many OX513A mosquito factories in order to eliminate *Aedes aegypti* over the long term. "A lot of communities have enormous interest in our technology," says Glenn Slade, the head of Oxitec's Brazil business. The company's gene technicians have long experimented with other types of mosquitoes, such as the Asian tiger mosquito and *Anopheles*, the malaria carrier.

Will it really be possible to eliminate *Aedes aegypti* from the tropical and subtropical world? Can the "suicide" mosquitoes be as effective as the insecticide DDT, which largely eliminated what were then still called "yellow fever" mosquitoes from large parts of the American continent in the middle of the last century? "I am sure that we will be able to protect urban centers and other risk areas well with our technology," says Hadyn Parry. "But completely eradicate *Aedes aegypti*? That's difficult to imagine." □

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

# Things Are Getting Worse – As They Always Have

Impertinent, disrespectful, lazy. Yes, young people today are worse than before. The only problem is that this has been true for millennia. On the history of a constant complaint.

By Mathias Plüss

The lament about today's youth is the same as it has always been. This occurred to me as I conducted a number of interviews with older people in recent months. For example, author Federica de Cesco, whose novels often center on brash young girls, recently bemoaned the "disrespectfulness" of today's youth and called for "more disciplinarian teachers." And director Nikolaus Harnoncourt complained that he was no longer in demand: "People used to ask their elders for advice. Now, it's just the opposite – we old fools are supposed to leave young people in peace."

These statements share the same message. When we were young, the world was in relatively good shape. But is today's youth really worse than it used to be? There are certainly some irritating things. At large outdoor music concerts, young people have gone from simply leaving their trash to leaving behind all of their camping equipment or simply burning it.

This is new. This is shocking. This didn't happen in the past. But is it worse? In his 1838 novel "The Joys and Sorrows of a Schoolmaster," Jeremias Gotthelf tells the story of a tribute ceremony that takes place in Emmental, during which

15- and 16-year-old boys must swear allegiance to the provincial governor. After the ceremony, they go to a pub:

*"And we went and drank and complained worthily about our fathers. We thought we were heroes and we showed no respect to*



**"We thought we were  
heroes and we  
showed no respect to  
anyone on the streets."**

*Jeremias Gotthelf, 1838*

*anyone on the streets; we got into a few scuffles even before we arrived at the pub, a prelude of what was to come. [...] Soon the unaccustomed wine began to ferment in our young throats, words started to fly, guests complained un-* >





Is today's youth really worse than it used to be?

*der their breath, older guests poked at the fire; glasses followed words and soon there was a melee, which grew more serious and bloodier [...]. Beaten, we retreated home, Sunday suits disheveled and bloody heads woozy from beatings and wine."*

Is this better than burning tents? Impressions are always subjective. However, there is evidence that the perception that today's young people are more spoiled than they used to be is not so much an objective observation as a human constant.

I was recently taken aback in an interview with a manager of perhaps 60 years of age when she said that the younger generation lacked responsibility, discipline and integrity – and she meant my generation, who are in their forties. People in their forties, as was reported in Magazine last year, complain about the self-importance and lack of modesty of thirty-somethings. Shortly thereafter, the same periodical ran a story by a 26-year-old female journalist who was appalled at the conformity and consumerism of her 16-year-old sister's generation. No one is too young to find fault with someone even younger.

There are similar complaints from every era. Of course, each generation has a slightly different take, but the critique is the same.

## 1 — A Lack of Respect

This is an absolute classic. Hesiod (about 700 BC), one of the first recognized poets, wrote this about the young people in his day: "They soon lose respect for even their elderly parents, abuse them and hurl ugly words at them." Even impudent retorts are nothing new. A government report in Zurich in 1594 complained that young men often responded to their elders' requests with sharp remarks and malicious words. A century later, a report decried "the enormous insolence of young people" for their "godless profanity," as well as their "foul and lewd talk," "dangerous milling about and wandering through the streets" and "furtive get-togethers in corners and houses" for the purpose of playing and drinking. And this refrain sounds familiar as well: "Young people have po-



**"They soon lose respect for even their elderly parents, abuse them and hurl ugly words at them."**

*Hesiod, about 700 BC*

lately stood up for older people for ages. Now it's: 'Sit down, young man! Move along, you old geezer!' Was this from the era of the streetcar? No, Friedrich von Logau, 17th century.

## 2 — Self-centeredness

The American psychologist Jean Twenge wrote "Generation Me" in 2007. The book's main thesis is that today's youth focus mainly on themselves. It's an oft-heard complaint: Young people cultivate the art of perfect self-manifestation; they do everything in order to advance their careers. They attend a seminar not because they're interested in it, but because



**Because of the internet we forget facts more quickly.**

*Betsy Sparrow, 2011*

of the ECTS points they need to advance; they do not do an internship for the experience, but rather because it looks good on a CV. Real values? No. These, at any rate, are the clichés. These supposedly modern criticisms are nothing new. The front page of Neue Zürcher Zeitung on February 22, 1886 includes a brash article written by an allegedly young author, who counters the complaints of the older generation. Their laments, writes the author, go like this: Young people "only look for material pleasure and satisfaction of their base self-interest; they hunt for dividends and avoid opinions that might ruin their career." The author's answer, clever and ironic, is as valid today as it was then: If young people had really abandoned any form of idealism, they would not be attending university courses in droves in "such lucrative fields as philosophy and history."

## 3 — Consumption

Waste and a throwaway mentality are certainly typical by-products of our affluent society. Except even this idea is already a couple of decades old. For example, in a short book published in 1955 a teacher writes that his pupils no longer showed much appreciation or concern for gifts. And it was impossible to take them anywhere for school trips. They had already been everywhere. "I don't know what we can offer them anymore, these overfed, satiated city children! Nearly everywhere one expects unalloyed joy, one encounters at least 25 upturned, precocious noses. Don't you know anything better, teacher? Couldn't we go to Hamburg or Italy, see the sailors in Marseilles or the gangsters in Chicago?"

## 4 — Spiritual Decadence

In 2011, the academic journal Science published an article by New York psychologist Betsy Sparrow. Using experiments, she showed that we tend to forget facts quicker if we know that we can look them up online. We're outsourcing our memory, so to speak. Some might say this is a great development – we're freeing our minds for other things. But most commentators interpreted the result nega-

tively: Newspapers were full of headlines like “The internet is making us forgetful” or “Google is stunting our memory.” Interestingly, the commentators reacted in exactly the same way as the Egyptian pharaoh Thamus did more than 2,000 years ago in Plato’s dialogue “Phaedrus” when told of the invention of letters: “This invention will produce forgetfulness in those who learn it because they will no longer exercise their memories,” he noted disdainfully.

Each new medium has been accused of being harmful, especially those that primarily attract young people. Reading novels, it was said, causes “inertness, congestion, flatulence and constipation in one’s intestines” (1787), listening to the radio makes one’s earlobes swell abnormally (1920), and the current complaint is that computers make our young people fat, stupid, solitary and violent – German psychiatrist Manfred Spitzer speaks of

Ancient Egypt that the alphabet did not create “real knowledge,” but only what seemed to be knowledge.

We can give the all-clear regarding the oft-repeated warning of intellectual decay in at least one respect. Since the first intelligence measures were taken, the average IQ almost everywhere in the world has increased by a healthy 30 percent in 100 years. This is the consequence of an increasingly complex technical environment – so rather than dumbing us down, machines do quite the opposite.

Nor is there much decay in other areas. As *Schweiz am Sonntag* newspaper reported recently, the level of alcohol consumption and number of school drop-outs have declined over the last 15 years, as have teenage pregnancies and the number of young people who are sexually active. The situation is similar elsewhere in Central Europe. Zurich sociologist Ernest Albert speaks of “neo-conservative young people.”



**“The problem with the youth of today is that one is no longer part of it.”**

*Salvador Dalí*

of the old world gets lost. Romanticizing our own youth serves as a form of consolation when we become aware of our mortality, and condemnation of today’s youth always contains a trace of melancholy from knowing that we will not always be around. Salvador Dalí put it succinctly: “The problem with the youth of today is that one is no longer part of it.” □



## “Risk of making us spiritually primitive and coarse.”

*Thomas Mann, 1936*

“digital dementia.” This is nothing new. In 1936, the great German author Thomas Mann warned that the dominance of technology harbored the “risk of making us superficial, spiritually primitive and coarse,” especially “our young people.” Pharaoh Thamus, in turn, had warned in

### Romanticizing One’s Own Youth

These facts will not, as history teaches, prevent anyone from lamenting misguided youth. Indeed, it is true that people, driven by hormones and an immature frontal lobe, are often somewhat reckless, egocentric and incapable of empathy in their early years. “I would that there were no age between sixteen and three-and-twenty,” says the shepherd in Shakespeare’s “Winter’s Tale.” “For there is nothing in the between but getting wenches with child, wronging the ancienry, stealing, fighting.”

The problem is that most older people forget that they were the same way when they themselves were young. But this, too, is a natural process – this is referred to as the reminiscence bump. As we age, we tend to think increasingly of our youth and to idealize it. The reality of our actual youth cannot, of course, exist alongside this idealization.

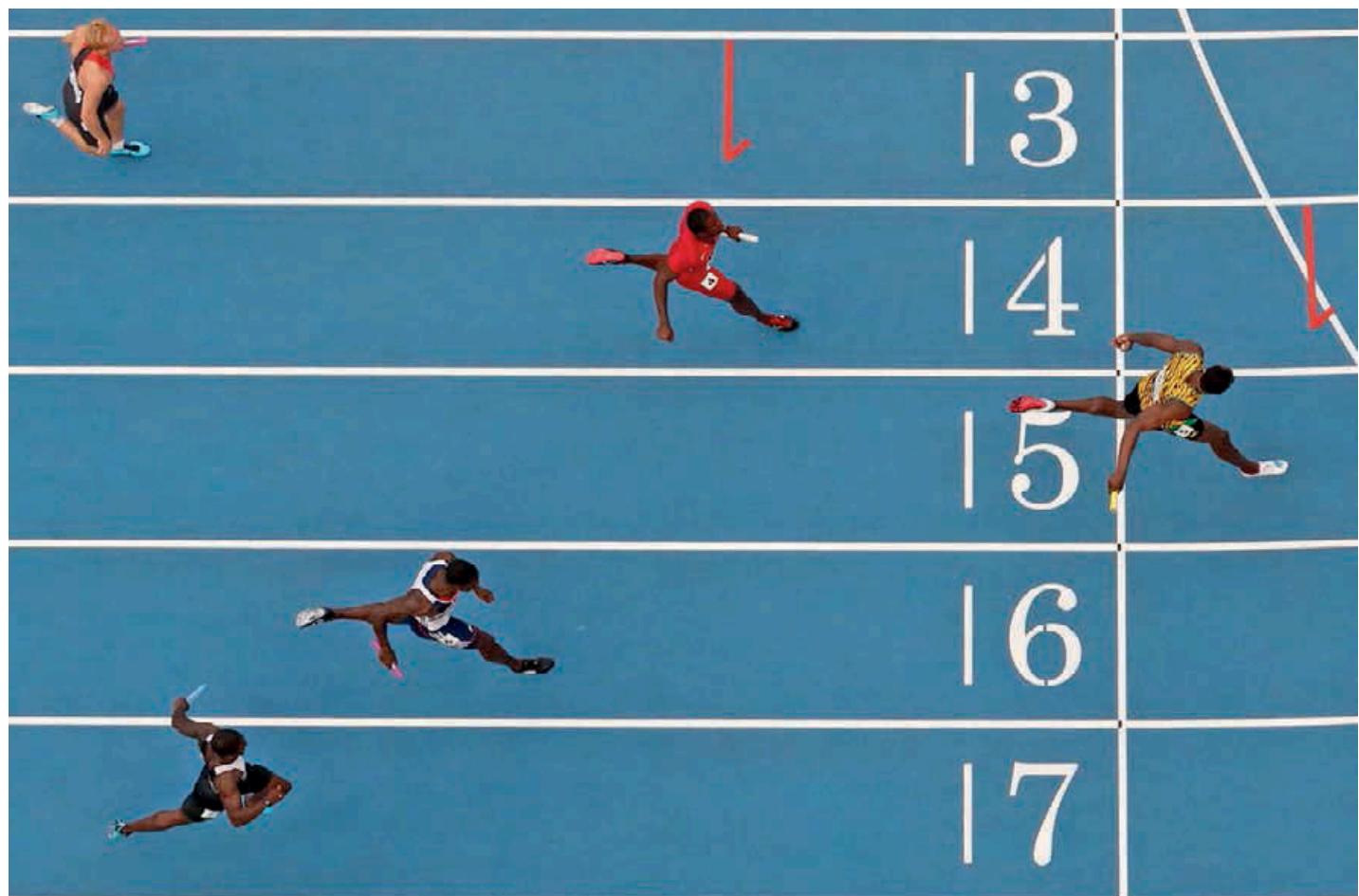
This is apparently an age-old struggle that is constantly replayed. The old know that they will have to go soon. They are aware that the young will soon take the reins. And with everything that the next generation does differently, a piece

**Mathias Plüss** is a physicist and freelance science journalist.

# Higher, Further, Faster

The current generation of athletes is always the best. Supposedly. In actuality, the current record holders perform only slightly better than their predecessors.

By David Epstein



The picture of pure athletics: Jamaican sprinter Usain Bolt (in front) in a 4×100-meter relay in Moscow in 2013.

Sixty years ago, Sir Roger Bannister crashed through the four-minute barrier for the mile, breasting the tape feeling “like an exploded flashlight.” It was sport’s equivalent of the first moon landing. By 2014, 1,314 men had run under four minutes in the mile. College runners break four every year. On rare occasions, a high school student does it. A testament

to humanity’s unceasing athletic progress. Or is it?

Consider that Sir Roger’s famous run came on a track made of cinders – the ash from burnt wood and coal. That soft surface stole far more energy from his legs than today’s synthetic tracks. According to biomechanics experts, a cinder track is 1.5 percent slower than a synthetic track.

Apply a 1.5 percent slow-down conversion to every man who ran his sub-four on a synthetic track, and 60 percent of them are no longer sub-four milers. That is, if most sub-four milers had to run under the same conditions as Bannister, they would not be sub-four milers. Granted, there would still be more than 500 members of the sub-four club, but even that number

has simply ballooned in proportion to the growing competitive population – particularly as East African runners joined the fray.

Those two factors, technological innovations and the opening of sport to the entire world are the real wizards behind the curtain of athletic progress, making each generation of athletes appear as though it comprises a new and superior species.

#### Bolt (2014) vs. Owens (1936)

No athlete better personifies the next evolution of raw athleticism than Jamaican sprinter Usain Bolt. And yet, biomechanical analysis of the joint-movement speed of Jesse Owens, winner of the 1936 Olympics, shows that he would have been within one stride of Bolt at last year's world championships had both men been running on the same springy surface.

Throughout the sporting world, innovation has driven the improvements we see in speed. Swimming world records tend to fall in punctuated cliffs, the single biggest of which coincided with the 1976 introduction of gutters to allow water to splash off the pool rather than becoming turbulence.

Or take the one-hour distance cycling record. In 1972, Eddie Merckx, a Belgian, set it at 49.431 kilometers. The record improved and improved with more aerodynamic bicycles, until it was pushed in 1996 to 56.375 kilometers on a bicycle that more resembled a spaceship. The legendary Eddie Merckx, beaten by seven kilometers by a British cyclist, Chris Boardman, whom practically no one remembers anymore. But then, in 2000, the International Cycling Union revoked the record and declared that any rider who sought the one-hour record had to use equipment commensurate with that which Merckx had used. Where does that record stand today? 49.700 kilometers – a grand total of 300 meters farther than Merckx cycled more than four decades ago. Essentially the entire change in the record in 1996 was due to technology.

Still, performance has improved even in sports not amenable to technological change. There have been vast im-

provements in recent years in the marathon, which is run on streets as it ever was. The winner of the Olympic marathon in 1904 would have been nearly an hour-and-a-half behind the 2012 victor. Undoubtedly, some of that gap represents smarter training, as well as greater knowledge about appropriate sports nutrition. Endurance athletes knew so little about performance in that 1904 race that they swigged a concoction of rat poison and brandy for strength on the run. Unsurprisingly, the winner nearly died.

#### The Kalenjin's Dominance

In recent generations, though, all of the improvement in the marathon has come from East African runners who were hardly competing at the distance until the current generation. Notably, runners from Kenya's minority Kalenjin tribe alone have accounted for most of the difference. While American, European and Asian marathoners have largely stagnated, the Kalenjin have exploded. Seventeen American men in history have run faster than 2:10 in the marathon; 32 Kalenjin men did that last October alone.

The Kalenjin, due to their ancestry at low latitude in a very hot and dry climate, have, on average, a lithe body structure that makes for energy-efficient running. An evolutionary adaptation to dry heat is long limbs that are thin at the extremity, like the long coils of a radiator, so as to increase surface area relative to volume and dissipate heat. When the Kalenjin entered competitive running, it changed the average body proportions of an elite marathoner.

Sports scientists have documented a similar trend in all sports. As the world has joined the competition – expanding the available gene pool available for talent selection – athlete's bodies have become increasingly distinct and specialized. Elite female gymnasts have shrunk from an average of 160 cm to 145 cm over the last thirty years. The forearms of water polo players are now longer in relation to their total arms – a mechanical advantage for throwing – than in the previous generation. And basketball scouts have so thoroughly scoured courts in search of height

that today an American man between ages 20 and 40 who is at least 214 cm tall stands a 17 percent chance of being in the NBA right now.

#### The Era of Records Is Over

When a team of French scientists analyzed changes in world records over the last century, they found that, if one plotted the geographical average home of record-setting athletes, it would have moved from just off the coast of Portugal a century ago – when the U.S. and Europe made up most of the tiny competitive world – to inside Jordan today, because record-setters now come largely from East Africa and Asia. Those same scientists also noticed the rapidly diminishing returns in sports performance, as both competitive population growth and technological innovation has slowed. The world records in the mile and the 1,500 meters, for example, were broken eight times per decade from 1950 to 2000, and never since. The researchers forecast that, in the absence of spectacular innovation, the next generation of athletes will be the last record-setters in most sports.

What, then, of the Olympic edict, *Citius, altius, fortius* – faster, higher, stronger? Of the trends they documented, the French scientists write, restrainedly, “It may alter the Olympic motto and spirit.” The title of their paper is more direct: “The Citius End.” □

**David Epstein** is a sports journalist and author of the New York Times bestseller “*The Sports Gene*.” He was a successful 800-meter runner in college and holds, among others, the 800-meter record at Columbia University.

# “Temptation in Paradise”

Walter Mischel devised an ingenious test using marshmallows. Children who do well on it do better in life. This experiment made Mischel, a psychologist, world-famous.

By Stefanie Schramm

## *Mr. Mischel, have you ever made a New Year's resolution?*

Often! But I've stopped, because it never works. I wasn't born researching self-control – that came later – but like many people, I've had my problems with it.

## *What resolution was most difficult for you to keep?*

When I was young, I smoked a lot – three packs a day, plus my pipe and now and then a cigar. But one day, at Stanford University's Medical Center, I saw a patient with a bare chest and a shaved head, his skin covered with small green marks. Those were the places where he was to receive radiation; he had cancer. I was horrified, and devised a plan: Every time I wanted a cigarette, I would think about that image. And I forced myself to smell an ashtray filled with cigarette butts. That was my way of taking the research results of the time and putting them into practice. I wanted to change how I responded to cigarettes, viewing them no longer as a temptation, but rather as something repulsive.

## *And it worked?*

Yes, it took about three weeks. I never smoked again. It's been 52 years.

## *Was that the reason why you started to study self-control?*

No, it was because of my three daughters, who were born one right after the other. You might say that I had the opportunity to watch a miracle happen, right at my kitchen table – how these crying, screaming, uncontrolled newborns grew into individuals who were able to exercise self-control, sit still and wait – at least sometimes. I watched it happen, but I had no idea what was going on in their heads. That was what I wanted to find out.

## *So then you invented the famous marshmallow test (see box) in the late 1960s.*

Exactly. We used cookies and pretzels too, though. It was important for the children to choose the treats themselves. After all, they had to be a genuine temptation. We conducted the experiment at the Stanford University preschool, with four- and five-year-olds. After they sat down at a table, we asked them, “Do you want one treat or two?” Of course they wanted two. We responded, “You can have one right away, or you can have two if you wait until we come back.” We also put a bell on the table so that they could let us know

if they couldn't stand it any longer. We watched them through a two-way mirror. It was like Adam and Eve in the Garden of Eden. They had to resist temptation or be banished from paradise.

## *How did the children respond?*

They tried to distract themselves. They'd cover their eyes with their hands, play little games, pick their nose or ears, sing songs. They were amazingly resourceful. One girl even managed to fall asleep. The older children would talk to themselves: “If I take one now, I won't get two. If I don't ring the bell, then I'll get both treats.” It was quite an experience, watching them struggle with themselves.

## *How many children were able to wait for you to return?*

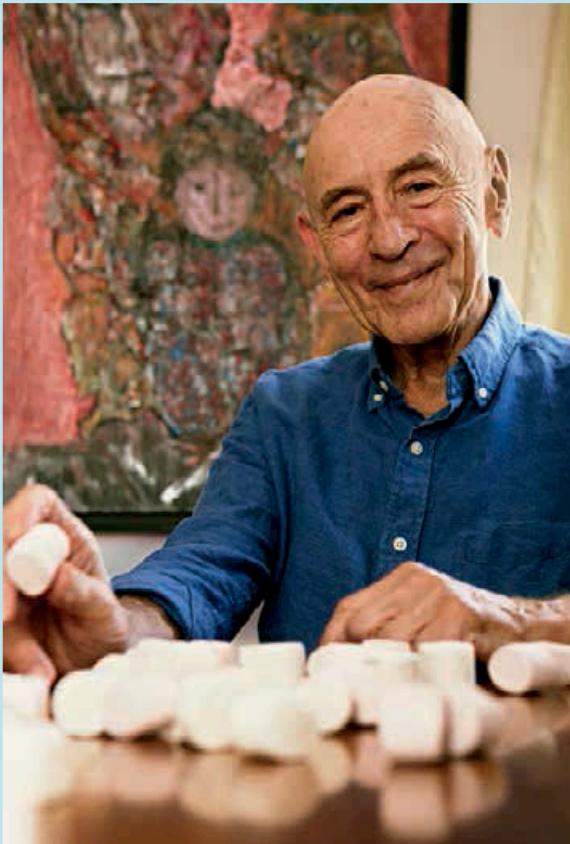
Roughly 10 percent to 20 percent. Another 10 percent to 20 percent ate the marshmallows almost immediately. The rest were somewhere in between.

## *What did those who were able to wait longer do differently?*

The difference was whether the children concentrated on the temptation – the treat – or whether they were able to



The marshmallow test was invented in the late 1960s, and a number of follow-up experiments have been conducted since then. These pictures show a series of experiments conducted at the University of Rochester in 2012 on the influence of environmental factors on children's performance.



### Walter Mischel

Walter Mischel was born in Vienna in 1930. When he was eight years old, he and his family fled to the United States to escape the Nazis. In the 1950s he studied psychology at the Ohio State University; he was later a professor at Harvard and Stanford. Early in his career, he criticized efforts to explain human behavior solely on the basis of personality traits, arguing that more weight should be given to situational factors. Today Mischel lives in New York and teaches at Columbia University.

### The Marshmallow Test

It is a simple experiment with far-reaching implications. Walter Mischel and his colleagues let preschoolers choose whether to receive one marshmallow immediately or wait to get two. Then they timed how long the children were able to resist temptation. They followed the test subjects over the next decades: Those who were able to wait longer were more successful, healthier and more well-adjusted socially and emotionally later in life.

Link:

<http://www.youtube.com/watch?v=Y7kjsb7iyms>

distance themselves from it. Some distanced themselves quite literally, by pushing the marshmallows to the far end of the table.

#### *Is the ability to exercise self-control inborn? Is it impossible to learn?*

Not at all. Even the children who had hardly been able to wait for a minute during the first test were helped by a simple trick. We suggested imagining that the marshmallows were cotton balls or little clouds. Suddenly they managed to wait for 15 minutes.

#### *Why is that?*

We have two brain systems that I call “hot” and “cold.” The prefrontal cortex is responsible for cool, rational thought; this is where abstract representations originate, such as the image of a cotton ball. Some of the older parts of the brain, and especially the amygdala, are responsible for “hot” thoughts – like the tempting image of a delicious, soft, sweet marshmallow. If we are able to think “cool” thoughts, it’s easier to resist temptation and wait longer for a reward.

#### *How did your daughters do on the marshmallow test?*

They did remarkably well. But I should tell you that one of them had some raisins in her pocket, which she put into her mouth, one after the other, while waiting for her two cookies. Today she’s a very successful neonatologist, by the way. I didn’t include my children in the official study, though – I’d like to make that clear. However, they were largely responsible for the fact that I continued to follow the other children

as they grew older. That wasn't part of the original plan.

***How did that happen?***

At dinner, I would sometimes ask my daughters, "What is so-and-so up to? How is she doing?" At some point I started taking notes and comparing them with the results of the marshmallow test. There seemed to be some associations. So I decided to conduct a systematic follow-up investigation, ten years after the original study.

***How did that turn out?***

We found a striking correlation. At the age of 14, the children who had been able to wait longer for two marshmallows showed a higher level of cognitive performance, had better grades in school and had better social skills. Later on we also asked about their scores on the SAT exam, which is used in college admissions. The difference in scores between the third of children who were able to wait the longest and the third who were least able to wait was approximately 200 points. This was an impressive difference; at that time the average SAT score was about 1,000 points.

***Did you continue to follow the children in the study?***

Yes. When they were about 30 years old, we found that those who had exhibited greater self-control as children had a lower body mass index. They had fewer weight problems. And when the participants in the study were in their mid-forties, colleagues of mine did brain scans. The prefrontal cortex, which controls impulsive behavior, was more active among those who, as four-year-olds, had been able to wait. Among those less able to resist temptation there was more activity in the ventral striatum, which is associated with desire, enjoyment and addiction. So these differences can be observed in the brain!

***What was it like to see the preschoolers again forty years later?***

I didn't see them personally. But two of them contacted me, wanting to know how they had done on the marshmallow

test. I didn't tell them, of course. None of the test subjects know their results.

***Conducting a longitudinal study like this takes discipline, doesn't it?***

And you have to live a long time! I have always been interested in interpersonal

## We have two brain systems.

differences – but especially in how some very simple strategies can help people learn self-discipline. The first strategy is if-then planning: "If I'm hungry and walk over to the refrigerator, I won't open the door." The second is cool, rational thinking, which is relatively easy to do: "If I get angry, I'll count backwards from 100." By the time you reach 92, you're usually not angry anymore. It's so simple that it seems almost silly, but it works surprisingly well. And when people are able to resist temptation, they are better able to manage their lives.

***Would you say that self-discipline is the most important thing in life?***

No, no! There are many, many situations in which we should ring that bell – we should enjoy the marshmallow and not let ourselves be ruled by our prefrontal cortex. The most important thing in life is being able to decide when it's smart to wait and delay gratification, and when it isn't. When inflation is rampant, for example, there's no point in saving. What's more, if you are excessively self-disciplined, you may miss out on life.

***Your research has always been concerned with overcoming difficulties. Do you think that has to do with the story of your own life? As a child, you had to leave Vienna to escape the Nazis.***

I'm sure there's some connection. And the connection doesn't relate only to my research on self-control. As I said, self-control is necessary for a successful life, but not sufficient. I've learned that you also need goals that you are passion-

ate about. As a refugee child, I had such goals: I wanted to make life worth living again, for me and for my family. We had been solidly part of the middle class in Vienna, but when we fled to the United States we were extremely poor. Everything had been taken away from us; it was very hard. As a result, I had a feeling of wanting to compensate for what we had suffered, I wanted to repair what had been damaged. If you have great self-discipline, but no goals that you're passionate about, you can live a competent life, but it's meaningless. □

**Stefanie Schramm** is an author and science journalist in Hamburg. She works for Die Zeit and the radio station Deutschlandfunk, among others.

# Small Victories

Leanne Moore, 22, volunteered for a year at a school in London, working with disadvantaged children. She tells about this life-changing experience.

By Simon Brunner

"I grew up in a rural environment and wanted to learn more about urban schools. There are so many stereotypes; I wanted to see for myself," says Leanne Moore. She has just finished a year of volunteering with the charitable organization City Year UK. She served at a school for 1,500 hours without pay, as a role model, mentor and tutor for disadvantaged children.

"I was overwhelmed at first. I quickly realized that this was an entirely new world. A typical school day began at 7:30 a.m. with breakfast club for 20 to 30 children. We would serve a hot meal, play board games, use iPads with the children or read books with them. It wouldn't be possible for the school to run its breakfast club without volunteers."

The primary school where Leanne Moore was placed through City Year UK is located in the borough of Hackney, where the child poverty rate is at 37%, the third-highest in London. One-third of the children are eligible for free school meals, 40 percent have special educational needs, and 44 percent speak a language other than English at home.

## Highlight of the Year

"After breakfast club, I helped children who were on the Focus List, meaning that they needed extra help with their lessons. One nine-year-old had struggled with all of his subjects, but in math he progressed from being unable to solve a single problem in an hour to solving seven or eight. In English he had only managed to write one word in 30 minutes, but now he can fill an entire page. That was the highlight for me."

At City Year UK, they call these victories "starfish stories" inspired by the story of a girl who endeavours to save



Role model, mentor and tutor: Leanne Moore (left) volunteering in Hackney.

City Year UK brings together talented young people between the ages of 18 and 25, from a wide variety of backgrounds, who want to contribute to society. Participating in a one-year volunteer program, they serve as role models, mentors and tutors for children at inner-city schools.

Website: [cityyear.org.uk](http://cityyear.org.uk)

Twitter: [@CityYearUK](https://twitter.com/CityYearUK)

City Year is a partner organization of the Credit Suisse EMEA Foundation in London.

starfish stranded upon a beach. She leads a group of initially cynical bystanders to help her in her mission to save the starfish, one by one.

Moore also spent time with the children at playtime and recess, helped them with their homework and organized science, art, and film clubs. She plans to become a primary school teacher after graduating from the University of Winchester, and this volunteer year seemed like a good preparation for her career.

## Exhausting but Worthwhile

For the school children, volunteers like Moore play a role that is somewhere between that of a teacher and a friend, she says. "That made it easier for them to confide in us."

Moore grew up in rural Hampshire before moving to the southwest of London. "I knew very little about England's capital, let alone about Hackney," she says. "My year as a volunteer opened my eyes to what students' lives are like at home. The children bring their problems with them to school – you see it in their behavior."

Moore's experience was a positive one: "The students' victories were victories for me as well. The year was exhausting, but it was certainly worth it. I felt like a proud mother, even though I don't have any children of my own." □

# Credit Suisse Youth Barometer 2014



A major survey targeting the US, Brazil,  
Singapore and Switzerland  
Special focus: Digital

# What Young People Think

It's open season on millennials. Time magazine calls the young people born around the end of the last century an egotistical "Me Me Me generation," Forbes announces a new world order ("Millennials will soon rule the world") and Die Zeit asks anxiously: "Do they even want to work?" The articles all play into similar stereotypes. According to them, Generation Y is in constant search of meaning. They are addicted to consumption. Politically disengaged. And they are shifting more and more of their lives into the digital world.

In the Credit Suisse Youth Barometer you will find well-grounded answers to the sensitivities of this generation. The barometer was measured for the fifth time among 16- to 25-year-olds in the US, Brazil, Singapore and Switzerland. What results stand out? Key points in brief:

- Digital, digital, digital: For about 90 percent of the respondents, the internet plays an important or even indispensable role, and many feel "strongly connected to their online community." But the culturally pessimistic equation "digital = superficial" is short-sighted. For one thing, young people often use the internet to get information and, additionally, they are aware of the dangers of abuse. Asked who can protect them online, 78 percent or more in all countries say themselves.
- Stable values: Their value system is surprisingly consistent. There is little to corroborate the impression that this generation is constantly searching for meaning.
- Switzerland: Young people in Switzerland are (still) doing well. For them, career is not so important, but vacation is essential. They feel protected by their parents and have no ambition to surpass them financially. They prefer pursuing their own talents. But clouds are gathering over the Swiss paradise. A generation gap is emerging, and the confrontation with foreigners, in general, and the EU, in particular, is proving unsettling.
- Brazil: The largest country in Latin America is in a very different position from Switzerland. Its young people are dissatisfied, see widespread corruption and are almost unanimously demanding reforms.
- US and Singapore: Among young people in both countries, financial worries dominate.

We have processed the results of the Youth Barometer in four chapters, and two experts analyze today's young people. We hope you enjoy learning about these multifaceted millennials.

The Editorial Team



Over  
**78**  
percent  
of young  
people in all  
countries  
know who can  
protect them  
best on the  
internet:  
Themselves!

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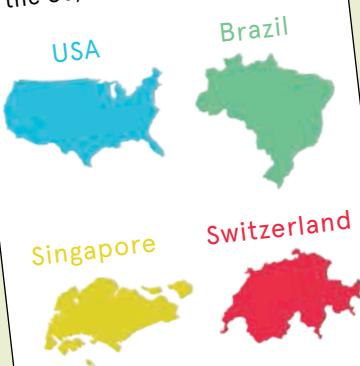
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For the 2014 Credit Suisse Youth Barometer we surveyed some 1,000 young people between the ages of 16 and 25 in Switzerland, the US, Brazil and Singapore.



#### The Survey

The gfs.bern research firm conducted the survey, primarily online, between April and June 2014. The Youth Barometer is commissioned by Credit Suisse and has been compiled annually since 2010. The editorial staff (Simon Brunner) analyzed the results for Bulletin. This year, we also asked questions about digital identity and the relationship between Switzerland and the EU.

#### The Complete Study

In this dossier you will find the most important and interesting results and interpretations by experts. For the complete study, with all the questions and responses, see the Credit Suisse Youth Barometer website:

[www.credit-suisse.com/youthbarometer](http://www.credit-suisse.com/youthbarometer)



# 01 – Digital Universe

USA  
Brazil  
Singapore  
Switzerland

Nothing characterizes this generation more than its affinity to the digital world. The Youth Barometer shows, firstly, how strongly digital media have permeated the world of young people. Secondly, it shows exactly how young people differentiate between various devices and programs, and thirdly, that they know who is responsible for protecting their data.

To communicate with friends, they have access to a full range of digital tools (Fig. 1.1). The most popular is the messaging service WhatsApp. The company was founded in 2009 and sold to Facebook for 19 billion dollars earlier this year. Use of WhatsApp has increased by 38 percentage points (pp) in Brazil; only in the US, its home country, is it not (yet) so popular. In the US, texting or SMS is the primary means of communication.

About Facebook: The social network occupies an important position among young people – nearly nine out of ten have an account. Facebook is “in,” particularly in Brazil and Singapore (Fig. 1.5). The periodic media reports predicting the platform’s demise seem premature. Some nine out of ten young people state that the internet itself plays an important role in their lives or is indispensable (Fig. 1.2); many use it for more than two hours every day for personal purposes (Fig. 1.3).

## Responsibility for Data Protection

Digital media also play an important role in sourcing information. Online news sites are very popular, but in the meantime, paid newspapers are becoming irrelevant (Fig. 1.4). A Swiss specialty is the free newspaper. 23 percent of young Swiss read 20 Minuten, Blick am Abend, or a similar product. Recalling the public’s widespread dismissal of free newspapers when they were first introduced, today one can say that in all probability, no generation has ever read newspapers as much as young people today in Switzerland.

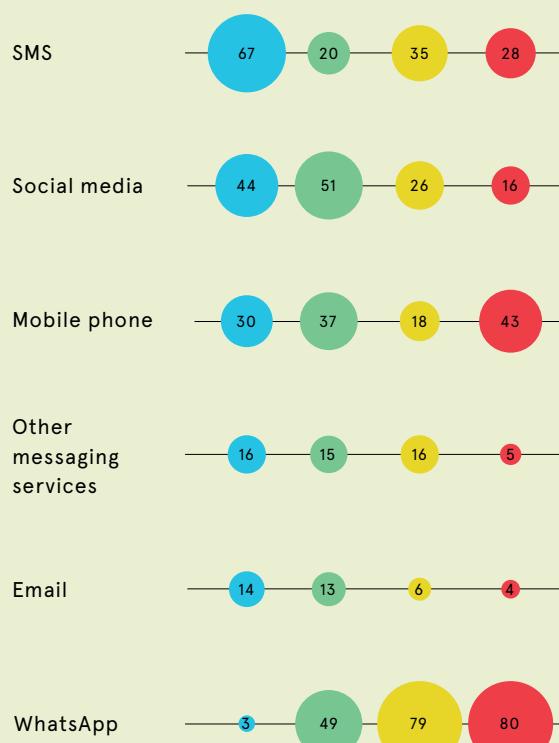
What’s “in” with young people (Fig. 1.5)? Digital tools and programs. Only in the US does TV (still) play an important role, perhaps because the elaborate serial productions there are tailored toward a

Fig. 1.1 – Communicating with friends

## WhatsApp's huge popularity

“Which forms of communication do you use to get in touch with your friends?”

In %



Fact 1.1 – Political wish list

**90**  
percent  
or more of  
young people  
in all countries  
find that  
policy-makers  
should increase  
protection  
against criminal  
attacks on  
digital data.

young audience, and these have partly replaced the movies. In Switzerland, meeting up with friends and taking vacations are popular, as are smartphones (see also Chapter 3).

Things that are “out” include the aging internet platforms MySpace and the Brazilian equivalent of Facebook, Orkut (Fig. 1.6). This shows how quickly the digital wheel spins, and how deep the loyalty of these young consumers is in relation to their trend-consciousness.

Lastly, we come to the topic of data protection. Whereas parents fought for stricter protection of their privacy, this younger generation sometimes gives the im-

pression that they share their comments, pictures and videos frivolously with the public. However, young people are not unfamiliar with this issue. They know that they need to protect themselves in the virtual world (see page 67) and when asked about their demands regarding policies related to the internet, over 90 percent want “protection from criminal attacks on digital data” (Fact 1.1). □

Fig. 1.2 — The importance of the internet in daily life

## **For over 87 percent, the internet is very important**

"How important is the internet in your daily life?"

In %

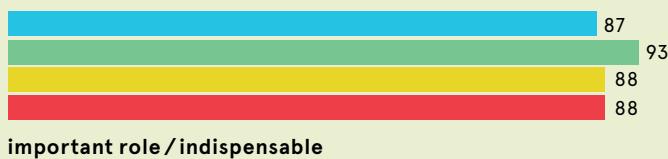


Fig. 1.3 — Media use

## **Two hours or more per day online**

"On an average day, how long do you use the internet in general for personal purposes?"

In %

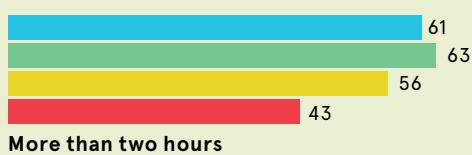


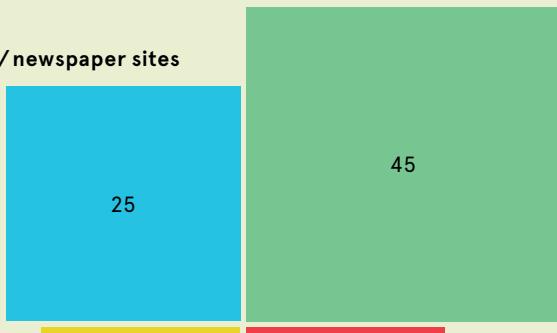
Fig. 1.4 — Most important sources of information

## **Internet beats newspapers**

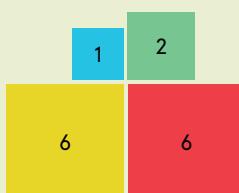
"What is the most important source of information for you?"

In %

**Internet:**  
News sites / newspaper sites



**Paid  
daily newspapers**



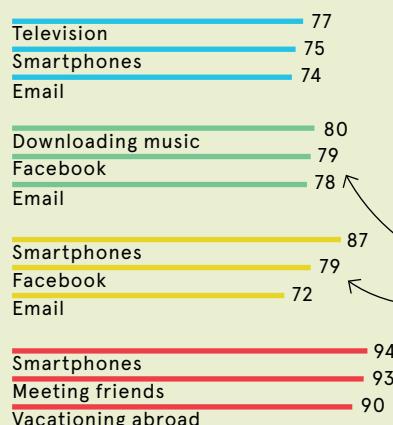
Only in Switzerland:  
23 percent read free  
newspapers such  
as 20 Minuten  
or Blick am Abend.

Fig. 1.5 — Trends

## **In: The virtual world**

"We have compiled a list of very different things in life. Please tell us if they are popular with your friends and if you use them." (Top 3 in each country)

In %



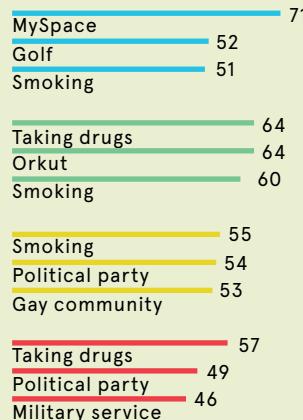
More than 87 percent of respondents in all countries are members of the social media platform Facebook.

Fig. 1.6 — Trends

## **Out: Drugs, parties, outdated internet platforms**

"We have compiled a list of very different things in life. Please tell us if they are unpopular with your friends and if you do not use them." (Top 3 in each country)

In %



# 02 – Life Goals and Values

First the good news: If you ask young people how they see their own future, they are (excluding Singapore) mostly confident (Fig. 2.1). Now the bad news: Confidence in Brazil has decreased by 11 percentage points in two years. Young people in the largest country in South America feel under pressure and dissatisfied (more on page 70). Something positive for Brazil? About two-thirds of respondents want to take responsibility (Fig. 2.1).

In the oft-cited “Generation Y,” the “Y” stands for young people’s search for meaning (Y = why?). In contrast, the Youth Barometer does not find much in the way of a permanent search for purpose in life. The values landscape (Fig. 2.2) seems stable. No entry has shifted by more than 0.3 percentage points compared to the previous year; many are unchanged.

Globally, young people are not really conservative-minded in any of the countries. Altruism and family/friends are very important everywhere. Young people in Brazil are also characterized by more highly pronounced interests, particularly in terms of religion, altruism and post-materialism. A hedonistic attitude is typical of Brazil, but is less obvious than you might expect. Young people in Switzerland are less materialistic and less religious. The 16- to 25-year-olds in the US and Singapore are materialistic in their attitudes, which is also evidenced in the analysis of their problems (see page 70).

## No Help from Parents

It is a cause for concern that young people feel that the economy is not overly dependent on them (Fig. 2.3). Over the last two years, this figure has dropped dramatically: US: -16 pp, Brazil: -17 pp, Singapore: -7 pp (one-year comparison), Switzerland: -2 pp. The figures for society have followed a similar trend. These results can probably be explained by the financial crisis, which did not affect confidence or values so much as material perspectives. Parents and the state can no

Fig. 2.1 – Own Future

### **Confidence in Switzerland is higher than ever; in Brazil, it is declining**

“How do you feel about your own future?”

Answer “reasonably confident”  
in %



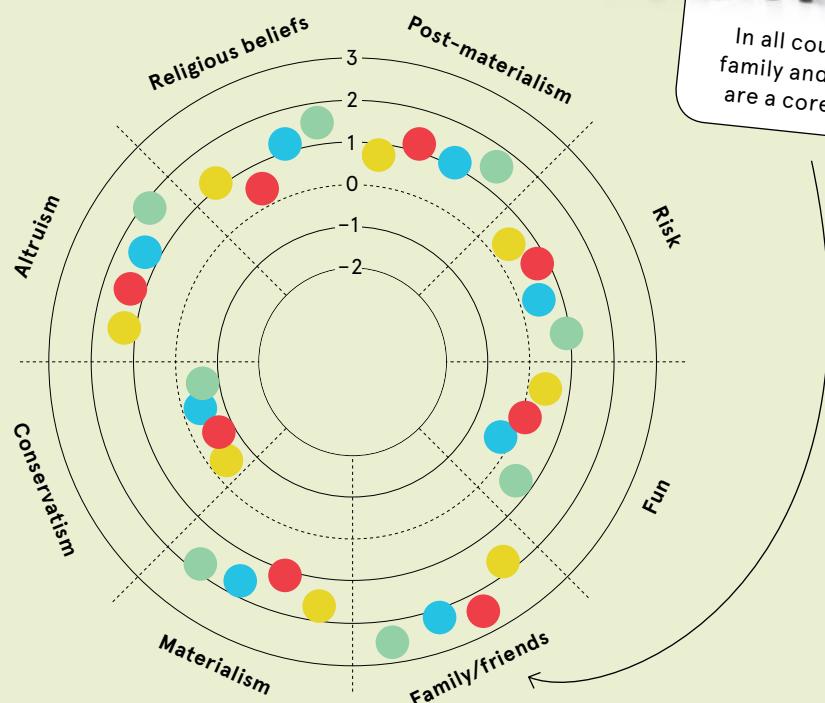
Fact 2.1 – Commitment

**More than 50 percent of young people want to take responsibility; in Brazil, this number is 69 percent.**

Fig. 2.2 – Values Landscape

### **Young People Becoming Less Conservative**

Aggregate of different values questions as indices with min. -3 and max. +3.



longer provide a safety net (both figures have – except in Switzerland – dropped sharply in the last two years); only a small number want to or can “enjoy life.”

In parallel, we see the goals of this generation (Fig. 2.4). Much revolves around work, money and career. The top priority is, however, the work-life balance. One explanation may be that the generation’s experience has been shaped by the modern family environment, and they are familiar with how stressful it is to balance

work, family and leisure time. Alternatively, young people have already experienced for themselves the stress and pace of modern life in their professions.

Young people in Switzerland are doing well; they are less worried about financial matters than the international sample group. Confidence has certainly increased and is now higher than anywhere else (Fig. 2.1), materialistic goals are less important than friends and family (Fig. 2.2) and they can rely on family and

its resources (Fig. 2.3). Their post-materialistic outlook is reflected strongly in their goals (Fig. 2.4). Leisure time and career should be balanced, and the goal of achieving more than their parents is not a priority. They would prefer to pursue their own talents rather than a university education or a fast-track career. □

Fig. 2.3 – Future Plans

### Parents and State Can Provide Little Security

“When you think about your plans for life, how accurately do the following statements describe your future plans?”

In %

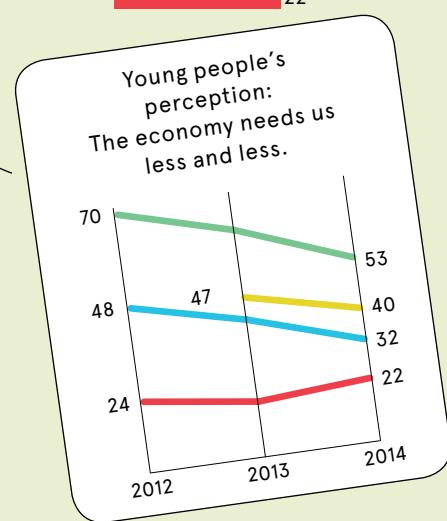
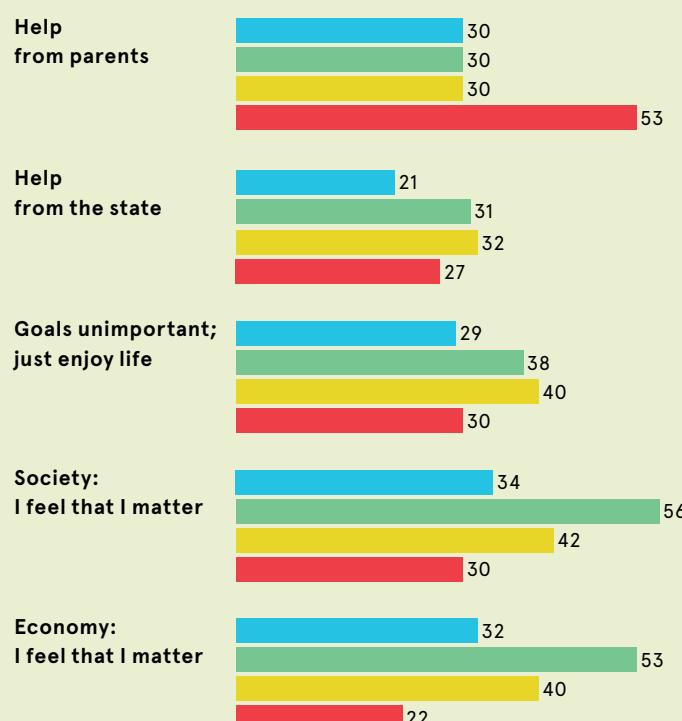
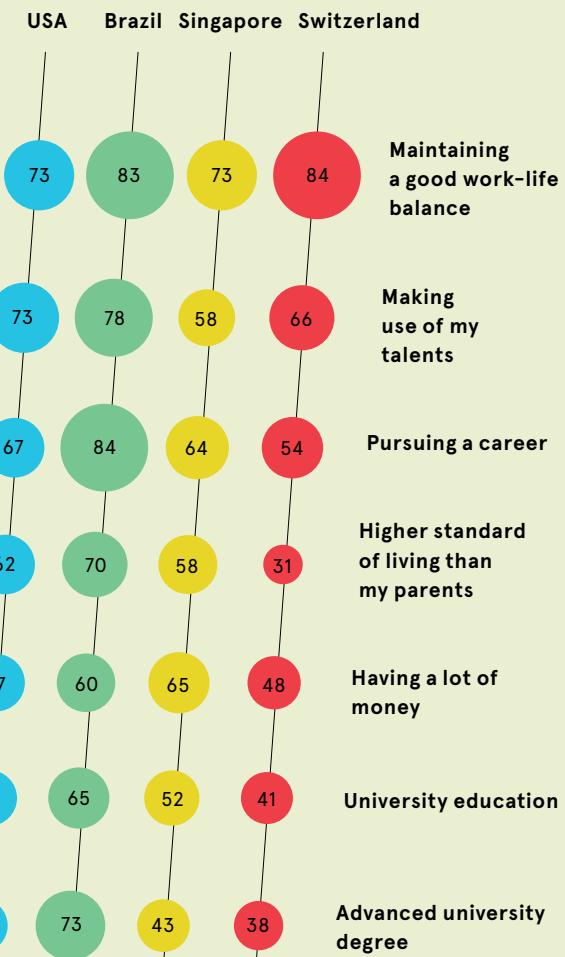


Fig. 2.4 – Life Goals

### Important Issue: Work-Life Balance

“When you think about your goals in life, what motivates you?”

Answer “absolutely strive for” and “generally strive for”  
In %



Switzerland

# Privileged, Spoiled, Insecure

Young people in Switzerland are doing very well. However, the first cracks in the facade are appearing. Will the tendency towards isolation continue?

By Thomas Held



If given 10,000 francs, young people in Switzerland would spend most of it – respondents in other countries would reduce debt or make larger purchases (photo: Montreux Jazz Festival, 2014).

**T**he young people who were surveyed in the Credit Suisse Youth Barometer are part of the famous "millennial" generation (born after 1980). A report from the Pew Research Center in the US caused a stir this spring.\* The think tank for generational studies evaluated this generation and came to the conclusion that millennials differ so much from earlier age groups that it was necessary to talk about a new path to adulthood. At least, in the US.

The results of the Credit Suisse Youth Barometer confirm these findings

and provide a similar conclusion for Switzerland, Brazil and Singapore. The generation we studied grew up in a digital world in which letters, books, landlines and soon the PC are the relics of the "old" world. They are digital natives in the truest sense of the word, with a finely-tuned understanding of when to use which tool for what end. WhatsApp is making SMS obsolete, and various news apps have killed television (except in the US). Virtually all young people are on Facebook. Although friends and family still make up the most important reference group, the online community already represents an important social unit.

Next finding: (Social?) organizations are suffering a major loss in importance, and this generation has a very detached relationship to politics. On the list of things that are "out," political parties are in second place, only after drugs. In addition, youth organizations and demonstrations are not in fashion (except in Brazil). This is troubling (see the conclusion below).

**Unemployment Becoming Less Significant**  
Despite a global consensus, the digital generation in Switzerland appears more conservative than their peers in other countries. It starts with the fact that their preferred media are free newspapers, e.g. 20 Minuten and Blick am Abend, and their online editions – and not social networks. With regard to the latter, the Swiss participate less frequently and proceed

more cautiously when it comes to disclosing data.

According to the Youth Barometer, young people in Switzerland are not only more conservative in dealing with the internet but are also more privileged overall than their peers in the other countries. It starts with the material situation. While about half the respondents in the three other countries consider debt a problem, only a small minority is troubled by debt in Switzerland. If given 10,000 Swiss francs (or the equivalent amount), a clear majority of Swiss youth would spend the money, specifically on vacations. Meanwhile, young people in the other countries would use it to pay down debt or make larger purchases.

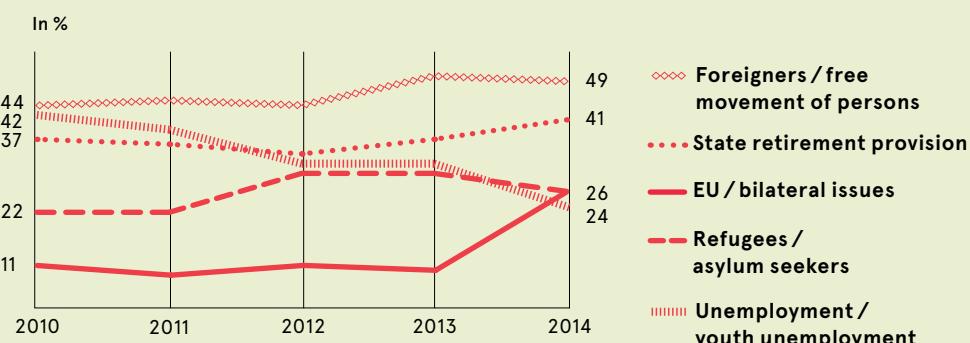
Unemployment has also virtually vanished from the Swiss respondents' list of problems. Their career should – in contrast to responses from the other countries – be interesting, match what they've dreamed of and promote self-fulfillment. If you don't like your job, you should change it. For the first time in the history of the Youth Barometer, only a minority believe you are lucky to even have a job. Work-life balance and the desire not to go through life according to a rigid plan have a high priority in Switzerland. Most of all Swiss youth want a job with a major international company – and preferably at home in Switzerland. They do not seem aware that the balance of work and free time tends to tip toward the former with these employers. >



#### Five biggest problems

### New concern: Relationship with the EU

"In this list you will see some topics that have been discussed and written about a lot recently. Please look at the whole list, then select from the list the five most important points that you personally see as the five biggest problems in Switzerland."



## Cracks in the Picture

With this attitude, Swiss youth focus less on economic matters compared to their international peers, although money and career have gained somewhat in importance over the last year. Nevertheless, they come out ahead in the area of post-materialism. Most clearly their attitude is reflected in the fact that, compared to the other countries, only half as many young people in Switzerland strive to achieve a higher standard of living than their parents.

The Youth Barometer presents a portrait of young people in Switzerland who are privileged, if not spoiled. However, some data indicates that the first cracks are appearing. Prosperity seems so

Employment Preference  
+9 pp

**73%**  
percent  
would like to  
work at an  
international  
company  
in Switzerland.

self-evident that it is no longer a goal to strive for. Yet at the same time there is a dependence on this prosperity. Twice as many young people as in other Barometer countries count on (material) security from their parents.

Among young people from all four of the countries studied, emphasis is placed on education and training, but in Switzerland a certain skepticism about university education is found. Only a minority believes that the academic route is the best foundation for a career. And although a large majority of Swiss young people seem satisfied with their situation, they complain about discrimination and worry about a potential escalation of the generational conflict.

Such discrepancies suggest that young people assess their situation as more fragile than is reflected in the stability of

the value profiles of the Youth Barometer. As a globally networked and savvy generation, they possibly suspect that the post-materialist approach to living the good life may not provide the material well-being and security they want.

## Uncertainty about Status

The resulting uncertainty about status would produce a slightly different interpretation of the problem rankings. This continues to be led by the immigration question and a new major issue has appeared: Switzerland's relationship with the EU. First, one could just simply see this list of problems as a reaction to the political agenda and the hierarchy of issues presented in the media following the Yes vote on the mass immigration initiative. Nevertheless, the problem weighing on Swiss youth can be interpreted as an expression of the above-mentioned uncertainty with status. Privileges would then be threatened in the education and labor markets by competition associated with immigration, as well as by economic stagnation or even negative growth resulting from the ongoing damaged and especially uncertain foreign trade relations. This could explain the combination of the high weighting of the immigration question and the relationships with the EU, combined with a strong commitment to "bilateral" agreements.

The big question is what consequences this contradictory attitude will have on a generation that keeps almost a demonstrative distance from institutions and political parties. Will the commitment-averse millennials of the 2014 Barometer become authoritarian followers

that believe they can preserve their Swiss privileges through isolation? Or will they find a voice – perhaps in new types of media – that helps economic rationality break through? The 2015 Barometer promises to answer these and other questions. □

\*Pew Research Center, March 2014,  
"Millennials in Adulthood: Detached from  
Institutions, Networked with Friends"



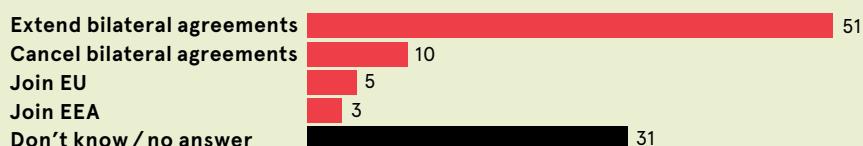
**Thomas Held** is a trained family sociologist and was the director of Avenir Suisse for many years. He now works as a project manager, consultant and journalist in Zurich.

Future Switzerland-EU relationship

## Major support for the bilateral path

"How should the future relationship between Switzerland and the EU look in your opinion? What has top priority for you?"

In %



International

# “The Digital World Enriches Life”

Parents can relax. Virtual space is an opportunity rather than a threat for young people, says sociology professor Lynne Chisholm. Yet other results of the Youth Barometer cause her concern.

Interview: Simon Brunner



“A virtual community is no more and no less than any other mode of socializing”: Lynne Chisholm on today’s youth.

*Professor Chisholm, young people attach more value in part to their “online community” than “partnership” or “religious community.” For many parents, it is hard to see how you can feel so connected to a virtual community.*

Socializing is and has always been a characteristic of youth. In peer groups, young people learn a lot, not least about themselves, and in their view, the most important advantage of such

contexts is the absence of adults and their cookie-cutter worlds. Parents notoriously have trouble understanding young people’s worlds.

*But there are so many dangers lurking on Facebook and the like!*

A virtual community is no more and no less than any other mode of socializing. Today, socializing takes place virtually instead of on the prototypical street corner

from their grandparents’ generation. The digital world enriches life. Street corners are still there, but the virtual highway provides young people who are otherwise shy or who live in geographically isolated areas access to youth-specific socializing. Of course, there are risks – just as on street corners – and as usual it comes down to raising awareness, whether by family upbringing or through media education in school or a youth club. >

In addition, young people are very aware, according to the Youth Barometer, who is responsible for their protection on the internet: they themselves.

#### *How does virtuality characterize this generation?*

On one hand, barriers to access are removed and spatial boundaries erased. On the other hand, it is interesting that the virtual world is increasingly bringing back a more visual form of communication to everyday life. Many young people are already accomplished photographers and film directors. And the ability to communicate in real time upsets conventional ways of thinking and behaviors. Young people no longer make appointments, they simply text spontaneously and they are constantly chatting with friends. Of course, it's also easy to know when your favorite sports team is playing.

#### *Can this form of interaction produce social cohesion?*

You have to rethink conventional notions of social cohesion. Digital worlds make it possible to produce a broad sense of solidarity and togetherness in other ways. Take for instance the Arab Spring – it was largely the result of a youth movement that was virtually self-generated and nonetheless capable of action.

#### *Apart from the pervasion of the digital, how should employers deal with this generation?*

I would turn the question around: How should young people today deal with employers? In Switzerland, most young people continue to join in professional life quickly and are generally secure materially. They thus have a foundation to present themselves confidently to employers and to demand the appropriate hallmarks in their work and careers. Otherwise, employers risk losing good workers to competitors.

#### *And in the other countries studied?*

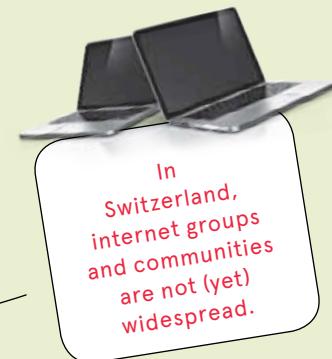
There, the opportunities to start a career are significantly more risky and time-consuming. Especially in Brazil, but also in the US, employers hold better cards. This means that young people need to be more patient and inventive. It is important that they do not resign themselves

Belonging to social units

## Strong affinity to virtual communities

"Which social units do you feel like you belong to?"

Answer "online community"  
"strong/moderate sense of belonging,"  
in %



to working for employers who neglect their potential and pay them below their value. This goes hand-in-hand with the self-confidence and maturity that

feel personally and socially involved will vote. Many young people today hardly see themselves, their living conditions, their needs and their values represented in established politics. This has to change if we want to win over young people to political participation.

#### Employment

**43**  
percent of  
surveyed  
Brazilians are  
looking for a job.

(United States: 40 percent,  
Singapore: 26 percent,  
Switzerland: 16 percent)

develop when young people learn that they are worth something in their society and they are given encouragement at school and at home.

*Political questions: Can young people be won over to go to the polls with contemporary technology such as e-voting? What can be done about the political apathy?*

You can lead a horse to water, but you can't make it drink. Regardless of how elections are organized – only those who

*Young people in Brazil are not doing well. Their national pride is being eroded, and they see failed government alongside a strong need for reform. In addition, concerns about corruption have reached new heights. Should we be worried about more youth riots?*

Firstly, the concerns of young people are always an indicator of the state of a society as a whole, and secondly, young people often take the lead when it comes to actively calling for reform and change. In this regard, the results of the Youth Barometer survey speak for themselves: If nothing improves, the spark will catch sometime and there will be riots again – among young people, in any case, but not only there.

*Young people in Singapore and the United States are more concerned with material worries. Why?*

Here, especially in traditionally highly materialistic societies such as the US or Singapore, the real or feared loss of prosperity and good employment stands in the foreground. Brazil has a very different history and a very different social reality.

*When asked about their goals in life, young people in all countries found it very important keep a balance between leisure and work. Is that realistic?*

I'm pessimistic in that regard. I currently see no reason to hope for a turnaround in terms of the high demands from work. Young people are unfortunately much too resilient and usually are happy to take on challenges. The possible negative consequences – for family life, for health – only emerge much later.

*A significant proportion of 16 to 25-year-olds already has debt, whether it be with a phone provider, a credit card company or personal debt. Is this alarming or simply a question of culture?*

One cause for alarm is the high level of accumulated debt for everyone, regardless of age. It is much easier to take on more debt than it is to pay it off. Young debtors essentially carry a mortgage around with them, and that can become a way of life and restrict their ability to act in the long term. At the same time, it must be stated that both the private sector and several nations pretend in their own behavior that giant debts are normal, and might even promise future success. How can we then teach young people to stay out of debt? Young people live in a pervasive world of consumerism whose aim is

to stimulate consumption. Why do we wonder why young people are in debt?

*The burden of debt is lower in Switzerland. Why?*

Switzerland is known for its wealth. As the Youth Barometer shows, young people here are much more likely to be supported financially by their families. If you have a financial cushion in the background, you do not need loans, or the accumulated bills are paid by parents and relatives. There is also a strong cultural appreciation for thrift and prudent money management, both small and large. Compared to Europe as a whole, the national perspective provides a more nuanced picture, depending on the combination between cultural tradition and economic structures.

*Finally, a ray of light: If you paid young people a large amount of money, they would save more than half, up to 75 percent in Singapore. Is this generation possibly more sensible than its parents, the baby boomers?* Who says the baby boomers were or are not particularly sensible? At any rate, they experienced entirely different conditions during their youth: Economically, things were on the upswing and socially a lot was improving. Today, young people are only too aware that first and foremost they

must provide for themselves and that there is less security. It is not easy to be a young person today. □



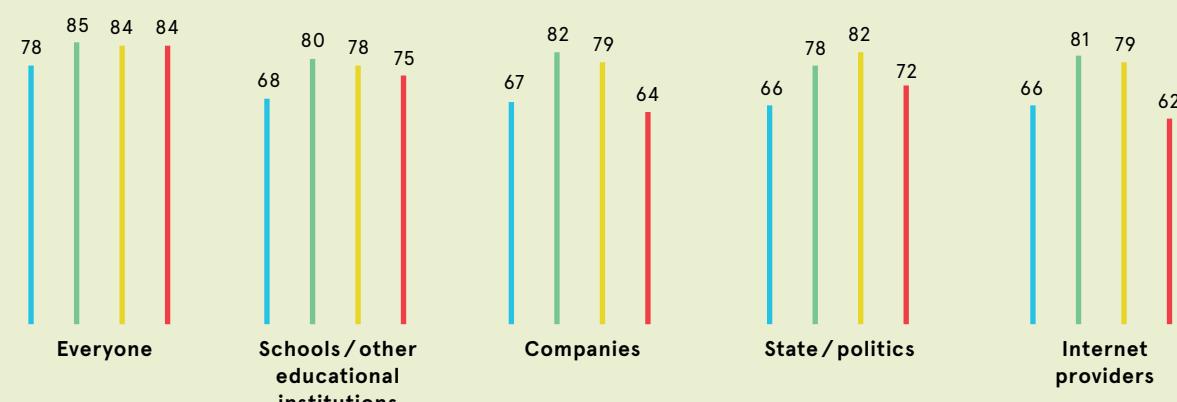
**Lynne Chisholm** is Professor of Education and Generations at the University of Innsbruck and Guest Professor for Political Education at the Institute for Educational Research at the University of Oslo. Currently, she is a Research Advisor at the UNESCO Institute for Lifelong Learning (UIL) in Hamburg.

## Protecting Their Own Data

### **Who is responsible? I am!**

"The handling of information in the digital world can pose a security risk for the individual. How important do you consider the role of the following elements in the protection of the individual and his or her personal data?"

In %



# 03 – School, Career, Finances

USA  
Brazil  
Singapore  
Switzerland

In economically challenging times, it is not surprising that in many places your job is not the job of your dreams (Fig. 3.1). In Brazil, particularly, this figure has declined sharply in the last two years (-14 percentage points). As a result, many young people see their job as something “temporary” and not as the place where they can find fulfillment.

In Switzerland, this trend is somewhat weaker, but even here at home there are problems. 59 percent believe that a foreign name will result in discrimination in employment and education – and this view has held stubbornly for years. In other countries, even in a country of immigrants like the US and in the multi-ethnic state of Singapore, this value is less than one-third (Fact 3.1) and steadily decreasing.

Another feature of Switzerland is that young people here are not set on an academic path (Fig. 3.4). Only a third of Swiss respondents believe a university education is the best foundation for their career (other countries: 65 percent or higher). This result can be interpreted as a vote for the dual education system, because it's possible make it to CEO via an apprenticeship here in Switzerland. Or, read critically, the response shows that Swiss youth have a certain skepticism about an academic career.

The fact that young people in Switzerland have fewer worries than their peers in other countries is particularly evidenced in the response to the question of what they would do if they were given a large sum of money (Fig. 3.2). Swiss young people would spend almost half and save the other half – respondents in all of the other countries would save at least 65 percent.

What they would spend the money on also reveals that the Swiss are less interested in status symbols – because they are less important to them, or because they already own them? Intangible values are more important to them in any case. They

would spend 14 percent of the money on a vacation – the largest single amount.

Swiss young people are somewhat reluctant (stingy?) about donations. Although in principle free-spenders, they would donate less than US youth. As a percentage of the total amount spent, the Swiss youth would give the smallest of all four countries.

## High Debt

Young people in the US do their reputation justice when it comes to cars. In no other country would respondents spend so much money on a vehicle. Young people in all four countries respond similarly when

it comes to spending on family, jewelry and clothes.

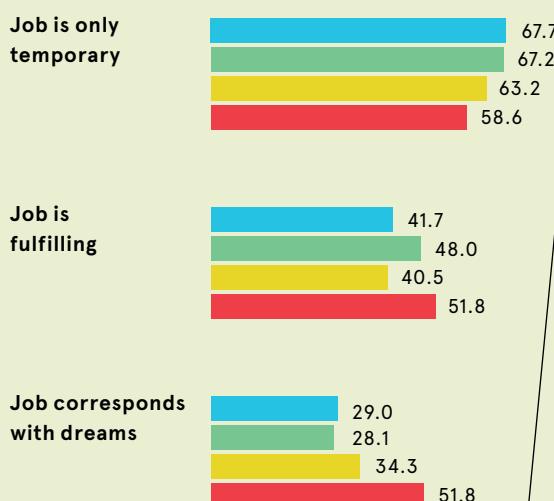
Ultimately, it comes down to how well young people can handle money. There are great differences in terms of debt (Fig. 3.3). Few young people in Switzerland have debt with a credit card or mobile phone company, but it is a different story in Brazil and the US. The higher debt levels may have to do with the social acceptance of credit in these countries. This hypothesis is supported by the sharp decline in the number of young people in debt in the US over the last two years (credit cards: -20 pp, mobile phones: -21 pp) – debt is out since the financial crisis in the US. □

Fig. 3.1 – Employment

## Work is not a place to seek self-fulfillment and rarely provides the job of one's dreams

“How applicable are the following statements for you? Please estimate between 0 and 100 percent.”

In average values



Fact 3.1 – Discrimination

**59**  
percent of  
young people  
in Switzerland  
think that  
having a  
foreign name  
will result  
in disadvantages  
(other countries  
less than  
33 percent).

Fig. 3.2 – Money

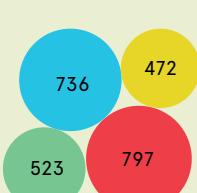
## Switzerland: Off on holiday Others: Save, save, save

"Let's say someone gives you 10,000 units of your currency. How would you spend the money?"

In average values

Saving / investing

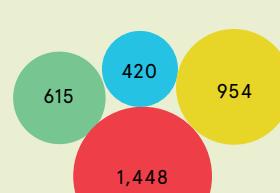
Spending



Cosmetics /  
hairdressing /  
beauty treatments



The Swiss  
would spend  
roughly half,  
but Singaporeans  
only a quarter.  
US and Brazil  
about  
30 percent.



Go on  
vacation



Buy a car

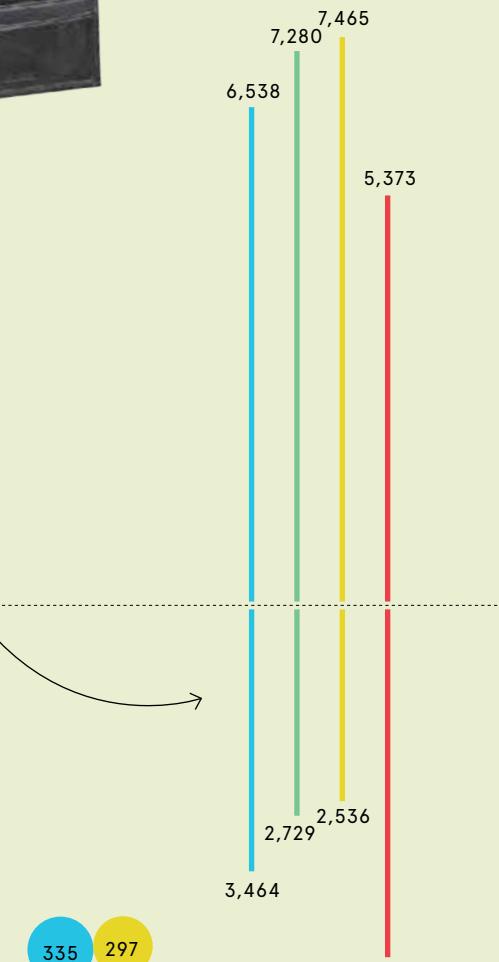


Fig. 3.3 – Financial Obligations

## Debts to credit card and mobile phone companies are widespread

"Do you personally have any of the following liabilities?"

In %

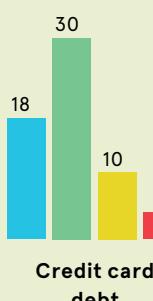
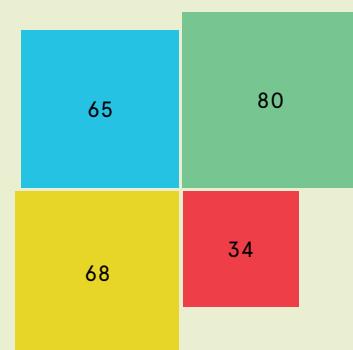


Fig. 3.4 – Academic Career

## A university degree is the best foundation for my career

"How much do you agree with the following statements about careers and education?"

Response: "A university degree is the best foundation for my career," in %



# 04 – Politics and Society

USA  
Brazil  
Singapore  
Switzerland

One of the main results of this year's Youth Barometer is the worrying situation in Brazil. The mood among the 16- to 25-year-olds in the country of 200 million could not contrast more strongly with the cheerful images of the Football World Cup this summer. Only 12 percent still take pride in their country, whereas a year ago it was 39 percent, and 47 percent two years ago (Fig. 4.1). Three-quarters of young Brazilians worry about corruption – in no other country is there a problem that is felt by nearly as many young people (Fig. 4.3). Aside from corruption, concerns about health, schools and universities have gained in importance, with unemployment and urban violence further rounding out the country's main problems.

The first signs of discontent in Brazil became evident in the 2013 Youth Barometer. This year, conditions have apparently continued to worsen for young people, with confidence dropping sharply (page 60, Fig. 2.1). It is not surprising that

nine out of ten young people call for political reforms. Professor of Sociology Lynne Chisholm warns, "If nothing improves, the spark will eventually catch and there will be riots again" (see page 66).\*

## Is There a Generation Gap?

One topic that has gained urgency is the confrontation with older generations, or the demographic challenge (Fig. 4.2.). In Switzerland, this is also evident in the fact that the retirement provision (AHV) is seen as an increasingly larger problem (Fig. 4.3, +7 pp compared to 2012). Are these the first signs of a generation gap? The main concern for young Swiss people has been the same for five years running: immigrants. Nonetheless, this concern has not increased despite the mass immigration initiative. The third-largest problem likely also stands in direct relation to the initiative. The EU and the bilateral contracts, a subject that last year preoccupied only 10 percent of young Swiss, was up this year to 26 percent.

Young people in the United States and Singapore are plagued by financial worries, as well as concerns about the price of gasoline, inflation and wages. Somewhat surprisingly, the problem of unemployment has not increased in importance, but has remained stable at a high level – except in Switzerland, where it has actually decreased. In 2010, unemployment was still the second biggest concern (42 percent agree), today it remains in fifth place (24 percent agree).

Young people in the four countries surveyed share an enthusiasm for the digital world and in professional and financial terms they are, for the most part, realistic and reasonable. Country-specific differences exist in Brazil, where young people are extremely dissatisfied, and in Switzerland, where they are materially better off than in the other three countries. □

\* Article went to press before the elections.

Fig. 4.1 – Patriotism

## The Swiss Love Their Country

"How proud you are of the US / Brazil / Singapore / Switzerland?"

In %

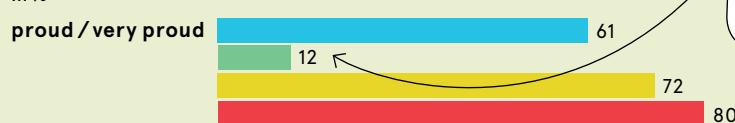


Fig. 4.2 – Demographics

## The Generation Gap

"In the foreseeable future, your country will have more and more older people of retirement age and fewer and fewer young people. How do you feel about this?"

In %



Brazil and its disaffected youth: sinking national pride

47% 2012

39%

2013

12%

2014

Fact 4.1 – Reforms

**91**

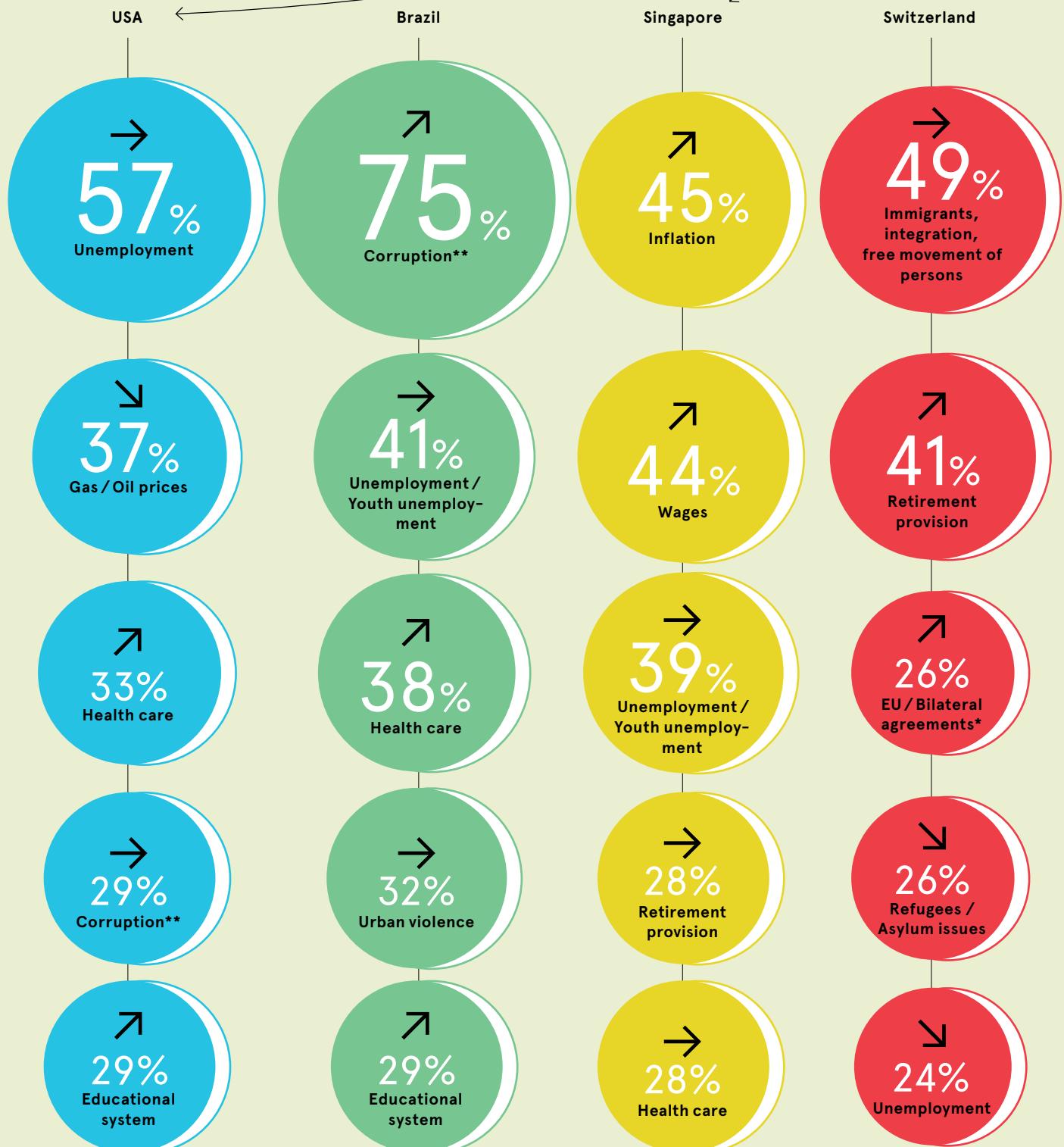
percent of young Brazilians see a need for reform in their country, up 11 percent from last year.

Fig. 4.3 – Five biggest problems

## Unemployment, Corruption, Inflation and Immigration

"In this list you will see some topics that have been discussed and written about a lot recently. Please look at the whole list, then select the five points that you personally see as the biggest problems in your country."

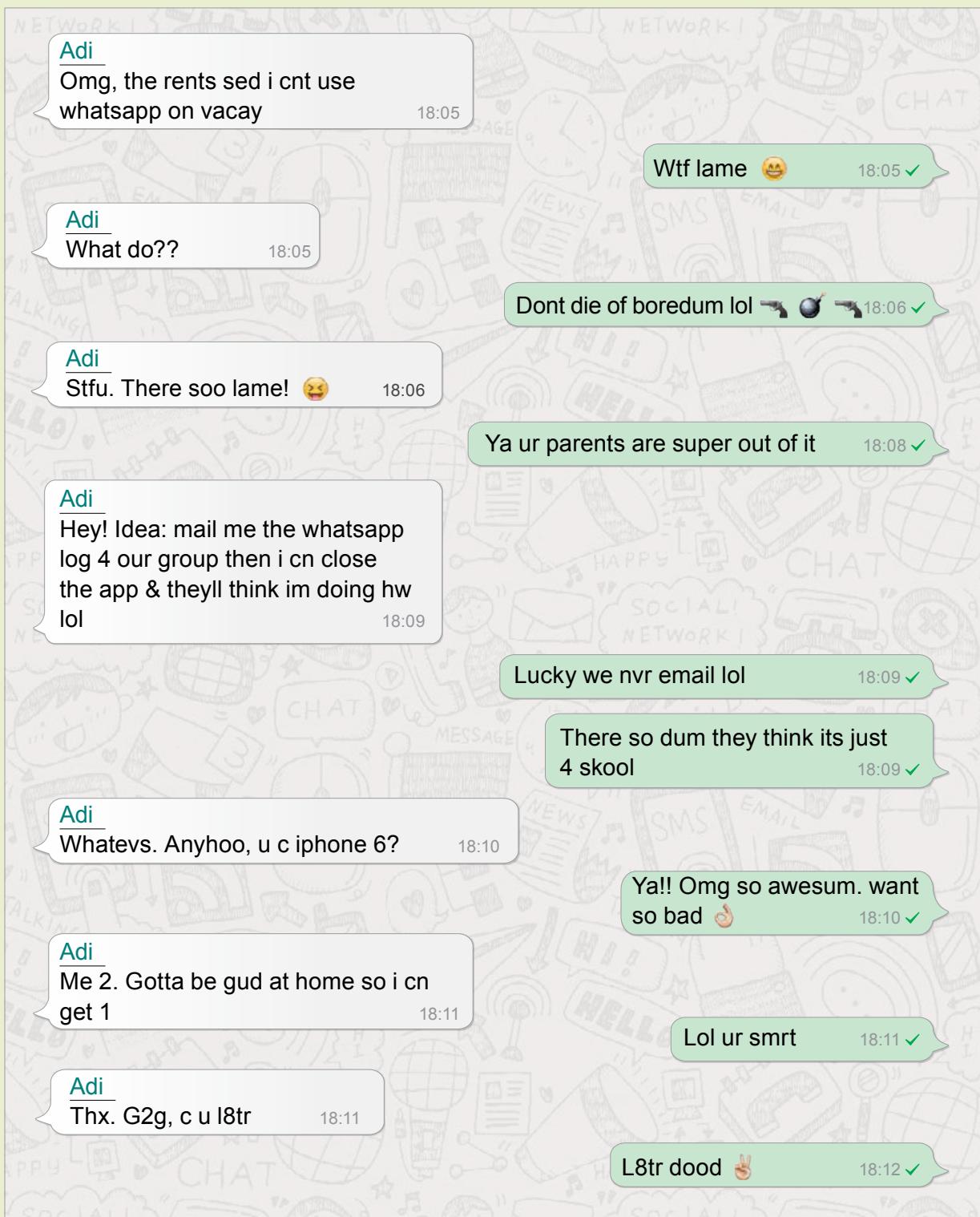
In %



Young people in the United States and Singapore are preoccupied with material problems.

\*Only surveyed in CH, \*\*only surveyed in US, BR and SG

# The Generation after Next



**Translation for adults:** “Oh man, my parents aren’t letting me use the WhatsApp messenger on vacation” – “*That’d drive me crazy*” – “What do I do now?” – “*Don’t feel so sorry for yourself*” – “Shut up, my parents are so old-fashioned” – “*Yeah, they’re real Luddites*” – “I know a trick that’ll work: Email me a document with all the messages from WhatsApp. Then I can close the app and my parents will think that I’m studying” – “*Luckily we never use email with our friends, our dumb parents think that it’s just for school*” – “Change of subject: Have you seen the new iPhone 6?” – “*I think it’s great, I totally want one*” – “Me, too. But I have to be on my best behavior at home or my parents won’t pay for it” – “*Smart*” – “Thanks. Gotta go” – “*See you later.*”



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