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Freedom: What Is It? Where Is It Endangered?

Dossier: Exploring Freedom on the Internet



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Freedom Is Fleeting



The following people contributed to this issue

1 Stefanie Schramm

What makes people tick? This question has long fascinated this business journalist from Hamburg. Her favorite subjects for stories are psychology and brain research. For Bulletin she plunges into a subject that is hotly debated by brain researchers and philosophers: Do we really have free will? *Page 24*

2 Luca Zanetti and 3 Andreas Fink

This Ticino-born photojournalist splits his time between homes in Zurich and Medellín. Of Colombia – that craggy country where many suffer inhuman barbarity, that land of two coasts, three Andean mountain ranges, and the impenetrable Amazon – Zanetti says, “Colombia is the love of my life.” Latin American correspondent Andreas Fink, from Bavaria, has traveled around Colombia more than 10 times; the Buenos Aires resident finds Medellín to be the synthesis of all his previous experiences there. And he met with entrepreneurs, teachers, politicians and artists who are determined to make the former murder capital into a livable city.

Medellín coverage by Luca Zanetti and Andreas Fink begins on *page 50*

4 Judka Strittmatter

This journalist and author, born in Brandenburg in 1966, interviewed a former inmate of the Hohenschönhausen Stasi (secret police) prison, along with a former warden. She asks both of them the same question: What does freedom mean to you? *Page 26*

From an intellectual standpoint, there can be no debate about freedom. We all seek it and want to share in it. No one chants, “No freedom!” at demonstrations, and politicians don’t have anti-freedom planks in their platforms. The controversy comes when leaving the lofty heights of the noble abstract and descending into the contradictions of real life. It’s here that everything is revealed, and you can see if maybe there is such a thing as too much freedom. Let’s take the Internet, for example. In which ways is it a boon and when does its libertarian boundlessness present a threat? Because this topic is so urgent and important, we are dedicating a dossier to it (starting on page 33). The dossier includes a profile of US media mogul Tina Brown in which she talks about the dichotomy of the Internet, saying that “it tends to be a minus in the developed world, but it’s fantastic for the emerging countries.”

And what about economic freedom? It is the heart and soul of personal wealth and societal well-being. But should it have limits, such as when it negatively affects the environment and interferes with the personal freedom of certain population groups? The article on page 66 delves into this issue. Sudanese entrepreneur and philanthropist Mo Ibrahim makes a practical contribution toward promoting freedom by honoring exemplary African heads of state with a lucrative prize. On page 71, he explains what inspired him to do this and the effect it is having. Freedom is now blazing a hopeful trail for itself in many regions of the world where it has long been dormant. The “Arab Spring” has become a symbol of this. But self-determination is emerging in other places as well, almost unnoticed. A report shows how Colombia’s former drug and murder capital, Medellín, is freeing itself from the shackles of terror and reinventing itself (*page 50*).

But freedom is in danger, too, right where it seemed to be so secure. People in the free world are clearly forgetting what they have. They have become lazy, and are no longer conscious of the value and nature of freedom. Freedom, once gained, isn’t guaranteed. It is fleeting and vain. You can’t argue against it, but you have to fight for it.

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A Little Piece of Heaven

This is my freedom:
Five people from around
the world tell us what
personal freedom means
to them.

By Simon Brunner

Editorial assistants: Pal Pillai and Toni Gadza





Radha, 70

FIELD WORKER IN GUDIPALA, INDIA

Radha, who does not know her last name, lost her eyesight more than two years ago. She was always very active, working in the fields and keeping house. And suddenly, she was held captive by darkness. "I lost my freedom," she says. Radha didn't want to use a cane; instead, she felt her way along the walls in order to get her bearings. Even eating was a problem, because "If I got hungry, I had to wait for someone to cook for me."

Radha was examined for the first time at a field hospital, where she was diagnosed with cataracts. Surgery would have cost 15,000 rupees (250 Swiss francs), a price she was unable to pay. But the doctor referred her to an eye clinic in Chennai that operates on needy patients for free.

The first thing she saw after the surgery was herself when the nurses held a mirror up in front of her face. She was overjoyed, declaring, "This is one of the best things that has ever happened to me." Now she is excited about working in the fields: "I used to get paid 60 rupees (one franc) per day for my work. And now I hear that wages have gone up to 100 rupees (1.70 francs)."



David Eitzinger, 39, and his family

CIRCUMNAVIGATOR IN MOOREA, FRENCH POLYNESIA

"Summer is coming to an end," says David Eitzinger, "and the temperature at night is down to 24 degrees Celsius. I've had to put on a t-shirt twice in the last two weeks." He chuckles. David has been sailing around the world with his family for the last two years. We reached him by phone in French Polynesia. "Among those circumnavigating the globe, this group of islands is considered the peak of isolation – far from home, nearly unreachable, incredibly beautiful. And the people here are totally laid back." The family's world tour is challenging. They are planning to visit Tonga, Fiji and Vanuatu, but first they want to experience humpback whale season. When the couple first sailed off with their two children (now 5 and 6 years old), they left behind two well-paid jobs in Berlin (he was a freelancer in IT, and she ran a children's fashion label) and a newly acquired house. Why? "When we built our house, we realized that we had just predetermined what we would be doing with our lives for the next 15 years. We looked at each other and said, 'This can't be all there is.' Now we're having the adventure of our lives."









Eduardo “Eddie” Troche, 18

**(MIDDLE, BLUE TENNIS SHOES)
HIGH SCHOOL STUDENT IN CAMDEN,
NEW JERSEY, US**

“I was nine years old when my father died,” recounts sweaty Eduardo Troche, known as Eddie, while taking a break from training at Steve’s Club in Camden, New Jersey. The son of Puerto Rican immigrants, Eddie comes here nearly every day to lift weights. The gym belongs to a nonprofit organization dedicated to keeping young people off the streets. Deindustrialization has taken its toll on this port city on the east coast of the US. One-third of the families here live below the poverty line, and the unemployment rate is nearly 20 percent. According to the CQ Press research institute, Camden was the most-dangerous city in the US in 2004, 2005, 2009 and 2012.

“My father used to go to the gym a lot, but one day he just stopped working out and started getting into trouble. He got involved with the wrong people and got shot and killed – just like my uncle and my cousin,” says Eddie. “I know this much: If I stop going to the gym, that’s when the problems will start. I work out so that I can stay free.”

Mrvica Metelko, 38 Luce Terze, 36

SUBSISTENCE FARMERS IN BRAĆ, CROATIA

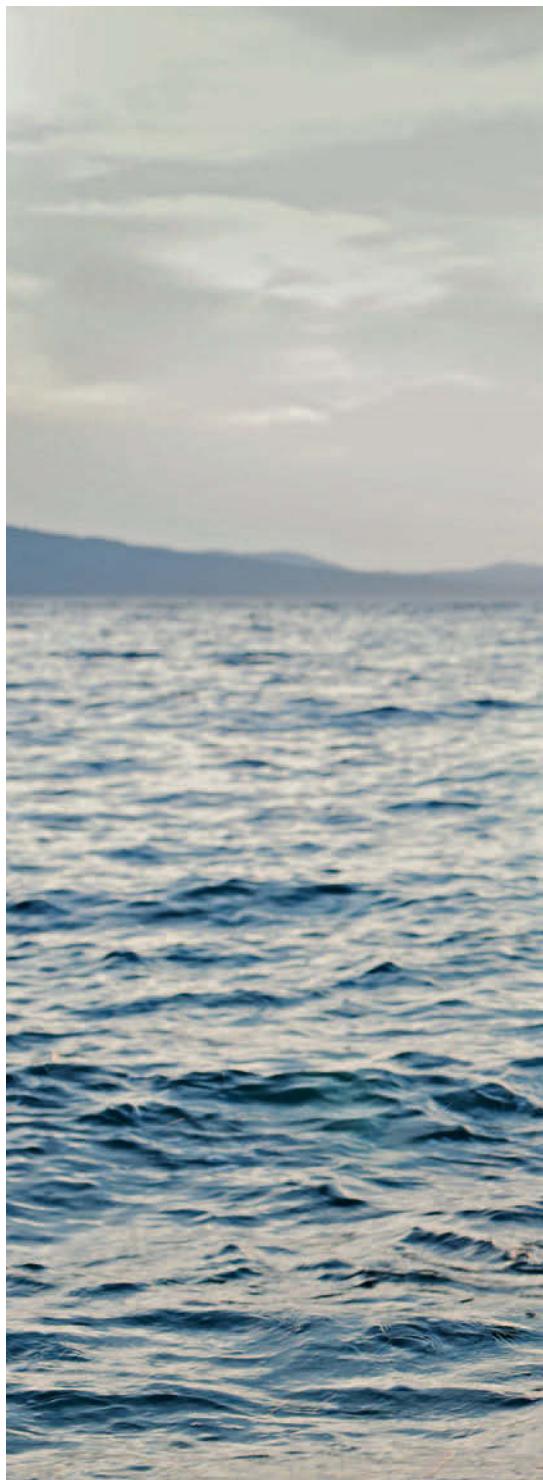
"It all started when I realized that I wasn't happy with my life in the city anymore," says former business student Mrvica Metelko. "I felt trapped." That was seven years ago. So she packed up and moved with her friend, Luce Terze, to an island that is a one-and-a-half-hour boat ride from Split.

They lived as subsistence farmers on the island with two other friends who joined them later. Mrvica recalls, "We worked hard, laughed together, cried and fought. We sang, played, learned, sat around the fire, went swimming in the ocean, hiked with the dog, baked bread, picked our vegetables, read a lot, wrote and drew. My new life freed me."

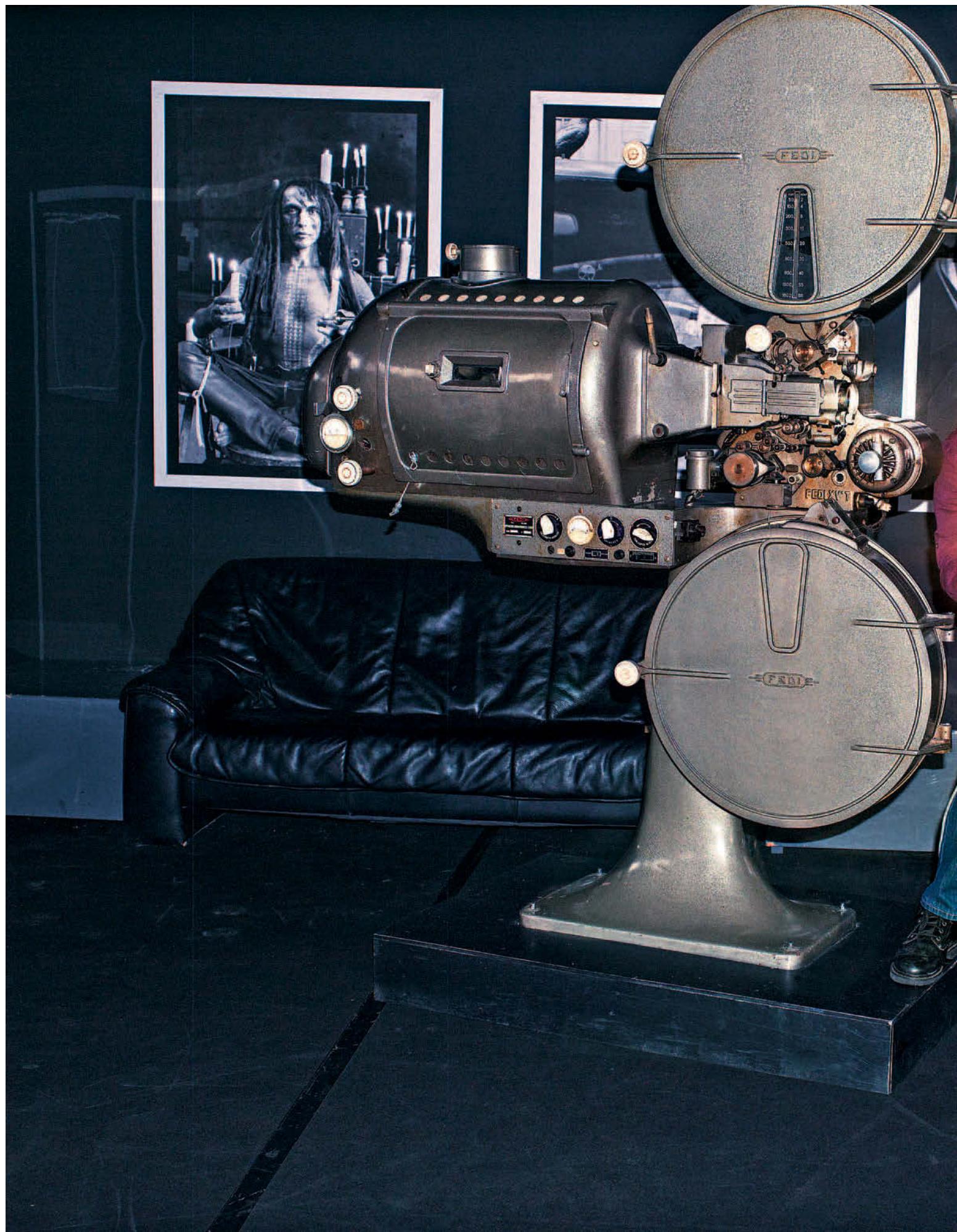
The commune occupied a stone house, and in the spring and summer they slept outside. "We usually slept in the same places outside. My 'room' was on the edge

of a pine forest and had a wonderful view of the olive grove and the sea."

The little community was almost completely self-sufficient, needing very little money: "About 100 euros per person for all our monthly expenses." But this year they had to leave the property "because our vision and the property owner's vision didn't match up anymore." Now Mrvica and her friends are looking for a new place to live. "Our story sounds utopian, but after almost seven years, I can't even imagine returning to conventional life."









Peter Luisi, 37

FILMMAKER IN ZURICH, SWITZERLAND

"When I was going to film school in California, I lived in my car for nine months, and I even swiped food from the cafeteria. I had to save up the 5,000 Swiss francs I needed to make the final film somehow."

Peter Luisi, Swiss filmmaker, knew early on that there was only one thing he wanted to do: make movies. He sacrifices a lot to make his dream come true. He works around the clock, lives a simple life, and is "prepared to drain my bank account completely for every film."

While still in film school he read the classic "Feature Film Making at Used-Car Prices" and produced his debut feature for 7,000 dollars. "The film was horrible." After that came the successes: "Verflixt Verliebt" (2004), "The Sandman" (2011), "Boys Are Us" (2013) and the screenplay for "Vitus" (2006), which he co-wrote with Fredi M. Maurer. But there have been setbacks also. One of the investors in "Love Made Easy" (2006) bailed out at the last minute. Peter stuck with the project, leaving him 180,000 Swiss francs in debt.

"Mr. Luisi, why would you do this?" – "I'm driven to make films. I have to do it." – "Is it fame and glory you're after?" – "Not really. A director's life is not as glamorous as you might think." – "Is it for personal fulfillment?" – "Art should always be inspiring. Good art contributes to people's lives. That's what I want to do."

HOW FREE WE ARE

By Wolf Lotter

Freedom is not a gift.
It is an achievement.
The highest object
of human aspiration.
The main thing
worth fighting for.

Freedom does not ask
for gratitude.
It demands commitment,
effort, passion, courage.
For it is not a gift.
Freedom is a battle.

IT

sounds good: freedom. But what is freedom, really? What does it consist of? Can we see it, hear it, smell it? What does it taste like? How does it feel? Can we measure it? How much does it weigh?

These are questions that seemingly concern only philosophers, or perhaps an exotic team of brain researchers who have spent years exploring the phenomenon of free will. Other than that, it sounds like a luxury problem: Freedom? Don't people have anything else to worry about? But despite the soapbox speeches and other fine words, let's not deceive ourselves. In the wealthy West, the zeitgeist does not speak on behalf of freedom. Would many people here actually have the courage to stand up for their personal freedom, defend their right to say what they think, or even fight for it? Would we be prepared to do what the demonstrators did in Leipzig in 1989, taking to the streets against oppression? Do we still savor the taste of freedom as much as the people of Egypt, Tunisia and Syria did, the people of Libya and Turkey, who were ready to risk life and limb for it?

We do know the answer to one of these questions. Freedom smells like springtime, tastes like springtime. We call these freedom movements the "Arab Spring," echoing the "Prague Spring," the term associated with the resistance to oppression in Czechoslovakia. Freedom smells like fresh air through an open window. Outside the window is life.

But isn't that dangerous? After all, there are strangers out there. And an open window? Someone could fall out. Or someone could climb in! We admire the ordinary people of the "Arab Spring," at least a little bit. We treat freedom fighters like pop icons. But we also know better than that. Freedom is no bed of roses, we say.

One might ask where they are, the brave defenders of freedom in our latitudes. Do we enjoy so much freedom here that we

It smells like fresh air
through an open window.
But isn't that dangerous?
Someone could fall out.
Or someone could climb in!

have no need at all for a "European Spring" or a "Western Spring"? Are freedom and diversity so inseparably intertwined that there's no reason even to talk about it?

Let's take a closer look. In the shadows of the crisis lurks a different view that favors the adversaries of freedom, all those who dismiss it as a luxury problem. Oh yes, freedom, that's for the rich, for capitalists. Ordinary people, on the other hand, want rules, order, supervision. They need someone to take care of them, especially in times of crisis! They need direction; they can't be counted on to make their own decisions. Which would people rather have: freedom or a steady income? Freedom or a secure retirement? In a time of crisis, freedom is called into ques-

tion. It's always been that way. And we have only to consider the dictatorships of the 20th century to see quite clearly what happens when people relinquish their freedom in exchange for direction and supposed material security.

The problem is clear: When we have freedom, nobody notices, because we take it for granted. Furthermore, having abundant freedom also means having to make many decisions. It means trying out, testing, experimenting, again and again. That's hard work. The business model of power has always included sparing the populace the drudgery of decisions, prohibiting experimentation and safeguarding the status quo. Modernity, the Enlightenment and science take the opposite approach.

Unlike its enemies, it does not fear change. Without freedom, there is no chance of progress.

People such as Giordano Bruno and Galileo Galilei knew the value of freedom. And they knew that freedom and security do not go hand in hand, for freedom also means that things can turn out differently. It does not embrace the false assurance that we can plan everything, determine everything. Unlike its enemies, it does not fear change. Without freedom, there is no chance of progress.

It's a paradox. Our affluent Western society would not be nearly so advanced if, in the course of the modern era, it had not fought for and won all the freedoms that enabled these intellectual and scientific developments to flourish. Where freedom prevails, where free markets and free thought are allowed, prosperity and democracy thrive. But freedom does not necessarily mean that the people who enjoy its fruits also recognize its importance for their well-being. Often, we have simply forgotten what underpins our "democratic spring".

In the comfortable West, many have become alienated from freedom. They take it for granted. They prefer to dream of an all-encompassing, provident social-welfare state that solves all their problems. They would rather talk about "social justice," which simply means "I want what other people have, and I want it guaranteed." That has nothing to do with justice and fairness, but it has a great deal to do with greed, envy and avarice – all vices that the "just state" actually pretends to combat. But can that state really be governed well without stoking such prejudices?

The core business of every government is always control and regulation. The tighter its control, the greater its political power. And so politicians like to talk about freedom, but they curtail its practice, limiting the arenas in which we can exercise our right to do as we please. In the name of so-called justice and egalitarianism, free spaces are disappearing at an ever faster pace. As Rupert Lay, a German management consultant on business ethics, declared in his book "Ethik für Manager" (Ethics for Managers), "Talking about freedom instead of granting free spaces is a favorite manipulation tool of pseudo-democratic dictatorships."

Freedom entails risk, which is the prerequisite for any opportunity and hence also the precondition for positive change. Only people who are completely alienated from life expect change to happen out of nowhere. In emerging and developing countries, the desire for freedom rises as economic emancipation expands. More economic leeway always brings with it greater personal and political freedoms. Here in Europe, this development had already taken place – and then the great satiety arrived, obscuring the value of freedom and with it the source of progress and development.

Now, too many people here want guarantees instead of the opportunities that freedom can offer.

Economist Friedrich August von Hayek, who won a Nobel Prize for economics, wrote that the purpose of liberty is to afford us an opportunity to obtain something unforeseeable. However, this also means that we never know what we lose when we restrict freedom. Freedom creates work; it requires us to look carefully, exert ourselves, focus our vision – and not simply let ourselves be served. Freedom is a self-service enterprise. Liberty, said Hayek, "becomes something positive only by the way we use it. It does not assure us of any particular opportunities, but leaves it to us to decide what we shall make of the circumstances in which we find ourselves."

In short, freedom is a matter for adults. This is particularly true in times when many people approach the relationship between freedom and diversity as if they were in kindergarten.

We cannot fail to do what must be done: Return to the defense of liberty, a defense that to be effective must be "inflexible, dogmatic and doctrinaire," as Hayek insisted, "without concessions to considerations of expediency." We don't make deals

Freedom is a matter for adults. This is particularly true in times when many people act as if they were in kindergarten.

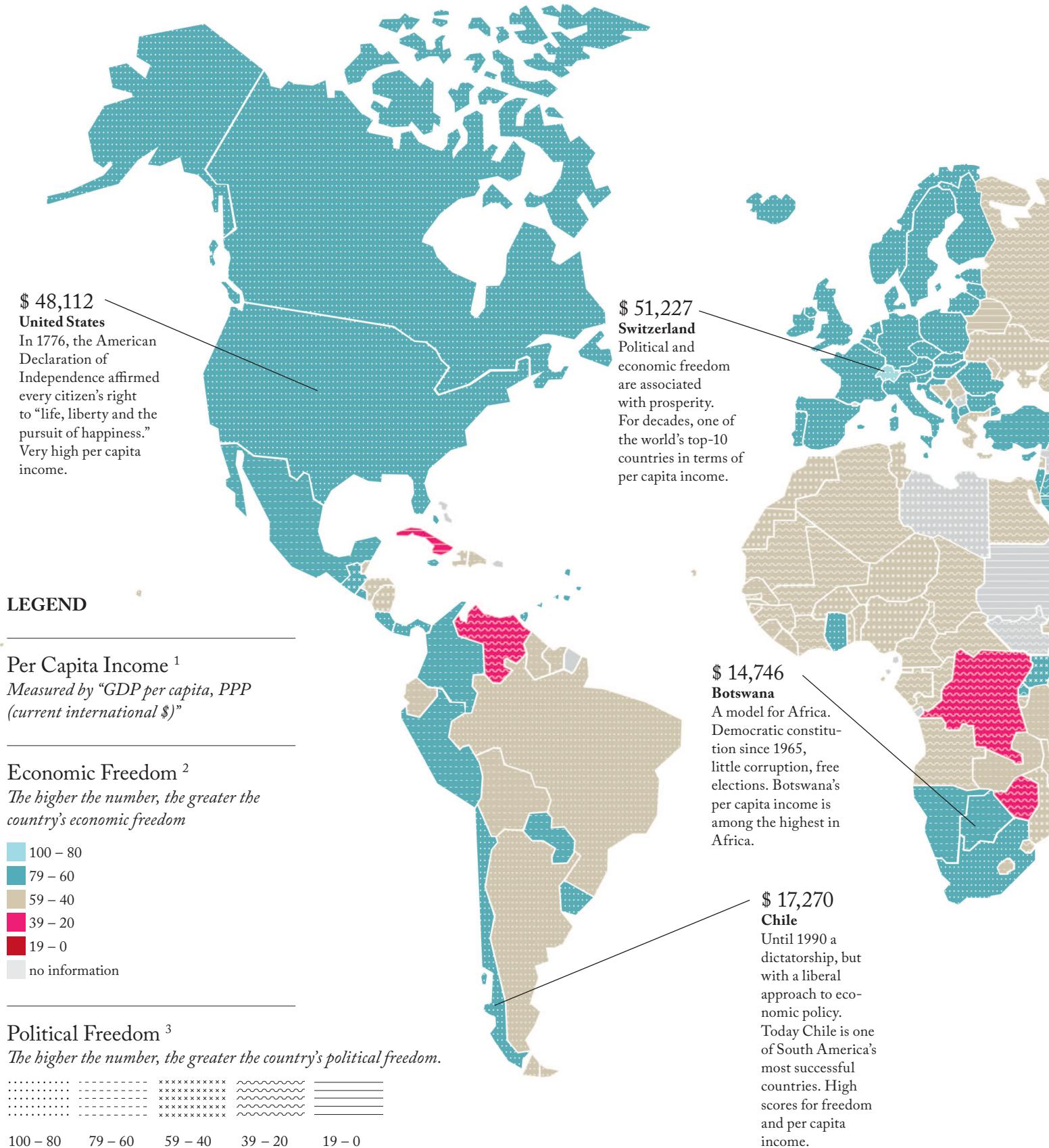
when it comes to freedom, not for all the security in the world. Civil society needs freedom fighters who know what freedom smells like, tastes like, sounds like, looks like – and what it weighs. Let us fight for freedom – not merely because we must, but because we want to do so.

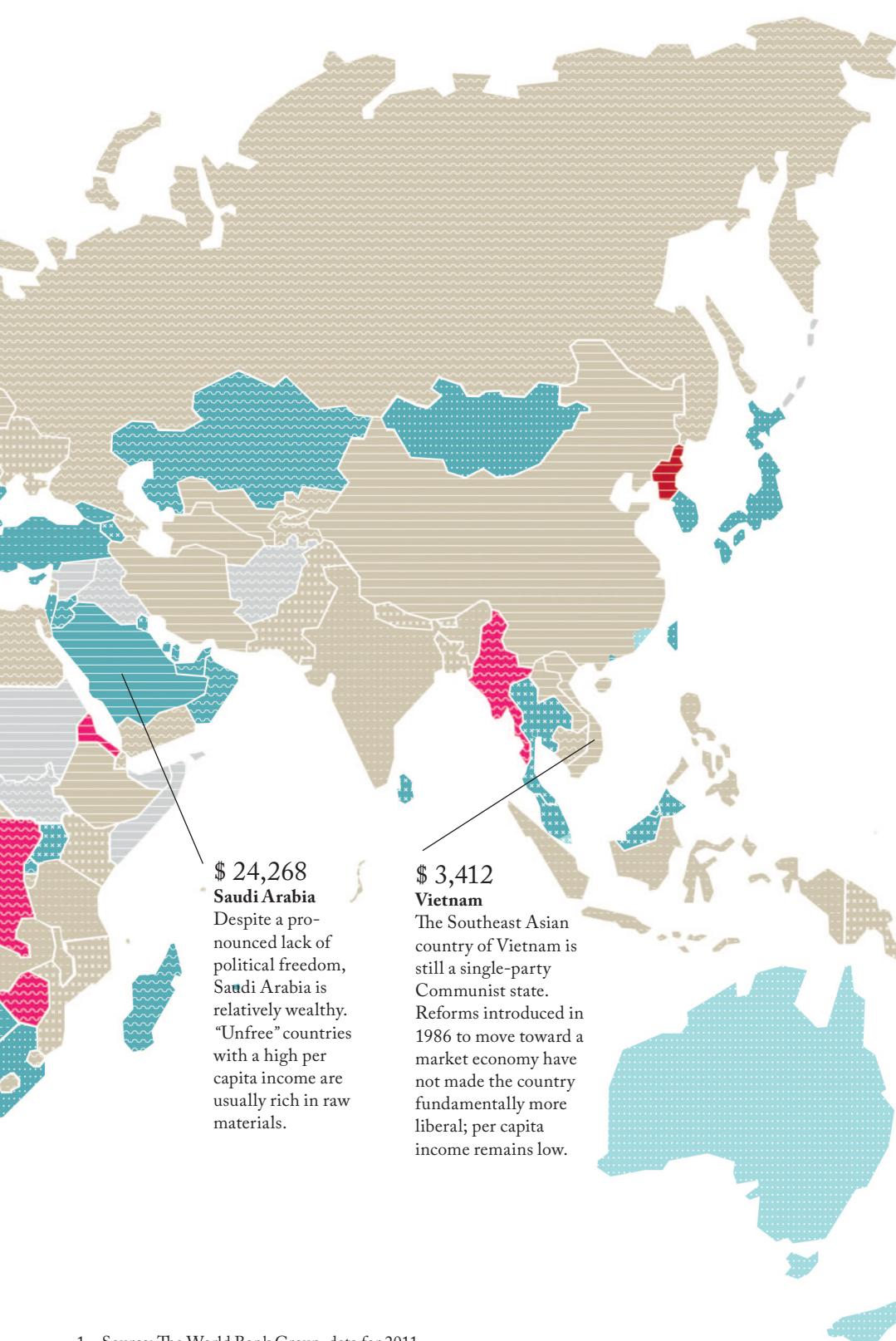
Wolf Lotter is cofounder and author of the business magazine "brand eins." His new book "Zivilkapitalismus. Wir können auch anders" will be published by Pantheon Verlag in August 2013.

A Freer Economy Worldwide

Why globalization leads to prosperity.
And who loses in the process.

By Oliver Adler





- 1 Source: The World Bank Group, data for 2011
- 2 Source: Terry Miller, Kim R. Holmes and Edwin J. Feulner, 2013 Index of Economic Freedom (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc, 2013)
- 3 Source: Freedom in the World 2013, Freedomhouse

Globalization has taken on enormous proportions, particularly since the 1990s. It has accelerated economic growth worldwide and improved living conditions in most industrialized and developing countries. It has created jobs and expanded consumption opportunities. However, it may also have had a negative effect on income distribution and the environment. It remains to be seen to what extent globalization promotes political freedom.

Globalization, the process of integrating the world's economies, manifests itself in a number of ways – through an increase in trade in commodities, industrial goods and services; more international direct investments; the spread of knowledge and culture all over the world; and greater mobility. All of these areas are closely related; international trade and investments, for example, typically also result in the dissemination of know-how.

Progress and Setbacks

Globalization is not a new phenomenon, as economists Ronald Findlay and Kevin O'Rourke demonstrate in their fascinating history of globalization, "Power and Plenty" (Princeton University Press, 2007). Several times during the past millennium, networks sprung up and spanned regions or even continents, only to be dismantled during periods of "deglobalization." At the height of the Mongol Empire, for example, roughly between 1250 and 1350, a trade network developed that included nearly the entire known world. The rise and prosperity of the commercial cities of Venice and Genoa resulted in part from this wave of globalization, which was brought to a halt by the plague – and which, for its part, was caused by an international exchange of bacteria and viruses.

A particularly intense period of globalization was ushered in by the industrialization of England and parts of continental Europe, including Switzerland, and by the rapid growth of American and Russian agriculture that began in the mid-19th century. Between the end of the Napoleonic Wars and World War I, world trade increased by approximately 3.5 percent >

annually, as compared with a growth rate of only 1 percent between 1500 and 1800. During the phase of most rapid growth, between approximately 1875 and 1913, the global volume of trade in commodities and industrial goods tripled. World War I and the period of political upheaval that followed put an end to globalization and marked the beginning of a new and prolonged period of deglobalization, during which economic performance declined dramatically, not least as a result of increasing protectionism.

Free Development Was Not Universal

The reglobalization of the post-war era began slowly, and differed dramatically from one place to another. Factors contributing to that slow pace included the Cold War, the extensive isolation of the Eastern Bloc countries and China from world trade, the withdrawal of the colonial powers from their former colonies, and the rise of governments that embraced socialism, nationalism and protectionism. During the first post-war decades, the wave of reglobalization reached only today's OECD countries. In those countries there was a rapid increase in the percentage of exports rela-



Among the losers are industrial centers like Detroit, with its automobile-centric economy, which find themselves unable to compete.

Asia's "economic tigers" that were affected. What was new, relative to the pre-World War I period, was that these emerging countries were no longer primarily suppliers of commodities, but were exporting industrial goods. Globalization reached a peak with the opening of the world's most populous country, China, and its entry into the World Trade Organization (WTO) in 2001. China's rise also accelerated the integration of the commodity-exporting countries of Latin America and Africa into the global trade community.

Globalization has now taken on enormous proportions. Trade in goods as a share of global gross domestic product (exports and imports combined) rose from about 18 percent in 1960 to about 30 percent in 1990, and reached a peak in 2007, when it accounted for roughly 53 percent of global GDP. International direct investments increased from about USD 50 billion in 1980 to USD 200 billion in 1990, then grew by a factor of ten to a high point of USD 2 trillion in 2007.

What fosters globalization? The simple answer is the profit motive. Companies and individuals take advantage of more favorable opportunities to purchase, sell or produce goods and services outside of their home countries or continents. This alone, however, is not enough to promote integration in the global economy. One of the most important factors driving more recent waves of globalization was progress in



China's entry into the World Trade Organization in 2001 marked a high point in the process of globalization.

tive to gross domestic product (GDP), in the case of Western Europe from approximately 9.5 percent in 1950 to 30 percent by the end of the century.

It was not until about 1980 that the reintegration of the emerging countries began in earnest, and at first it was only

transportation. Beginning in the mid-19th century, the advent of steamships and rail transport drastically lowered the cost of the inter- and intracontinental transport of goods, which in turn increased trade.

The second factor was a lowering of tariffs and other restrictions. The United Kingdom removed its restrictions on grain imports between 1846 and 1949, which led to a massive increase in grain imports from America and Russia and to the flow of workers and capital from the domestic farming sector into industry. As a result, Britain became more competitive and was able to increase its exports. The tariff reductions agreed upon under GATT in



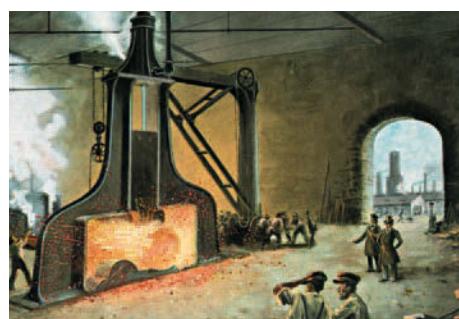
Innovations in transportation were one of the most significant drivers of globalization in the 19th century.

1947 began to show a favorable effect on trade among today's OECD countries.

Is Further Progress on the Horizon?

If efforts are successful to create a Trans Pacific Partnership (TPP) and negotiate a Free Trade Agreement between the United States and the EU, this will move globalization forward. However, such regional or "preferential" trade agreements tend to have less effect on global trade than eliminating trade barriers worldwide. Since tariffs are already at a relatively low level – they dropped from about 14 percent to about 6 percent between 1988 and 2011 – reducing non-tariff trade barriers or harmonizing standards and regulations would be more effective measures.

The third driver of global economic integration is an ever more sophisticated division of labor in the industrial and service sectors. Cars, airplanes, iPads, banking services and even Parma ham are no longer produced in a single location, but through complex production chains that



England's industrialization ushered in a particularly intense period of progress.

span countries and continents. This might become a somewhat less significant factor if new technologies like 3D printing – or greater attention to the true costs of transportation – make it more attractive to return to carrying out multiple production steps in a single location.

A fourth, albeit temporary factor is cyclical fluctuations in international lending, leading to increased trade. The credit boom that preceded the financial crisis inflated demand for foreign goods, particularly in the United States and Southern

Europe, further intensifying the most recent wave of globalization. Stabilizing the financial system and preventing excessive credit fluctuations, for example by increasing the capitalization of financial institutions, would contribute to sustainable globalization.

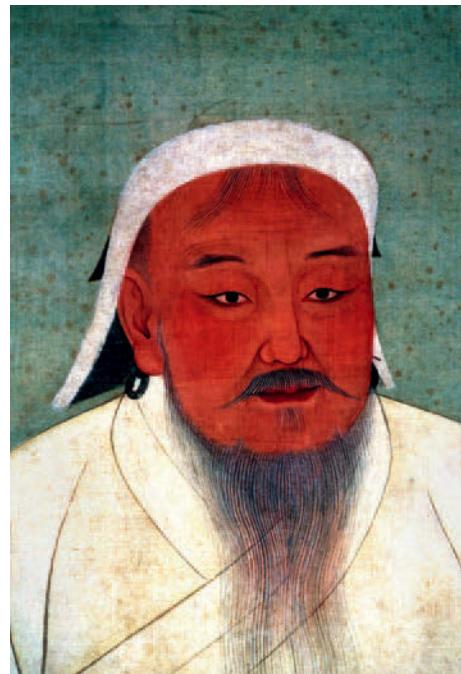
However, the most important factor that drives globalization is political. To put it in a nutshell, companies and individuals will only consider expanding their business internationally if they can be relatively certain that peace will prevail. In the past, waves of globalization occurred during periods when there was a "hegemon" to guarantee the world order, whether it was Genghis Khan and the Pax Mongolica, Britain and the Pax Britannica, or the United States and the Pax Americana. Whether the current period of globalization will continue or intensify still further thus depends in large part on whether the world's leading powers are willing to refrain from open conflicts aimed at defending their interests, and instead ensure stability through bilateral or multilateral compromises and agreements.

The Economy Continues to Grow

Past periods of globalization were always also times of above-average economic growth. Strong growth in the United States and Western Europe during the first post-war decades was fueled not only by high levels of investment and rapid technological progress, but also by more liberal policies and closer trade relations. China's integration into the world economy also led to a surge in growth, both locally and globally. Between 1990 and 2010, nearly a billion people living in extreme poverty in the developing countries saw a dramatic improvement in their living conditions, owing not least to the opportunities afforded to them by a globalized economy.

Losers in Globalization

However, globalization produces both winners and losers. As early as the 19th century, an increasingly integrated world economy led to a widening of the income gap. In the United States and Argentina, landowners who exported agricultural goods profited from globalization, while



Long ago, Genghis Khan built a trade network that spanned nearly the entire world.

workers' wages declined. In countries that exported industrial goods, like the United Kingdom and Japan, wages tended to rise. Where the land was less fertile, as in France and Germany, farmers saw their income drop.

Today, when capital is extremely mobile and can seek out the least expensive production sites, wages in former high-wage countries like the United States have stagnated, particularly for less skilled workers. It is only the salaries of highly skilled workers and returns on capital that have seen increases. The large-scale offshoring of energy-intensive industrial production to the emerging countries has harmed the environment in those countries, while relieving the environmental burden on the developed countries.

What Should Be Done?

Another important debate is underway regarding the effect of globalization on countries that export commodities. In the late 19th century, per capita income stagnated in the commodity-exporting countries of Africa and Asia, with the exception of >

Japan. For prolonged periods of the 20th century as well, wages in many developing countries hardly increased at all. However, this was probably due less to globalization than to measures taken by the governments of wealthy countries to protect their agricultural sectors.

There is little dispute that globalization also produces losers and harmful side effects. Yet some of these effects might have occurred even in the absence of globalization. Technological progress and high productivity, for example, lead to a loss of jobs where they are simply no longer necessary. In any event, the question is what the most appropriate policy response would be. The first answer is that it makes far more sense to promote investment in promising sectors than to spend a lot of money to protect industries that are no longer viable. Second, incentive taxes, for example to benefit the environment, are even more important in a globalized economy. Third, and most generally, it is better to support individuals who are losing out in the globalization process than to deprive a majority of the benefits it provides. □

The Seductive Poison of Protectionism

When the economy is in trouble, it is extremely tempting to protect the domestic market.

In times of crisis, policymakers are under increased pressure to keep capital and jobs in their countries. Protectionist measures would seem to be an obvious solution. However, the global economic crisis of the 1930s demonstrated that such interventions can have serious consequences. More and more countries responded to the Depression by concentrating on economic demand at home and keeping imports out. Perhaps the best-known example was the Smoot-Hawley Tariff Act in the United States, which raised import tariffs on more than 20,000 products to record levels.

Other countries retaliated by imposing trade restrictions of their own. The wave of new tariffs and non-tariff trade barriers led to a massive drop in trade, by some 30 percent. A decade later, international trade had not yet recovered.

The Numbers Tell a Different Story

Lessons learned from the global economic crisis led to the General Agreement on Tariffs and Trade (GATT) in 1947, which sought to reduce or remove tariffs and other barriers to international trade. Over the decades that followed, tariffs were substantially lowered. GATT also laid the groundwork for the creation of the World Trade Organization (WTO) in 1995, which GATT is still part of today.

Since the beginning of the economic crisis in 2008, international policymakers have continued to stress their commitment to free trade. Yet this crisis, too, has been met by an increase in protectionist interventions worldwide: The independent Global Trade Alert monitoring group has counted over 2,000 such measures since the beginning of the crisis, and the number is going up. The

G20 countries are responsible for over 60 percent of those interventions, despite their promises to support free trade.

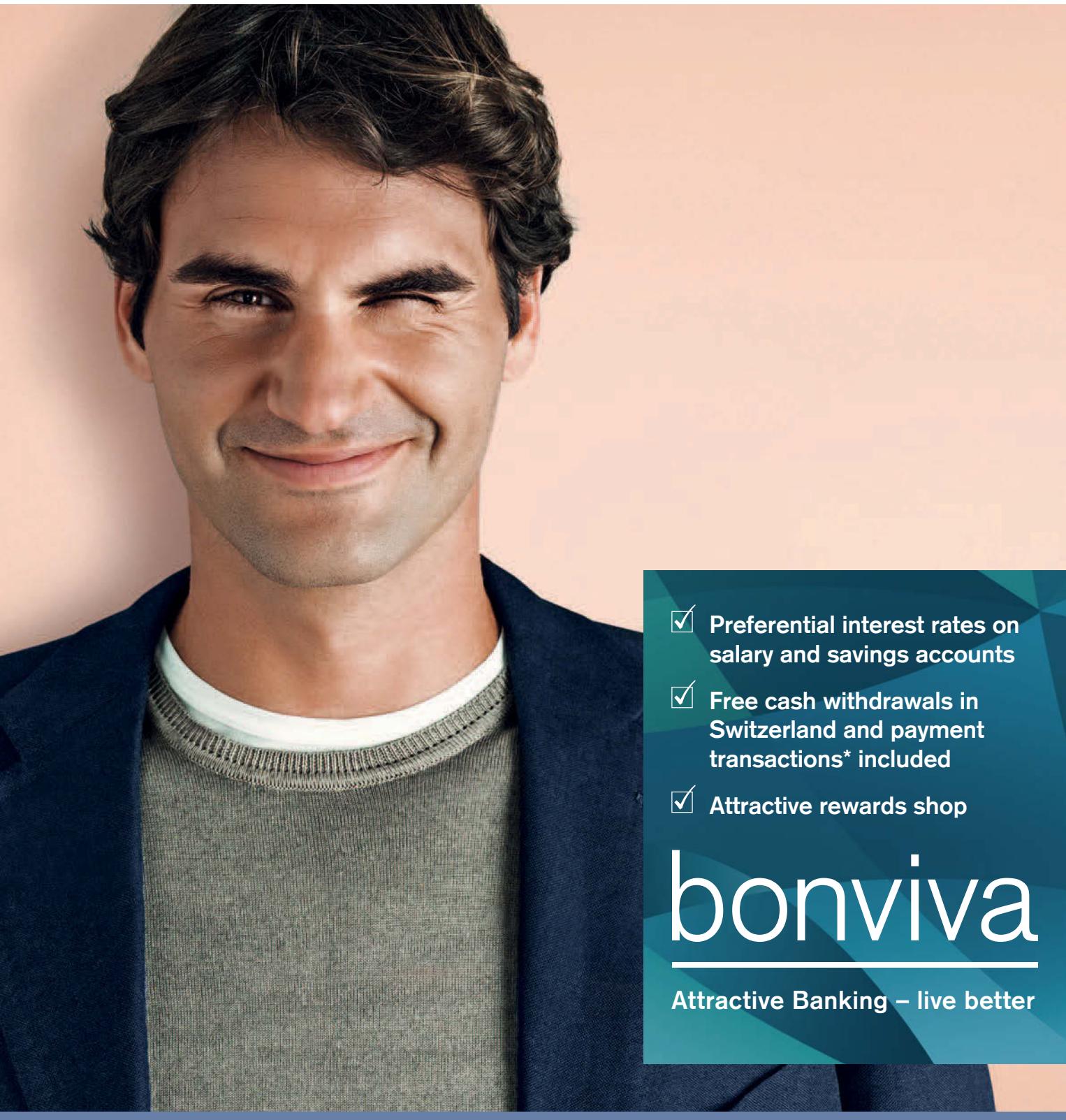
So Far No Major Damage

In contrast to the 1930s, measures taken at the beginning of the crisis were, for the most part, not subject to WTO guidelines. They included industry subsidies, “buy national” guidelines for economic programs and bidding procedures, immigration restrictions and such non-tariff trade barriers as additional bureaucratic requirements and product guidelines.

Increasingly, traditional protections such as tariff increases and anti-dumping measures have been used as well. The WTO estimates that 3.5 percent of global trade in goods – roughly the equivalent of Africa’s annual trade volume – is affected by new trade restrictions. However, after the economic collapse of 2009 the volume of trade in goods rose again, returning to pre-crisis levels by 2011. In contrast, annual rates of growth in world trade are now substantially below the long-time average of 5.4 percent; growth of only 2 percent was recorded in 2012, and a rate of 3.3 percent is expected for 2013.

Nonetheless, the damage that protectionism has caused so far is nowhere near as severe as in the 1930s. It is thanks largely to comprehensive WTO rules that policymakers have, so far, largely resisted choosing this seductive, yet poisonous alternative.

Bettina Rutsch Ostermann is on the staff of Swiss Macroeconomic Research at Credit Suisse.



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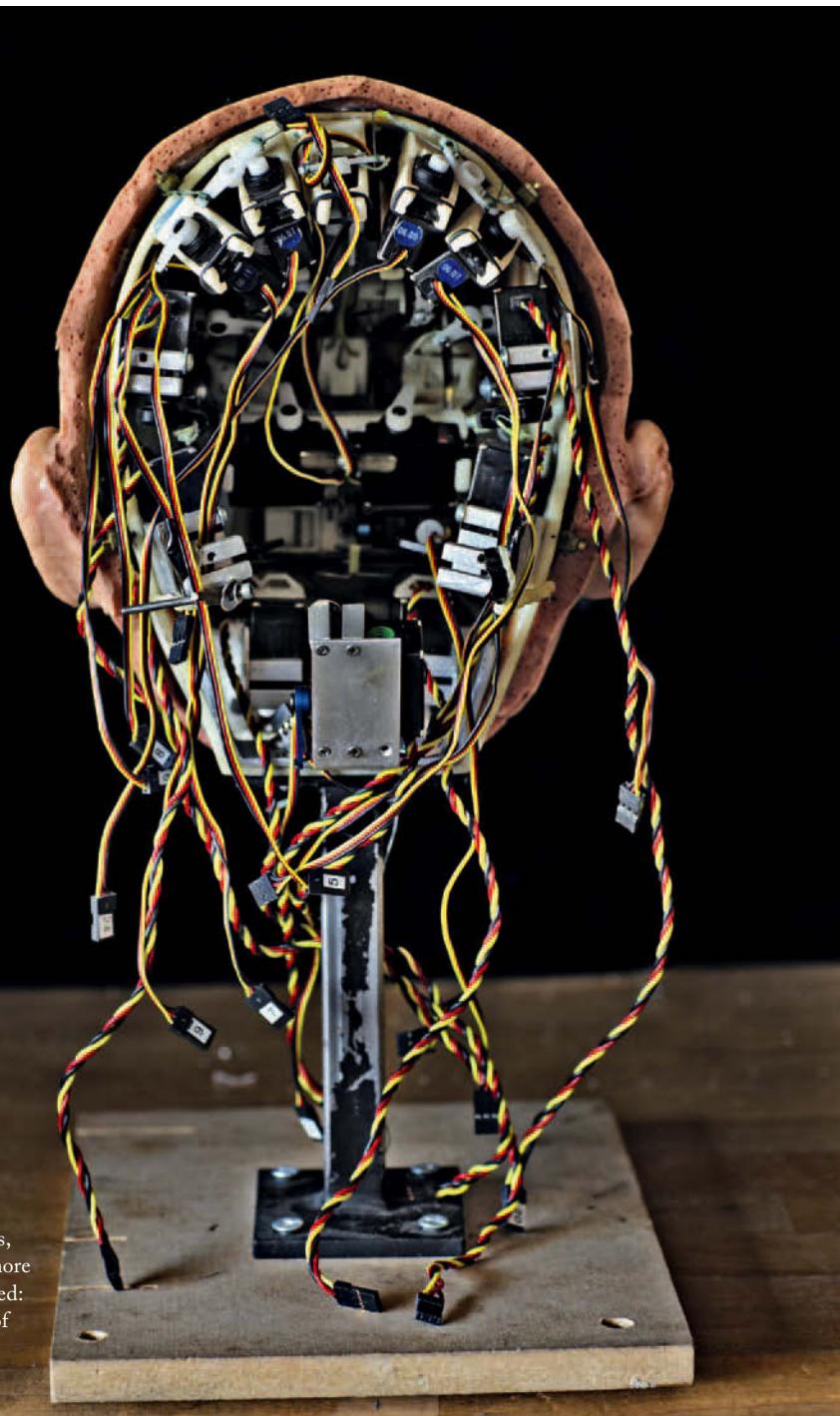
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My Will Be Done

Are you really free to decide whether you read this article or not? Philosophers and neuroscientists disagree.

by Stefanie Schramm



For the test subjects, the task was simple. They merely had to decide whether to press the button on the left or the one on the right. The experimenter faced a more complicated challenge. He wanted to find out when the brain knew the decision had been made – and most of all, when the test subject knew. Using functional magnetic resonance imaging, special software and sophisticated time measurement, he succeeded. The result was astonishing. Ten seconds before the subject felt that the decision had been made, the brain had already completed its preparations for the button press.

The experiment, conducted in 2007 by John-Dylan Haynes at the Bernstein Center for Computational Neuroscience in Berlin, fuelled a debate between neuroscientists and philosophers that had smoldered for years. Do humans have free will, or not? If our brain makes a decision before we are aware of it, what becomes of free will? Aren't we then merely following orders from a bunch of neurons in our head?

We Can't Help It

Philosophers who believe in free will find the assertions of Wolf Singer and Gerhard Roth particularly disturbing. These two neuroscientists are the most vehement exponents of neurodeterminism, which posits that all our decisions are predetermined by the way our brains are wired – and that free will is an illusion. This has implications not only for our concept of what it means to be human, but in such areas as criminal justice. How can we hold individuals responsible for their actions if they can't help committing a crime, because their brains simply tick the way they tick?

Skepticism about free will may be as old as the idea itself. Even in antiquity, the atomists, believing that all events follow predictable laws of cause and effect wondered where there was any room for free will. And in the 19th century, mathematician Pierre Simon de Laplace introduced a concept that came to be known as Laplace's demon – an “intellect” that at a specific moment, knowing all the laws of nature and the position of every particle in the universe, and having sufficient capacity to analyze these data, could predict with certainty what would happen for all eternity.

Cherry versus Strawberry

Dispelling another illusion, neuroscientists inform us that we are actually aware of only a small fraction of what happens in our brain. The reasons we make one choice or another – for example, why at a certain moment we'd rather spread cherry jam than strawberry jam on our toast – are primarily the outcome of unconscious processes. And for the most part, we are even unaware of this particular fact. After all, humans excel at finding, in hindsight, rational reasons for unconscious decisions.

Evidence of this appears in a study of patients in whom the connection between the two sides of the brain has been severed. For example, the hemisphere not mainly responsible for language is given a nonverbal command that the other hemisphere does not receive: “Go to the end of the hall.” Because the command was not expressed in words, the subject remains unaware of it – but she readily carries it out. If asked later why she did so, she gives a reasonable justification, such as “I was thirsty and went to get a soda.” But that quite clearly has nothing to do with the actual cause, of which the subject was unaware.

Applied to the study by John-Dylan Haynes, this means that a sequence of unconscious processes begins to prepare an upcoming decision long before it enters awareness. However, this does not mean that we are subject to “remote control,” says Haynes: “My brain is me.” Like many of his colleagues, he does not distinguish between the person and the brain, including its unconscious and conscious activity. The

mere fact that a process is unconscious does not mean that it is random or arbitrary. On the contrary, our genes, which carry the history of humankind, and our experiences from childhood on – the two most powerful factors that shape us – generally work below the level of consciousness. Added to this are everything that happens in our daily lives, the culture we live in, the me-

viduals, this means that an absolutely free will would not be influenced by our experiences. Ultimately, each decision would be random. The philosopher Peter Bieri (better known under the pen name Pascal Mercier as the author of the novel “Night Train to Lisbon”) is of the opinion that this would be of little use for survival – and furthermore, the last thing we would want.

If all our actions were predetermined, because the brain simply ticks the way it ticks, there would also be implications for criminal justice.

dia, our fellow humans. In Haynes's view, all of this together makes us act the way we do. That is, our decisions are determined by our experiences and those of our ancestors. So, no free will.

We Want What We Do

Someone who did leave room for free will was the very researcher who instigated the debate 30 years ago, Benjamin Libet. He conducted the famous experiment that Haynes recently refined using the latest methods. Even Libet had detected an interval between the earliest cerebral activity and the conscious intention to act, though it was much smaller: 0.3 seconds. Between the conscious decision and the motor performance, another 0.2 seconds passed.

And Libet, who has since died, saw this particular interval as the moment for conscious volition. During this window of time, the person could still veto the act. More recently, neuroscientist Wolfgang Prinz offered a similar formulation. The conscious intention is, in a sense, ratifying the decision the brain has made: “We don't do what we want, but we want what we do.”

What Conforms to Our Self-Image

But would we want to have a completely free will? And what would that actually be like? The philosopher Michael Pauen compares it to a parliament that, given the same situation, decides now one way, now another – that is, arbitrarily. For us as indi-

For him, the will is free when it conforms to the agent's judgment, self-image, experiences and desires.

Well, then, are we free or not? Ultimately, the question also involves a semantic dispute. For most philosophers, “free” means “not caused.” In this sense, according to the majority of neuroscientists, we are not free, because our actions are determined by our experiences and by our desires. But our common sense tells us that this is precisely the definition of freedom. Humans have far more freedom than any other living creatures – and we are not robots that will react in a certain way if the right button is pushed. □

Stefanie Schramm is a science journalist in Hamburg. She writes for “Die Zeit”, “Mare Magazine” and the radio station Deutschlandfunk.

What Freedom Means to Him



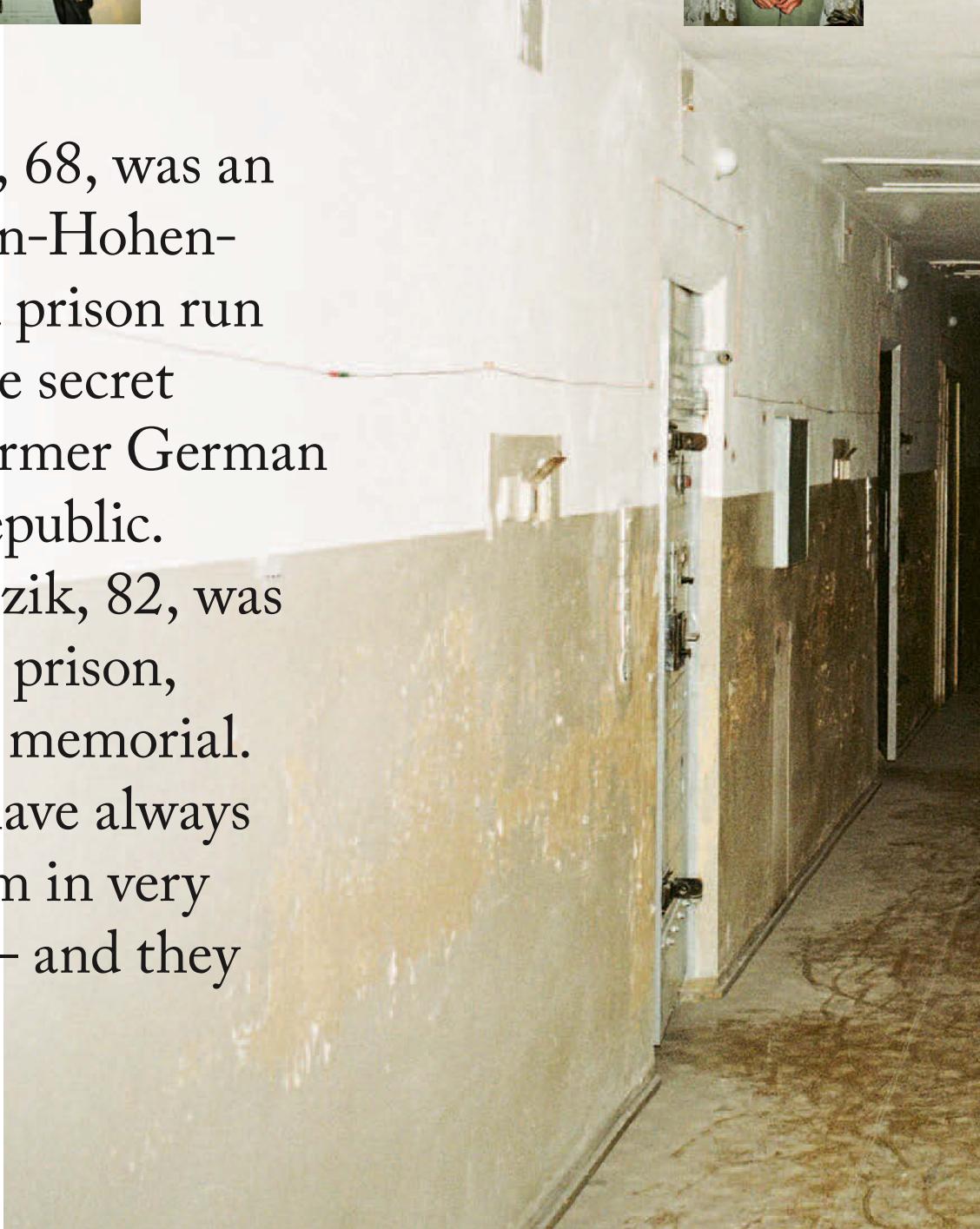
And to Him



Gilbert Furian, 68, was an inmate at Berlin-Hohen-schönhausen, a prison run by the Stasi, the secret police in the former German Democratic Republic.

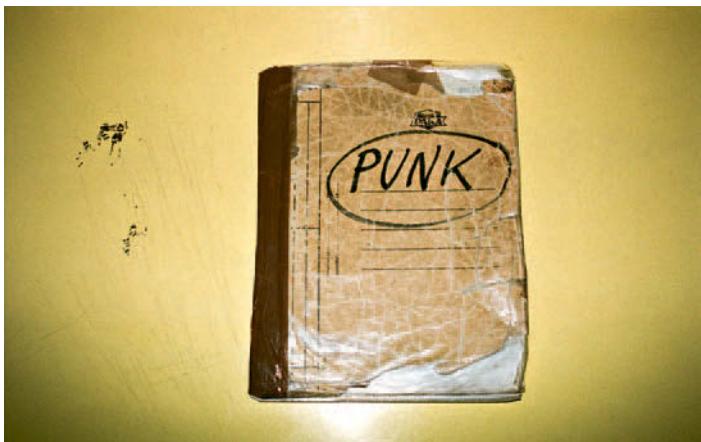
Siegfried Rataizik, 82, was the head of the prison, which is now a memorial. The two men have always defined freedom in very different ways – and they still do.

By Judka Strittmatter (text)
and Lukas Gansterer (photos)





The hallway outside
cell number 314,
where Gilbert Furian
was imprisoned.



The book that sent Gilbert Furian to prison.

“I was lucky, despite everything”

— Gilbert Furian

When Gilbert Furian guides school children through the Hohenschönhausen memorial, it is hard to believe that nearly 30 years ago, when it was still a prison, he was an inmate here. He is trenchant and to the point, his tone more ironic than accusatory. He is not looking for sympathy, however brutal the facts he describes. It is impossible to convey an emotion, he says, all you can do is provide information – that may, perhaps, lead to that emotion. He wants to educate people, not to “satisfy their fascination with torture.”

In October 1986, Furian was sentenced to two years and two months in prison. He spent seven months in pre-trial detention at Hohenschönhausen. His crime: In his spare time, he had interviewed punks and then written a book about them. He saw them as bringing a touch of color to East Germany, and appreciated their nonconformist, rebellious lifestyle. So he wanted others to know about them. At his workplace, the heating systems manufacturer VEB in Berlin-Mitte, he secretly copied his manuscript, then gave it to his mother, who was permitted to travel to the West. But the book was discovered as she was crossing the border, and a few weeks later her son was arrested at his workplace. The charge against him was “establishing unlawful contacts.”

As Gilbert Furian leads groups past padded and solitary confinement cells, and interrogation rooms, he always carries one thing with him: a well-worn, brown leath-

er pouch. In it he keeps documents to pass around to visitors. The pouch has been with him since he walked out his front door on the day of his arrest. For him the pouch is a reminder of a time “with which I have made my peace.”

He never allowed the Stasi to get in his head, he says, which is why he “came out without any cracks.” But he also says things like, “I was lucky.” What does he mean by that? When he was in prison, his captors were no longer using physical torture, like beatings or sleep deprivation. Instead, they used psychological methods. They pretended to be friendly; occasionally they even gave him good food. Then there were the interrogators who played “good cop.” The officer who questioned him was one of those. “His behavior was always proper, almost friendly. He told me that his sons wanted to go to college, and that a chickadee had built a nest on his balcony.”

It's Better to Understand and Forgive

For Furian, freedom means the freedom to forgive. After the Berlin Wall fell, he was on an escalator in a department store one day when he saw his interrogator. The man acted as if they were good friends. He was remorseful, and he agreed to let Gilbert Furian interview him. He even invited Furian to his vacation home.

“There’s little point in demanding that the perpetrators be punished,” he writes in the foreword to his book, “Mehl aus Mielkes Mühlen – Politische Häftlinge und ihre Verfolger” (Grist from Mielke’s Mills – Political Prisoners and Their Per-

secutors). “It makes more sense to find out what kind of people they were, and how they managed to look in the mirror after coming home from work every day. That means listening to them.”

And that is what he did, until his interrogator died last year. For years they wrote to each other, usually around the holidays. Furian even wanted to go to his funeral, to “pay his last respects,” but the family preferred that he not attend. Being able to give tours of the memorial is, for him, a “belated victory over the Stasi.” And he can use the money. He has been a house husband since 1991. His sons are students in Berlin, and he and his second wife, a pastor, live in Brandenburg.

The Price of Democracy

Freedom, for Gilbert Furian, was possible only in small doses during the time of the GDR. Perhaps you could listen to a special piece of church music, for example, or watch Hungarian and Polish films in a small art house cinema in Leipzig. It wasn’t the opening of the Wall that ultimately made him feel free. Rather it was the feeling that came later, when people were still getting together to discuss what an independent East German society might look like. He would like to have seen that. But when reunification came, he had a feeling that what followed would not be equitable. Nevertheless, the most important thing for him is “being able to express my political opinions without fear.” That makes it worth “the collateral damage of a capitalist economy.” He hadn’t realized that expressing an opinion often has no effect whatsoever – but that’s the price of democracy, he reckons, with its many truths.

Furian can philosophize about the freedom to travel, a subject that often comes up in discussions of the East Germans and what they wanted back then, but that was never his motivation for wanting a different government. It isn’t his main concern today, and it wasn’t back then. Today freedom, for Gilbert Furian, is this: the freedom to read avant-garde literature and listen to avant-garde music. And, of course, to be able to choose from an assortment of wine, yogurt and cheese. But the freedom he’s talking about has nothing to do with money.



"I came out without any cracks."
Gilbert Furian in the prison yard,
where he was allowed 20 minutes
each day.



Now a museum:
one of the interrogation
rooms at the Hohen-
schönhausen prison.

“We didn’t do anything wrong”

— Siegfried Rataizik

Schöneicher Strasse in Berlin. The name plate reads “Dr. Siegfried Rataizik”; a camera is trained on visitors. Rataizik isn’t listed in the telephone book, but when he’s home, and curious, he sometimes opens the door and invites his visitor in. He is tall and slightly stooped; his shirt is meticulously ironed. As if he were about to go around the corner to work.

“Around the corner,” only a three-minute walk, is the former Stasi prison at Hohenschönhausen. This is where he worked for nearly 40 years, from 1951 to 1990. The Ministry of State Security (MfS) was his life. That and socialism, which he enthusiastically embraced. He was eager for justice after the war, after his mother died in a Nazi concentration camp.

It’s All “Nonsense”, All “Lies”

Former inmates would no doubt find it odd to hear Siegfried Rataizik talk about “justice”—which he does often. The notion that he and his colleagues used precisely the same methods when dealing with prisoners that they had despised the Nazis for using? “Nonsense,” he says. “We didn’t do anything wrong.” Don’t talk to him about remorse. Remorse would mean repudiating his entire life. Siegfried Rataizik is 82 years old.

He sits at his dining table and recounts how later on, when he was no longer the prison’s warden, he continued to go for walks “around the corner,” around a building that had always looked like an institute rather than a prison. It was a soup kitchen

during the Third Reich and a Soviet internment camp after the war. He was fond of that building. So fond, in fact, that many years after he was released, after it had become a memorial, he went with some former Stasi colleagues on a tour of the building. Hearing a description of the brutal treatment that had taken place in the building’s basement during the GDR era, he loudly accused the tour guide of slander. No one was tortured at Hohenschönhausen, he maintained. The officers were merely following the laws of the GDR. And that’s how he sees it even today. Any views to the contrary – “lies!” Since that outburst he has been banned from the Hohenschönhausen premises.

He sits in a handicapped-accessible apartment; his wife, who suffered a stroke, is in a wheelchair on the balcony. He talks to her through the curtains.

“I’m not hiding, and I’m not afraid,” says Rataizik. More than once he has found written diatribes against him in his mailbox, he says, and he has saved them all. Former prisoners have come to his door to confront him about the past. And he has let them in. He still goes on lecture tours, sometimes in the West. His mission, as he sees it, is to tell the truth about “Dr. Knabe(lari)’s chamber of horrors,” as he and his comrades call the memorial, making a pun on the title of the German horror film “The Cabinet of Dr. Caligari.” He even published a book with that title, alluding to the director of the memorial, Hubertus Knabe. People have a right to express their opinions today, after all. That

wasn’t true when Rataizik was still on the job. But for him, having his views published is not the same as freedom. He doesn’t feel free in the life he leads today. There are too many “buts,” wherever you look. “Of course, I’m glad that my wife has medical care, but it all costs so much.”

He receives a “Strafrente,” a “discriminatory pension” for former Stasi members, he says, roughly 800 euros, but he doesn’t want to talk about money. He’d rather talk about the vindication he feels when he sees capitalism up close. And its “true face,” as revealed by the banking crisis. He knows what he knows. “I never wanted to live under capitalism.” But he does now—and in his view he has no choice. For that reason alone, the word “freedom” has no positive connotations for him. Nor does “democracy.”

“What Kind of Freedom Is That?”

Those who demanded the freedom to travel and rejected the GDR – today they lack the money to go abroad, he says. “What kind of freedom is that?” he asks. And all the crimes that are committed today, that didn’t happen back then.

Siegfried Rataizik is a member of the “Society for Legal and Humanitarian Support,” an organization made up largely of former Stasi members, people who worked for the GDR dictatorship and feel misunderstood. Rataizik was more active in the past, but has had to cut back because of his wife, which he deeply regrets. His colleagues distributed a leaflet venting their outrage: “The museum’s director was afraid that the real truth about how MfS officers treated their prisoners might come out, so he banned Siegfried Rataizik from the premises!”

Judka Strittmatter was born in Brandenburg in 1966. After working for the newspaper “Berliner Zeitung” and the “Süddeutsche Zeitung” magazine, she is now a freelance journalist and author. Her first novel, “Die Schwestern,” was published last year by Aufbau Verlag.

Lukas Gansterer is a freelance photographer; he lives in Vienna.

"I never wanted to live under capitalism": Siegfried Rataizik in his apartment.





UNICEF, the United Nations Children's Fund, is committed to helping children and women around the world. **EDUCATION:** Around 67 million children don't go to school. UNICEF is working hard so that all children, particularly girls, can attend school. **PROMOTING EARLY CHILDHOOD DEVELOPMENT:** UNICEF initiates programs in the fields of nutrition, health, hygiene, and early learning so that children receive a good start in life and remain healthy. **HIV/AIDS:** 2.5 million children under the age of 15 are infected with HIV, while more than 16 million children have lost both parents to AIDS. UNICEF is committed to looking after AIDS orphans and to combatting mother-to-child HIV transmission during birth. **PROTECTION FROM VIOLENCE, ABUSE AND EXPLOITATION:** Millions of children don't have a proper childhood as a result of war, natural disasters, violence or abduction. One of UNICEF's key tasks is to help and protect children like these. **CHILDREN'S RIGHTS:** All children have the right to a safe and healthy childhood. That's why UNICEF works with governments at national and international level to ensure that children's rights feature on the political agenda.



Teenagers
and how
they use
social media

DARK
NET

“I’m not a
fan of
the unknown”

The Internet



*Make space!
Public spaces around
the world (photo:
Münchner Freiheit in
Munich, Germany)*

Liberation or Threat ?



Blogging for a
better world



Facts
and figures



Revolutionary!
Deeply
political!

VPN gate:
The digital
tunnel

“Playing
with
firewalls”

Intro

Anything is possible on the Internet. Cyberspace, as abstract as it may sound, is the largest public space in the world. It's difficult to imagine being confined in our daily lives to the earth, with its diameter of just 12,700 kilometers, without this additional world that we have created. The Internet is a place where ideas are floated, knowledge is shared and thoughts and goods are exchanged – across cultural and national boundaries. This dossier looks at some of the aspects of this colossal public space. It also features short quotes from young people – a style they have grown used to thanks to texting, Twitter and Facebook – as they discuss how they use social media. The public spaces pictured here are not virtual – they are located in the real world and were photographed and uploaded by Internet users.



This is probably the world's most restrictive top-level domain. It belongs to North Korea. Among its few accessible websites are kcna.kp (government news agency) and www.vok.rep.kp (the Voice of Korea).



PRIVACY

Hannah, 18, doesn't share her information with everyone

I share photos publicly on Instagram. But WhatsApp is reserved for those who already have my cell number, which I only give to people I actually want to contact me.

— Hannah Halbheer, Zurich, Switzerland



DATA PROTECTION

Ekene, 22, distrusts the government

When I post pictures to Facebook and Twitter, or videos to YouTube, I use a format that not all computers can read. I try to protect my data as much as I can because I know that the government can get information when it wants to.

I'm using my smartphone more in the hope that it's harder to crack and I'm not being spied on when I chat with my friends.

— Ekene Obodoekwe, Port Harcourt, Nigeria



Freedom Plaza

Washington, D.C.: Named after Martin Luther King, Jr., who wrote his famous "I Have a Dream" speech nearby.



That's Why I'm a Total Optimist

Andrew McLaughlin is one of the Internet's most influential movers and shakers. To him, the web is revolutionary and deeply political.

Nobody was like, "The Internet is a magic happy land." Early cyberlibertarians didn't say that governments are somehow dematerialized online – because of course they aren't. The argument was for governments to stay out. They said, "Don't come here. Don't regulate this. You have the opportunity for people to be freer here than they have been elsewhere."

I think that vision has largely been vindicated. There are countries that engage in censorship. However, while the view of the Internet as a wild west that nobody can govern is cartoonish, the rising generation of teenagers is freer to express their opinions than any other in human history. And we've barely begun to wrap our minds around the implications of that.

What makes the Internet so revolutionary and deeply political in my view is that there is an ideology embedded in the architecture of the Internet itself. All the power lives in the devices that are at the edge of the network. That's why there's a staggering array of innovation. With the old telecom model, all of the intelligence in the network lived at the core. The device sitting on your desk was basically this dumb thing that had twelve buttons. The telephone network was an

incredible achievement, but it also didn't evolve very much. In 40 years, from touchtone dialing the sum total of innovation was voicemail and call forwarding.

Mass media was a step backwards

Now there are 7 billion people on the planet and 6 billion mobile subscriptions. I mean it's staggering. Not all of those have data, but wireless broadband alone has 1.2 billion subscribers. In a cosmic sense, this means we will look back on the 20th century as a kind of weird detour in human progress when the age of mass media was a step backwards in terms of individual autonomy and moral dignity. In an age of movies, radio, television, and even newspapers and magazines, the job of the individual is to consume – to be a passive reader of oracular truths produced by others.

People look back nostalgically on Walter Cronkite and John Chancellor giving you a kind of reasoned window into the news. Everybody had three major network shows in common to talk about the next day. Well, great! But the downsides are Nazi propaganda and radio stations in Rwanda urging everyone to go out and kill Hutus.

Communicating instead of consuming

Now, to a young person the idea that their job is to sit around and read is crazy. Their job is to create! It's to write, comment, speak and engage in dialog. It's democratizing in a classic sense. Of course, a lot of it is garbage. But we're human after all.

I'm a Total Optimist. I think a little bit of exposure to the Internet makes you think, "Oh god, all this crap: the porn, the haters, the trolls." If this is your window into the Internet you think people blow years of their lives fiddling away on it without any purpose. But from where I sit, I look at how far the Internet has come. A small group of nerds in California have threaded together the world in ways which are inconceivable. ➤

Hard Times for Dark Powers

Look at China's huge censorship apparatus. I got into the belly of it when I was at Google. I sat across the table from these 30-something Harvard Kennedy School grads who were back in China working their way up their government bureaucratic careers eagerly assisting the state in crushing dissent. What more disgusting an experience can you have facing the dark powers of the Internet? And yet, look at China right now. There's been a huge explosion of Twitter-type sites called weibo sites. They have essentially ended the government's ability to control the spread of news. Even with all of the resources they pour into monitoring and censorship, even with the arbitrary arrest and detention of people in order to spread fear and intimidation, they cannot stop people from taking pictures of a riot or police abuse in Xinjiang or Tibet.

Good prevails

I'm just incredibly optimistic about what that means for the future of the world. It is of course turbulent and difficult. A lot of extremists use these freedoms to self-organize and spread messages of hate. But this is vastly outweighed by the ability to connect people, spread news and unite.

By Rachel James.



Andrew McLaughlin is senior vice president of Betaworks, a company that builds social web startups, and he is CEO of Digg and Instapaper. He was a member of President Barack Obama's senior White House staff, vice president of ICANN, director of Global Public Policy at Google, and a lecturer at Stanford and Harvard universities. In 1997 he was a member of the legal team that helped overturn the US government's first Internet censorship law.

“Iranians Love Poetry Blogs”

Do political blogs start revolutions? Do bloggers tend to lean left or right? Why do women speak out less frequently than men? Expert Georgia Popplewell answers these questions and more.

Interview: Sandro Benini

It has been said that the recent revolutions, primarily in Arabic countries, were made possible by blogs and social media. That seems like something of an exaggeration. Revolutions and coups are nothing new.

It would certainly be wrong to assume that revolutions could no longer take place without online communication. But it is also undeniable that blogs and social media play a central role in today's protest movements. They make it easier to disseminate information, organize mass gatherings, and network – internationally as well. During the uprising in Tunisia, it would have been nearly impossible to get first-hand reports from people on the ground. News organizations like CNN and Al Jazeera drew on reports that average people posted online, and it turned out later that the information was very reliable.

You are a member of the jury for a respected prize for political blogs and you lead Global Voices, a global blogging site with more than 700 bloggers that arose from a Harvard University project. What makes a political blog good?

It tells fascinating stories that are related to the blogger's real life. It's also essential that the blog doesn't just spread someone's opinion; it must be grounded in facts and personal viewpoints. It includes links, photos, interviews, and is updated regularly. It must communicate the writer's authenticity and passion.

Do political blogs tend to be more progressive or more conservative?

Except for in the US, where there is a large community of conservative bloggers, they often lean more to the left. In the countries where blogs have contributed to social protests or revolutions, bloggers are progressive in that they are rebelling against the ruling system. In addition, bloggers are overwhelmingly young, well educated and city dwelling. They often come from an academic environment. These characteristics describe progressives more often than conservatives.

The world's two best-known political bloggers are probably Malala Yousafzai from Pakistan and Yoani Sánchez from Cuba. Are blogs from totalitarian societies more interesting?

As a general rule, yes. The official media in authoritarian countries exclude whole areas of reality, which greatly increases opportunities for and the effectiveness of blogs. Yoani Sánchez is an extraordinary case. Thanks to her fame and support from US special interest groups in Havana she is the only Cuban blogger whose work is translated into other languages. Cuba is home to numerous blogs, some of which are close to the government, but many people outside Cuba think that Sánchez has the only blog. This is a paradox. Through no fault of her own, the biggest fighter against totalitarianism in Cuba has totalitarian qualities herself.

You yourself come from Trinidad and Tobago, and your website publishes blogs from almost every country in the world. What regional differences have you noted?

The differences are small, with one exception: The Iranian blogosphere has a clear preference for poetry blogs.

In Internet forums, men write the vast majority of comments. Are most bloggers also male?

A study regarding Global Voices showed that the numbers are split almost evenly for our bloggers, which is certainly unusual. As you have rightly said, social media tends to be dominated by men. Why? Probably because men are still more accustomed to expressing their opinions. And they have more time than women who are keeping house and bringing up children.

Do bloggers generally work for free, or do some of them earn money from it?

The overwhelming majority do it for free. Only a few bloggers generate enough traffic to be interesting to

“Blogs and social media play a key role in people’s protests now.”

advertisers. And there aren't very many for whom a pay model works. Most of them are professional journalists. Only 3 percent of our bloggers are paid, and then it is not for their writing but for handling certain regions of the world and in some cases for translation. These days, when time-honored

newspapers are fighting for their lives, you can't expect to get rich from blogging.

In other words, bloggers are wannabe journalists who haven't quite made it.

I wouldn't phrase it so negatively. Many bloggers are practicing writing, telling stories and expressing their opinion. Mocking them is completely out of place. After all, some professional journalists these days blog for lack of other work, or they are trying to make their mark as experts in a certain field.

What is one of your favorite political blogs?

It's hard to pick just one. But I'll say the one by one of our founders, Ethan Zuckerman:
<http://www.ethanzuckerman.com/blog>



Georgia Popplewell, 50, is a journalist, media manager, and blogger from Trinidad and Tobago. She runs the blogging site Global Voices. Previously she worked for an independent television station and in 2005 she founded Caribbean Free Radio, the Caribbean's first internet radio station.



Meydan-e Azadi

Tehran, Iran: Freedom Square is dominated by a freedom tower (originally erected as a monument to the shah), the emblem of the city.



FRIENDS

**Naama, 23,
reduced her
friends list**

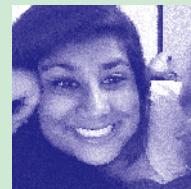
I spend a lot of my free time with social media, but I am very cautious about sharing personal information. My parents know that, so they don't get in my business.

Recently I unfriended everyone on Facebook who I had added just to have as many friends as possible. I kept the ones that I actually know in real life.

— Naama Shneior,
Mitzpe Hila, Israel

8.12

million times: that's how often the film "Project X" has been downloaded illegally from BitTorrent. It is the most-copied film of 2012. The series that was illegally downloaded most frequently was "Game of Thrones" (4.28 million).



BULLYING

**Adri, 17,
never shares
anything
inappropriate**

I was cyberbullied.

It was awful, but fortunately things got better.

Ever since it happened, I have made sure not to post anything inappropriate.

I used social media to help me when I ran for student council. I started a Facebook group that got 300 members pretty quickly.

— Adri Lazarus, Charlotte, North Carolina, USA

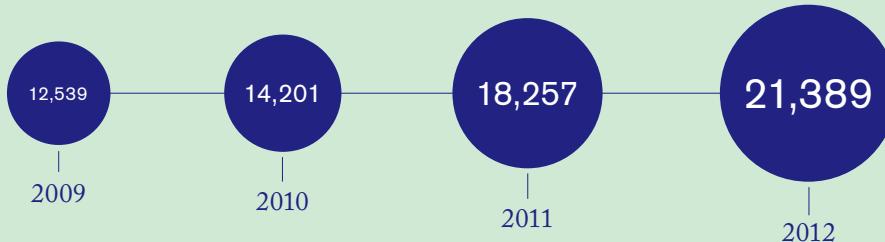


Szabadság tér

Budapest, Hungary: The controversial Soviet monument at Freedom Square honors Red Army soldiers who died freeing the city.

INFO, PLEASE!

Requests for information about user data



Total number of official requests from government and other sovereign entities for Google to provide user data (according to the Google Transparency Report).



QR Code

The QR (Quick Response) code was originally developed for Toyota logistics, but now it is everywhere.

When scanned by a mobile phone, it provides additional information about products and newspaper articles. Even funeral directors are using them more and more. Etched into a grave-stone, the code directs people to a memorial website.



Azadlıq meydanı

Baku, Azerbaijan: Freedom Square was formerly known as Lenin Square, and in the minds of many, little has changed. They call this monumental government palace the Soviet Cathedral.



HACKERS

Diego, 25, was a victim of cybertheft

I was hacked when I logged in to a public wireless LAN. The thieves stole my passwords. That was really terrible. I had to change my passwords right away so I could regain control over my accounts.

— Diego Elison, Pau dos Ferros, Brazil

FILTRI TEE 12

is the address of the NATO Cyber Defense Center in Tallinn, Estonia. It has been developing defense strategies against cyber warfare since 2008. The location is no accident. The world's first "cyber war" was waged against Estonia in 2007. Many signs pointed to Russia as the author of the attacks.

A 320 KG

moose named Pete was freed by an online campaign in 2010. He was supposed to be put down, but after animal rights activists gathered signatures online he was allowed to remain in his wildlife park in the US state of Vermont. He died two years later though from anesthesia he received when his hooves were being treated.

Where There's a WWW, There's a Way

Twenty-eight-year-old Japanese doctoral candidate Daiyuu Nobori has developed a program that guarantees everyone free access to the Internet. Some governments are not at all happy about this bright idea of his.

By Christoph Neidhart



Freedom on the World Wide Web is not universal. Limited accessibility, blocked and filtered content, stiff penalties for bloggers and laws against anonymity online are just a few of the ways in which governments have prevented access, sometimes temporarily, to the Internet in recent years. In its "Internet Enemies 2013" report, Reporters Without Borders named Iran, China, Syria, Bahrain and Vietnam as particularly restrictive countries. Freedom House identifies several more.

Nonetheless, popular protests and court decisions have brought about some success in the struggle against Internet restrictions. And recently a young Japanese man has been playing cat and mouse with restrictive governments like Iran and China ever since he developed a new way around censorship.

Twenty-eight-year-old Daiyuu Nobori, a doctoral candidate in computer science at the University of Tsukuba, has come up with a program that can circumvent any firewall. One American technology site rejoices that this young man from Japan has leveled the playing field for everyone around the world who is subject to Internet censorship.

A Data Tunnel

Nobori uploaded VPN Gate to the Internet in March, and the program was used 4.5 million times in the first two months. The principle is simple. A user behind the firewall uses VPN Gate to build a virtual private network (VPN), a point-to-point connection via the Internet similar to those used by businesses for secure data links. It's essentially a data tunnel through the firewall that establishes a connection from the user behind the firewall to a relay station on the other side.

There were already some VPN services on the Internet, but Nobori's VPN Gate functions on all platforms and with all transmission protocols. And it's free.

More than one-fourth of his users so far are from Iran, and almost as many are from China. In terms of volume of data, South Koreans are Nobori's best "customers." Seoul generally blocks offensive content, no matter its origin. One thing is clear. Most people who are circumventing censorship are not doing it for political reasons. The most frequently accessed sites blocked by Beijing include Twitter, Facebook, YouTube and Wikipedia.

Nobori says that he is not interested in politics; rather "I am an engineer." He says that governments that censor the Internet love to blame it on technology. "My software helps." He calls it his firewall game.

Mario Got Him Started

His career started with a game. And an electronic barrier. As a child, he played Mario 3 on his Nintendo, "night and day." He had to complete each level before moving on to the next. Because he couldn't reach the highest level, he wanted to modify his machine. His father told him he would have to learn the programming language C to do it and got him an old computer. Nobori never cracked his Nintendo, but as a member of his school's computer club, he persuaded the principal that it was a waste of money for teachers to access the Internet via an expensive ISDN line. The principal loaned the teenage Nobori the equivalent of 10,000 Swiss francs, which he and his friends used to build a network for the school.

Top-tier universities in Japan have difficult entrance examinations. Occasionally these exams are waived for a few highly gifted students. Nobori was one of these. He landed a spot in the computer department at the University of Tsukuba, along with an assignment in his first semester to build a VPN for the Japanese Ministry of Economy, Trade and Industry. He didn't actually want to apply for this assignment, but he felt obligated because his professor had arranged for it.

Nobori developed his first program that could circumvent firewalls from his VPN project for the ministry. And he successfully sold it. At the time, he wasn't thinking about government censorship, but rather censorship at Japa-

nese companies and universities. His customers were Japanese office workers who couldn't access their favorite websites at work. Using Nobori's Softether program, they turned their computers at home into relays.

This project ultimately gave rise to VPN Gate. At first, he made his university's server available to his users behind firewalls, but this was easily blocked by censors. So he started looking for volunteers around the world, and by mid-May almost one thousand people had signed up. Since then, they have been providing computer capacity for users behind the firewalls so that they can create VPN connections.

One very restrictive country – Nobori doesn't say exactly which one – has modified its "great wall" several times in recent weeks to outwit VPN Gate. But Nobori has managed to outfox the censors every time. "It is quite a game of cat and mouse," he says, but he doesn't know "who is the cat and who is the mouse."

The outcome of this student's fight for digital freedom remains to be seen, but it is certain that he will base his dissertation on it. The VPN Gate game of cat and mouse is now in its eighth round, and so far Daiyuu Nobori has always been one step ahead. He is certain that he "will keep going until the censors give up."

"It's not clear who is the cat and who is the mouse."

Christoph Neidhart is the Tokyo correspondent for the *Süddeutsche Zeitung* and the *Tages-Anzeiger* and an author. His works include "The Children of Confucius: What Makes East Asia So Successful" (Verlag Herder publishing).



“I’m Not a Fan of the Unknown”

Tina Brown is editor-in-chief of one of the leading news websites. But she still has substantial reservations about the Internet.

Interview: Simon Brunner

Tina Brown, is the Internet a blessing or a curse?

Ironically, it tends to have its drawbacks in the developed world, but it's fantastic for the emerging countries. In the West, the younger generation is flooded with stimuli, and the Internet is having a negative effect on social interactions. My daughter – she's 22 – will send a friend a text five minutes before they're scheduled to get together: "Sorry, but I'd rather hang out with Jack." Of course, the Internet is crucial for opening up the emerging countries' societies.

How much confidence do you have in the Internet?

Former US President Bill Clinton and his staff categorically refused to use e-mail, considering it too dangerous. They communicated only by telephone. I couldn't function like that. I'm really not a fan of the unknown, but I use the

web a lot. Still, it tends to make me uncomfortable.

But you're not on Facebook or LinkedIn. Precisely. The last thing I want to do is expand my circle of contacts. I see the people who are important to me, and the others don't need to know where I am. For every good thing about the Internet, there seem to be five bad things that crop up. Whole societies have made progress because of mobile banking, but in our personal lives, using social media is a waste of time.

But you're the head of an Internet company!

A news company, if you please. The Daily Beast has earned considerable credibility as a news source.

Let's talk about journalism. Has the Internet changed the fourth estate? Being a good online editor is very difficult. When something happens, for example the Boston Marathon attacks this past spring, editors are flooded with news reports. Some well-respected sites ended up publishing things that weren't true – CNN, for example. They moved too quickly and blindly trusted an unreliable tweet. If you do that two or three times, your credibility is gone.

Given such a flood of information, how can you determine the quality of each report?

This year, for the second time in a row, we won the Webby Award for the best news on the web, beating out BBC

News, NYTimes.com, The Huffington Post and many others. Why? Because we are constantly rejecting things. To do that, you have to have the right people, and they need to be able to make independent decisions. So far we've never published anything that turned out to be false.

How do you use the Internet at work? Foreign bureaus aren't really necessary any more. If something happens, somewhere in the world – like the "Arab Spring" – we're able to find excellent journalists on the ground very quickly, thanks to social media. The result is a kind of "virtual bureau" in Egypt. And those journalists continue to work for us, even after the immediate event.

So the Internet brings the world closer together?

Yes, and the multiplier effect is enormous. Every year we hold our Women in the World Summit, with such prominent participants as Hillary Clinton, Angelina Jolie and the young blogger Malala Yousafzai. At this year's event, I encouraged participants to post their reports about the summit and tweet about their experiences. A total of 4.4 million tweets were sent.

And what effect do all of these tweets have?

In the past, something like the recent rapes in India would have been covered in a few sentences under "news in brief." Today, however, people respond by taking to the streets and putting

pressure on governments – all thanks to social media. But here, too, the question is whether the effect of social media is purely positive. And the answer is no. Imagine that Twitter had existed during the Third Reich. It might have been a wonderful thing, but it's also possible that people would have been manipulated to an even greater extent.

As a reader, how do you decide which sources you can trust?

The credibility of a news source is becoming increasingly important. It's significant that Edward Snowden, the man who revealed in June how the US government is monitoring the Internet, decided to tell his story to the Washington Post and the Guardian, rather than to online sites that reach a larger audience. It appears that he didn't consider online sites to be sufficiently credible.

Speaking of whistleblowing: What do you think about the Snowden case, which led to the disclosure of the PRISM spying program?

Snowden decided to reveal something that wasn't really secret; the entire Congress knew about it. A very solipsistic, selfish view of social activism. What's next? A physician doesn't like the treatment his hospital provides, so he releases patients' files? Or a bank employee is dissatisfied with the bank, and responds by publishing sensitive data? Is that a good thing? I don't think that's the right path to take.



Tina Brown, 59, is widely regarded as the most successful woman in American magazine journalism. Born in England, she is editor-in-chief of *The Daily Beast* and *Newsweek*.

The Bulletin spoke with Tina Brown at Art Basel, where she took part in the bank's Thought Leadership speaker series at the annual Credit Suisse Art Dinner, held this year in honor of artist Theaster Gates.



Medan Merdeka
Jakarta,
Indonesia: Called King's Square by the Dutch, it is one of the world's largest city squares and a popular meeting place.

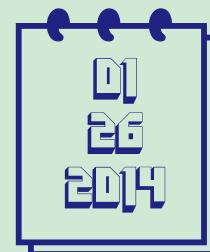


VIDEOS

Shang-Chien, 20, lets films speak for themselves

Before going on social media – more likely using a laptop instead of a smartphone – I read the terms of use so that I know my rights. I reveal very little about myself. To express my feelings, I post and comment on music videos.

— Shang-Chien, Taipei, Taiwan



A British nonprofit organization wants to liberate us from the Internet – at least temporarily. So far unsuccessfully, it has been calling for the last Sunday in January to be declared an “Internet-free day,” when people can devote themselves exclusively to offline pursuits.



Praça da Liberdade
São Paulo, Brazil: Not an upscale location, but rather a vibrant square in the city's Japantown. It's home to a multitude of street vendors and their stands, and well known for inexpensive, tasty Asian food.

Deep Down



In the Depths of the Internet

The digital world is much more extensive than the pretty surface presented by Google and other Internet companies. In the hidden world of the dark net there is a thriving trade in drugs, weapons and child pornography. A trip to the dark side of the Internet.

By Tobias Ochsenbein

The Internet today is, for the most part, a well-regulated world. Millions of people stroll the broad boulevards of Facebook, YouTube and Twitter every day. There are shopping centers (Amazon, eBay) and a red-light district (YouPorn, etc.). It is also home to sleepy suburbs, the countless personal websites where hardly anyone strays. But like any other city, it has a level below the surface that goes unseen by passersby; it is populated by people and things trying to avoid the light of day.

No one gets to the Deep Web by accident. It consists primarily of data that is not found by search engines; much of it is unsuspicious and useful, such as the specialized databases of universities. Diving deeper, you reach the Dark Net, which consists of encrypted networks on the World Wide Web where users remain anonymous. No one enters them by mistake. It is difficult to estimate the true dimensions of this hidden network. Some sources say that its size is somewhere between 30 and 50 percent of the entire Internet, while others estimate that it is 500 times larger than the public Internet.

The protective anonymity that exists there serves many interests that are not necessarily dubious. The Deep Web protects Chinese dissidents from persecution and whistleblow-

ers from exposure. Music and video files are shared on a large scale, and the area is also the natural habitat of digital nomads and geeks who find the surface Internet too commercial, too controlled and too orderly. But a place like the Deep Web inevitably attracts criminals and other sketchy characters who surreptitiously trade in forged credit cards, drugs, weapons and child pornography.

“No Rules!” Is Heard at Every Turn

The key that netizens need to explore these areas comes in the form of an anonymization protocol that is relatively easy to install. It allows users to access a website indirectly, through other computers that encrypt all searches. While web surfers leave digital fingerprints elsewhere on the Internet – which is why they see personalized ads and don’t have to enter their passwords every time – here they remain anonymous. They turn so many corners that they shake anyone who tries to follow them.

Navigating the Dark Net is tricky, and the first impression is a confusing one. Google is no help here, and the only way to get an overview is through directory services that look like relics from the stone age of the Internet. One of them is the Hidden Wiki, which includes nearly 300 links, sorted by categories such as activism, erotica, drugs and weapons.

A foray into these regions is like visiting the bad part of town. “No rules!” is shouted at every turn. There are no rules and there are also very seldom police. It’s too big a beat, with too much confusion. Systematic investigations are too costly. “Obviously we investigate the less accessible areas of the Internet, too, even in the absence of specific suspicions,” says Danièle Bersier, spokesperson for Switzerland’s Federal Office of Police (Fedpol). According to Fedpol statistics, this active research uncovered 450 suspicious files, which in most cases led to house searches. Bersier laments, however, that the scene moves so quickly and is so alive that there is little opportunity to take action against it – legally or otherwise.

Right-wing extremists and anarchists promoting their ideologies often post writings that are against the law in most countries. The classified ads offer hacking services, cracked iTunes codes, M16 assault rifles (“delivery to US addresses only”), new identities, instructions for building bombs and a surfeit of drugs. German user “Red Bull,” for example, sells “top-quality cocaine” – sent anywhere in the world. “Scarface,” who claims on his Dark Net page to be a former elite British soldier, offers to do the dirty work for others in Europe: arson for 7,500 dollars, torture for 10,000 dollars, murder for 18,000 dollars. There are an endless number of child porn offerings; the “porn” category has the most entries in the Hidden Wiki. There are absolutely no limits on commerce here, and some

“Scarface” offers to do your dirty work, including torture and murder.

sites are so repellent that they make you want to cover your computer screen.

On the Silk Road, an online mail order business for illegal and shady goods, about 200 dealers offer cannabis, LSD, ecstasy and speed. As Hunter S. Thompson described

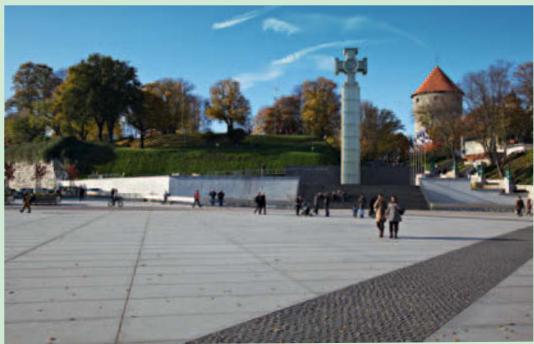
in “Fear and Loathing in Las Vegas,” there is “a whole galaxy of multicolored uppers, downers, screamers and laughers.” It is an underworld market that nonetheless seems to observe an etiquette. The tone in the forums is sometimes more sophisticated than in the comment sections of Swiss news sites. “We are a small family operation and we’re proud of our products,” writes a US marijuana distributor, for example. And eBay-type ratings are intended to prevent people from being taken in by frauds.

Virtual Currency, Real Money Laundering

Payments are made with virtual currency. They are nearly impossible to trace and are touted as a way to launder money. In late May 2013, an internationally coordinated sting targeted cyber criminals who allegedly used Liberty Reserve digital currency to launder six billion dollars in illegal proceeds from child pornography and drug dealing.

A short excursion is more than sufficient to demonstrate that the dark side of the Internet enables some to indulge their darkest impulses, free from any legal, ethical or moral framework. In this netherworld, all you can do is hope to leave unscathed.

Tobias Ochsenbein is a freelance journalist with a degree from the Swiss journalism school MAZ.



Vabaduse väljak

Tallinn, Estonia:
*Freedom Square
is a national
symbol and
popular meeting
place at the
edge of the old
town.*



Piazza della Libertà

Florence, Italy:
*It is anchored
by a triumphal
arch. In winter,
when it is cold
enough, a skating
rink is installed
in front of it.*



Vrij- heidplein

Brussels, Belgium
(also called Place
de la Liberté):
*The streets are
named for
constitutionally
protected free-
doms.*



Place de la liberté

Bamako, Mali:
*The monument is
an homage from
France in memory
of the African
soldiers who died
in World War I.*



TRULINES

Trust Fund Limited Inmate Computer System is a monitored e-mail system for prisoners in the US. In most countries throughout the world, prisoners do not have access to the Internet or e-mail. The Trulines pay service enables prisoners to maintain digital contact with friends and family.



PHOTOS

Laura, 18, could do without them

I use WhatsApp or SMS to send messages to my friends. And I use Facebook to write to people whose phone numbers I don't have. For teachers there's e-mail. Social media is practical, but I could easily live without it. Especially without Instagram. It just changes the colors of ordinary photos and in the end everything looks the same.

— Laura Furrer, Kilchberg, canton of Zurich, Switzerland

\$ 500,000

This was the selling price of the domain FreeWebsite.com, the fourth most expensive address sold in 2012.

Freedom URLs

freedom.com

Freedom Communications, media and entertainment company, US

liberty.com

Liberty Global, media group and broadband provider, US

free.com

deal portal ("Why Pay, When You Can Get It Free!")

freiheit.com

Freiheit Technologies GmbH, software developer, Germany

liberation.com

Libération, newspaper, France

libertad.org

Heritage Foundation, conservative think tank, US

freiheit.org

Friedrich Naumann Foundation for Freedom, Germany

liberte.fr

France Obsèques Liberté, undertaker, France

freedom.co.uk

Freedom to Sail, sailing center, UK

frei.li

Frei Immobilien, real estate, Switzerland

libertad.ch

"Para la libertad," video by Miguel Hernández and Joan Manuel Serrat

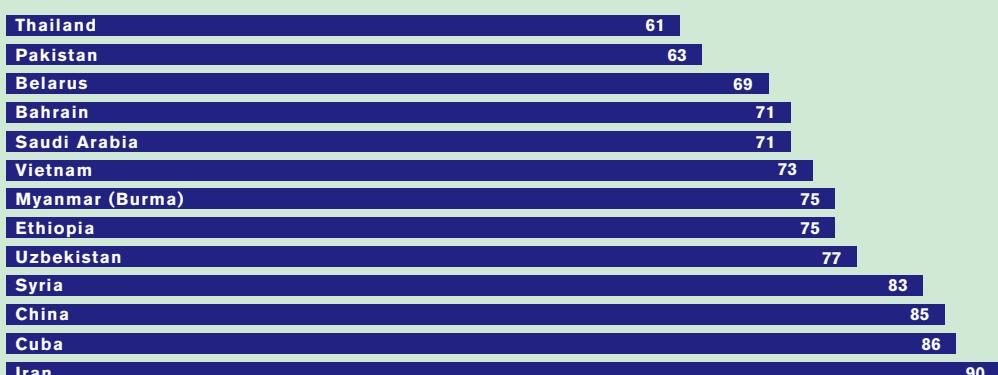


Tavisuplebis Moedani

Tbilisi, Georgia: This Freedom Square has been the starting point for several uprisings, most recently in 2003 during the Rose Revolution.



Where Internet use is most limited, in %.



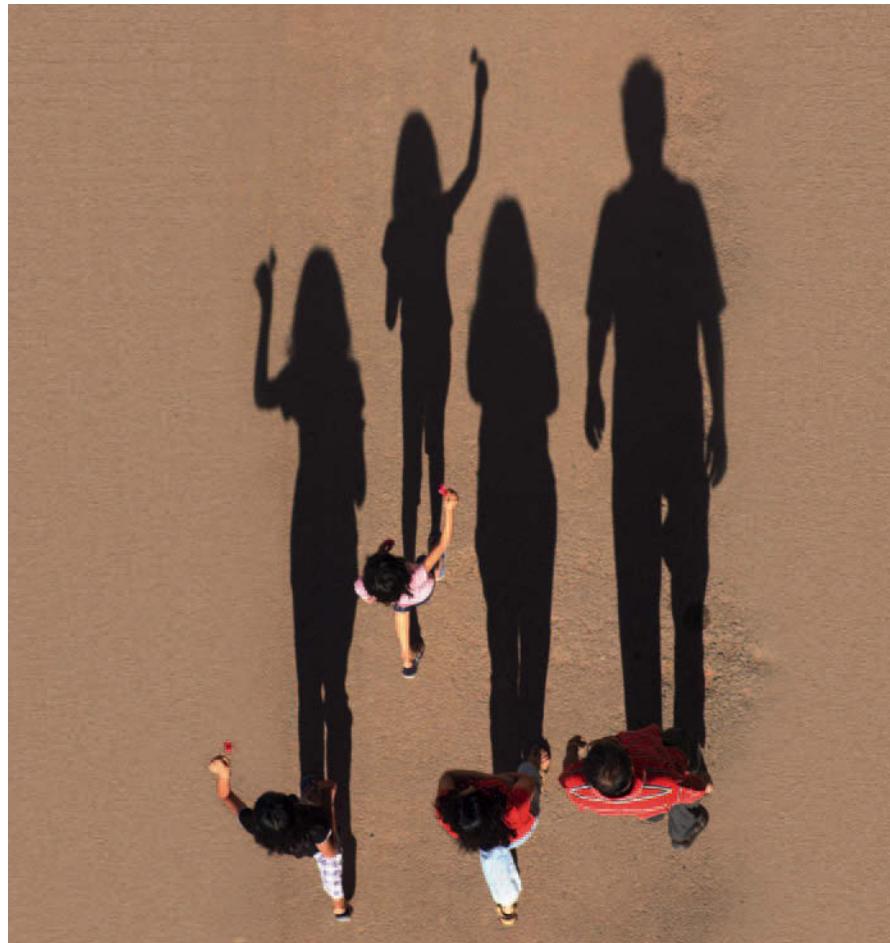


**“The Internet is
the first thing
that humanity has
built that
humanity doesn’t
understand, the
largest
experiment in
anarchy that we
have ever had.”**

— Eric Schmidt,
Google Executive Chairman

CREDIT SUISSE

3/2013



Family – The Home Team

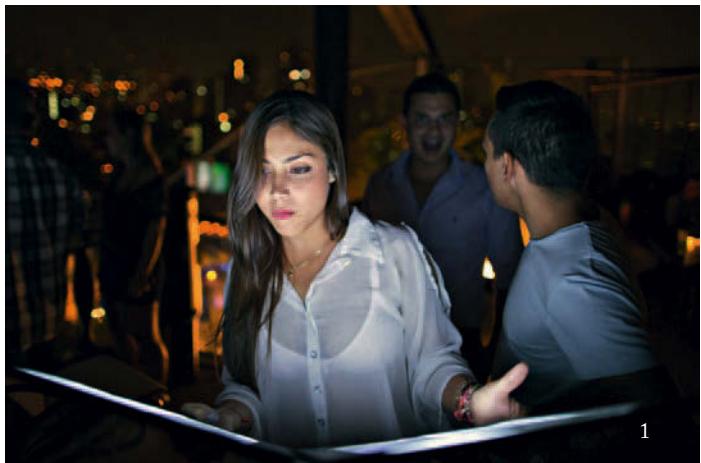
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THE MAGAZINE FOR THE
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Medellín, Liberated

For decades it was a city dominated by murder, drugs and fear. Today it is a center of innovation and hope. How the Colombian city of Medellín liberated itself.

By Andreas Fink (text) and Luca Zanetti (photos)





1) High society:
Young guests at the
disco Envy, which
is located on a
rooftop terrace in
Poblado, home to
Medellín's wealthy
population.

2) The next genera-
tion of salsa musi-
cians: Playing the
trumpet on the roof
of the cultural center.

3) Getting things
rolling again:

Skateboarders in
Ciudad del Río,
formerly home to
factories.

4) Love is a jungle:
A young couple at
the Jardín Botánico.

The gondolas, the clank of the door as it closes, the jolt as the car begins to move, the support towers – none of this is very different from the cable cars you might find in a resort town in the Alps. But this cable car system extends over a city – a dense, closed city of bare brick, corrugated metal and tangled cables. It travels over steep pathways, narrow alleys, crooked concrete steps, over neighborhoods nestled on the hillside that appear hermetically sealed and inhospitable. Beneath it is the “world’s most innovative city.” The gondolas that carry residents of the mountain barrios to work each day, saving them two hours of commuting time, are part of a “social innovation” that led the Urban Land Institute, Citibank and the Wall Street Journal to bestow that title on Medellín on March 1, 2013. Yes, Medellín, Antioquia, Colombia.

This is the story of a city that has gone through hell, a city where, at one point, more people were murdered than anywhere else in the world. For people everywhere, its >

name was synonymous with drugs and guerrilla warfare. It was clear that only Medellín itself would be able to drive out these evil spirits, and that it had the means to do so. Medellín rediscovered its civic consciousness, its pride and the courage to attempt to liberate the city from evil.

Santo Domingo is the name of the cable car's upper terminal, and also of the surrounding neighborhood. Aside from the name, there is little that is holy about this part of town. Comuna 1, where Santo Domingo is located, is the poorest of Medellín's 16 districts. A narrow lane leads from the terminal, past shops and nightclubs with barred windows, to a plaza dominated by three black, gleaming blocks. It is as if giants from another planet had deposited three enormous dice at the edge of the hillside. A sign at the entrance to the complex, which opened in 2007, reads "Parque Biblioteca España." The buildings won architect Giancarlo Mazzanti international awards, and finally gave the residents of Santo Domingo a place they could be proud of.

New Life After Years of Violence

It's a gray, damp Monday. Children and parents crowd into the ground floor area, which links all three "blocks of knowledge" – an auditorium, a library and a social and cultural center. The public health department is showing an exhibition on hygiene, and representatives of the social welfare office are there to help people sign up for benefits. In one room, 12 children are sitting in a circle and copying illustrations from a picture book; their artwork will be sent to the Lithuanian illustrator Kestutis Kasparavicius. They also plan to include a few lines about their lives and their dreams, introducing themselves before he comes to the library to visit them in September.

Such activities were what the people behind the "parques bibliotecas" – there are now nine of them – had in mind. They wanted to bring the wider world to those trapped in their violence-plagued barrios, where the pistoleros of the drug gangs stood guard on every corner, where crossing the borders between gang areas could mean death.



1

Up to then, the only positive title Medellín could claim was "city of eternal spring." In the Valle de Aburrá, the high mountain valley where Spaniards founded the city in 1675, temperatures remain between 22 and 28 degrees Celsius throughout the year. Until the 1950s, the town's growth was still at least somewhat orderly; the textile and heavy industry sectors flourished. But then came a flood of displaced people. The guerrilla war began in 1954, and even today it brings wave after wave of destitute, traumatized refugees into the city. The entire valley was soon developed and settlements cropped up along the steep slopes to the east and west. Makeshift housing soon extended hundreds of meters up the hillside. Today 3.5 million people live in the greater Medellín region, more than 70 percent of them in slums.

It was here, in this morass of hopelessness, that drug lord Pablo Escobar sowed the seed in the 1980s that eventually, in a few short years, won Medellín the unfortunate title of murder capital of the world. Escobar offered residents the benefit of his largess, sometimes even personally passing out cash, to secure their political support – and his success was reflected in his election, for a time, to the House of Representatives in Colombia's Congress. In the late 1980s, the Medellín cartel controlled up to four-fifths of Colombia's cocaine exports. Graffiti depicting the mustachioed mass murderer and billionaire can still be seen in the ninth >





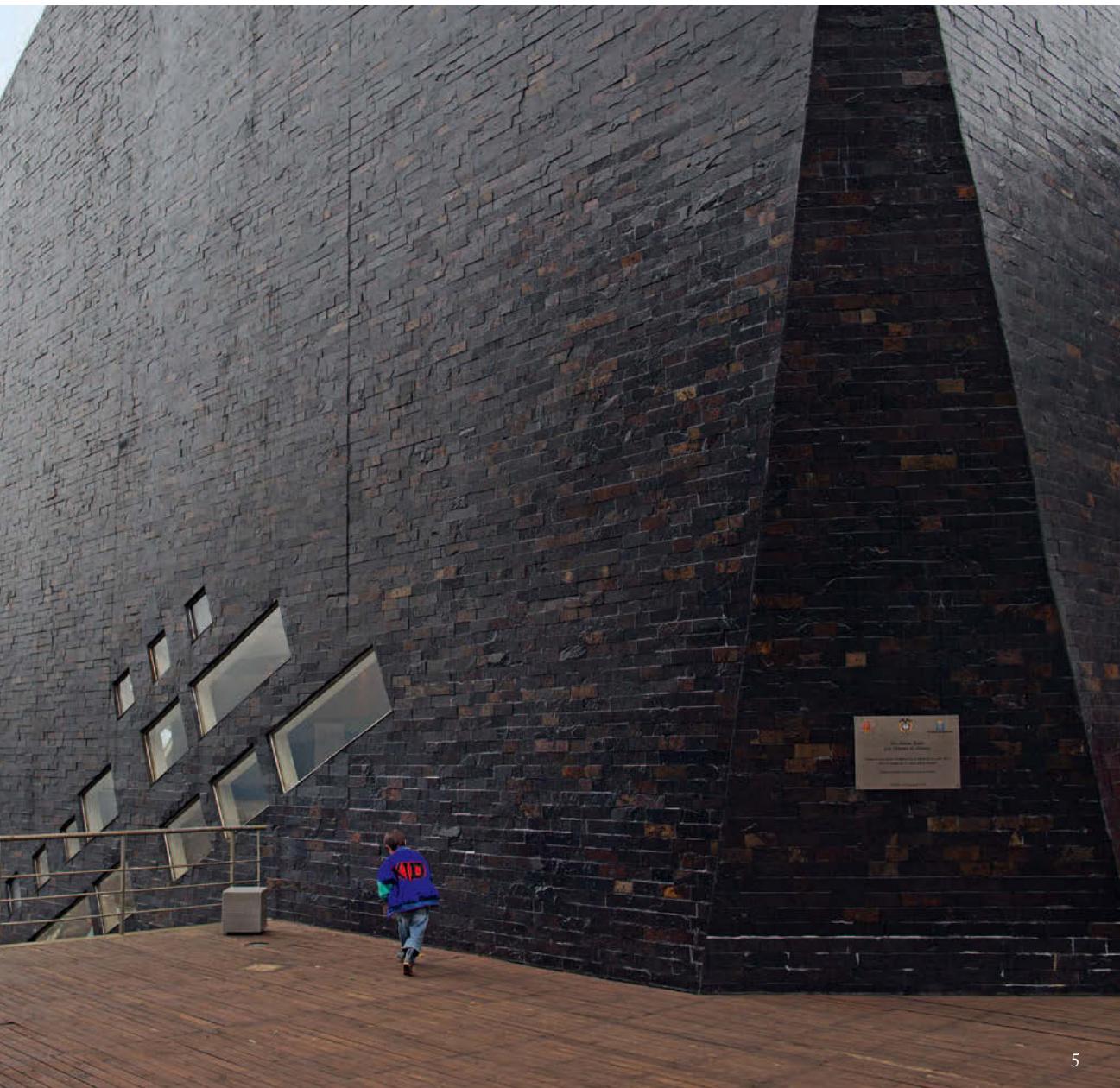
2



3



4



5

1) Sixty-one-percent growth: María Adelaida Tamayo has achieved great success as head of Grupo Sura's investment department.

2) Art instead of war: Musician César López has turned 20 assault rifles into guitars, in hopes that his art will help to change people.

3) Chic Medellín: Adriana Montoya designs swimwear for the Onda de Mar label. Her designs are also sold in New York and Florida.

4) A hard job: Mayor Aníbal Gaviria is faced with the challenge of consolidating the reforms of his predecessors. He is said to be interested in running for president of Colombia.

5) "Blocks of knowledge": Parque Biblioteca España, a cultural center located in the poverty-stricken neighborhood of Santo Domingo.





Metropolis Medellín: The metro, opened in 1995, runs through the heart of the city. Tango dancers on the side of a building announce an exhibition of works by Fernando Botero, the city's best-known artist.

district's "Barrio Pablo Escobar." It was there, at the height of his power, that the "boss of evil" – which is also the title of the most successful telenovela of recent years – built, then gave away 300 houses. The tide eventually turned when Escobar and his killers set off bombs throughout the country, leading members of the local elite to break their silence. Finally, an alliance of government authorities and gangsters started a manhunt for Escobar, who had escaped from prison. He succeeded in hiding out for another 498 days in the brick jungle that is the barrios, but on December 2, 1993, he was gunned down on the rooftop of a building.

"Only the Best for the Poorest"

But the people's suffering was not yet ended. The war between the guerrillas and paramilitary forces made its way into the slums, until President Alvaro Uribe, who had just been elected, sent in elite troops in 2002. After several days of brutal house-to-house combat, Medellín was free of the guerrillas. Since that time, paramilitary forces and successor gangs have controlled the slums.

"Medellín was a place of violence, social inequality and still more violence," says one resident, who spent eight years of his life trying to change things. Mauricio Valencia, now the infrastructure secretary for the province of Antioquia, was formerly the city's director of planning and architect of the "transformación ciudadana," or urban transformation, a transformation that today attracts local politicians from all over Latin America as well as Africa and South Asia who are eager to learn from Medellín's experience. Trained as an engineer, he was one of the young, long-haired "wild men" who, around the turn of the millennium, gave up their university and newspaper careers to experiment with a new kind of local politics, a radically different approach from anything that had been tried before. In 2004 the group, led by 47-year-old mathematics professor Sergio Fajardo, won the election and began to make plans, under the motto "only the best for the poorest." The community built schools, sports facilities, cultural centers, preschools, libraries, cable cars, bridges and even escalators to connect neighborhoods that had once been enemies. The >





1) Fruitful business: In the heart of the city, a merchant sells mangos. The informal sector accounts for roughly half of Colombia's economy.

2) Tense peace: A soldier stands guard, overlooking Comuna 13. Two rival drug gangs are fighting for control of the transport routes here.

3) Picnic: A group of friends spend Sunday afternoon relaxing on a lawn in Ciudad del Río.

2



3

320-page “Guide to Civic Transformation” describes all the projects completed between 2004 and 2011, which, with their modern design, actually function today.

The taxi winds its way up the hill to the western part of the city, through the Robledo neighborhood, where the level of poverty increases as the terrain grows steeper. At the crest of the hill is the bright orange facade of the “Institucion Educativa Aures.”

In the area surrounding the fenced-in schoolyard, this clean, three-story building is like an oasis of humanity in the midst of so much misery. Director Patricia Salazár, a strong-willed woman in her fifties, gives us a tour of the playground, the cafeteria, the library and the computer room, and points out that the families of all 1,460 students come from the three lowest income groups. “We have every type of problem that you can imagine, and then some.” The school serves a hot lunch to 430 children, ensuring that they get enough to eat at least once a day.

“Generosity, Tolerance, Respect”

Recess is at 9:30 a.m. for the primary school, and provides an opportunity to take a look at the classrooms. We notice two things: the large number of desks – as many as 42 children are in each class – and the white board, which is actually a projection screen. The teacher’s laptop is used to project visual materials onto the screen. Every classroom is equipped with the latest technology, the director tells us, as she bestows kisses on the children who run up to give her a hug. According to Patricia Salazár, technology is a very welcome tool. But what is really important is clear from the message the second graders have written in felt marker on the old-fashioned board in the next room: “commitment, generosity, tolerance, respect, kindness.”

82 percent of the entire city budget goes to social projects; in 2012 this amounted to more than 1.24 billion dollars. The city council spends 400 million dollars on education; no other city in the Americas spends such a high percentage of its budget on education.

Not Corrupt, For Once

And how is Medellín able to finance these expenditures? Part of the answer can be

found at the “edificio inteligente,” a gleaming silver high-rise building in the heart of the city. There, on the 15th floor, at seven o’clock in the morning we meet with Juan Esteban Calle, 47, the director of EPM. The “Empresas Publicas Medellín” public utilities company was created in 1955 with support from the World Bank, which strongly urged that it be managed in keeping with the rules of the market and kept as far removed as possible from politics and outside influences. All of its directors have embraced that approach, a first in Latin America, and in the 58 years of its existence the company has never been involved in a major corruption scandal – that too is a first. As a result, EPM has become Colombia’s second-largest enterprise with 55 separate companies, as well as a globally active energy supplier, a technology corporation – and a financer of the “transformación

nancial holding company SURA exchanged shares with one another. Today, they are still the engine that drives the local economy – and the most important private forces behind Medellín’s liberation.

Maria Adelaida Tamayo explains why. “We support social transformation because we believe in our institutions.” A young business economist, she heads the investment department at SURA, which was originally the Suramericana insurance company and has since developed into the country’s largest financial holding company. Today it manages assets worth 120 billion dollars for 29 million clients in eight Latin American countries. In the first quarter of 2013, SURA increased its profits by 61.2 percent over the previous year. It is among the companies that have benefited from the Free Trade Agreement with the United States that took effect in 2012.

“We do well when our country does well,” says Tamayo. For years now, Colombia’s economy has been growing steadily, at an annual rate of approximately 5 percent. Investments in the country have more than quintupled over the past 12 years. As a result, SURA was able to make investments in seven neighboring countries in 2011. Moreover, it has been able to support cultural, sports and social programs in Medellín.

A close, long-term partnership with powerful private enterprises is the second pillar on which Medellín’s social transformation rests. As María Adelaida Tamayo points out, however, “This only works so long as we can be confident that the programs we support will last beyond the term of whoever happens to be the city’s mayor.”

Aníbal Gaviria would not have been elected if he had wanted to depart from the course set by his predecessors; the “transformación ciudadana” has long been accepted as simple common sense. Gaviria, 47, has governed the city since the beginning of 2012. Unlike the two mayors who preceded him, he is not a political outsider. A specialist in business administration, he comes from an elite background – his family owns Medellín’s largest newspaper publishing company – and is a member of the Liberal Party. Fajardo, a force for reform, was elected mayor in 2004 just as Aníbal Gaviria was elected governor of Antioquia. At the be-

No other city in the Americas spends such a high percentage of its budget on education.

ciudadana.” Last year EPM contributed 600 million dollars to the city treasury. “Everyone who works for this company knows that our efforts benefit society as a whole,” says Calle, “and that’s why we take special pride in going to work each day.”

Pride is a word one hears frequently in Medellín. The paisas, as the people of Antioquia are called, are well known in Colombia for their business sense and loyalty to their region, and sometimes disparaged for those very qualities. That was what saved Medellín during the dark decades. Four huge enterprises have dominated the business environment for decades, and none has ever turned its back on the city. To ward off the threat of a takeover during the Escobar era, Bancolombia, the cement company Arcos, the food processing conglomerate Nutresa and the fi-



1

Pride was what saved Medellín during the dark periods.



2



3



4

ginning of 2012 the two men switched roles; Fajardo now governs the province from a building located right next to the mayor's office, with its bulletproof windows. The two continue to work closely together, as in the past.

Gaviria's predecessors set the ball in motion, and now he is faced with a less spectacular task: consolidating the transformation, in a very complex environment. Since the Free Trade Agreement entered into force, the textile industry has felt the negative effects of open borders. And since the peso has continued to rise in value, it no longer makes financial sense to cultivate coffee, a crop that has been a source of income for rural Antioquia as long as anyone can remember. For many campesinos, therefore, the choice is between planting coca – and trying their luck in the overpopulated city.

And Medellín is still one of the world's most perilous cities. Although it dropped ten places in the 2012 listings of most dangerous cities, it still ranks third in Colombia and 24th worldwide, with a murder rate >

1) More fun! Playing is allowed in the fountains in front of the Parque Explora exhibition center.

2) More knowledge! A library reading room in the Santo Domingo slum. The city spends 400 million dollars on education.

3) More art! Director María Mercedes González at the Museum of Modern Art.

4) More time! Cable cars make the slums more accessible and get people to work more quickly.



Perfect form:
A curved
concrete
structure leads
to the revitalized
Jardín Botánico.
Like everything
built during
the “civic
transformation,”
it boasts a
modern design.

of 49 for every 100,000 inhabitants (1991: 381). Furthermore, the situation can easily deteriorate quickly; in the neighborhoods, drug dealers are still fighting for control of drug routes. In the Comuna 13 district alone, authorities have stationed four battalions of police officers and military personnel – and this in the same district that installed six escalators, one of the showcase projects that earned Medellín the title of “most innovative city of 2013.”

The Goal: To Be Part of the Avant-Garde

Mayor Gaviria is hoping that many more international companies will show interest in Medellín now that it has been recognized as a city of innovation. The city has long worked with an agency that is highly skilled at helping its clients achieve their goals – obtaining tax breaks, establishing connections with universities, opening start-up offices and finding attractive sites. The Parque Tecnológico Manantiales is located in the hills overlooking the elegant El Poblado section of the city, where the wealthy have established a well-guarded first-world enclave with shopping centers, sports clubs, restaurants and discos. This is where the American company Kimberly-Clark has opened a global innovation center. And below, in the city, is a sign bearing the name of

the computer giant Hewlett-Packard, which has set up its service center for Latin America there, in an ultramodern office building. Two floors below is the Swiss cement company Holcim, which has been managing its regional services from this location since March.

The aim is to be part of the avant-garde; it is here, in the Ruta N complex, that the city’s innovative activity is concentrated.

The goal is to make the innovative heart of the city a “Medellín cartel of progress.”

Juan Pablo Ortega, the center’s director and landlord, has devised a three-part strategy: First, he wants to help local companies establish contacts with international markets and is working to support foreign startups in Medellín; an entire floor is set aside for that purpose, where foreign companies can use fully equipped offices for a period of two years. Over the medium term, he wants to

make Ruta N a platform for collecting and marketing innovations in cooperation with universities and research laboratories – a Medellín cartel for progress, as it were. Over the long term, this combination think tank and marketing center is intended to encourage a systematic culture of innovation that accepts risks – including financial risks – and understands that failure is merely a challenge to try again. “And the goal is to open up new vistas, despite the mountains that surround us,” Ortega remarks with a smile as we say goodbye.

Only five minutes after we leave Ruta N, our taxi driver puts an abrupt end to this tantalizing vision of the future. His 15-year-old daughter died only a short time ago, killed in the crossfire between two drug gangs.

Andreas Fink is a South America correspondent for Focus (Germany) and Die Presse (Austria).

Luca Zanetti is a freelance photographer who lives in Zurich and Medellín.

Latin America's Economy

When the growth surge of the first decade of the 21st century came to an end, reform was unavoidable.

Following weak growth in the 1980s and mixed results in the 1990s, Latin America achieved solid growth during the global economic boom of the first decade of the 21st century. This success was due in large part to an economic policy of greater fiscal and monetary stability, after many years of crisis. During that first decade, increased demand from Asia was particularly helpful for commodity-exporting countries, and domestic demand was reinforced by favorable financing conditions. Overall, however, expansion during this period was much slower than in other emerging regions, such as Asia.

No World Champion

Brazil, which accounts for nearly half of Latin America's economic activity as well as its land area, has been the focus of considerable attention over the past two years, owing to its weak growth. Protectionism and a strong currency have weakened the country's industrial sector and compromised its ability to compete. The country also suffers from a lack of well-trained workers and infrastructure.

Although Brazil will soon host the soccer World Cup and the Olympics, it still finds itself in Mexico's shadow. Since the financial crisis, reforms have been implemented to promote investment, but no progress has been made in certain important areas, such as the simplification of the tax system. Weaker growth and the 2014 elections are likely to increase pressure on the government to implement more market-friendly reforms.

Inadequate Productivity

As a result of Latin America's increasing urbanization (in 2009, 80 percent of the population lived in cities, comparable to the level in industrialized countries), major cities are struggling with overburdened transportation systems, rising housing prices and worsening pollution. These infrastructure problems are impeding development.

The main problem facing many Latin American countries is low growth in productivity – and productivity actually declined in the 1980s and 1990s. The primary causes are low levels of savings and investment. Small and medium-sized enterprises (SMEs), which employ a large percentage of the working population in Latin America, just as they do in other countries, show relatively little growth as compared with similar companies in East Asia. Likely reasons include both perverse government incentives and an underdeveloped culture of entrepreneurship.

To generate increased growth, the Latin American countries need to implement reforms. Instead of government-created jobs and subsidies to promote consumption, important steps include targeted efforts to promote long-term foreign investments. Making such investments more attractive will require reforms of the labor market, the tax system and fiscal policy, as well as the deregulation of certain sectors.

Some Latin American countries have made much greater progress toward reform than others. Chile is widely re-

garded as among the most developed countries in the region, thanks to the government's sound management of monetary and fiscal policy and the country's well-developed institutions. Peru and Colombia, too, have taken steps to promote investment; in Argentina and Venezuela, however, the level of protectionism has increased since the financial crisis.

Mexico Offers Hope

Mexico's new government has initiated what are probably the most promising steps toward reform. It has pushed to make the labor market more flexible and deregulated the telecommunications sector. Also on its agenda are reforms in the area of fiscal policy and steps to open up the state-dominated oil industry.

Reforms clearly lead to success, in Latin America and elsewhere. Countries that neglect reforms, on the other hand, will have a hard time competing with the well-positioned emerging countries in Asia.

THE REGION TODAY: FACTS AND FIGURES

30 %

Income inequality has declined in Latin America since the 1990s, although it remains relatively high. The share of the population with income below the local poverty line has dropped substantially, from roughly 50 percent to 30 percent.

At the same time, advancing urbanization has led to an increase in employment in the industrial and service sectors, adding to the number of middle-income workers.

8 %

Since the 1990s, Latin America has hardly increased its share of global gross domestic product (GDP), which remains at roughly 8 percent, while the emerging countries of Asia have quadrupled their share (approximately 20 percent).

70 %

Approximately 70 percent of Mexico's exports, for the most part industrial goods, are shipped to the United States. As a result, Mexico's cyclical development is extremely dependent on US growth. The rest of Latin America, in contrast, is more focused on Asia. Since 2000, Asia's share of all Latin American exports has risen from about 3 percent to 17 percent. In the largest South American countries, commodities account for the bulk of exports. Thus these countries are largely dependent on growth in Asia, and particularly in China. Structurally weaker growth in China could therefore have negative consequences.

Nora Wassermann works in Global Macroeconomic Research at Credit Suisse.

There Ought To Be a Law

Everywhere you go, you are surrounded by laws, rules and provisions. Consider this picture of an ordinary day in Aarwangen, in the canton of Berne. It depicts some 140 examples of things governed by ordinances, regulations and articles. Depending on your point of view, it is just a matter of maintaining order or a case of over-regulation run amok.

■ By Urs Zurlinden



Aarwangen, in the canton of Berne (population 4,244), is a typical rural village with a modest level of business and industrial activity in Switzerland's Mittelland. The nearby A1 Autobahn carries through traffic, and the new roundabout is intended to alleviate back-ups. The regional train passes right through the middle of town.



A Selection of the Laws and Regulations Addressed in this Picture

● — Federal law

2 Married couple: Swiss Civil Code (Systematic Collection of the Federal Law [SR] 210)
For example, Art. 13: Paternity Actions

3 Family: Federal Constitution (SR 101)
Art. 14: Right to Marry and Have a Family

25 Air: Clean Air Act (SR 814.318.142.1)
Art. 14: Measurement Procedures

30 Restaurant: Alcohol Act (SR 680)
Art. 27: Import Protocol

■ — Cantonal law

41 Cantonal Territory: Vellerat Act (Systematic Collection of Bernese Law [BSG] 105.232)
Art. 1: Canton Change for Vellerat to the Canton of Jura

42 City hall: Publication Act (BSG 103.1)
Art. 23: Inspection at No Charge

60 Trees: Nature Conservation Act (BSG 426.11)
Art. 11: Use of Poisons

76 Cyclists: Health Act (BSG 811.01)
Art. 34: Research on Human Subjects

✖ — Local law

92 Façade: Building codes
Color regulations

95 Wastewater: Wastewater regulations
Obligation to connect

100 City hall: Municipal code
Organization of city government

105 Street light: Electricity regulations
Coverage obligation and rate scale

▲ — Traffic laws

111 Parking: Signage Regulations (SR 741.21)
Art. 48: Markings

118 Taillights: Ordinance on Technical Equipment (SR 741.41)
Art. 73: Appendix 10: Colors

121 Tractor: Traffic Regulation Ordinance (SR 741.11)
Art. 86 ff: Agricultural Vehicles

The numbered symbols indicate 138 regulations that impact this scene from everyday life. Because reading the texts of laws and ordinances is not exactly an enjoyable exercise, we have cited only a small selection.

L

ife in Switzerland is an endless series of stage directions. Thousands of provisions and legal clauses standardize everyday life and limit freedom. At the federal level, there are 4,768 ordinances currently in place. More than half of these (2,776) are contained in treaties, and federal state law is responsible for nearly 2,000 ordinances. Cantonal legislation adds another 16,788 ordinances

with the law, and an asset manager must spend at least four hours weekly on administrative work. According to the SGV's extrapolation, regulatory costs exceed 50 billion francs. "Overregulation is our economy's biggest problem," says SGV director Hans-Ulrich Bigler. He is calling for a decrease in regulatory expenses of 10 billion by 2018.

A survey conducted on behalf of the State Secretariat for Economic Affairs (SECO) showed that deregulation and minimizing red tape lower costs. And the new electronic salary certificate resulted in Swiss companies reducing administrative costs by 11.7 million francs annually.

But the promise of greater efficiency and cost effectiveness is still blocked by a forest of legislation. Take for example, the value added tax with its three different rates and 29 exceptions: Two-thirds of the approximately 1,500 page manual deals with problems that arise from the various

The promise of greater efficiency and cost effectiveness is blocked by a forest of legislation.

and each municipality has its own legislation as well, making this all as confusing as it is detailed.

The Official Compilation of Federal Laws and Ordinances is the barometer for activism in legislation. The compilation reached a new high in terms of number of clauses in late 2012, increasing by a record 7,508 pages (see chart on the right). After decades of growth, the compilation now encompasses some 65,000 A4 pages. Laid end to end, the pages would stretch 19.3 kilometers.

Zeal comes at a cost. In 2010 the Swiss Chamber of Commerce (SGV) raised regulatory costs incurred by small and medium-sized enterprises (SMEs). Now annual costs for social insurance, labor law, occupational safety and food hygiene amount to four billion francs. The SGV estimates that an SME with up to nine employees dedicates 1,000 hours annually to ensure it is in compliance

combinations. Policymakers objected to a standardized rate, and master carpenters still have to struggle with piles of paperwork. In an example from the construction industry, design and construction are subject to 140,000 standards. A 1998 study showed that the plethora of regulations back then was already generating costs of 2.4 to 6 billion francs. In transportation, every police officer is expected to be familiar with 913 individual rules for road traffic alone. The only thing that is short about the ordinances is their acronyms: SSV, SVG, SKV, VRV, VVV, etc.

Governments need rules and regulations to operate, of course, and in many cases they are reasonable. Laws create security and protect citizens from the whims of the government. They not only forbid things, but they also allow them.

Swiss policymakers are aware, in principle, that things have gone too far. Using parliamentary approaches, the

Federal Council responded with a campaign to clean things up, eliminating 200 ordinances at once in 2008 – with no discernible harm to the rule of law. And it enacted a package of measures to reduce the administrative burden by analyzing the economic effects of new federal ordinances. Moreover, it announced several measures that will take effect by 2015, including the simplification of building legislation and the expansion of the electronic wage payment system.

The cantons are also endeavoring to slim down their statute books. From late 2006 to late 2012, the total number of cantonal laws and ordinances shrunk by 5.6 percent from 17,782 to 16,788. The differences between the cantons are remarkable. While Appenzell Ausserrhoden contents itself with 330 ordinances, Neuchâtel has at least 1,263.

What can be done? Some countries, such as the US and the UK, have found a way to counteract this unchecked proliferation. "Sunset legislation" refers to laws that automatically cease to be in force after a certain period of time unless lawmakers deliberately renew them or validate them. EU law also provides for periodic review of ordinances and standards every five years. The flood of legislation in Switzerland is not expected to be stemmed any time soon. The constitutional state long ago took the liberty of expanding itself – justified democratically and freely decided. □

Three experts show Bulletin what this means in daily life. Martin Sommer, a government official in Oberaargau in the canton of Berne, checked for federal and cantonal laws; Gerda Gruber, municipal clerk, checked for local regulations; and Frank Rüfenacht, head of the traffic department for the cantonal police in Berne, checked for various traffic laws.

Urs Zurlinden is a freelance journalist and city councilor (FDP) in Langenthal in the canton of Berne.

Number of new pages in the Official Compilation of Federal Laws and Ordinances

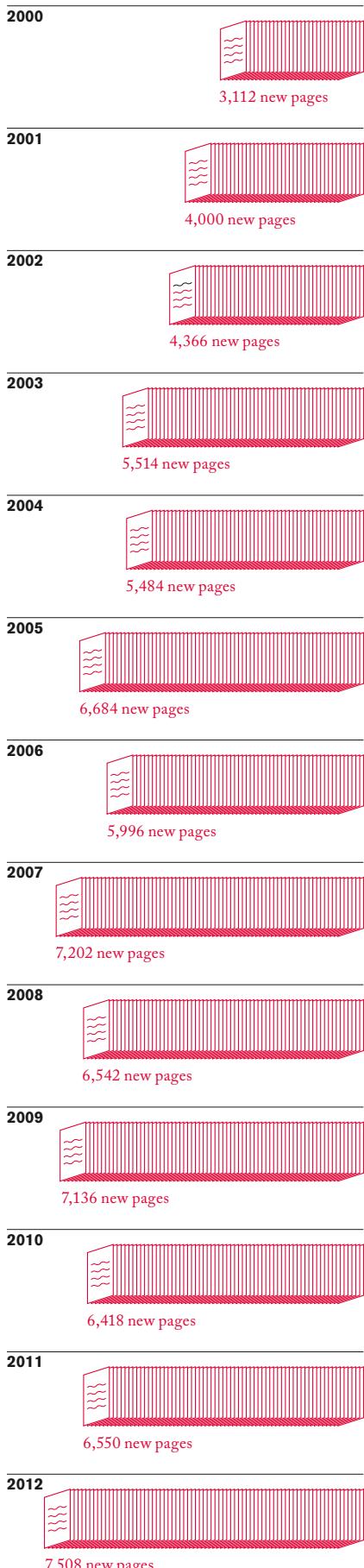


Illustration: Craft. Photo: Private Source: Official Collection of the Federal Law

Bureaucracy That Gets Under Your Skin

The cosmetics industry is strictly regulated – but that's not such a big deal. The hurdles are even higher in the emerging markets.

Our company produces cosmetics. Along with medications and food, cosmetics are one of the most strictly regulated consumer goods. To what degree is an SME like us adversely affected by this?

Our industry is regulated in Switzerland by the Swiss food and commodities ordinance (LGV) of 2005. In Europe and most industrialized countries, the key regulations for the composition and use of cosmetic products have largely been harmonized. Fulfilling all the legal requirements requires knowledgeable employees with appropriate training and experience. The costs of paying these employees can be a real financial burden for smaller companies.

Changes to applicable laws and regulations are discussed in advance with associations and interest groups. These regulations emphasize consumer protection. Naturally, expenditures are increasing for various analyses (such as for heavy metals, pesticide residues in plant extracts, etc.), clinical tests, safety assessments and determining the SPF of finished products. But these tests are all essential to protecting the consumer and are indispensable to our international competitiveness.

The protectionist measures in place in some emerging markets are new and increasingly problematic. First among them is China, which requires registration of all cosmetic raw materials that have entered the market since 2005. The registration process is very difficult to understand. The authorities demand a wealth of details with no end to the process in sight. It is obvious to me that these measures are not solely to

protect the country's own industry; rather, they also serve to transfer knowledge to local manufacturers.

In summary, I would say that there is a great deal of legislation regulating the manufacture and sale of cosmetic products. They have been in place for some time, and are completely understandable. Internationally, the regulations are largely harmonized in the key industrialized nations. The emerging markets, which are using bureaucratic measures to try to protect their own industries, are an exception. Once they begin competing internationally themselves, these countries will surely rethink their requirements and adapt to international standards. We are looking forward to that day.



Volker Kalhöfer has a Ph.D. in chemistry and is responsible for regulatory affairs at the Induchem Group, which owns Temmentec, a leading Swiss manufacturer of cosmetic products. Temmentec was founded by chemist Paul Müller in 1914.

Temmentec receives support from SVC – Ltd. for Risk Capital for SMEs, a venture capital firm launched by Credit Suisse.

Others Pay the Price

As things stand today, those who harm the environment get off too lightly.

Since the environment is a public good, no price is attached to it.

So what can we do to protect our natural environment?

Letting the market work is preferable to government intervention.

By Sara Carnazzi Weber



The air belongs to everyone, although not everyone can afford to fly: A spectacular landing on the Antilles island of St. Martin.

Pollution, overuse of natural resources and climate change are among the negative byproducts of human activity. Now that the developing countries are experiencing strong economic growth and their consumption patterns are beginning to resemble those of the wealthy countries, there are widespread fears that an environmental catastrophe is at hand. Two examples: In Switzerland there are 566 cars for every 1,000 people. In China there are only 85. And the average German consumes nearly 10 times as much energy as the average Indian.

Are growth and sustainability, the free play of market forces and environmental protection really incompatible with each other? With pollution increasing, do we need to go so far as to consider restricting civil liberties?

Statistics show that open markets generally lead to greater prosperity. The free play of market forces, which balance supply and demand and reward economic initiative, is an essential condition for growth and ultimately for greater prosperity. As a result, however, the natural environment is overused, since no price is set on such resources as air and water to reflect how limited they actually are.

Overuse Is Tempting

The environment is a public good. It is open to everyone, and no one can be denied its use. Clean air benefits us all. Private goods, on the other hand, like a new pair of shoes, are used only by the consumer. Conversely, excessive consumption of environmental resources affects not only those responsible, but others as well.

These effects on third parties in the form of environmental damage, which economists refer to as "negative externalities," are not assigned a price. And because those responsible for such damage do not include it in their business calculations, the market provides no compensation and prices become distorted. The price of products whose manufacture harms the environment is too low, which practically invites companies to overuse resources. Thus the usual market mechanisms are ineffective in dealing with our natural environment, which leads to a situation referred to as "market failure."

So is a market system truly incapable of protecting the environment? Can the problem of overuse be solved only through prohibitions, technical regulations and emission

caps? On the contrary. The issue of market failure can be addressed with the use of appropriate instruments and by taking advantage of market forces. When emissions affect only limited interests, a solution can be reached through private negotiations. When large numbers of people are affected, however, as with most environmental issues, the government needs to act, for example by introducing an environmental or incentive tax. This puts a price on the use of natural resources and raises awareness of environmental goals; it also takes into account negative externalities from the outset.

What Certificates Can Achieve

Both approaches recognize the need to allocate rights to environmental resources. It is important to establish a legal framework defining who has the right to use natural resources, and how – as well as the price of use rights. If a system is created through which rights can be bought and sold, then the market system will work in favor of environmental protection.

This is precisely the idea behind tradable emission certificates – a idea that dates back to the late 1960s. It functions as follows: Based on certain environmental policy goals, a limit is set on the level of emissions that is permissible. Companies are assigned certain pollution rights and the appropriate number of emission certificates. If their certificates are insufficient to cover their emissions, they must either reduce emissions or purchase additional certificates from other companies.

If they conclude that it is less expensive to invest in clean technologies than to buy additional certificates, they will make the necessary investment. But if the cost of reducing emissions is too high, they will opt to purchase certificates instead. As a result, the companies that find it least costly to reduce emissions will do so. From the perspective of the overall economy, this is a cost-effective way of protecting the environment.

The success of emissions trading systems depends on their design and on whether policymakers have the political will to insist that businesses (and voters) pay the costs of environmental damage. Given the right conditions, emissions trading has the potential to be an effective global instrument for protecting the environment. □

Sara Carnazzi Weber is Head of Macroeconomic and Policy Research at Credit Suisse.

On the next page: Graphics showing the most pressing threats to the environment

What Will Tomorrow Look Like?

Over the coming decades, pollution and overuse of natural resources could change the face of our planet. Taking stock of the threats we face.

Abbreviations

BRIICS: Brazil, Russia, India, Indonesia, China, South Africa

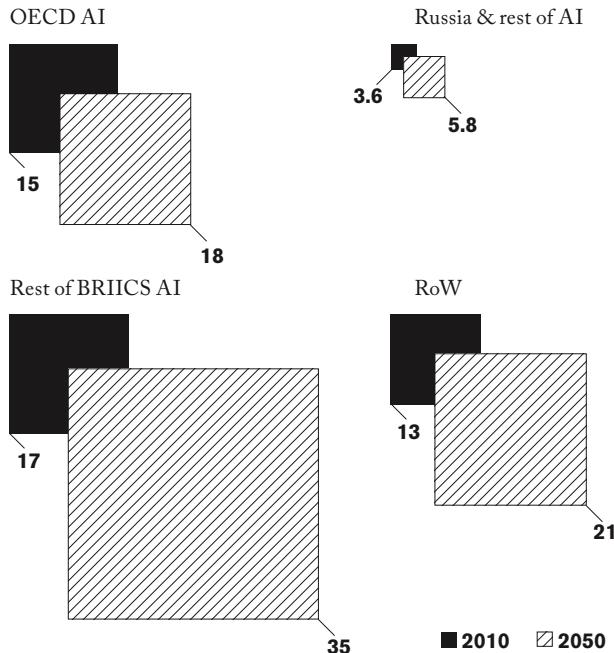
OECD AI/BRIICS AI: OECD/BRIICS countries that are also Annex I parties under the Kyoto Protocol

RoW: Rest of World

OECD: Organization for Economic Cooperation and Development, 34 member states

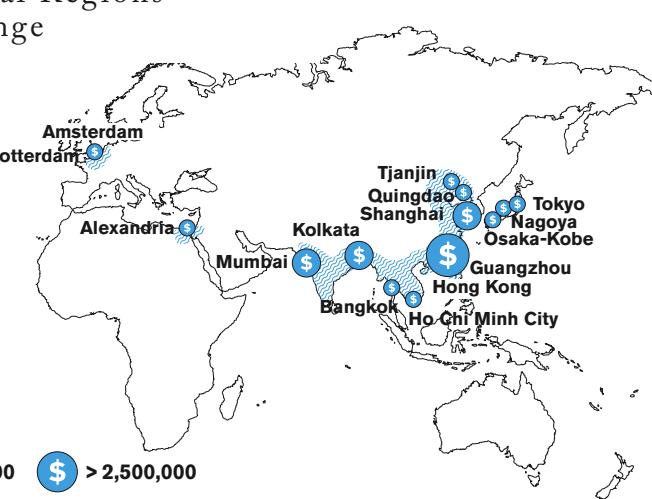
Greenhouse Gas Emissions: No Change in the Trend

By 2050, higher global energy consumption and a rapid rise in demand for automobiles in the developing countries will lead to a 50-percent increase in greenhouse gas emissions.



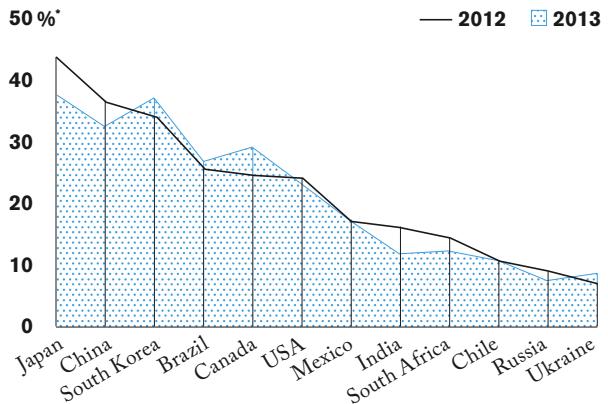
Figures in Gt CO₂e = gigatons of carbon dioxide equivalent
Source: OECD Environmental Outlook Baseline scenario; results of calculations using the ENV-Linkages model.

Loss of Capital in Coastal Regions Because of Climate Change



Cap and Trade: Will Asia Lead the Way?

A survey of experts suggests that Japan, China and South Korea are most likely to introduce a binding national emissions trading system within the next five years.



Environment and Health

23 %

of ill health in the world can be attributed to the environment.

88 %

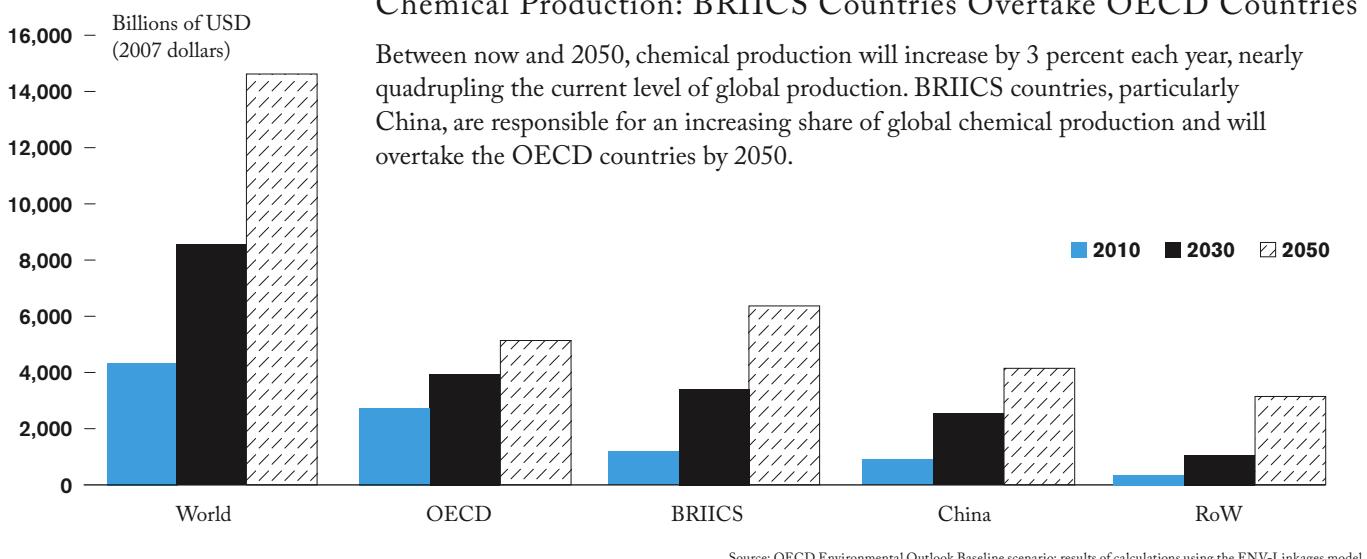
of deaths from diarrhea are caused by polluted water, insufficient sanitary facilities and inadequate hygiene.

2 million
deaths per year are caused by toxic smoke produced by burning fuel in a kitchen.

Source: Global Health Observatory (GHO)

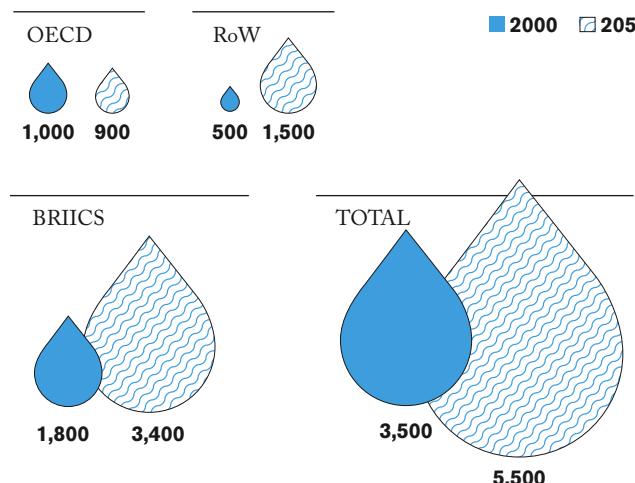
Low-lying coastal regions are particularly vulnerable to the effects of climate change. By 2070, the number of people worldwide who are threatened by rising sea levels and more frequent storm surges could more than triple, reaching roughly 150 million. This would also jeopardize assets of USD 35 trillion, more than 10 times the assets that are endangered today.

Endangered assets (FAC scenario) (USD, millions)
Source: OECD (2010a), Cities and Climate Change, OECD, Paris; R.J. Nicholls et al. (2008), "Ranking Port Cities with High Exposure and Vulnerability to Climate Extremes: Exposure Estimates," OECD Environment Working Papers, No. 1.



Demand for Water: Until the Very Last Drop

Global demand for water is likely to rise by 55 percent by 2050, and 3.9 billion people, or more than 40 percent of the world's population, will live in areas experiencing higher levels of water stress.



Figures: In km³
Source: OECD Environmental Outlook Baseline; output from IMAGE

Top Ten Toxic Polluters of the Environment

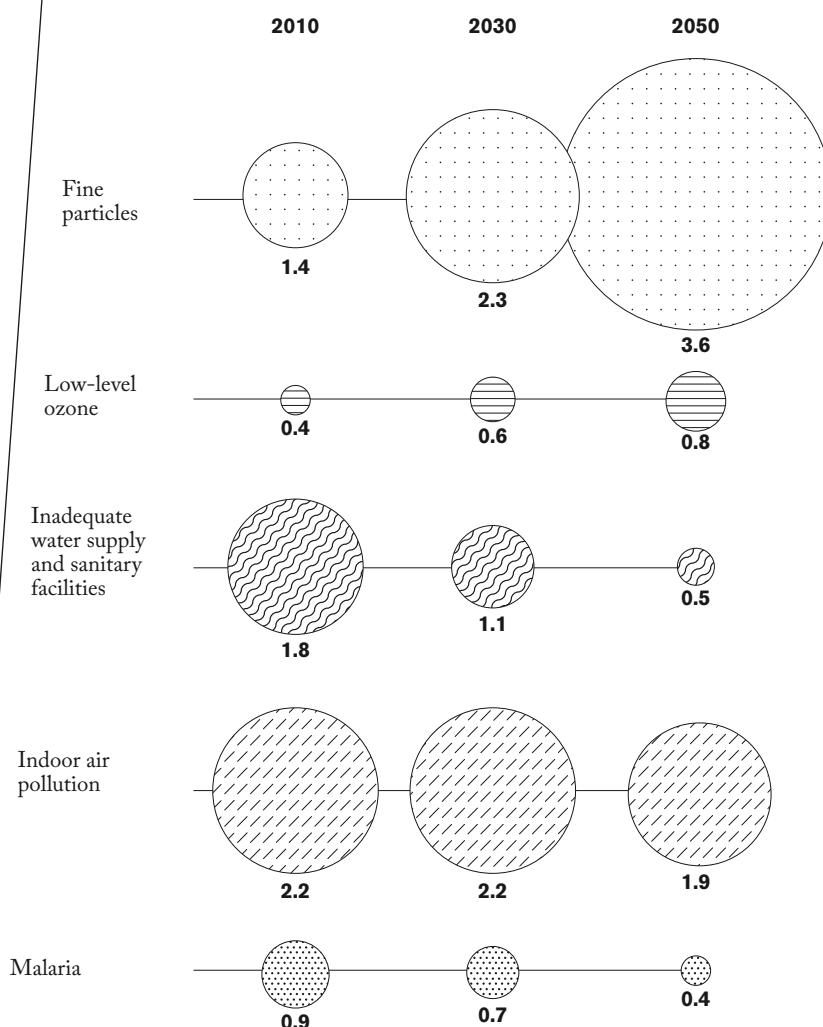
1. Battery recycling
2. Lead smelting
3. Mining and ore dressing
4. Tanneries
5. Industrial or municipal waste disposal sites
6. Industrial areas
7. Artisanal mining (gold)
8. Production of consumer goods
9. Chemical production
10. Dyestuffs industry

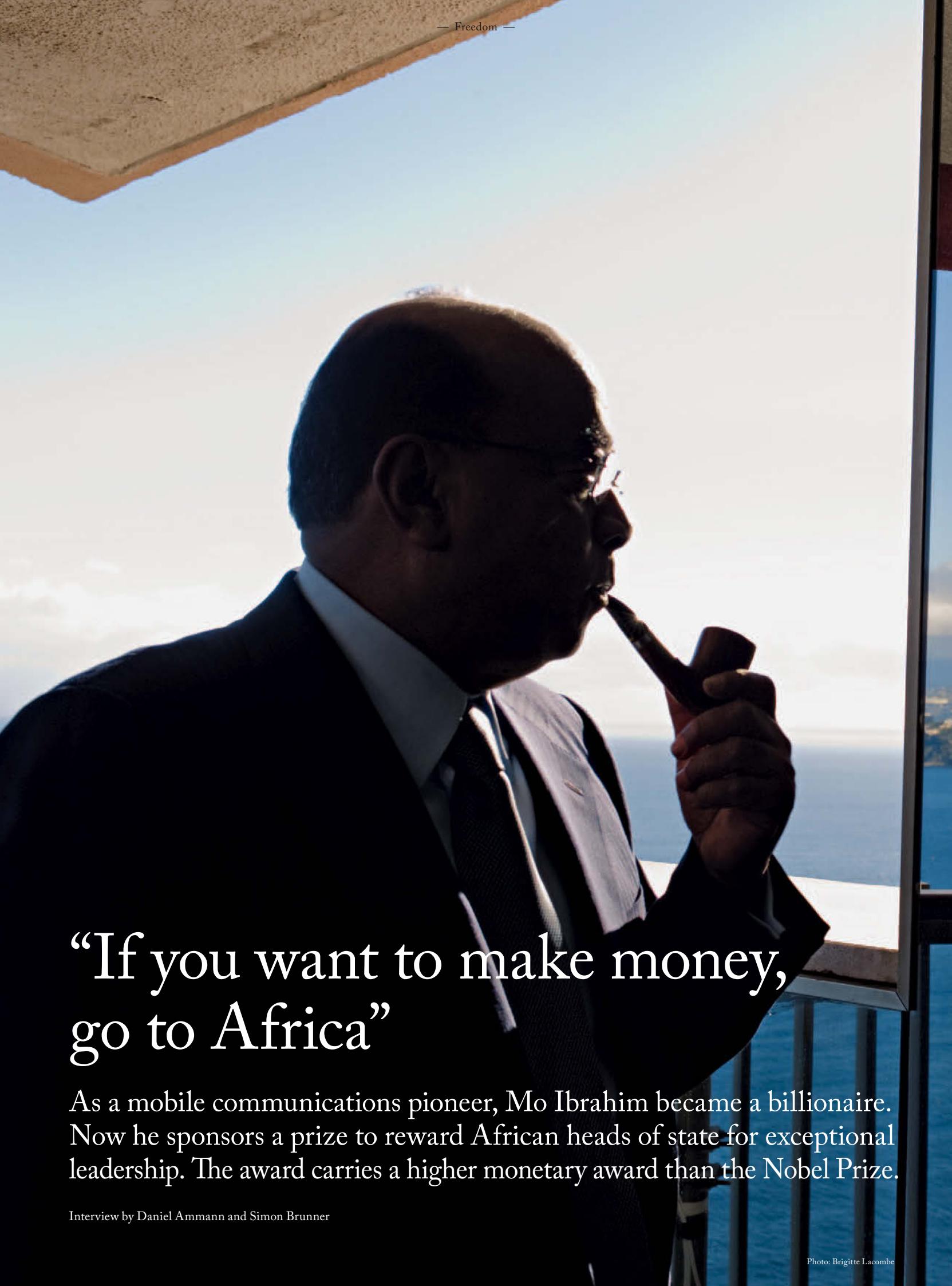


Source: The World's Top Ten Toxic Pollution Problems 2012, Blacksmith Institute

Air Pollution Is Making Us Sick

Unless action is taken, by 2050 air pollution will be the top cause of environmentally-related deaths.





“If you want to make money, go to Africa”

As a mobile communications pioneer, Mo Ibrahim became a billionaire. Now he sponsors a prize to reward African heads of state for exceptional leadership. The award carries a higher monetary award than the Nobel Prize.

Interview by Daniel Ammann and Simon Brunner

Photo: Brigitte Lacombe



Mo Ibrahim, 67,
on the terrace of his
home in Monaco.

Mo Ibrahim, few people know Africa as well as you do. How great is its economic potential?

I like to say, "If you want to make money, go to Africa." And that's not an emotional or political statement. We're talking about facts. Just look at the World Bank data. The return on capital is higher than almost anywhere else. It doesn't take a genius to recognize Africa's potential. The continent is open for new services, for trade, for large infrastructure projects – and it is rich in raw materials.

So what does the continent need in order to prosper?

Capital. And that's also why the return is so high. The demand for capital is huge, the supply limited.

In western countries, there's a wide gap between Africa's reputation and the reality as you describe it.

For my generation, the image of Africa was shaped by Tarzan movies. Tribal people living in the jungle, not wearing much in the way of clothes, eating each other. We got the message: This is cannibal country.

That was in the 1940s and '50s ...

But the only thing to have changed since then is the cast of characters. When people in the West hear or read about Africa, it's usually about civil wars, such as the ones raging now in Somalia or Mali, or about famine. In the holiday season they get those cards with touching images, the children's faces with the huge eyes. People think to themselves, those Africans can't do it alone. They're poor. They're sick.

They're undernourished. And the children can't go to school. Of course, the relief organizations have the best intentions, but they're not exactly doing justice to the reality of Africa.

The negative image sticks to Africa like glue.

Exactly. Even when it comes to African leaders, people in the West still think of the horrors of the past 50 years: Idi Amin, Mobutu Sese Seko, Sani Abacha and all the other kleptocrats. People don't realize that there are amazing heads of state here in Africa. Who knows about Joaquim Chissano in Mozambique, Festus Mogae in Botswana or Pedro Pires of the Cape Verde Islands? These men are heroes. They are our role models. We have to make them better known – to Westerners and to our own people. The Nobel Prize is awarded to outstanding scientists, and that's great, but nobody explicitly recognizes outstanding African leaders.

And that's why you initiated a prize that awards more money than the Nobel Prize?

The Mo Ibrahim Prize for Achievement in African Leadership is given to an outgoing head of state or government, who receives 5 million US dollars over ten years upon leaving office and then 200,000 US dollars per year for life.

The prize is intended to acknowledge exceptional achievement. If a head of state manages to free hundreds of thousands of people from poverty, improve the health and education systems, promote democracy and – very important – leave office peacefully and on schedule, you have to appreciate that. I never tire of saying it: These people are heroes. But nobody knows about them!

How are the heads of state evaluated?

My foundation worked with Harvard University to develop the Ibrahim Index of African Governance. It examines 88 statistical indicators, in categories from rule of law to political participation to sustainable economic opportunity. Simply put, it is a comprehensive data set that lays out in great detail how well each country in Africa is governed. With this wealth of data, we can evaluate the performance of

the individual countries and their leaders and rank them in order.

Speaking of "good governance," in your own companies, corruption was never an issue.

How did you manage this amid a swamp of corruption?

First of all, you must take a crystal-clear stance against corruption, one that your employees understand and support. I was certain of one thing: Bribery hurts the country, the company and its stakeholders. Anyone who engages in bribery puts the company's future at risk, because sooner or later these things always come to light.

What concrete steps did you take to guard your billion-dollar enterprise against corruption?

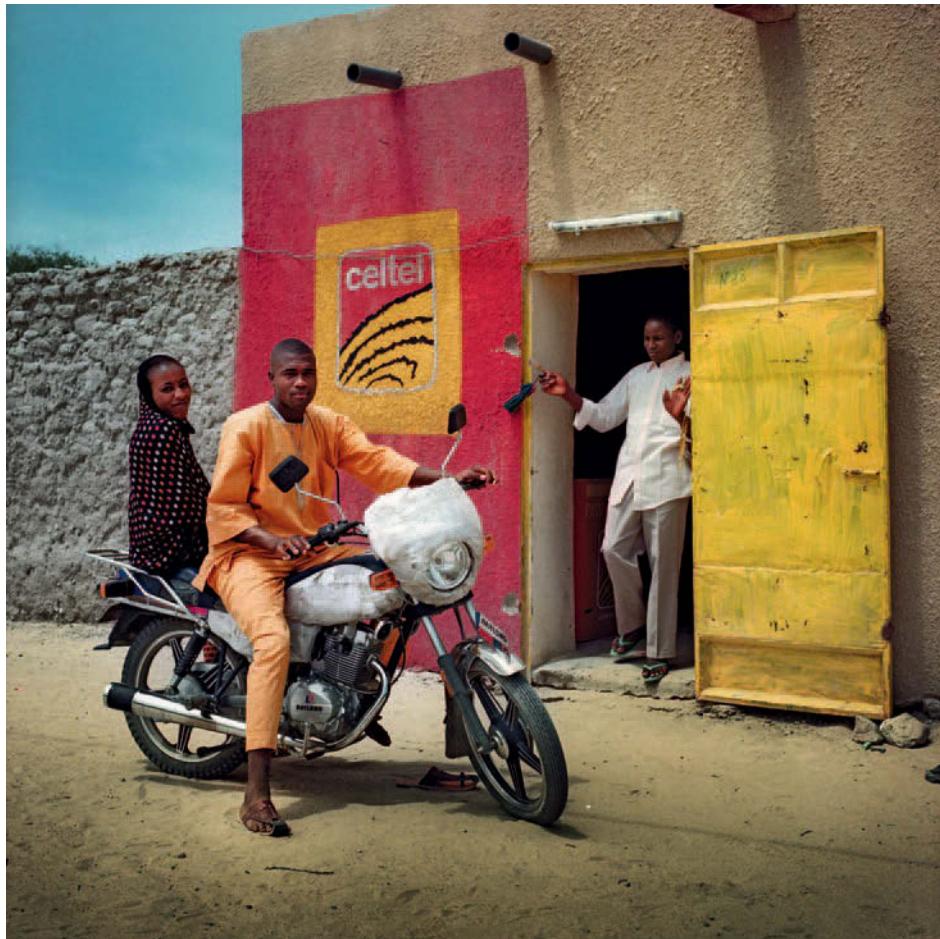
We put in place a system that promotes clean business dealings. A major problem with bribery is that the people at headquarters don't know what's happening in the field. When they visit their outposts, they're assured that everything is in proper order. At Celtel, my African telecommunications firm, we solved that with a rule that any expenditure over 30,000 US dollars had to be approved by the full board of directors. Every single one. Then if somebody pressured one of our employees for a bribe, he could say that he had to get it approved first. When word got around that this is the only way we do business, there were no more attempts to apply pressure.

What was it like to put this measure into practice?

The hardest part was being able to reach the entire board of directors quickly. I told each board member, "Give me your private phone number and your fax number, your wife's number, the phone and fax at your vacation home – and if you're having an affair, I need that person's number too." This was not always well received.

CEOs often complain that corruption is part of life in certain parts of the world and that they can't do anything about it on their own.

The business side tends to see itself in the role of victim. I disagree. It is just as involved as the government and has to be punished if bribery happens. It doesn't do



Advertisement for Celitel in Niger:
Mo Ibrahim founded the pan-African
telecommunications company in
1998 and sold it five years later for
3.4 billion US dollars.

any good to say “The government is corrupt, that’s how the system works.” No. It’s critical for companies to understand that they can be part of the solution. The business world is part of the system – and capable of changing it.

You have high expectations for corporations. Ultimately, business must always promote freedom, the rule of law and the protection of property, because corruption and nepotism hurt corporations.

You founded two corporations and sold them for more than 4 billion US dollars in total. In each case, the employees benefited too, because they held shares. What's the advantage of this?

Two things are important here: fairness and incentives. A company’s employees must view themselves as partners; it’s their company too. This creates completely different dynamics and attitude. What better motivation could there be? Sometimes, shareholders are skeptical about a high rate of employee participation. We tell them, you never lose if the employees have

a financial interest. The pie just gets bigger. It’s a win-win situation.

Apart from the internal mechanisms, how important is a liberal environment for doing business?

Freedom is fundamental if firms are to prosper. Just as important are clear rules and their enforcement. There has to be the right balance between a liberalized economy and a good amount of regulation.

What are the fundamental preconditions for doing business in a developing nation?

There have to be clear and fair laws and legal certainty. The laws can’t change from month to month. Also, the judiciary must function well. It has to be completely independent, or else even the best laws don’t help. And finally, justice must be swift. If a court takes ten years to come to a decision, it’s of little use. By then, one of the parties involved is bankrupt.

Is Africa still poor because these preconditions have not been met?

To a certain degree, yes. In fairness, it must be said that the rule of law has made great progress in many African countries. Nowadays, I’d rather go to court in Africa than in Russia or China. The judiciary is certainly not perfect, but it’s also not as bad as people outside Africa like to think. Many courts are reasonable. But it’s true that without good government, Africa will not make progress.

What role should development aid play for Africa?

I am convinced that the continent can do this on its own. We don’t need help, and we don’t need development money. What we need is capital. Last year, about 50 billion US dollars of foreign direct investments came in, and we could have used about 200 billion US dollars. Don’t get me wrong, I have nothing against humanitarian aid and what it can do after a tsunami in Asia, a tornado in the United States or even a civil war in Africa.

What's your opinion of microfinancing?

Microfinancing is good for promoting small initiatives, such as giving a >

seamstress the opportunity to buy her own sewing machine. It doesn't create thousands of jobs, but for that woman it can mean a huge improvement in her situation. It's like an orchestra, where every instrument has a part to play.

You have a degree in engineering and you run mobile telecommunication companies. How important is the mobile phone for Africa?

It would be impossible to overestimate its socioeconomic and political significance. It's immense. Africa is the world's second largest continent, and yet its population had long been technologically isolated. Very few people could afford a land line. And if they did have the money for it, they had to wait for years to get it, because the state monopolies operated so inefficiently. Almost nobody had a television. People had access to very little information about the world, or even about their own country. The telecommunications industry brought a revolution. It made an active, informed civil society possible – and it created wealth.

Wealth?

Mobile banking – as in transferring money using a mobile phone – fundamentally changed Africa. For you in Switzerland, it's normal to have a bank account and make transactions online or in a local branch. And you have a variety of credit cards. Until a short time ago, none of that was the case in Africa. Banks had branches almost exclusively in the major cities, and they served a small circle of business customers and rich members of the elite. Imagine a business that had to get along without financial service providers!

And so, mobile banking ...

... gave millions of people access to a bank. Now they can send and receive money with minimal transaction fees. This has brought lasting improvement to people's lives. A woman whose mother lives in a village several days' journey away can send her money within seconds. A farmer no longer has to make the trek to town simply to order seeds. Two moneychangers in a border region want to complete a

transaction with Ugandan shillings and Tanzanian shillings? Thanks to the mobile phone, they know the exact exchange rate instantly. This is highly efficient and builds prosperity.

What do you see as the future of such mobile services?

Africa today is the leader in mobile banking. The future of retail banking will be mobile, even in Western countries – it's simply faster and more practical. Africa is very advanced when it comes to mobile telecommunications. Celtel did away with roaming fees ten years ago. Is there a mobile network in your area that offers the same rate for domestic calls and international calls to neighboring countries?

What else can we learn from Africa?

(laughs) I don't know whether I'm in a position to answer that. The West likes to tell us what we need to do. We can all learn from each other, but we shouldn't be telling each other what to do.

The mobile phone is used for many different purposes in developing nations. Which of these have you not anticipated?

I've already seen services that help expose corruption. If an official solicits a bribe, you can take a picture and send it to a certain place to report him. Or there's this app for personal safety; if you're attacked, the app sends a text message to all the mobile phones in the area and to the local radio station.

You mentioned that mobile telecommunications also have political effects.

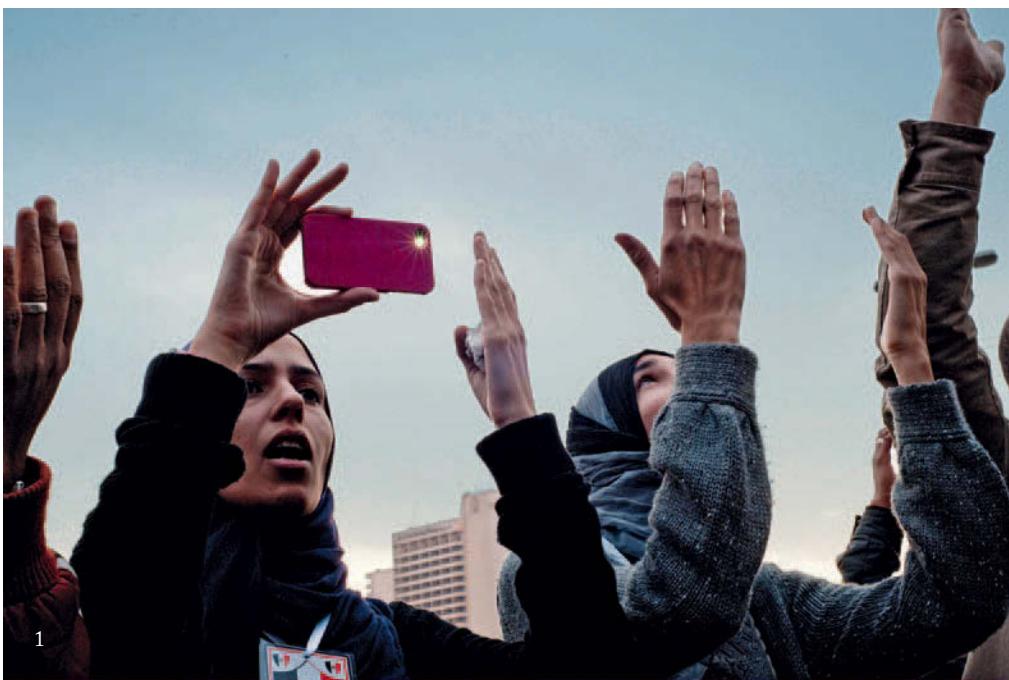
In repressive regimes, the rights of citizens are restricted. They can't communicate freely, express their opinions, assemble in

public. In those countries, the government often controls the police, the military and even the media. Mobile phones have made a difference.

In what way?

It has become more difficult for regimes to hide what they do. If something happens, the news spreads like wildfire. Also, nowadays people can exchange information freely and organize resistance away from the state's watchful eye. The mobile phone played a central role in the "Arab Spring." In the past, we lived in the dark, so to speak. My generation had only one daily newspaper, one radio station and one TV station – and they all belonged to the government. Now we have turned on the lights. The mobile telephone has given society a tool for freedom, for resisting oppression. □

Mo Ibrahim was born in Northern Sudan in 1946, the son of a cotton trader, and was educated in Egypt. He worked for the Sudanese telephone company, earned his doctorate in Britain and then was employed by British Telecom in its new telecommunications branch. In 1989, Ibrahim founded his own consultancy company, which he sold in 2000 for 618 million US dollars. In 1998, he founded Celtel, a pan-African telecommunications company, which he sold five years later for 3.4 billion US dollars. Today, his activity is mainly philanthropic, through his Mo Ibrahim Foundation. The foundation publishes an annual report on governance in Africa (the Ibrahim Index of African Governance) and recognizes outstanding heads of state and government with the Mo Ibrahim Prize for Achievement in African Leadership. His daughter is active in his foundation; his son is an actor.



1) "The mobile phone played a central role in the Arab Spring." Cairo in January 2011.

2) "It doesn't take a genius to recognize Africa's potential." View of the business district in Nairobi, Kenya.



2



3



4



5

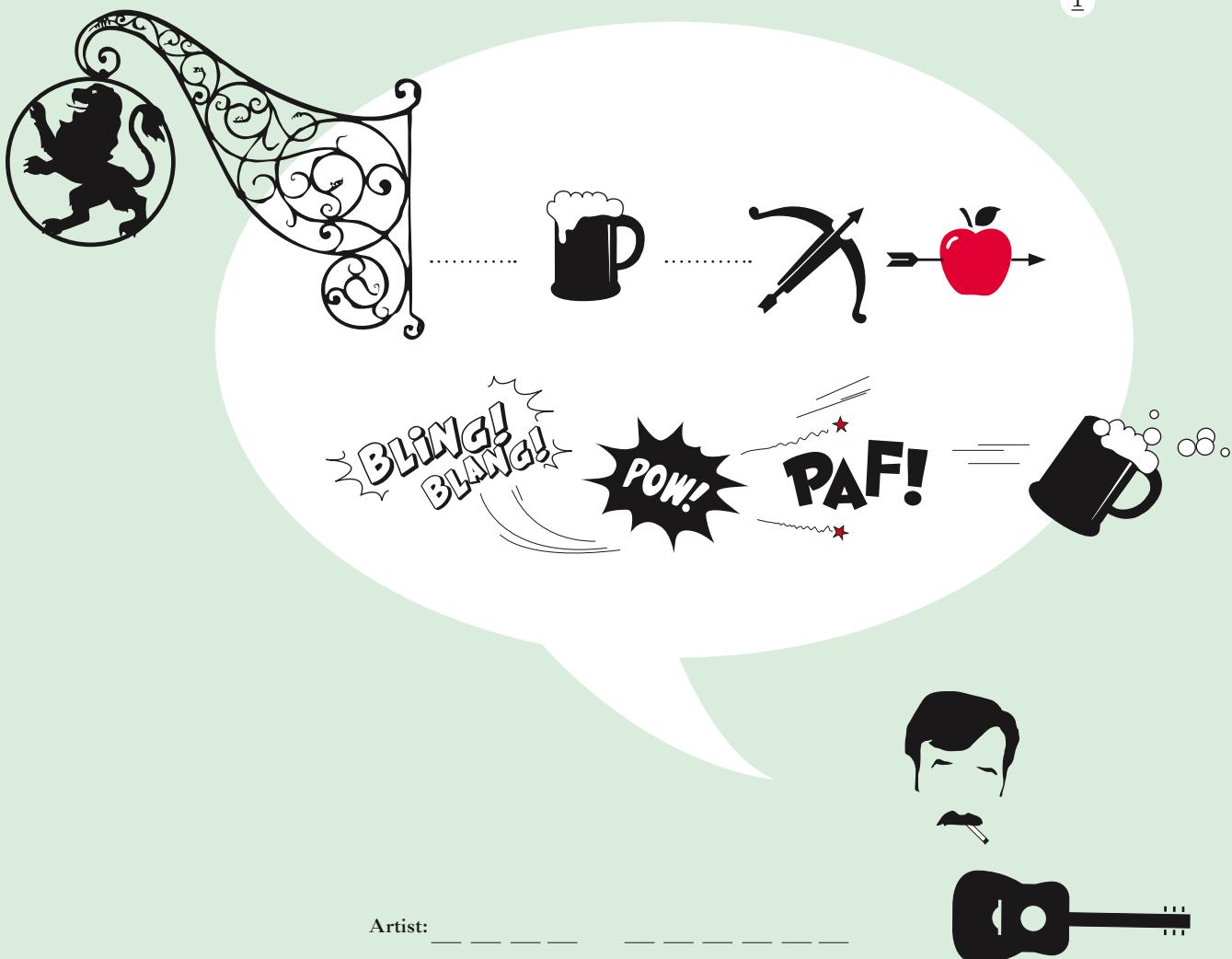
Past winners of the
Mo Ibrahim Prize for Achievement
in African Leadership:

- 3) Pedro Pires, Cape Verde (2011)
- 4) Festus Mogae, Botswana (2008)
- 5) Joaquim Alberto Chissano,
Mozambique (2007), with Mo Ibrahim

Sing It!

Demanding, yearning, triumphant: there are countless songs – both sad and joyful – about freedom. We have interpreted seven of them freely on these pages. Can you guess the title and artist for each one?

Solutions on page 79



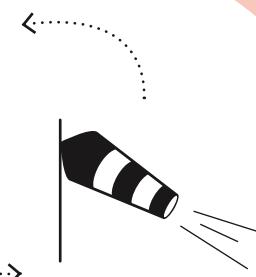
Song title: _____

2

Artist: _____



Song title: _____



3

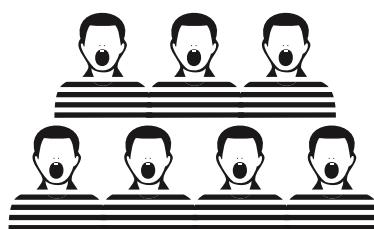
Song title: _____



Artist: _____

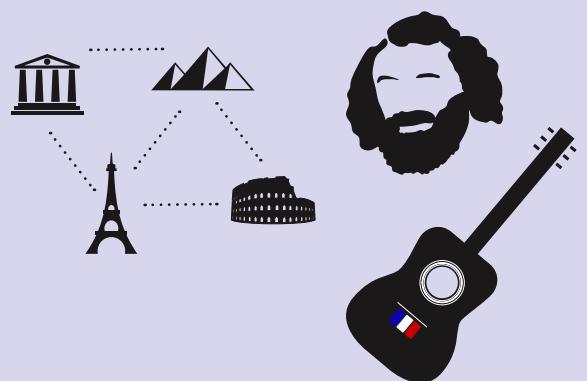
4

Composer: _____



Song title: _____

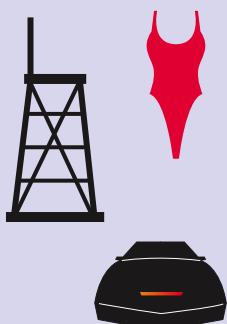
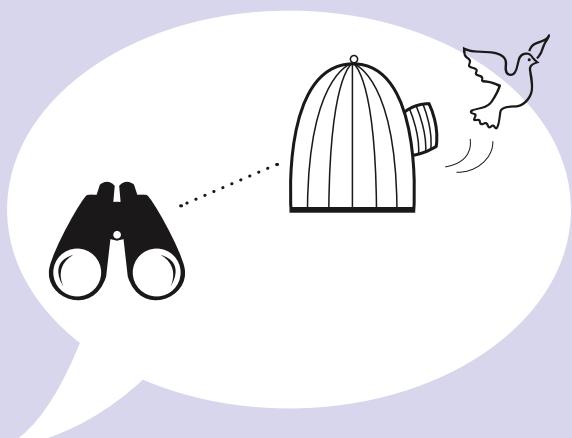
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Song title: _____

Artist: _____

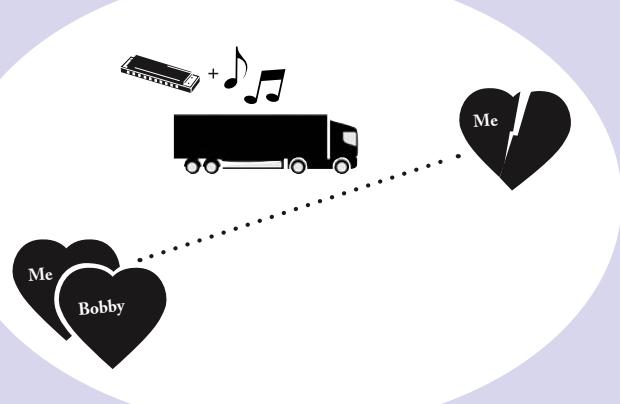
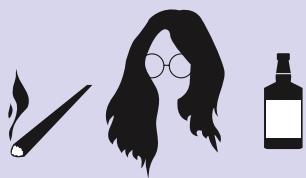
6



Song title: _____

Artist: _____

7



Artist: _____

Song title: _____

1

Si hei dr Wilhälm Täll ufgfüert Mani Matter

Si hei dr Wilhälm Täll ufgfüert
im Löie z Nottiswil
da bruchts viel Volk, gwüss z halbe
Dorf, hett mitgmacht i däm Schpil
(...)
Am Aafang isch es schön gsy, da het
als Schtouffacherin,
d Frou Pfarrer mit dem Schnyder
gret, i Wort vo tiefem Sinn,
(...)
Uf zmal, churz vor em Öpfelschuss,
der Lehrer chunnt als Täll,
sy Sohn, dä fragt ne dis und äis
da rüeft dert eine schnäll,
wo undrem Huet als Wach isch
gschthane, so dass jede ghört,
wiso fragt dä so dumm, het dä ir
Schuel de nüt ráchtes gleert
E Fründ vom Täll, e Maa us Altdorf,
zwickt ihm eis uf ds Muul,
und dise wo dr Huet bewacht,
git ume, gar nid fuul,
und schtoost ihm mit syr Helebarde
eine zmitts i Buuch,
da chunnt scho ds Volk vo Uri
z schpringe,
Donner jetzt geits ruuch (...)
Jetz chöme Gleser z flüge,
jede schtillt sy gheimi Wuet,
es chrose Tisch u Bänk und s Bier
vermischt sech mit em Bluet
Der Wirt rouft sech sys Haar,
d Frou schinet brochni Glider y,
zwo Schtund lang het das duuret,
da isch Öschtrich gschlage gsy
Si hei dr Wilhälm Täll ufgfüehrt
im Löie z Nottiswil
und gwüss no niene i
naturalistischerem Styl,
d Versicherig het zahlt - hingäge eis
weiss ig sithär,
sy würde d Freiheit gwinne,
wenn sy däwäg z gwinne wär

2

Wind of Change Scorpions

I follow the Moskva
Down to Gorky Park
Listening to the wind of change
An August summer night
Soldiers passing by
Listening to the wind of change
The world is closing in
Did you ever think
That we could be so close,
like brothers
The future's in the air

I can feel it everywhere
Blowing with the wind of change
Take me to the magic of the mo-
ment
On a glory night
Where the children of tomorrow
dream away
In the wind of change
(...)

3

If You Love Somebody (Set Them Free) Sting

If you need somebody, call my name
If you want someone, you can do
the same
If you want to keep something
precious
You got to lock it up and throw
away the key
If you want to hold onto your pos-
session
Don't even think about me
If you love somebody, set them free
(...)

4

Va, pensiero (Prisoners Chorus from Nabucco) Giuseppe Verdi

Va, pensiero, sull'ali dorate;
va, ti posa sui clivi, sui colli,
ove olezzano tepide e molli
l'aure dolci del suolo natal!
Del Giordano le rive saluta,
di Sionne le torri atterrate...
O mia patria sì bella e perduta!
O membranza sì cara e fatal!
Arpa d'or dei fatidici vati,
perché muta dal salice pendì?
Le memorie del petto riaccendi,
ci favella del tempo che fu!
O simile di Solima ai fatti
traggi un suono di crudo lamento,
o t'ispiri il Signore un concerto
che ne infonda al patire virtù

5

Ma liberté Georges Moustaki

Ma liberté
Longtemps je t'ai gardée
Comme une perle rare
Ma liberté
C'est toi qui m'as aidé
A larguer les amarres

Pour aller n'importe où
Pour aller jusqu'au bout
Des chemins de fortune
Pour cueillir en rêvant

Une rose des vents
Sur un rayon de lune
Ma liberté
Devant tes volontés
Mon âme était soumise

Ma liberté
Je t'avais tout donné
Ma dernière chemise
Et combien j'ai souffert
Pour pouvoir satisfaire

Toutes tes exigences

J'ai changé de pays
J'ai perdu mes amis
Pour gagner ta confiance

Ma liberté
Tu as su désarmer
Toutes mes habitudes
Ma liberté
Toi qui m'a fait aimer
Même la solitude

Toi qui m'as fait sourire

Quand je voyais finir
Une belle aventure
Toi qui m'as protégé
Quand j'allais me cacher

Pour soigner mes blessures
Ma liberté
Pourtant je t'ai quittée

Une nuit de décembre
J'ai déserté
Les chemins écartés
Que nous suivions ensemble

Lorsque sans me méfier
Les pieds et poings liés
Je me suis laissé faire
Et je t'ai trahi pour

Une prison d'amour
Et sa belle geôlière

6

Looking for Freedom David Hasselhoff

One morning in June
some twenty years ago
I was born a rich man's son
I had everything
that money could buy,
but freedom I had none

I've been looking for freedom

I've been looking so long

I've been looking for freedom

Still the search goes on

I've been looking for freedom

since I left my home town

I've been looking for freedom

Still it can't be found

(...)

7

Me and Bobby McGee Janis Joplin

Busted flat in Baton Rouge,
waitin' for a train
When I's feelin' near as faded
as my jeans
Bobby thumbed a diesel down
just before it rained
And rode us all the way into
New Orleans

I pulled my harpoon out of my
dirty red bandana
I's playin' soft while Bobby
sang the blues
Windshield wipers slappin' time
I was holdin' Bobby's hand in mine

We sang every song
that driver knew
Freedom's just another word for
nothin' left to lose
Nothin', it ain't nothin' honey,
if it ain't free

And feelin' good was easy, Lord,
when he sang the blues
You know feelin' good was good
enough for me
Good enough for me and my

Bobby McGee
From the Kentucky coal mines
to the California sun
Yeah, Bobby shared the secrets
of my soul

Through all kinds of weather,
through everything we done
Yeah, Bobby baby kept me
from the cold
One day up near Salinas,
Lord, I let him slip away
He's lookin' for that home
and I hope he finds it

Well, I'd trade all my tomorrows
for one single yesterday
To be holdin' Bobby's body
next to mine
(...)

Design and production:
Sibylle Kanalz and Andreas Dietrich

The song lyrics may vary depending on
the version.

Thoughts are free



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



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