

Bulletin

The world's oldest banking magazine – since 1895.



**"Mothers teach children things,
and grandmothers help them to forget."**

Maria Ignácia Moraes with Roberto.

Grandparents and grandchildren:
pages 6 and 76.

What Lasts?

Looking back to the past, exploring the present, looking forward to the future.



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How We Tick



The following contributed to this issue:

1 Don Gillmor

The Canadian journalist and author writes about his native Toronto, where they have achieved what politicians and economic leaders around the world dream of: the integration of a large number of immigrants. But how do you do this? Aga Khan, the leader of 20 million Ishmaelite Muslims, said recently that Toronto had the right software and hardware. Don Gillmor looks at what this means starting *on page 28*.

2 Nayan Chanda

The historian and author, who was born in India in 1946, is the Director of Publications at Yale University's Center for the Study of Globalization. In this issue, he discusses the astounding value of democracy in the enormous nation of India. *Page 54*

3 Will Gompertz

What is good art? This small but difficult question is answered by art critic and former spokesman for the Tate Modern with humor and expertise. Really good art, writes Gompertz, is usually the product of a passionate artist who deals with real problems in order to create something of lasting value. *Page 70*

4 Beatrice Schlag

Since she first heard about the case of the Otter family nearly ten years ago, the US correspondent Beatrice Schlag has asked how one can go on with life after a traumatic experience like a grizzly bear attack. She visited Johan Otter, a man full of joie de vivre, in San Diego, but soon the tears started to flow. *Page 60*

I grew up in Norway in the 1920s. Those were hard times, then the war came and my three brothers died. And yet I still look back at that time with fondness. We had to pull together; everyone helped one another. I have tried to uphold these values my entire life." Kåre Magne Hansen, 90, provides us with one of the most beautiful quotes in this edition of Bulletin. The retired carpenter has spent his entire life in Rena, a small city north of Oslo that was bombarded by the Germans during World War II. For this issue, we asked older people what has shaped them most in their long life (page 6). We supplement their look back with the perspective of their grandchildren: Which family traditions would they like to uphold (page 76)?

"What lasts" is a major issue – and a typically human one. Homo sapiens is the only creature that has a concept of time, that can and must think about what he (or she) will leave behind. Kaiser Wilhelm II proved that we are all prone to errors of judgment. "The car," the monarch predicted, "has no future. I believe in the horse." Bulletin avoids making such forecasts. Instead, we take stock in 19 stories. We present interesting aspects of the present, and attempt to draw conclusions for tomorrow from yesterday.

In Toronto we found an example of how people will live together in the major metropolis of tomorrow. Every year, more than 100,000 immigrants stream to the Canadian economic hub, whose motto is, "Diversity Our Strength." Toronto regularly tops quality-of-life rankings, its crime rates are low, and its economy is booming. How is this possible (page 28)? Shifting gears, we speak with renowned economist Carmen M. Reinhart (starting on page 22), who does not offer a lot of optimism ("I don't paint a very pretty picture of the world at the moment."). And we ask: How much do the Swiss have left in their wallets at the end of the month and at the end of their lives? And what were the best investment strategies over the last 100 years?

Finally, starting on page 50 we try to answer the big questions about human nature. How do we tick, from economic, political and religious points of view?

We hope you enjoy this issue

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Bulletin: What Lasts?

WHAT WAS, WHAT IS, WHAT LASTS

Essay: Why we live in the best of all worlds... so far. [Page 4](#)

WHAT REALLY COUNTS (PART I)

Grandmothers and grandfathers from around the world on formative moments and lasting values. [Page 6](#)

WHO AM I?

The great questionnaire – what Proust and Frisch would ask today. [Page 16](#)

WHAT IS LEFT... AT THE END OF LIFE

The average amount we inherit is 450,000 Swiss francs, but assets are built up only in later life. [Page 18](#)

...AT THE END OF THE MONTH

Taxes, rent, health care costs: Where is the most economical place to live in Switzerland? [Page 19](#)

AFTER THE FINANCIAL CRISIS

“Humans repeat their mistakes.” An in-depth discussion with renowned economist Carmen M. Reinhart. [Page 22](#)



HOW TO INVEST?

Successful investment strategies from the last hundred years. [Page 27](#)

HOW WE CAN LIVE TOGETHER

The city of the future: 100,000 people immigrate to Toronto each year. The model appears to be working. [Page 28](#)

WWWWHO, WWWHEN, WWWWHAT

A brief history of the internet, with successful startups, the hypes and the flops. [Page 40](#)

HOW TO ERASE TRACES ONLINE

The web never forgets. Tips for a life with a minimal online footprint. [Page 42](#)

HOW THE YOUNGER GENERATION SHOPS

Generation Y are the consumers of tomorrow. They behave radically differently from their parents. [Page 44](#)

HOW AN ANCIENT ART SURVIVES

Chiara Vigo is the last living person preserving the ancient tradition of mussel silk. [Page 46](#)

HOW WE FUNCTION

Homo economicus – are humans self-serving or cooperative? [Page 52](#)

Homo politicus – India and the global value of democracy. [Page 54](#)

Homo religiosus – Hans Küng and the Golden Rule for all. [Page 56](#)

HOW TO INVEST IN SUSTAINABILITY

Conservation finance or: What helps nature and is also profitable. [Page 58](#)

LIVING WITH TRAUMA

Johan Otter was attacked by a grizzly while hiking. A visit with a survivor. [Page 60](#)



WHAT WE CAN LEARN FROM TRADITIONAL SOCIETIES

Pulitzer Prize winner Jared Diamond on traditional societies, and what we can learn from them. [Page 66](#)

THE KNOWLEDGE OF OUR ANCESTORS

From the cinema to the hair-curler: Some inventions are older than we think. [Page 69](#)



WHAT MAKES GOOD ART ENDURE

Honesty and sincerity: How to recognize modern art of lasting value. [Page 70](#)

WHAT DEFINES A CLASSIC STYLE

Since Coco Chanel, the little black dress has been every woman's essential wardrobe piece. [Page 74](#)

WHAT REALLY COUNTS (PART II)

Grandchildren from around the world on the values of their grandparents. [Page 76](#)



The Last Page

Illustrated by Jörn Kaspuhl. [Page 80](#)



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The Best of All Worlds ...So Far

Everything races past us, everything is continually changing – and eternal values are cast aside. Slow down! Perhaps the constant change isn't so bad and we can simply learn to deal with the present. *By Wolf Lotter*

Charlie Chaplin recognized in the 1930s that everything was moving faster and faster. He directed and starred in "Modern Times," a film that shows him as the victim of industrial society, a hamster on the treadmill of a continually accelerating age in which no room remains for values and individuality. The message is that with the production line everything goes down the drain. Values help to orient us. Speed kills, as they say. Too high a speed disorients us. It throws us off track. And makes life short. And Chaplin still hadn't seen anything yet.

We live in an era of real time, defined by "everything, anywhere, anytime," the catchphrase during the internet boom in the 1990s. The web may not be the only technology out there, but it is perhaps the most perfect technology to date, and it enhances our feeling that it is all too much and too fast. What should we orient ourselves on? The journey is similar to a glance out of the window of an Intercity train. Looking down, we can barely make out anything. Objects in the foreground become blurred, because the speed overwhelms our brain.

Our brain has to choose between too much individual information and in the

end it can no longer decide. Everything becomes a blur. Nothing is clear.

Polar Inertia

The French media philosopher Paul Virilio once called this the process of "polar inertia." We do everything very fast but we're not moving ahead – that's the impression, at least. We do not face the complexity and hence the challenge, we simply rush past. To be precise, we are not fast but in flight. But what are we fleeing from?

From ourselves. There is no other explanation for the search by many to slow down and find a new moral focused on "eternal values." The initial search for clues is difficult: What are these eternal values that are thrown under the bus? Every set of values is transient, a compass whose needle soon no longer provides orientation. And eternal is a very long time. Of course, you can refer to a set of rules for universal values such as the UN's Universal Declaration of Human Rights from 1948. Freedom, self-determination, self-realization and freedom of movement are its cornerstone. It doesn't deal in any way with morals but rather focuses on the conditions for personal development. Concepts such as secu-

rity, trust, integrity and solidarity are also called for – even when their loss is generally lamented.

How Good Were the Good Old Days?

The uneasy question "What lasts?" actually asks something else: What can we orient ourselves on? On others? On supernatural powers? Or on ourselves? We're on to something here. "What lasts?" – people have always asked this when their own compass is out of order – for instance, when the world spins too quickly for them.

This trend has been traced by some back to the 1960s when resistance to the new consumer society that arose after World War II – and provided the West with much prosperity – began to grow. The change in values was also driven by the political student movement, as well as hippies and the Beat generation. For many, it was not about politicization but generally a "nicer, better world." The question was simply: Isn't there an alternative to materialism, something that means more than goods and merchandise?

It may be a bitter pill for this self-enlightened generation but they were not the first to have this thought. Johann

Wolfgang von Goethe complained about this issue more than 200 years ago in his “Epilogue to Schiller’s Song of the Bell.”

*And his spirit pressed on undaunted
into the eternal realm of truth, goodness
and beauty,
and at his back lay that formless illusion,
the ordinary that binds us all.*

It's all there, the ordinary, the usual, the normal, everything opposed to eternal values. The beautiful, the true and the good, which are always called upon in contrast to materialism, to the ordinary, are vague and unclear ideals, a longing. Not of this world. And maybe that's why they are the ideal vanishing point at a time when more choices and more independent thinking are required of us than in any era before. Do we want eternal values – or do we start to shape this world according to our ideas? It's worth asking whether the “good old times” were really so good with their ideals of beauty, truth and goodness?

User's Guide for the Modern World

The English philosopher Thomas Hobbes did not believe this when he published “Leviathan” in 1651. The book is rightly considered a kind of guide to the modern world of enlightenment and the self-responsibility of the individual. “Nasty, brutish and short” – was Hobbes's epitaph on the lives of the majority of his contemporaries. He and other enlightenment figures chose another goal: less fate, more self-reliance. Less idealism, more grounding in reality. Instead of hoping for a better world, we should work on making the world better in the here and now. Instead of vague prospects, we should live in the present, which we must shape.

This is the idea that has led to the best of all previous worlds, in which more and more people can realize themselves. We live three times longer than our ancestors at the start of the industrial age. Material conditions for most people have improved considerably – an OECD study shows that, globally, per capita income grew by a factor of eight from 1820 to 2000. People are also doing better in regions often only associated with bad news in the West. In Africa between 1950 and 2010, life expectancy grew substantially – from 38.2 years to 55.2 years. Although more and more people are living on the planet, the proportion that suffer from

hunger has been decreasing considerably for years. In 1990, this figure was 15.1 percent of all Earth's inhabitants. Today, this figure is approximately 9 percent. In 2030, the value is expected to sink to 7 percent, according to the estimates of the Food and Agriculture Organization of the United Nations (FAO).

The world isn't perfect but it is getting better, and this is due primarily to well-functioning global business and technological processes that are continually improving. Some skeptics don't want to hear about this. However, it doesn't change the facts. Never before have so many people had the opportunity to live their lives in the here and now, instead of hoping for eternal values and the beautiful, the true and the good.

However, this also has to be learned. The present seems so fast, so fleeting, because we still have to learn to take the right perspective on these opportunities.



Like a compass without orientation.
Every set of values is transient, a compass whose
needle soon no longer provides orientation.

After so many centuries of lack in this regard, this is not surprising. So many generations before us led lives without alternatives, with no choices, or prospects of improvement – they could not make decisions and had to accept their fate without question. The world had a straightforward material foundation and did not move as fast as it does today. The economy scarcely grew, prosperity was reserved for a small level of society that preserved its power and culture. Then the revolution of speed began, which the philosopher Virilio called the transformation; first the industrial revolution which led to the steam engine, railroad and automobiles – to “machines [...] that can produce speed on their own,” as he writes. The “speed of light transmission media” of the 20th century followed, from the telephone to the inter-

net, in which “real time” unfolds, “space vanishes,” and humans can no longer keep up. Now the maximum speed has been reached. We literally only see out of the window of a speeding train. To see the details, we would have to replace our brains with computers capable of keeping up.

We Have to Choose

Virilio proposes this “solution” ironically but he knows the only alternative. Instead of making us into robots capable of managing robot technology, we have to choose. We have to set the time according to ourselves. This not only enables us to stop the feeling that it's all too much and too complicated but we also find out what really matters – and we do so without sacrifice, without slowing down and reduction, which are now once more widely hailed as a panacea. It doesn't have to be the way it is. We have to understand, proposes the German sociologist and time researcher Karlheinz Geissler, what diversity means: “This has, of course, an effect on our relationship with time. Making use of time-diversity means being able to decide for or against something. Most of us, however, avoid this decision.”

So that's it. Chaplin knew, of course. His “Modern Times” was a call for individuality and against conformism and inertia. We learn to organize our time, our lives. Not forever. For now – and for us. □

Wolf Lotter is a journalist and author.
His most recent publication is “Zivilkapitalismus”
[Civil Capitalism] (Pantheon/Random House)

A Long Life

From the housewife in Japan, to the entrepreneur in Greece, to the farmer in Switzerland: Grandmothers and grandfathers explain what has shaped them over the last 100 years (what their grandchildren will take from the family traditions: page 76).

Reports: Simon Brunner

"A simple, ordinary life gives me lasting happiness and joy."

Sakiko Yamaguchi, 72
Yokohama, Japan





**"The freedom of
entrepreneurship
is priceless."**

Nikos Vitogiannis, 70
Athens, Greece

A close-up photograph of an elderly man with white hair and a beard, wearing a light-colored jacket. He is looking directly at the camera through a green safety net with a hexagonal mesh pattern. The background is slightly blurred, showing what appears to be a stone wall or a similar outdoor structure.

"I love exploring the world – I must have inherited it from my own grandfather."

Jeremi Malicki, 80
Wroclaw, Poland





**"I am proud that
my family will
continue to work
the farm."**

Katharina Hess, 99
Ebnat-Kappel, Switzerland



“I was strict with my children; it was only with my grandchildren that I loosened up.”

Maria Ignácia Moraes, 90
São Paulo, Brazil

Page 6 — Sakiko Yamaguchi, 72

Housewife

Yokohama, Japan

2 daughters, 4 grandchildren

"I have led a rather monotonous life, but that does not mean I've been unhappy. I spent my youth in the difficult post-war years. I married at 25. My life was blessed by the birth of my two daughters. Watching them grow up was wonderful. We laughed a lot, we cried and – very rarely – we yelled at one another. Now I have four small grandchildren. A simple, ordinary life gives me lasting happiness and joy."

Page 7 — Nikos Vitogiannis, 70

Retired entrepreneur

Athens, Greece

2 sons, 7 grandchildren

"Everyone in my family is an entrepreneur. My father built a business for crown caps, the metal caps used on, for example, Coca-Cola bottles. He was a market leader in Greece, and I joined him. Later, I founded four more companies. My brothers also worked with me, but my father and one brother died early. All of a sudden, I was responsible for the business and seven children. Those were hard times, and we worked a lot. But the freedom of entrepreneurship is priceless. Of course, there are difficult customers and unreliable suppliers. Sometimes you feel hopeless. But when the day ends and you see what you have created, it makes you infinitely happy. More important than the companies was my wife. I met her at a party and immediately knew that she was the one. I had no doubt, her personality was right, and she was beautiful. And I have been proved right to this day."

Page 8 — Jeremi Malicki, 80

Retired railroad director

Wroclaw, Poland

2 children, 2 grandchildren

"Although I grew up in communist Poland, which was a fairly closed system, travel was always my great passion. I love exploring the world – I must have inherited it from my grandfather, Witek. He was a simple worker, but he collected travel books and took many trips. And that was in the 19th century, mind you. My passion for travel started early. When I was four years old, I climbed Giewont, a high peak in the Tatra Mountains in Poland – with my parents

and grandparents, of course. The beauty of traveling is the memories that stay with you for the rest of your life."

Page 10 — Katharina Hess, 99

Retired farmer

Ebnat-Kappel, Switzerland

1 son, 3 grandchildren, 3 great-grandchildren

"I always enjoyed being a farmer; I liked the animals and the work. Our farm was small, barely six hectares, and we did everything ourselves. The only machine we had was for mowing. In the 1960s, tuberculosis infected the barn and we had to dispose of all of the cattle. We were forced to lease the farm. In 1977, my son took over the farm and gradually we were able to run it again ourselves. The same year, my husband died of old age. Today, three generations live under one roof. I am proud that my family will continue to work the farm."

Page 11 — Maria Ignácia Moraes, 90

Retired handicrafts teacher

São Paulo, Brazil

2 children, 4 grandchildren, 10 adopted children, 4 adopted grandchildren

"My students often told me: 'Outside of school, you are a good friend, but as a teacher you are too strict.' How was I supposed to respond? I felt obligated to their parents. They paid me, so I had to teach the children something. I am a perfectionist after all. I was strict with my children, too; it was only with my grandchildren that I loosened up. I always say, 'Mothers teach children things, and grandmothers help them to forget.' We have to spoil grandchildren. Except for Roberto! He is on the edge of an important moment in his life – his last year at university. He has to get good grades. In our family, we get good grades! I have two children of my own and ten adopted girls – four of whom were siblings whose parents died quickly one after another. I simply couldn't say no and took them all in."

Page 13 — Moni Dorcas Phahlane, 87

Retired cleaning woman

Soweto, South Africa

4 children, 6 grandchildren, 1 great-grandchild

"I have no regrets in life – quite the contrary, I would do everything over again.

My husband died when I was 45. He was shot. We never found out by whom or why. I raised the children by myself, and worked as a cleaning woman at a shoe shop. I am full of energy and to this day can barely sit still. I always have to be doing something. One of my sons and his wife died very young, so my granddaughter Refilwe grew up with me. I tried to raise her as a respectful person. She wants to go to university now, which makes me very happy."

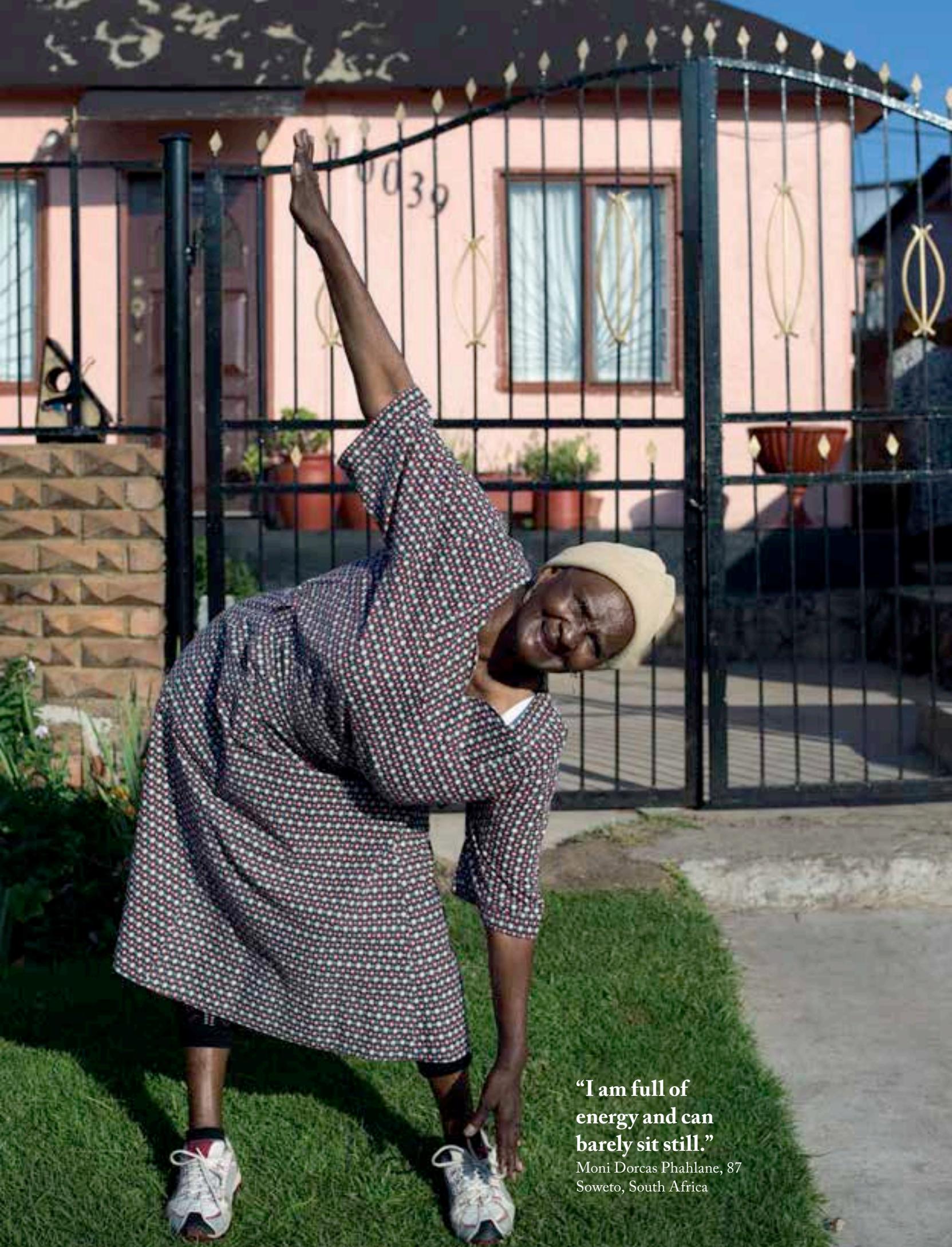
Page 14 — Kåre Magne Hansen, 90

Retired carpenter

Rena, Norway

4 children, 4 grandchildren, 1 great-grandchild

"I grew up in Norway in the 1920s. Those were hard times. Then the war came and all three of my brothers died. And yet I still look back at that time with fondness. We had to pull together; everyone helped one another. I have tried to uphold these values in my family my entire life. Today, every one of my children and grandchildren who has time stops by around noon for a quick coffee. I like this because most of my friends are already dead and my wife died six years ago. I retired in 1985, but I still do some small carpentry projects. And I love hunting."



**“I am full of
energy and can
barely sit still.”**

Moni Dorcas Phahlane, 87
Soweto, South Africa





"I love hunting."

Kåre Magne Hansen, 90
Rena, Norway

WHO AM I?

The New Proust

37 Questions for Exploring Your Values, Sounding Out the Person Sitting Next to You and ... Listening. By Mikael Krogerus

In fin de siècle Europe, light conversation (aka: small talk) was crucial to a successful evening. And yet the cultivated guest was not the one who always had the right response down pat, nor was it the one who kept the audience in stitches with a series of charming and witty comments. No, the ideal person to be seated next to was the one who had mastered the high art of the question. The explanation for this is simple and true, and can be summarized by this single rule: We don't love the brilliant people, but the ones who make us feel brilliant when we are with them.

And yet because it is so difficult to ask the right question in the right situation, a little crib sheet was soon making the rounds through European salons. Questions which appeared innocent, but in fact bared the soul. "Who would you rather be?", "How do you want to die?", "What qualities do you most value in a man?" The author of this questionnaire – an alchemist of love, holding the master key to the hearts of women – remains unknown to this day. Marcel Proust, just thirteen years old at the time, answered the questionnaire in 1885 at the birthday party of his friend Antoinette Fauré. In 1924, Faure's son published Proust's answers, and since then it has been referred to as "Proust's Questionnaire." The fact that he did not write the questions but merely responded to them argues for the charm of the previously stated rule.

Today, almost 130 years later, the questionnaire has lost some of its luster ("Which military operations do you admire most?" was considered a sophisticated ice-breaker at the end of the 19th century, but today would only result in an irritated shake of the head). Questions are children of their time, so it seems appropriate to update the survey. Two of the original questions (no. 1 and no. 37) were kept as a tribute, and two others were borrowed from the great Swiss questioner Max Frisch (no. 22 and no. 23).

For the revised questionnaire as well as for the original, keep in mind that we all admire people who can give good responses. Those who ask good questions are admired even more. But mostly, we remember those who really listen.

1 — Where would you like to live?

3 — What is the first thing you do in the morning – and what does this say about you?

4 — What was your last status update? And what was your very first one when social networks first emerged?

5 — Where were you when you found out about 9/11?

7 — What do you know about the political opinions of your grandparents?

8 — Do you know your ecological footprint? What would need to happen for you to change your life accordingly?

9 — What kinds of compliments do you get frequently?

10 — Which of your abilities have been the most important for your career?

11 — In which areas are you better informed than your friends?

12 — Who is the most intelligent person among your acquaintances?

13 — Which of your distinctive character traits did you already have as a child?

14 — Who was your best friend at 16? What is that person doing today?

15 — What was your first email address?

16 — What is your most valuable material possession?

17 — What do you typically spend too much money on?

18 — In an airplane: Aisle or window?

19 — A television series that you cannot get enough of.

20 — Are you able to balance all of the pressures of modern life? Which one is the most difficult for you?

21 — In which situations and where can you manage to avoid looking at your smartphone every ten minutes?

22 — Does someone love you? How can you tell?

23 — Do you love someone? How can you tell?

24 — Look in the mirror. What do you see?

25 — What is the biggest change that you have seen in yourself over the last five years?

26 — With whom did you last have a good laugh?

27 — What was the last thing you cried about?

28 — Who is the most important person in your life? What could you do to improve that relationship?

29 — If hell was a hotel room, who are you locked in with?

30 — How many times have you had too much to drink in the last 30 days?

31 — What ritual is important to you?

32 — What do you believe in even though you cannot prove it?

33 — If you could rewrite part of your history, what part would you choose?

34 — Could you have made more of yourself? Explain.

35 — If you lost everything, where would you start again?

36 — What could you most easily do without for a whole year: alcohol, internet, orgasm?

37 — How would you like to die?

Mikael Krogerus, born in 1976 in Stockholm, is a freelance journalist. He studied political science in Berlin and Denmark and, together with Roman Tschäppeler, co-authored the bestsellers “The Question Book,” “The Decision Book: 50 Models for Strategic Thinking” and “The Change Book” (originally published in Switzerland by Kein & Aber).

WHAT REMAINS FOR US

The Final Tally

How much do the Swiss have left in their wallet after life's major and minor expenses? Assets, inheritance and disposable income at a glance. *By Andrea Schnell*

WHAT IS LEFT AT THE END OF LIFE?

Assets provide no benefits; they simply serve to smooth over consumption during a life-cycle – or so the Italian economist Franco Modigliani (1918–2003) believed. He was awarded the Nobel Prize in 1985 for his life-cycle hypothesis. According to his theory, people save throughout their working years in order to consume their assets in old age and up to death – which is known in advance in the model calculation. Two major points undermine Modigliani's theory. In practice, we don't know when we'll die; and assets are passed on in the form of inheritance.

In Switzerland some 30 billion francs are passed on annually ("Inheritance in Switzerland," 2005). In 2000, the average amount inherited per deceased was 450,000 Swiss francs, not including the 25 percent

According to the latest federal tax statistics, there are 10,500 people in Switzerland with net assets of more than 10 million Swiss francs. They make up less than 0.5 percent of those subject to wealth tax but own 26 percent of total private assets. The "richest 300" according to Bilanz magazine have an estimated wealth of 564 billion francs, that is nearly as much as Switzerland's annual gross domestic product.

The 2013 Global Wealth Report by Credit Suisse provides an international comparison of the concentration of wealth. According to this report, the distribution of wealth in Switzerland is almost as uneven as it is in Sweden, and more uneven than in Germany or France, although it is more even than in the US. In addition, the concentration of wealth and average assets vary between cantons. The average net assets per person subject to tax are almost 300,000 Swiss francs in Switzerland. The cantons with the highest average wealth are Nidwalden and Schwyz with more than 870,000 Swiss francs, and Jura and Solothurn are at the bottom of the list with 120,000 Swiss francs. Within the cantons, wealth is distributed most unevenly in Basel-Stadt and Geneva, and most evenly in the canton of Uri.

CHF 450,000
Average amount inherited
(per deceased).
Average inheritance
received (per heir):
CHF 180,000.

of those who die without leaving behind an estate. The average inheritance was 180,000 Swiss francs. However, one-third of the population never inherits any money. As we see, inheritance is a highly irregular phenomenon: Forty-five percent of heirs receive 98 percent of the total amount inherited. Inheritance is thus on the whole as unevenly distributed as assets. In other words, inheriting strengthens the asset concentration – those who already have, receive more.

the inheritance is added to pre-existing, saved assets. As a result, the 65+ demographic in the canton of Zurich has average taxable assets of 950,000 Swiss francs (see figure). In contrast to the economic theory of Franco Modigliani, retirees do not consume their assets in retirement but rather grow them. The most frequent form of inheritance is cash or bank deposits. Real estate makes up one-third of total inheritances.

Controversial Inheritance Tax

In contrast to many other European countries, Switzerland does not have a national inheritance tax. The collection of inheritance and gift tax falls under the jurisdiction of the cantons, and the tax rate varies significantly. The canton of Schwyz does not collect any inheritance or gift tax whatsoever. In the other cantons, the surviving spouse and, in some cases, the direct descendants are exempt from paying inheritance tax.

Income from inheritance and gift tax was 862 million Swiss francs in 2011, or 1.3 percent of the total tax revenues for the cantons and municipalities.

An initiative launched in March 2013 for inheritance tax reform is looking to introduce a national inheritance tax and

Retirees Grow Assets

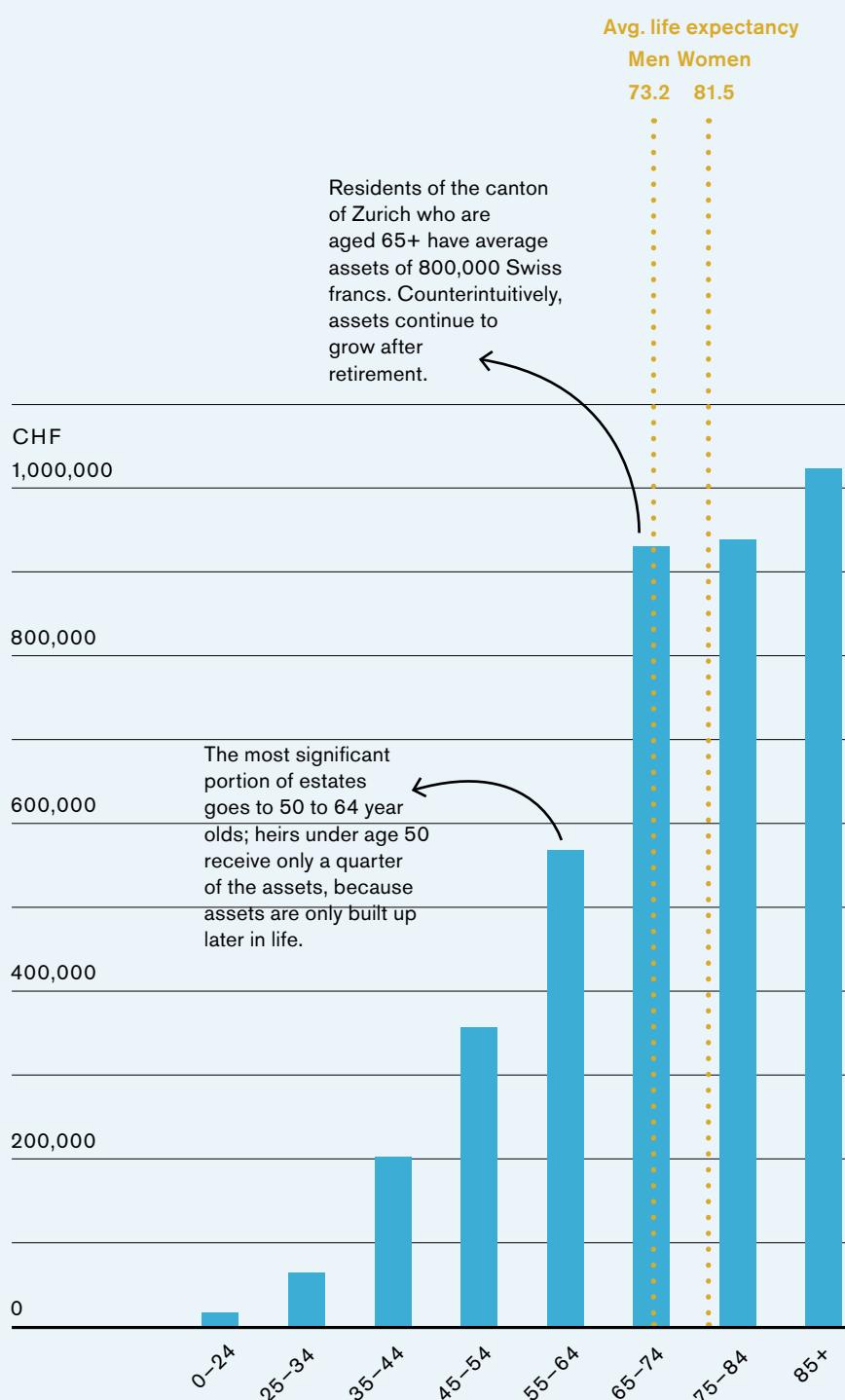
Three-quarters of all assets are passed on to the closest family members, that is, to children and spouses. Some 60 percent of the total inheritance goes to children. Only 10 percent of estates are passed on to non-relatives or organizations. With the population's increasing life expectancy, the age of the heirs has also increased. Only a quarter of the assets passed on go to heirs under age 50. This figure is bound to shrink further. The most significant portion of estates goes to 50 to 64 year olds. And as the age of heirs increases, inheritances are being used for different purposes than in the past. Life decisions like setting up businesses or family planning are typically completed, and

45 percent

Just under half the heirs received 98 percent of the total amount inherited. In other words, inheriting strengthens the asset concentration – those who already have, receive more.

Wealthier in Later Life

Assets by age (canton of Zurich)



Source: Federal Tax Statistics, Statistical Office of Canton Zurich

eliminate cantonal regulations. Instead, the cantons would receive one-third of the revenues, while two-thirds would be allocated to the Swiss Federal Social Security Fund. The initiative's backers propose a tax rate of 20 percent and a one-time exemption of two million Swiss francs per estate; only spouses would be completely exempt from the tax. From an economic perspective, an inheritance tax has the advantage of causing little or no market distortion, and it is relatively efficient as a method of reallocation. By contrast, such a tax has numerous unwanted side-effects such as double taxation of assets and inheritance, the threat to company successions, and the potential to avoid the tax through lifetime giving. Whether you see inheritance tax as positive or negative therefore depends on your political inclination.

WHAT IS LEFT AT THE END OF THE MONTH?

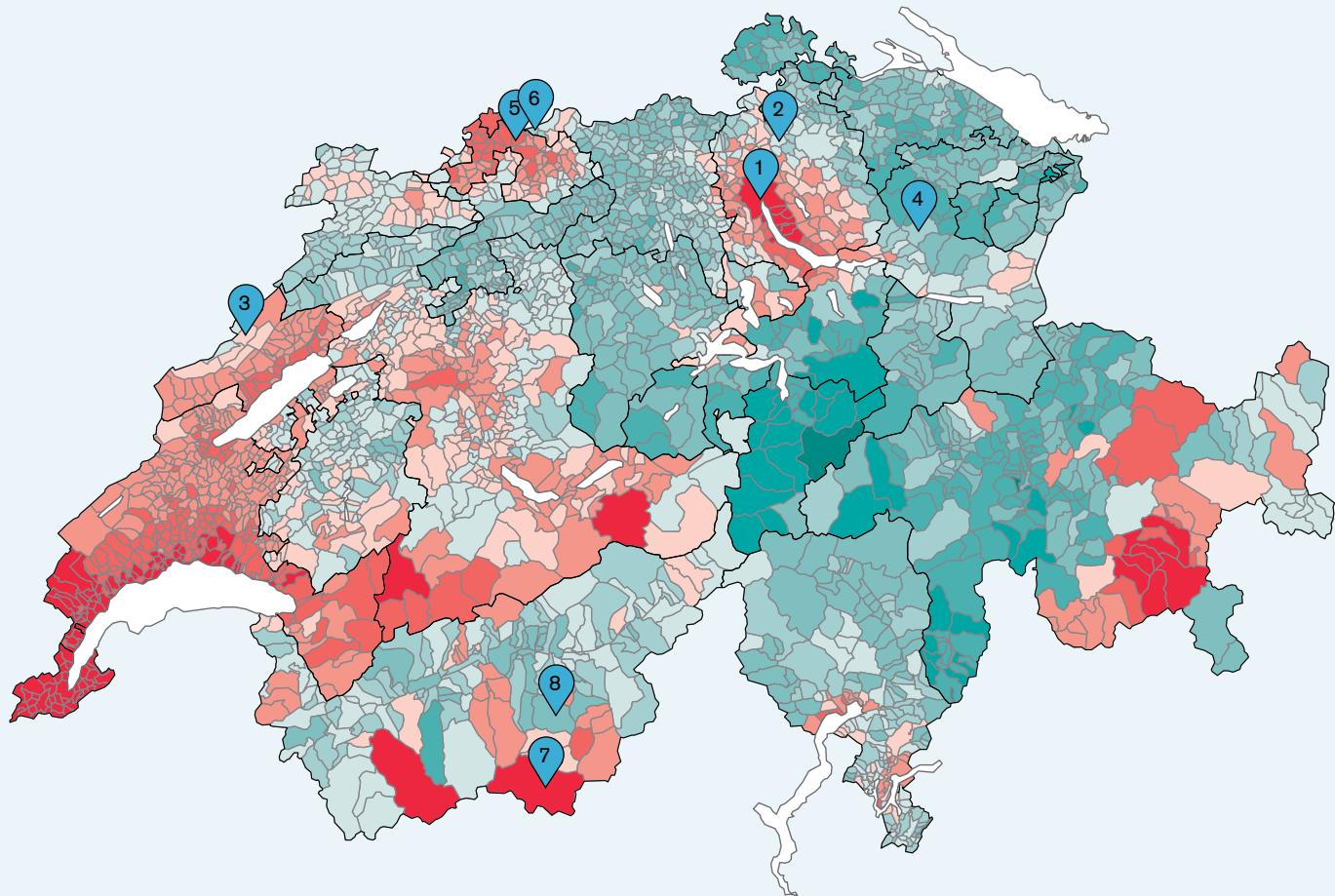
How much money the Swiss inherit is less important in daily life than the question of how much money they have left over at the end of the month. The answer can vary greatly depending on where you live. Many households could improve their budgets by moving elsewhere. Considerable savings are sometimes possible just a few miles down the road. Alongside differing tax burdens, disposable income is determined by a number of other factors. Living costs, health insurance premiums, family allowance amounts and commuting costs vary significantly between places of residence (see figure on page 20). For middle-class households, living costs and health insurance premiums are critical, the importance of the tax rate increases with income. Disposable income represents the amount available to a household after deducting all mandatory charges and fixed costs. □

Andrea Schnell works at Credit Suisse Economic Research.

Where's the Least Expensive Place to Live? Disposable income by municipality

Taking into account commuting costs to the nearest city center, all data in Swiss francs

- High disposable income
- Low disposable income



Centers vs. suburbs

Life in a city is more expensive than in a suburb. The reason for this is the higher cost of living, that is, rents and real estate prices (e.g. monthly living costs in [Zurich City](#) 1 are 6,600 Swiss francs compared to 3,500 Swiss francs in [Embrach in canton Zurich](#) 2). Health insurance premiums are also above average in the city centers based on the higher density of specialists (780 in Zurich compared to 640 in Embrach).

Western Switzerland vs. German-speaking Switzerland

In Western Switzerland, the fixed costs and mandatory charges are higher than in German-speaking Switzerland. This is due to the higher tax burden (all Western Switzerland cantons are above the Swiss average),

as well as the higher health insurance premiums ([Le Locle \(Neuchâtel\)](#) 3: taxes 3,000, health insurance premium 820 compared to [Wattwil \(St. Gallen\)](#) 4: taxes 1,900 and health insurance premium 560. Monthly difference: 1,360 Swiss francs). These costs are also above average in Western Switzerland outside the city centers. The exceptions are the canton of Valais and parts of Fribourg.

Cantonal Boundaries

A large portion of the monthly fixed costs is dependent on cantonal regulations, which means that taxes and health insurance premiums can differ greatly. So it can be very beneficial to move across canton lines. One example of fixed costs: [Pratteln \(Basel-Land\)](#) 5: taxes 1,900, health insurance premium 760

compared to [Kaiseraugst \(Aargau\)](#) 6: taxes 1,500, health insurance premium 600. Difference in fixed costs: 560 Swiss francs monthly.

Tourism Communities

The high (domestic and foreign) demand for vacation properties in tourism destinations has the effect of increasing the living costs for the local population. Example: Living costs in [Zermatt \(Valais\)](#) 7 3,800 compared to 1,500 in [St. Niklaus \(Valais\)](#) 8.

Sample household: Family with two children. Gross income 150,000, assets 300,000, single-family dwelling of average standard.

Source: "Living and Commuting: Where's the Least Expensive Place to Live? Disposable Income in Switzerland" (www.credit-suisse.com/research)

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“Switzerland is a major exception
and has been lucky. Hopefully,
it will stay that way.”
Carmen M. Reinhart.



AFTER THE FINANCIAL CRISIS

“The circumstances may change, human nature does not”

Carmen M. Reinhart has studied financial crises and human nature for decades. The most cited female economist in the world sums it up: We forget too quickly and repeat our mistakes. In this interview, Reinhart explains why this is and why she has a mortgage despite a fear of debt. *Interview: Simon Brunner*

Professor Reinhart, along with the economist Kenneth S. Rogoff, you wrote the best-seller “This Time Is Different: Eight Centuries of Financial Folly.” Are we humans really doomed to fail again and again, and start over from scratch?

My answer is fatalistic: Yes. Financial crises have happened at different times, in different places, in different government systems and cultures. The circumstances may change, human nature does not.

What is our biggest flaw?

Our memory fades. After a crisis, precautions are typically taken. But then they are circumvented or we think they are no longer necessary. The essence of the “this time is different” syndrome lies in the assumption that crises only happen to others. Or they only happened in the past and today we are smarter.

Carmen M. Reinhart, 58, has been the most-cited female economist in the world since 2007 (source: RePEc database). Reinhart teaches International Financial Systems at Harvard; previously, she worked at the investment bank Bear Stearns and the International Monetary Fund. Reinhart was born in Cuba and grew up in the US. She is married to the economist Vincent R. Reinhart (chief US economist at Morgan Stanley), and together they have a son. Reinhart and her husband met while studying at Columbia University. Both are left-handed and therefore often sat next to each other in the classroom.

There are big differences between financial crises!

Of course. A pattern is, however, repeated. There is a longer period in which the boom is fueled by excesses, which are often funded by borrowing. In addition, a certain market is hyped. This could be real estate, equities, government bonds or commodities.

And then what?

Assets seem to grow endlessly, with profits in these markets rising unabated. You can always borrow more and invest more. These euphoric stages are an old phenomenon, they have existed for centuries. However, confidence is an unstable and uncertain commodity. Suddenly lenders retreat, whether because of a rumor or because something actually happened. If you are heavily funded by borrowing, things can become difficult. The crisis begins.

Some countries actually seem to behave differently. For instance, Switzerland has never been insolvent.

That's right. Switzerland has had trouble with its banks but no **systemic crisis**. I could provide a very superficial analysis and state that the country is regulated wisely and the regulations are enforced successfully. Both certainly play a role – but is Switzerland therefore immune to major crises? I don't think so. My argument is this: Practically everywhere in the world there have been enormous crises, even in the major financial centers of the UK or the US. Switzerland is therefore a major exception and has been lucky. Hopefully, it will stay that way. Is it safe? I don't know.

Thanks to its debt ceiling, Switzerland has created an institutional entity that keeps the government from taking on too much debt.

Debt ceilings are good – the EU's **Maastricht criteria** also regulate debt levels – but keep in mind that many crises are not caused by sovereign debt. And there are no ceilings for non-sovereign debt – that is the problem. These debts often become public debts through crises. I am thinking, for example, about Ireland, Spain and Iceland. This is also an old story.

Could you give us an example?

I was influenced strongly by **Carlos Fedérico Díaz-Alejandro** and his work on the crisis in Chile in 1982. In the years before the crisis, the Chilean government had a surplus. But the banks piled on large debts by aggressively borrowing money abroad. When the banks got into trouble, they had to be taken over wholly or partially by the state. So the state absorbed the debt and the country slid into a crisis with high unemployment and recession. This is typical of crises, as we see today: The debt does not begin with the state.

What can we learn from Chile?

After some difficult years, the country recovered in the 1990s and capital flowed into the country again. The banks were able to borrow money abroad relatively cheaply and lend it again in the domestic market with high interest rates – an attractive business. This time the government stepped in and regulated the flow of foreign funds to the country. For once, they remembered previous crises. >

In order for a country to develop, it needs innovation. Of course, this brings with it speculative bubbles and unfulfilled expectations.

Some of the greatest crises have even been caused by real innovations. But how can you identify speculative bubbles at an early stage? How do I know when market activity has lost touch with the fundamentals? At the moment, the **irrational exuberance** is virtually undetectable empirically. Only when something has crashed and burned can we say it was a bubble – but that's not much help.

Well, what can we do? Is there no way to avoid crises?

Global capital can fuel growth. But it can also lead to very dramatic crises. The question you have to ask is this: Is it better to have loved and lost everything than never to have loved at all? Should we regulate so heavily that we prevent recession but also any possible upturn? Or do we have to take into account periodic crises?

And what is your answer?

I'm afraid there is no simple formula. The US belongs to the group that has loved and lost. The quiet periods were long and we gained a lot. Some Asian Tiger countries also belong to the better-to-have-loved group. The Asian crisis of 1997–98 was extremely painful, but direct foreign investment and the higher level of integration in the global economy have helped some of these countries to develop over the long term. On the other hand, there are countries with less steep growth rates, where the answer probably tilts more toward the other side. And there are countries in which crises occur regularly. These countries liberalize, here comes a crisis, they add regulation, it gets better, the country liberalizes again – and soon enough the next crisis is at the gate. In these countries, one is tempted to say the cycles come so quickly that it cannot be good.

In your work, you take a critical approach to debt. Isn't debt central to our system?

Debt is part of a functioning market. And certainly not every credit boom ends with a crisis. Nevertheless, virtually every crisis – and believe me I know crises – began with a credit boom. It's like everywhere else in life. Too much

Is it better to have loved and lost everything than never to have loved at all?

of something, even if it is good, causes harm. What did you do in Switzerland when funds flowed too freely into the country and the Swiss franc rose above a level that was felt to be healthy? You tied the currency to the euro. Switzerland would not take action against a modest level of appreciation, but at this point it was a problem.

Do you actually have a mortgage yourself?
Yes. We have recently moved to Boston and now we have one again.

How do you handle it?

I worry about my debts and am extremely careful. We will try to repay the mortgage early. My advice to others is to think of possible scenarios when you take out a mortgage. A bomb won't drop on your house. But you should consider that your income could decline sharply and you might no longer be able to pay the interest without difficulty. If the proportion of debt is high, of course, the question is asked, what do you do if the property loses value and you need to invest additional money.

Now we come to the current world situation. Where are we now? What remains of the financial crisis?

Let's start with the emerging market economies and look back to 2007. Most emerging market economies are built lean. They have lowered their debt and dramatically shifted from external to internal debt in response to the countless crises in the past 15 years: Mexico in 1994–95, Asia in 1997–98, Russia in 1998, the real crisis in Brazil in 1999, Argentina in 2001 and so on. So, in 2008 many emerging markets had very competitive currencies and sometimes even current account surpluses. Accordingly, they weathered the storm well; in fact, better than ever. This was quite different in the 1930s.

And then?

Well, the irrational exuberance returns: Do you know how many times I've heard the following sentences at the WEF in Davos and around the world? "Emerging markets are the global engine of growth!" "Emerging markets have finally turned the corner!" "It's the start of a new era!" What everyone forgot is that there was no innovation in these countries. There was nothing new, except that they were well positioned at the start of the crisis.

Is it really different this time?

Exactly! The capital is flowing into the emerging markets again, and exactly the same thing is happening that I have been writing about for twenty years. People assume that capital flow periods are normal and last forever – too many loans are made and too much is spent. Companies become overleveraged, earn a lot and are overvalued. Currencies rise, countries lose competitiveness, the balance of payments on current accounts deteriorates, and the problems begin.

Is your forecast for emerging market economies negative?

It's not a question of what I think. Look at the way these capital flow bonanzas usually end: with currency crashes, banking crises, and debt and inflation problems. After large capital inflows, a country – statistically speaking – is more vulnerable to crises in the next three years than if it had not experienced these inflows. With few exceptions, I am very cautious when it comes to the future of emerging market economies.

Where will the West be at the end of the year?

I think the bleeding will have been stemmed in large parts of the European periphery. Stemmed – I'm not talking about recovery. If you look at the countries that had systemically important banking crises in 2007–08, only Germany and the US have reached the per capita income of before the crisis. France, the UK, the Netherlands, Ireland, Iceland, Portugal, Spain, Italy and Greece are not there yet. The **International Monetary Fund (IMF)** predicts that many of these countries will still not have reached the pre-crisis per capita income even in 2018.

So the crisis there will last ten years?

Bad, right? At the beginning of the year, Kenneth Rogoff and I presented a small study at the American Economic Association, where we studied the cycles of crises. Systemic crises are always serious. But even for these, five or six years of recession are rare, and today that's what we have, especially in peripheral Europe.

What will happen in concrete terms?

We will see a lot of sovereign debt restructuring in Europe, which will provide stability. However, the reduction in debt will take a very long time. The US is a little ahead, especially with regard to private debt. It was a terrible process, in which many people lost their homes, but it brought down debt. In Europe, on the other hand, the debt ratios are not very far from their highs, and Japan is entering unexplored territory with debt that has never been higher.

How is the rest of the world faring?

I find it hard to see where dynamic growth could come from in the developed world. I also find it difficult to be-

lieve that emerging market economies will not face problems in the near future. I am not painting a very favorable picture of the world. It will not last forever, but it will take some time.

Let's talk about solutions. Many developed nations have already begun to introduce new regulations.

This is good, but it's also about avoiding the next crisis. I'm still worried about working through the current crisis.

According to your analysis, what is the best way to overcome crises?

Austerity programs are necessary, so that the debt does not continue to grow, and you have to actively reduce debt. This can be by increasing taxes or by other mechanisms: **negative interest rates, haircuts, inflation** or a mix of **financial repression**. These are all forms of taxation, where debts are transferred by the debtor to the creditor.

One could also attempt to stimulate growth.

You can certainly wish for growth, but historically it almost never happens that you, so to speak, grow out of debt.

Listening to you, one has to worry about pensions.

Yes, indeed. The fact that the population in many countries is aging is a major problem in itself. But when I talk about the high public debt levels of many developed countries today, I expect countries to want to hold interest rates as low as possible – similar to the period after World War II. If you look at how real, inflation-adjusted interest rates have changed since the crisis, they were even negative in about 50 percent of the cases. This has an effect on pensions, which are often invested in government bonds and thus lose value.

Back to the topic of debt reduction. Kenneth S. Rogoff and you are considered the ideologists for the current austerity programs and many leaders cite your work.

It is claimed that the study we published in May 2010 has been the driver for **austerity** programs. That's a simplification.

You are talking about "Growth in a Time of Debt." However, the work contained a calculation error, which led to a fundamental debate over austerity programs.

>

Glossary

Austerity – Among economists and politicians, there are two opinions about whether to confront crises with austerity programs or stimulus programs. Reinhart belongs to the former group, the latter group argues that the state must boost consumption in crisis situations in order to come out of the crisis through growth.

Capital flow bonanza – Reinhart's concept for a recovery phase in which (too) much capital flows into a country ("Capital Flow Bonanzas: An Encompassing View of the Past and Present," Reinhart and Reinhart, 2009).

Carlos Federico Díaz-Alejandro (1937–1985) – Cuban economist, taught at Yale and Columbia University. Served under President Reagan on the Commission on Central America.

Financial repression – State measures to regulate markets, in which assets of private individuals are redirected to the state. According to Reinhart, there are various ways to implement

this, such as restrictions on interest rates on sovereign debt ("The Liquidation of Government Debt," Reinhart and Sbrancia, 2011).

Graciela Laura Kaminsky – Economics professor at George Washington University, co-authored with Reinhart her most-cited paper ("The Twin Crises: The Causes of Banking and Balance-of-Payments Problems," 1999).

Haircut – Agreement between creditor and debtor which leads to the (partial) remission of debts. Haircut is mostly used for public finances.

Inflation, here inflation tax – Inflation can be understood as a tax, because government debt loses real value through inflation and tax revenues increase. The state writes off its debt without making any actual payments.

International Monetary Fund (IMF) – Special UN organization. The IMF promotes international cooperation in monetary and trade mat-

ters, but also grants loans to countries. These loans are subject to strict austerity requirements.

Irrational exuberance – Concept coined by Alan Greenspan, the former chairman of the US Federal Reserve. "Irrational exuberance" describes the euphoria of investors during the dotcom boom of the 1990s when internet companies were greatly overvalued.

Kenneth S. Rogoff (born 1953) – American economist, Harvard professor and former chief economist of the International Monetary Fund. Co-author of "This Time Is Different" and numerous studies with Reinhart.

Maastricht criteria – The Maastricht Treaty (1992) established a debt ratio for EU member states of less than 60 percent of a country's gross domestic product.

Mexican debt crisis (1982) – In the 1960s and 1970s, many Latin American countries borrowed large sums of

money to promote industrialization. Partly due to the oil crisis and rising commodity prices Mexico had to declare partial sovereign default and place a moratorium on debt payments. This nearly brought the international financial system to a standstill.

Negative interest rates – Arise when the market interest rate is below the rate of inflation. The creditor effectively loses money to the debtor.

Systemic crisis – Financial collapse of a market participant that spreads to other market participants and causes the functional collapse of the entire financial system or significant segments of it.



"The reduction in debt will take a very long time. The US is a little ahead. It was a terrible process." (Foreclosed homes in Boston, 2008).



"If countries have difficulty borrowing money, they will have to implement austerity measures. That's not a fad, it's the reality." (Photo: Protests in Madrid, 2013).

Ken and I tried to empirically establish an upper limit for the ratio of debt to gross domestic product, but an Excel error slipped in. However, this error did not put our basic statement in question. Look, when I started in 1988 at the IMF, no one had ever heard of me and I had not published any studies apart from my dissertation. I attended the annual meeting in Berlin, the building was barricaded. The IMF had just implemented strict austerity measures in emerging market countries, especially in Latin America, which led to protests. Even before my time, and before the IMF ex-

isted, times of financial self-sufficiency were generally synonymous with austerity measures. My prediction is if countries have difficulty borrowing money, they will have to implement austerity measures that are painful. That's not a fad, it's the reality.

Crises have been your major area of research for decades. Why is that?

I started working in 1982 at the investment bank Bear Stearns. I was basically still a kid. Wall Street fascinated me. I had also had enough of being a poor student. The Mexican debt crisis happened

during my first year at the bank, it triggered panic in emerging market economies, but also in American banks that had made large loans to Latin America. That was a fascinating experience. It influenced me and shaped my research.

Why did you leave Bear Stearns?

The first years were fascinating. I learned an incredible amount. However, I am a researcher and on Wall Street, I only had time to see the tip of the iceberg. I wanted to go deeper, so I joined the IMF in the research department. Later, I chose to pursue university research. There may have been some noise lately about my studies, but I have been doing the same thing for years. My currently most-cited paper, which I published with economist [Graciela Laura Kaminsky](#), deals with banking crises – and it was published in 1999.

With all of your experience, allow me to pose a question. If you could design a country from the ground up, what would you do to make sure there were no crises?

Sorry, I have to disappoint you. Whether or not you avoid a crisis has mainly to do with memory. □

This interview was conducted on January 27, 2014.

HOW TO INVEST

Well Worthwhile

Which investment strategies have proven successful over the long term? Bonds and equities obey similar laws but there are significant differences in the local markets.

By *Anja Hochberg*

Individuals, companies and governments have been buying and selling financial products for centuries. Derivatives trading can be traced back into the second century B.C., and even Aristotle told of market manipulation using derivatives based on the capacities of olive oil presses. More complex products like forwards and options are also old; these were traded in Amsterdam from the end of the 16th century, mostly for tulip bulbs.

The economic theory behind investing is a simple one. When someone invests money in the financial market, they are providing it for someone else to use. The return is compensation for this temporary relinquishment. The more risky the borrower and the longer the investor parts from his funds, the higher the income. It can be empirically proven that this holds true in normal economic and market cycles. Now let's take a look at two of the most popular investment instruments, bonds and equities.

There is a wide array of bond types, but they (mostly) obey the following basic rule: Longer-term investments pay higher interest than short-term ones, and bonds from unstable regions of the world pay higher interest rates than those from stable areas. In addition, the income of an interest-bearing security is influenced by whether a market for it even exists. If an investor lends money to a private company, the borrower's note can hardly be sold on an exchange. In such cases, the investor will receive an extra premium based on the illiquidity of an instrument.

To Each His Own

The investor is also providing capital, albeit somewhat less overtly, when buying equities. The equity buyer invests in a company and in turn is compensated with a dividend (in addition, the security price can also increase).

When it comes to equities, there are certainly major differences in risk and re-



Real income of 7.4 percent per year for 114 years: Australia's equity market (Sydney stock exchange, 1968).

turn, both in terms of regional comparisons (similar to bonds) as well as in investment style. Should you invest in big or small companies? Should you choose equities that have performed well in the past? Or is it better to look for companies that have growth potential? Do you prefer a more active style, selecting individual securities, or a more passive style, investing in funds that cover entire industries or countries? There are no clear answers to these questions; they vary according to the timeframe, industry and geography.

In its latest "Investment Return Yearbook," the Credit Suisse Research Institute analyzed financial market data of the past 114 years for 23 countries with remarkable results. The past century was marked by enormous political, economic and societal changes. Besides the two world wars, the Iron Curtain fell and Asia began to boom. The global economic system has changed fundamentally. Local equity markets reacted quite differently to the transformation. While Australia (as the second-best equity market after South

Africa in a historical comparison) generated a real return averaging 7.4 percent per year since 1900, Austria is the worst equity market, reporting real earnings of a meager 0.7 percent per year over the same period.

Sunshine and Rain

A glimpse at the distribution of income over time reveals further differences that provide a somewhat more optimistic picture of Austria. In the years from 1964–2013, Australia was able to generate higher income on average than in the past thirteen years. So the return trend is actually falling rapidly. The situation is reversed in Austria. At 4.6 percent, real income there over the last 13 years is higher than that seen on average from 1964–2013, when annual real income was 3 percent. Thus, the trend is positive. But what about Switzerland? It is leading the middle of the pack. The equity market here has generated an average real income of 4.4 percent per year since 1900.

In summary, an investor using a "100 years and up" horizon will have no problem following economic theory. But most of us first have to build up capital over the course of our lives (saving and investing) in order to live on it in old age (dissaving and consumption). The shorter the investment period, the more important it is to balance the portfolio. We want to benefit from sunshine in the financial markets, but also have our umbrellas with us in case of storms – and that is only possible with a sophisticated mix based on our individual needs. □

Anja Hochberg is the Chief Investment Officer for Switzerland/Europe at Credit Suisse.

HOW WE CAN LIVE TOGETHER

Welcome to Toronto

Canada's largest city is immigrant-friendly. The over 100,000 immigrants who arrive every year are welcomed openly; the state is generous and sets few limits. Is this how the model of a global economic metropolis of the future works? *By Don Gillmor*





Immigrants draw more new immigrants to the city: Muslims at Yonge-Dundas Square.

Thirty-two-year-old Carolina Velez came to Toronto after earning a degree in business administration in Colombia, but was unable to find a job in management or marketing. "I applied everywhere and finally took a job as a receptionist," she says. After a few other jobs, she started her own business, ColombiaExotic, which imports fruit from Colombia. Now ColombiaExotic imports around five tons of fruit like yellow pitahaya and passion fruit a week.

Velez came to Toronto in search of a better life. She tried her luck in Washington DC before that, but it was easier to settle in Toronto. Besides, she appreciates the multicultural atmosphere in Canada's largest city. "I like that we all come from different countries. Every other person here is an immigrant – it's pleasant. Because English is not everyone's native language, people are tolerant. And the state supports the immigrants." Carolina Velez brought her parents along, too. The Velez family is one of many who have been welcomed with open arms.

In Canada, a nation of immigrants, Toronto takes the lead. 50 percent of the 2.8 million residents were born outside of Canada – in the rest of the country, the figure is 22 percent. Toronto is a multicultural city where countless languages are spoken: These include Italian (178,750), Cantonese (177,735), Punjabi (164,855), Chinese (162,890), Tagalog (140,005), Spanish (127,825), Urdu (124,110) and Portuguese (110,905).

At the same time, Toronto has one of the lowest crime rates of all major Canadian cities, coming in far below those of comparable US cities. 57 people were murdered in Toronto in 2013, compared to 415 murders reported in Chicago, a city of a similar size.

Aga Khan's Ode to Toronto

Like Carolina Velez, the 78-year-old Aga Khan, the Imam of 20 million Ismailite Muslims in 25 countries, is also a fan of Toronto. He's one of the richest men in the world, with a fortune estimated at 10 billion euros. Khan gave a speech in the Canadian Parliament in January and was full of praise for the country where immigrants can live their culture and at the same time be assimilated as Canadians. He rhapsodized about Toronto's diversity and even called the city a

role model for the world – with its hardware, the institutions, as well as with its software, the cultural environment. The Aga Khan has contributed to that himself with the Global Centre for Pluralism in Ottawa and the Ismaili Centre in Toronto.

Immigrants have it good in Toronto. Government institutions offer them help at every level – with learning English, looking for a job or starting a company. The software is the familiar cultural environment – restaurants, businesses, churches and the language of their home country. Unlike in the US, where assimilation is strongly emphasized, foreign cultures definitely have their place in Toronto. The integration process is organic, relaxed and not an imposed obligation.

This generosity has also paid off economically. Richard Florida, an urban sociologist at the University of Toronto's Martin Prosperity Institute and author of the study *The Rise of the Creative Class*, says, "The Canadian experiment with an open immigration policy has lent considerable momentum to economic development." Businesses have no problem finding multilingual, well-trained employees. And with their contacts all over the world, the immigrants make Toronto a global hub and linchpin.

Clement Gignac, former Minister of Economic Development in the province of Québec, shares that opinion: "Everything indicates that immigration is the key to Canada's prosperity." This is due in part to the fact that most immigrants are between 20 and 44 years old and therefore belong to the age group that is particularly sought after in the labor market.

The Drunken Mayor

Toronto could almost be a paradise if only the administration were different. Locals are often asked, how on earth was 45-year-old Rob Ford elected mayor in 2010? The answer: Many who voted for him were disappointed in his predecessor, a Harvard-educated lawyer who came across as elitist and aloof and seemed disconnected from regular people. The simple, nonpartisan Ford is very different. He, a millionaire, likes to present himself as an ordinary citizen.

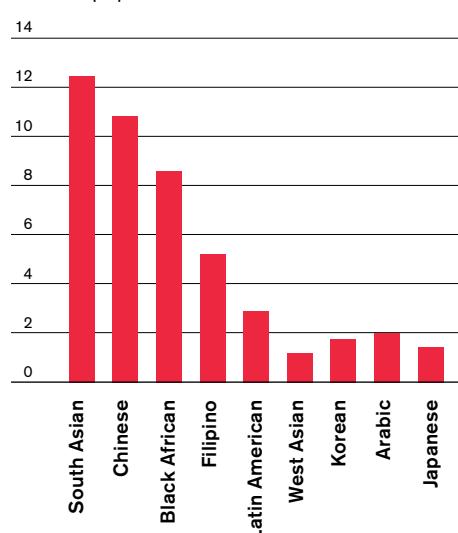
He is scandal personified. He brags while drunk about how he will finish >

Toronto, Canada



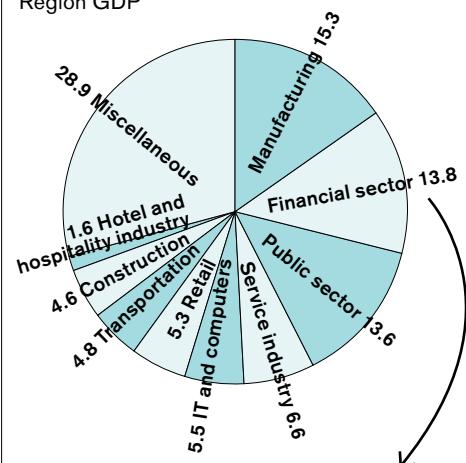
Ethnic groups

Minorities as a percentage of the total population



Industry mix

Percentage of the Toronto Metropolitan Region GDP

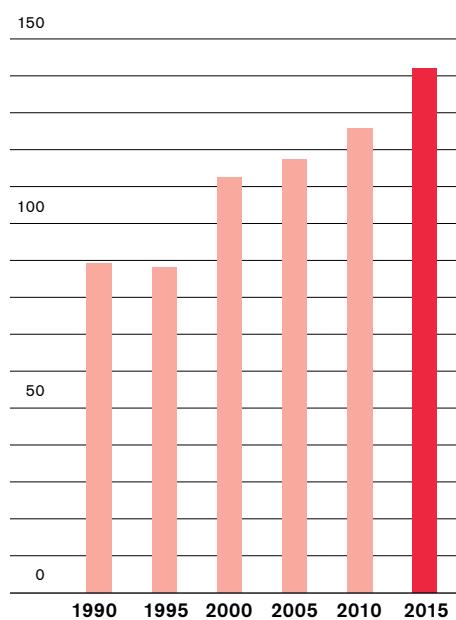


The financial sector had the largest percentage of the Toronto Metropolitan Region GDP in 2011.

GDP Toronto Metropolitan Region:
CAD 239 billion

Growth

GDP development for the city of Toronto (in CAD billions)



Profiles



Carolina Velez, business administration graduate from Colombia and head of ColombiaExotic

From receptionist to entrepreneur: "I like that we all come from different countries. Every other person here is an immigrant – it's pleasant. Because English is not everyone's native language, people are tolerant."

off a rival. Drunk again, he complains in a restaurant about Toronto's police chief in a fake Jamaican accent. He takes drugs and knocks down an elderly city councilor. Mayor Ford has made headlines with his behavior and is popular fodder for cabaret artists.

Ford's political career is based primarily on a single promise: lowering taxes. His core constituency is white men who yearn for the good old days. A time when they called the shots, well-paying jobs were plentiful, women stayed at home and the Toronto Maple Leafs won the Stanley Cup again and again. A time when driving a car was still fun, not a time-consuming torture. Even if "Toronto the Good," as the saying used to go, was not good for everyone. That was the early 1960s.

When the City Was Bleak and Boring

Back then, the city presented itself as clean and efficient, but rather dull. Toronto's "goodness" paled in comparison to romantic Paris, decadent Berlin or swinging London. In the 60s, people said that you earned money in Toronto, and then drove to Montreal to spend it and have fun. Or as actor Peter Ustinov once said (and it wasn't meant as a compliment), "Toronto is New York run by the Swiss."

Toronto's increased liveliness can be traced back to its growing diversity. At the beginning of the 20th century, Canada passed immigration laws to attract workers to settle the vast, largely uninhabited prairies. Then in 1952 the immigration law was amended to bring urban immigrants into the country as well. But anyone who the government felt did not fit into "Canadian society" – usually minorities – could still be rejected. A small but symbolic quota was set for non-white immigrants from other Commonwealth nations – India, Pakistan, Ceylon.

After the relevant limits were lifted in the 1950s, 300,000 Italians emigrated to Canada. Half of those settled in Toronto, giving the city many skilled workers, a lively atmosphere and decent coffee. A flood of immigrants came to Toronto in the mid-1960s – Greeks, Indians, Portuguese, Chinese and people from the Caribbean. The last remaining limitations were lifted, and the social and religious landscape began to change significantly.

In 1971, Canada's then-Prime Minister Pierre Trudeau initiated a policy of multiculturalism; the positive aspects of immigration were acknowledged and Canada was officially defined as a multicultural nation.

They Come to Stay

Toronto completely transformed its image within ten years. Little Italy was copied by a dozen different ethnic groups. Offshoots of Chinatown in the city center were established in the Markham Quarter at the North End as well as on Gerrard Street in the East End. Also on Gerrard Street but further east, Little India sprang up with countless Indian restaurants and stores. Indian immigrants now tend to settle in Brampton in the north, where they make up 36.7 percent of the population. A Muslim community has formed east of Greektown on Danforth Avenue. Little Portugal is in Dundas West, and the Tamils gravitate towards St. Jamestown and Scarborough.

The larger the different ethnic groups become, the more encouraged their people feel to stay in the city. In the Greek quarter, you can meet Greek women in their 70s who have lived in Canada for 30 years and don't speak a word of English. They have never worked outside of the home, and they can buy everything they need in Greek stores.

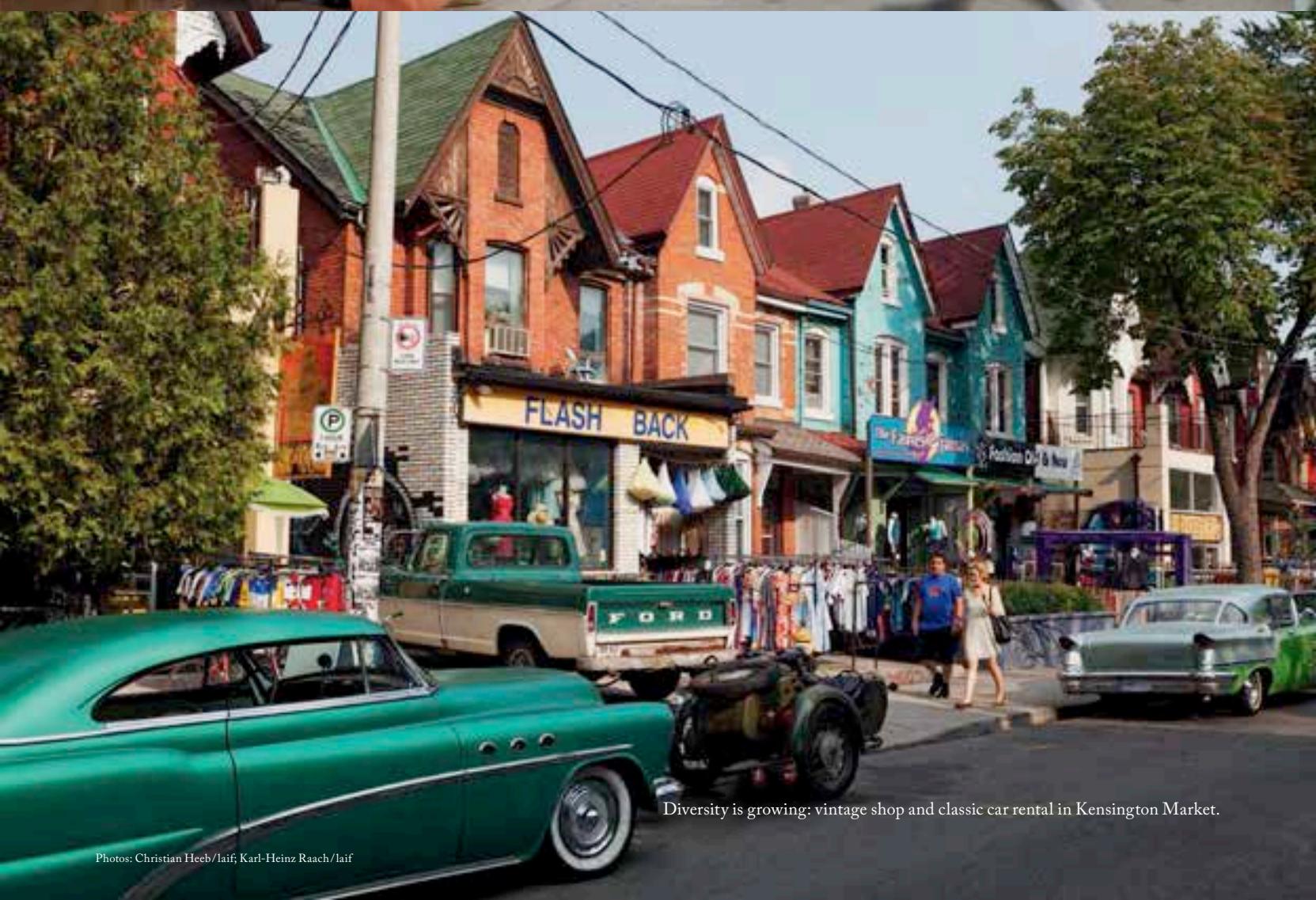
Sometimes a quarter draws so many immigrants that the local culture begins to feel it's being supplanted. In Markham, the Asian community was suddenly in the majority, which fueled resentment in local residents. A shopping center where the products were only described in Chinese incensed some non-Chinese customers. Even among tolerant Canadians, there is a fear of being marginalized on their home turf. But in contrast to other countries, xenophobic parties play a very subordinate role in Canada's politics and there has never been conflict because of immigrants.

Quite the opposite: Canadians accommodate the immigrants. There has been a transition in police work. Officers receive special training; members of ethnic minorities are being hired. Despite budget cuts, schools are facing the challenge of taking on non-English-speaking

Read more on page 37



Toronto speaks many languages: on Queen Street.



Diversity is growing: vintage shop and classic car rental in Kensington Market.



A completely different image within ten years: Toronto skyline with a view of the Central Business District.





A quarter for every group: pedestrians in Little India...



... and a cook in Chinatown.

students. There are two education departments: one for the Anglophone sector that is used by most immigrants, and the other for the Francophone area, which is used by immigrants from Haiti, Vietnam and some African countries. Around 32,000 foreign students live in Toronto – they make up roughly 21 percent of all Canadian students and enrich the economy by an estimated 2.3 billion Canadian dollars. Half of the students remain in Toronto after passing their exams.

The State Steps In

"Immigrants are a huge asset for Toronto," says Carol Wilding, Director of the Toronto Board of Trade. "Their presence has a direct impact on the region's economic power. But we need to better integrate these people into the labor market. We need to recognize degrees from foreign universities more quickly and place these people in the right jobs. This applies to businesses as well, not just the state."

Utilizing this labor pool sensibly is not easy in a city that gains around 103,400 immigrants every year – not including students and workers with temporary visas. That's why you can find Indian neurosurgeons driving taxis, Chinese engineers distributing flyers and Pakistani doctors flipping burgers.

For that reason, the federal government revised the citizenship law this year. The new law, which will take effect in 2015, includes a state-managed "dating site" for matching up immigrants seeking jobs with employers who need workers with specific skill sets.

"We are transitioning from a passive system to an active one," says Minister of Immigration Chris Alexander. "We used to process each citizenship application individually. Now we are aiming for a system that above all takes into account the people who are needed in this country." Employers should be involved in the decision on who receives a residency permit.

The process will be more transparent and better organized, but also longer and more costly. In the future, anyone applying for citizenship must have paid taxes in four out of six years spent in Canada – it's currently three out of four. Advanced language skills will need to be proven – applicants between the ages of 14 and 64 will be tested on language skills as well as general knowledge.

All in all, receiving Canadian citizenship will become more difficult. The new law gives the Immigration Minister far-reaching powers to bestow or deny citizenship unilaterally. So the conservative administration's new immigration policy functions like a business. It is based on demand – seeking out immigrants according to specific criteria – and fortified with a pinch of absolutism.

How Toronto Helps

The individual categories – skilled worker, academic, entrepreneur – are listed on the Canadian government's website with the respective requirements. Many immigrants in Toronto want to open their own business. There are government assistance organizations for immigrants (the Ontario Self Employment Benefit Program, the Toronto Region Immigrant Employment Council, etc.) and university programs (the Bridging Program for Internationally Educated Professionals at York University). In addition, there are also private foundations, such as the Maytree Foundation, that support immigrants.

But the system has gaps despite these substantial resources. A few years ago, attorney Marion Annau discovered that there was no free legal advice for immigrants who want to be self-employed. Annau subsequently founded Connect Legal, which brings together entrepreneurs and attorneys who offer free legal advice. "Our immigrant community is highly educated; fifty percent have a college degree," notes Annau. "These people are full of energy, but don't know anything about the laws or culture here. We fill this gap."

Binu George is one of those who have benefited from Connect Legal. He grew up in India and earned a university degree in engineering, then worked for 15 years in Oman before coming to Toronto. After working for an engineering firm, he founded Translife Battery Solutions Canada Ltd., which recycles industrial batteries. He now has two employees. Connect Legal established the contact with a lawyer who supported him. "He drafted all the contracts," says Binu George, "and gave me free advice."

Just Good, or Excellent?

Policies need to change so that Toronto will remain colorful and the future will remain bright. The Board of Trade's >

Profiles



Binu George,
founder of Translife
Battery Solutions
Canada Ltd

Many immigrants want to open their own business. There are government assistance organizations to help. George grew up in India and holds a degree in engineering. The company he founded in Canada recycles industrial batteries and currently has two employees.



Carol Wilding,
President and CEO
of the Toronto Region
Board of Trade

"We cross borders every day – when we drive to work, when we go shopping, in our free time. The public transportation network reaches far beyond the city limits. It certainly won't last another four years."

Profiles



**Marion Annau,
attorney and founder
of a free legal advisory
organization**

She devised an appealing offer: “Our immigrant community is well-educated; 50 percent have a college degree. These people are full of energy, but don’t know anything about the laws or culture here. We fill this gap.”



**The Aga Khan, religious
leader of the Ismailite
Muslims; one of the rich-
est men in the world**

Khan gave a speech in the Canadian Parliament in January and was full of praise for the country where immigrants can live their culture and at the same time be assimilated as Canadians. He rhapsodized about Toronto’s diversity and even called the city a role model for the world.

annual report shows that Toronto ranks third out of 23 cities in the categories of quality of life, crime, labor market and other location factors. Nevertheless, there are unsolved problems. The city’s infrastructure is outdated, public transportation is overloaded and not widespread enough, and economic performance is lagging behind the other location factors. The reduced productivity is partially due to the fact that Toronto’s citizens spend an above-average amount of time sitting in rush-hour traffic (66 minutes) – just behind frontrunner New York.

“The Toronto region is at a crossroads,” states the Board’s report. “One road leads in the direction ‘good enough’, and the other toward ‘excellent.’” However, the road to excellence is facing a vacuum in political leadership. Complaints have begun to emerge about local government, at all levels.

Mayor Rob Ford is like a vacuum that drowns morality, statesmanlike thinking, political creativity, tolerance and predictability.

Both local and provincial elections will be held this year. “Two elections in one year, that is a good opportunity,” comments Carol Wilding from the Toronto Board of Trade. “Because many of the city’s problems are essentially problems for the entire region. We cross borders every day – when we drive to work, when we go shopping, in our free time. The public transportation network reaches far beyond the city limits. It certainly won’t last another four years.”

Toronto is multicultural, but a bit sluggish – an economic powerhouse that is stuck in traffic. But despite its weaknesses, Toronto is a global model for pluralism, a center of creativity and economic activity. □

Don Gillmor is a Canadian author and journalist. In addition to other books, he has written a historical novel about Canada (“Kanata”) and a two-volume history of the country. As a journalist, Gillmor works for Walrus, Saturday Night and Toronto Life. He has won ten National Magazine Awards and many other honors.



Old and new: Toronto's former and current City Hall at Nathan Phillips Square.

WWWHO, WWWHEN, WWWHAT

The Digital World Order

The internet as we know it has been around for slightly more than two decades – and it already dominates many areas of our lives. The story so far.



Nasdaq: The New York stock exchange has seen tech dreams from Amazon to Zynga, but also witnessed the dot-com bubble burst. From 2000 to the end of 2002, the exchange lost two-thirds of its value.



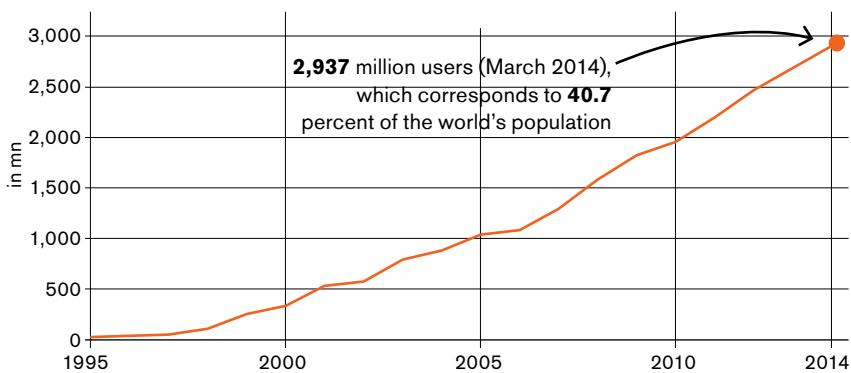
Match.com: Looking for a partner is one of the biggest online markets and, with 3,900 providers, it generates some USD 2.1 billion annually in the US alone. The market for online pornography is similar in size, but the figures here are less reliable.



Google: This name has become a verb, because no other company can collect and analyze data as well, from simple searches to wearable internet glasses – part of “wearable computing,” the next big thing on the internet?

Arpanet	Cern European Organization for Nuclear Research	NeXT Computer manufacturer	Yahoo Directory	match.com Singles exchange	PayPal Payment system
Arpanet Research project	Compuserve Online service	Pretty Good Privacy Encryption	Netscape Browser	Amazon Mail-order company	Google Search engine
PREHISTORY	BIRTH	ERA OF THE WEB BROWSER	COMMERCIAL PHASE		
1969	1989/90	1991/92	1993/94	1995/96	1997/98
					1999/2000

NUMBER OF USERS



Sources: IBISWorld Research, RIAA/Frontier Economics, nasdaq.com, Gartner, McKinsey, Spiegel, finanzen.de, visionmobile.com, Internet World Stats, Mercury News, Google Finance, Alexa

TEN MOST-VISITED WEBSITES

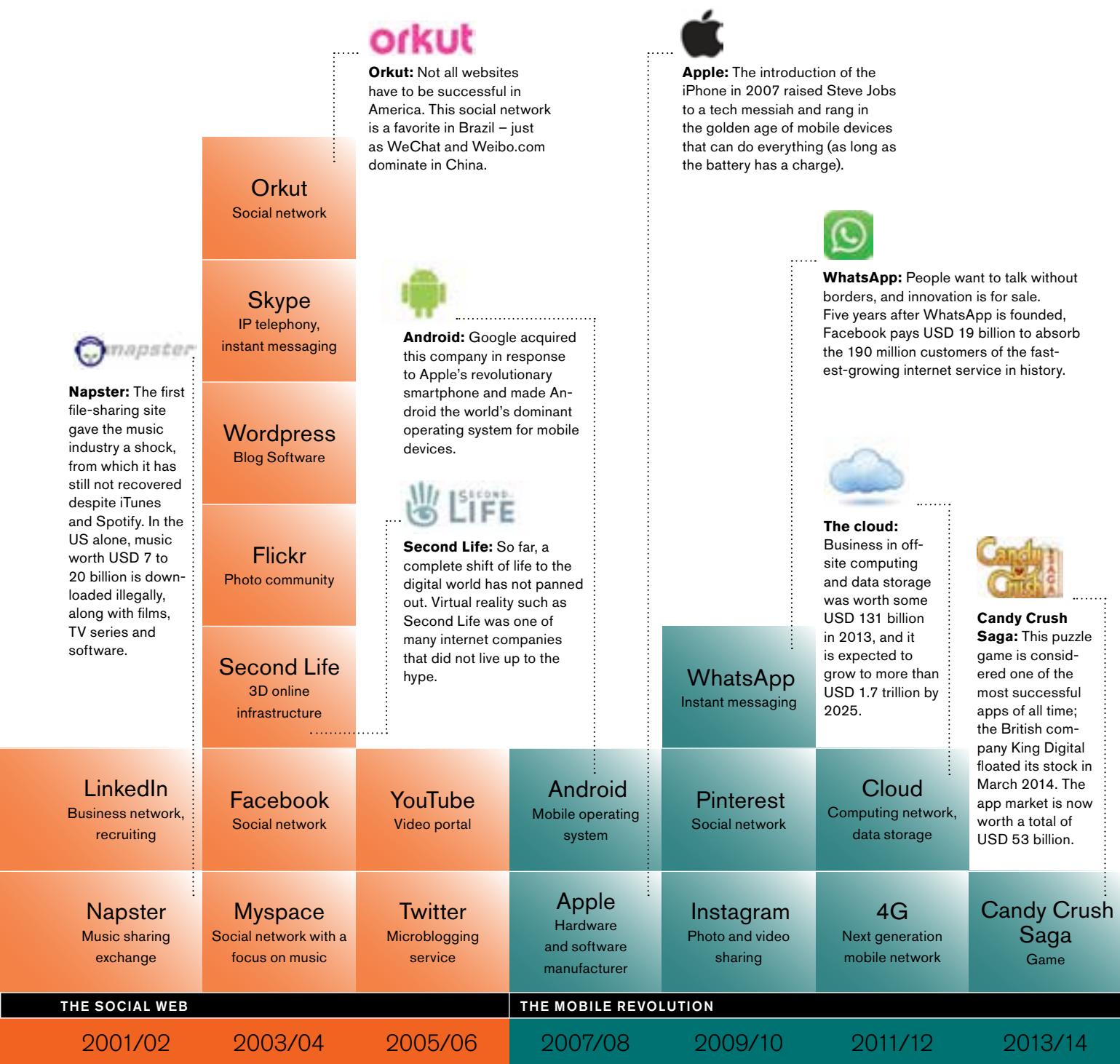
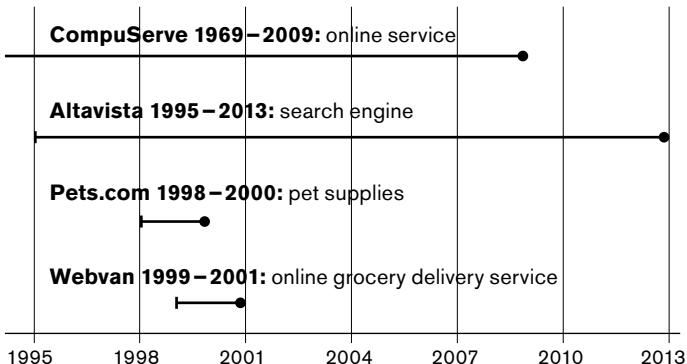
Worldwide:

1. Google.com
2. Facebook.com
3. Youtube.com
4. Yahoo.com
5. Baidu.com
6. Wikipedia.org
7. Qq.com
8. Twitter.com
9. Live.com
10. LinkedIn.com

Switzerland:

1. Google.ch
2. Google.com
3. Facebook.com
4. Youtube.com
5. Wikipedia.org
6. Yahoo.com
7. LinkedIn.com
8. 20min.ch
9. Blick.ch
10. Twitter.com

As of: April 2014

**DIGITAL GRAVEYARD****KEY FIGURES (IN USD)**

	Market value (bn)	Price at issue	Current	Low	High
Google GOOG	368.14	8/19/2004 50.12	564.14	9/3/2004 49.95	2/26/2014 609.47
Facebook FB	152.34	5/17/2012 38.00	62.41	9/4/2012 17.73	3/10/2014 72.03
Amazon AMZN	147.52	5/15/1997 1.96	331.80	5/22/1997 1.39	1/21/2014 407.05
Yahoo YHOO	33.56	4/12/1996 1.38	34.87	7/24/1996 0.66	1/3/2000 118.75
Twitter TWTR	24.21	11/7/2013 44.90	42.49	11/25/2013 39.06	12/26/2013 73.31
LinkedIn LNKD	20.42	5/19/2011 94.25	176.18	11/29/2011 59.07	9/11/2013 256.14

Notes: All daily closing prices, stock splits included (Amazon and Yahoo!); current prices as of April 9, 2014

HOW TO ERASE TRACES ONLINE

Digital Trash Disposal

Deleting a person's history on the internet is difficult and seldom entirely successful. A new industry has developed that deals with e-mails, comments and entire social media profiles. Does it work? *By Steffan Heuer*



108.8 billion e-mails are sent daily in the business world and more than two million internet searches are answered by Google – every minute! In the same 60 seconds, 278,000 tweets are sent via Twitter, 1.8 million posts in Facebook are liked and 72 hours of video are uploaded to YouTube (see box). And these figures are surely dated by now.

Who can keep up with this flood of data – not to mention the cleaning and removal of information? Digital refuse is one of the unsolved problems of the 21st century, because its disposal, permanent storage and destruction raise several technical, legal and sociological questions.

What people delete or believe they have deleted may actually lead a second life in many databases. There is no shortage of prominent examples. For instance, in a lawsuit between Kevin Costner and Stephen Baldwin, Costner was surprised when Baldwin's lawyers retrieved potentially incriminating text messages from his phone, which he thought long since deleted. Or the case of the British police consultant for youth issues, Paris Brown, who lost her job because of tweets about drinking sprees and other private information.

It gets even more difficult when it comes to cleaning digital legacies of

comments left by others – friends on social networks or entries in the archives of commercial providers or authorities. It is unclear who these “memories” belong to, who can access them and who can monitor them.

There Forever

“Forgetting is essential for people. We dispose of useless memories, and we wipe clean what no longer seems important for dealing with the present,” says Viktor Mayer-Schönberger, a data security expert who teaches at Oxford University and has explored this topic in depth in his books “Delete” and “Big Data.”

It is no longer possible even for vigilant citizens today to entirely delete their tracks online, says Mayer-Schönberger, because they cannot control what others share and transmit about them. However, it is not completely hopeless when it comes to cleaning your digital identity, at least in part, and to protect yourself from unpleasant surprises. A growing number of services and apps are available to help with this task.

The basic rules are mundane: It is easier not to upload or share entries than to remove them after the fact. Specifically, this means when registering or participating in a service, give serious thought to whether each new entry contains details you may someday wish to take back. It is also important to look into the privacy settings of providers like Facebook and watch for their continual changes and plug their data leaks from the start. If you use anonymous search engines such as DuckDuckGo instead of Google you will leave behind no identifiable traces in your daily searches – the key piece in the puzzle of leading an ostensibly private life.

Help with Deletion

Professionally cleaning or erasing of undesired data records online is carried out by services such as reputation.com. They monitor what is said about persons or companies and can remove entries or move them down in the search results using search engine optimization (SEO). That's often enough, because few people click beyond the second or third page of results. (The search algorithms people use, however, do this.)

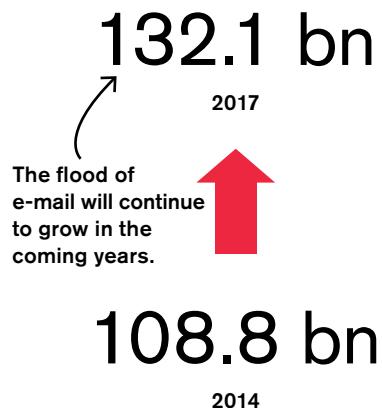
If you want to be deleted from the registry of large data brokers you can hire companies like DeleteMe to monitor dozens of databases for an annual fee. There is, however, one catch. "It is unrealistic to expect to delete yourself entirely from the internet," says Rob Shavell, head of Abine, a service that promises protection of privacy online. "However, you can remove most of the information listed publicly from commercial services." One solution for Twitter is the free service Twitwipe. Yet deleting isn't simply deleting here, either. Old entries that were shared by other services and archived are not affected by this cleaning campaign.

The same goes for electronic communication. Deleting your correspondence on LinkedIn or Facebook does not include

Binary Legacies

Every day more and more information is posted, liked and e-mailed – the digital data volume grows and grows. However, a byte is typically already the past only a few seconds after publication.

Number of e-mails per day (commercial)



Source: *The Radicati Group*

... in 60 seconds ...

- 14 new songs are added (Spotify)
- 70 new names are registered (web domains)
- 72 hrs of video are uploaded (YouTube)
- 347 new blog posts are added (Wordpress)
- 571 new websites are launched
- 3,600 images uploaded (Instagram)
- 11,000 active users (Pinterest)
- 11,000 search results (LinkedIn)
- 15,000 music downloads (iTunes)
- 17,000 transactions (Walmart online)
- 20,000 new photos (Tumblr)
- 41,000 posts per second (Facebook)
- 83,000 dollars of sales (Amazon)
- 104,000 photos shared (Snapchat)
- 278,000 tweets (Twitter)
- 1.4 mn minutes of telephony (Skype)
- 1.8 mn likes (Facebook)
- 2 mn search results (Google)
- 20 mn photos viewed (Flickr)

Sources: <http://blog.qmee.com>

the copies received by the recipients. If you want to prevent network service providers and third parties from storing and evaluating data and metadata, you should avoid leaving traces in the future. SnapChat is one of many apps that offers the option of destroying an image or text. However, the conversations are not permanently gone but can be restored with a little know-how. Applications such as ChatSecure, Wickr or Silent Circle, on the other hand, delete messages after they have been read, ensuring the messages cannot be retrieved later.

Forgetting Is Not a Right

While business is booming when it comes to cleaning the web, legislators are thinking about how they can provide more rights to the individual. California was the first to pass a law penalizing "revenge porn," or the distribution of libelous sexual content.

"We have gotten ourselves into this predicament of saving everything in order to retrieve it," says the Dutch researcher Paulan Korenhof, who studied deleting and forgetting in her dissertation. She considers it essential to promote "a right to forget," as the EU ruled at the start of the year. "It's like aiming a cannon at sparrows. It is often enough to make the information difficult for third parties to access to protect the interests of all involved." Because the internet has become a world archive, there is at least one party who will not press the delete key. For the time being, the best recipe is to be economical with data. □

Steffan Heuer is a US correspondent and author of the book "Mich kriegt ihr nicht! Die wichtigsten Schritte zur digitalen Selbstverteidigung" [You Can't Catch Me: Key Steps for Digital Self-Defense] (Murmann Verlag).

HOW THE YOUNGER GENERATION SHOPS

Anything, Anytime, Anywhere

A candy bar has more than 20 Facebook pages; young people share cars rather than buying them. Self-fulfillment? Absolutely. Security? That, too. Welcome to the brave new world of consumption, where almost everything has changed. *By Anders Pament*

Young people born between the early 1980s and 2000 are members of Generation Y, the so-called millennials. Coming after the baby boomers (born after World War II) and Generation X (born between 1960 and 1980), the millennials have become the world's most thoroughly studied and most sophisticated consumers. Who are these members of Generation Y, and how are they changing our approach to shopping?

For the most part, they have never had to worry about material well-being and have enjoyed a high standard of living. Until the financial crisis hit, they had experienced only a booming economy. Salaries increased as prices declined.

The millennials are born consumers, and they were trained at an early age. Three out of five of their parents report having included their children in purchase decisions when they were very young. Generation Y has always had a wide variety of products to choose from, and that variety has only increased. No generation before them had so many things that they could buy; today even the neighborhood grocery store carries wasabi nuts, Irish Highland beef and mobile phone subscriptions. And then there's the internet, something their parents had never even dreamed of.

While educators may worry about the harmful effects of having so much to choose from, the millennials themselves see it in positive terms. Only three percent of them say that it leads to uncertainty or frustration. The overwhelming majority take it for granted that they will have access to a wide variety of products, and they consider that to be a good thing.

The selection has expanded – and become highly stratified. Even small grocery stores carry budget, organic, regional and premium goods. Eighty-four percent of

millennials report that they select goods in a wide variety of price ranges, depending on the situation. This generation has grown up in a complex environment in which brands play an important role, a "branded society." Owning a specific label serves a purpose; it allows consumers to express their lifestyle. Consumption is an essential way of showing who you are.

And to demonstrate who you are, you need to call attention to yourself. The millennials know how to make themselves heard; they have grown up in a society that places little emphasis on data protection, but a great deal on "sharing." Sharing, in this context, doesn't mean being generous to others, but rather telling the world about yourself. Millennials "like" brands and products on Facebook; they tweet about their experiences with companies, whether positive or negative, and they post photos of things they like – or don't like – on Instagram or Pinterest. And of course, they comment on everything from a friend's purchases to the products they have purchased from Amazon and other online merchants.

That, in brief, is the situation today. But how, specifically, do today's 14- to 34-year-olds approach consumption? Studies and surveys by the Stockholm Business School have looked into four aspects of the consumer behavior of Generation Y. They have investigated changes in their purchasing habits and looked at differences between Generation Y and the baby boomers.

1—Everyday Necessities (short-lived consumer goods)

Everyday products such as milk, bread and newspapers are being sold in increasingly imaginative ways. They can be purchased through a wide variety of channels,

which ensures a high degree of market coverage. Milk is advertised as a "cool" product; a candy bar like Snickers has over 20 Facebook pages, some targeted to specific groups, others devoted to fans, competitions, etc.

Bakeries sell fresh bread 24 hours a day. People can order groceries online at any time of day or night and have them delivered to their doorstep. Newspapers are no longer being read on paper only, but on computers and cell phones, too.

A wide range of choices means less loyalty. For the baby boomers, it was only natural to remain loyal to local businesses. Younger consumers, on the other hand, decide where to buy on a case-by-case basis – at a nearby store or from a faraway vendor via the internet.

2—Products As Experiences

Today, products like clothing or travel are viewed in terms of experiences. Whereas baby boomers have always spent their vacations in the same place, the millennials prefer variety. They want to get away from home, but they also want to experience something new, not what they saw on their last trip. Travel companies, like merchants that sell other consumer goods, appeal to baby boomers and millennials in different ways. Members of the older generation rely on retail stores to learn about new products; millennials want to receive information directly and choose for themselves where to purchase a product. The role of a salesperson in a store is of little importance. Whatever the product, millennials rarely seek advice in a brick-and-mortar store. When purchasing clothing, for example, only 18 percent are "very likely" to ask for help from a salesperson, compared to 31 percent of baby boomers. For members of the baby



The online generation: The millennials (14- to 34-year-olds) are sophisticated customers.

boom generation, the purchasing process usually begins only when they enter a store and ask for advice. A typical millennial, on the other hand, has already gathered information before walking into the store.

3 — Consumer Durables

Baby boomers and millennials take very different approaches to the purchase of durable consumer goods, such as furniture or a car. Older people regard such purchases as investments; they want to own their cars. Increasing numbers of millennials, particularly those who live in large cities, prefer to rent, lease, share or borrow a car. Among the baby boom generation, 73 percent are very interested in purchasing a car, compared to 55 percent of Generation Y.

Millennials view cars much as they view a pair of shoes. Sometimes you want to wear sneakers, sometimes you'd rather wear a pair of suede boots. What counts is the item's function, the brand – and the monthly cost.

4 — Services

When purchasing banking and insurance services, millennials attach great importance to practical considerations. In an era

that focuses on experiences, self-fulfillment and emotion, these services are taking on new meaning. Companies need to offer them both online and offline, while maintaining a consistent standard of quality. The millennials do their everyday banking online, but when they have a specific concern, they expect brick-and-mortar banks to provide advice.

The baby boomers have always considered it important to save and plan for the future. Members of Generation Y are interested in self-fulfillment, although they're not willing to give up security. They are enjoying life while planning for their future. Instead of thinking in terms of "either – or," they believe that "anything is possible."

Young people clearly differ from previous generations in terms of their behavior and their approach to planning ahead. This is partly because of their age, and partly because times have changed. Paying off debts is an important goal for baby boomers; in contrast, millennials are willing to accept debt in order to achieve certain goals, such as purchasing an attractive home or enjoying a higher standard of living more quickly.

The Bottom Line

Consumption patterns are undergoing a radical change. More products are available to choose from, information is becoming increasingly available and customers are responding immediately, wherever they happen to be. So how can a company win over these new and sophisticated clients? A 30-year-old woman recently told me, "Companies should concentrate on providing a high-quality product. If they do that, their advertising will be credible. In any case, we do most of the advertising for them." □

Anders Parment is an independent strategic advisor who teaches at the Stockholm Business School. His research focuses on Generation Y.



The power of the water: Chiara Vigo by the sea in Sant'Antioco in South Sardinia.



Magical luster: Mussel silk in golden, gleaming threads.

HOW AN ANCIENT ART SURVIVES

The Old Woman and the Sea

Chiara Vigo is the last living person preserving the secret knowledge of mussel silk – a magical and precious cloth. Vigo is the master of an art that has survived for millennia. *By Sandro Mattioli*

Books have been written on how to brew beer. Baking bread is even described in the instructions for a bread machine made in Japan. People enjoy them both, and both have been around for thousands of years. But who still needs to know how to weave byssus? In ancient times, kings and priests clothed themselves in this material, a fine textile, light as a feather, soft and yet warm, woven from the filaments of the noble pen shell mussel. A protected species, its shells reach sizes of up to one meter and grow tufts from each side, but the mollusk can spare only a few grams of the fine threads each year. Jules Verne described this special cloth in his adventure novel “20,000 Leagues under the Sea” in 1869. Today, people wear H&M, Zara or Boss, but not sea silk. So why do we still even need to know how it is woven?

In the small town of Sant’Antioco in the south of Sardinia, Chiara Vigo is possibly the last person on earth who still has this knowledge. And the knowledge extends far beyond just how to spin the filaments into threads and how to weave cloth from them. Her knowledge is that of an entire ancient culture – in some ways, she is this old culture, which lives on in her today, the master of sea silk weaving. If she dies, this knowledge will die with her.

“Watch Out, It’s Going to Get Esoteric!”
Wearing a pink wool sweater, Vigo sits at a small table in her sea silk museum, her black hair, streaked lightly with gray, pulled into a ponytail. Beside her stands a dark, heavy loom spanned with linen threads. “This is going to be an esoteric journey, so watch out!” she says in greeting, looking the visitor in the eyes and smiling. Offering him a seat, she puts a tuft of fine strands into his hand.

Looking at this room, one might think we are observing an artisan at work. But Chiara Vigo quickly points out that she is a master, and that there is a big difference. A master has students – she lives from teaching, not from producing. And even if it looks just like a workshop, nothing is sold here. Only donations are permitted.

The windows in the massive walls let a bit of light through, shining on glasses of colorful tinctures lining the windowsills. Chiara Vigo takes back one of the feather-light, grayish-greenish-brown clumps. It looks like a pile of cat hair in which a

“We must stop using the sea for commercial purposes.”

few splinters of eggshell and bits of leaves are tangled. Then she takes a small brush with fine bristles, like one normally used to brush a cat’s coat.

“This is the sea silk in its raw form,” she explains; it is bits of shell and algae caught in its threads rather than eggshells. This is the way the filaments come from the sea. Chiara Vigo has only desalinated them. “I soaked them for 25 days in fresh water, changing the water every three hours, day and night.” She then dried the filaments in the shade. Glass cases display what these are transformed into after carding and spinning: golden shimmering threads, embroidered in patterns on linen or woven into pure sea silk cloth. The cloth shines magically in the light.

Chiara Vigo could trade the sea silk for untold sums of money, selling it to sheiks and the world’s other multi-billionaires. A Japanese group offered her a fortune for her knowledge. She said no.

Out of concern for the endangered mussels that produce the filaments – and because her knowledge cannot be traded for money. The byssus, she says, belongs to everybody and is there for everyone. In her view, the sea is holy. “That’s why we must stop using it and polluting it for commercial purposes!”

Chiara Vigo saw the power of the water with her own eyes when her grandmother passed the mantle to her. She went to the sea with her and prayed to the water as she had always done, as Chiara Vigo still does several times a day. Suddenly, Vigo says, a column of water rose from the ocean, five meters high, and her grandmother said only: “So, now you can let the water drop down again.” Chiara Vigo, then just 27 years old, was now the new master.

Making Cloth and Contacts

Her task was solely to protect the knowledge and to pass it on to the next generation. That is why Vigo emphasizes that she is a master, not only teaching her students a craft but an entire way of life. A school that comes from the sea and in which the power of the water plays a central role. It is a spiritual force: “My God is the lion of the water, he commands everything,” says Chiara Vigo.

And this is why she comes to the museum day after day, to a room of around one hundred square meters provided by the city. This is where the master receives her students. There are no classes there, no set hours, only cooperative work without time constraints, without payment. She teaches her students how to spin, naturally, first with wool and later – if they are good enough – with sea silk. Vigo teaches them how to dye the materials, and >



More than a craft: Chiara Vigo at work (above); mussel silk in a linen cloth.

how to weave. But she is also a teacher of humanity, because as a master, she has to make contacts as well as cloth. Says Vigo, a master needs to find out what the people coming to him or her need.

But tradition demands that Chiara Vigo find her successor within the family. Then, she will pass on to the next master the recipe for the tincture used to bring out that golden shimmer in the byssus.

It is dark within the old stone walls, and several halogen spotlights cast their light through the gloom. However it is only in sunlight that the silk truly be-

guiles, when it sparkles and flashes and shimmers. Then, nothing remains to suggest that the threads originated as the protein secretions of a mollusk rather than from a gold mine.

A Language No Longer Spoken

The knowledge of the mussel silk has been passed down within Chiara Vigo's family for centuries. Vigo says that she can trace it back over thirty generations. When the master prays to the water, she does it in a language that is no longer spoken by anyone. When she records the individual steps of her work, she uses ancient symbols. A rabbi who recently visited her from the Sorbonne in Paris recognized both of these. The researcher found old Hebrew expressions in the language. The art of weaving mussel silk must also have been shaped in the Jewish culture.

The training is conducted without any writing at all. Everything that there is to know about weaving mussel silk is in Chiara Vigo's memory. Her grandmother never repeated anything, Vigo says, she was a silent master. She herself is 59 years old now, and the time is approaching to pass the baton once again. Chiara Vigo has yet to choose a successor. The power of the water will find someone, she says. And if not, the knowledge will come to life again sometime, somewhere and somehow.

One of Vigo's students is Luca, actually a sound artist, who is learning the secrets of dyeing from her. It's a complicated subject. Some herbs used in dyeing must be gathered according to the phases of the moon, and others depend on the prevailing winds. Otherwise, they keep their pigments to themselves. Vigo's nephew Marco is also one of her students. Like many of her relatives, he bears the sea ("Mar") in his name, like Mario, her husband, and Marianna, her daughter. Marco is just thirteen years old, but he has been coming to her to learn how to work with the spindle for a year and a half now.

But in the end, perhaps the mysterious power of the sea will choose one of her two daughters as the next master. Perhaps Maddalena, who does not bear the name of the sea but rather the land, an island of the same name. In any case, Maddalena is interested. But she does not want to talk to reporters about it. She allows us to quote from a letter she wrote to her mother. She has a very special mother, it says, but every time when she tries to write about her

relationship with her mother, she tears up the paper. She is the second-born child, and tradition demands that she is to follow her mother as master. "But there is one small problem: I am so different from her, perhaps not as patient, and I don't know if I have the strength to carry on the whole scope of her work," Maddalena writes.

A Dying Tradition?

For Maddalena, this is not a straightforward decision, as evidenced by her writing. "It is not easy for me to talk about this, because most people I know think that I absolutely must carry on the tradition, and that it would be crazy to let the art die out."

Her mother is not one of these people. This decision is completely up to Maddalena, says Chiara Vigo. Parents never "own" their children; they are only entrusted with them. But her daughter still struggles with the decision, and fears the immense responsibility. She worries that if she accepts it, she will be unable to handle the task, and in this way, she will ruin everything. Or, on the other hand, if she decides not to accept, she will have to bear the guilt for the loss of the art of mussel silk weaving after millennia. First, though, she is headed to Dublin to study.

The power of the water will take care of things. □

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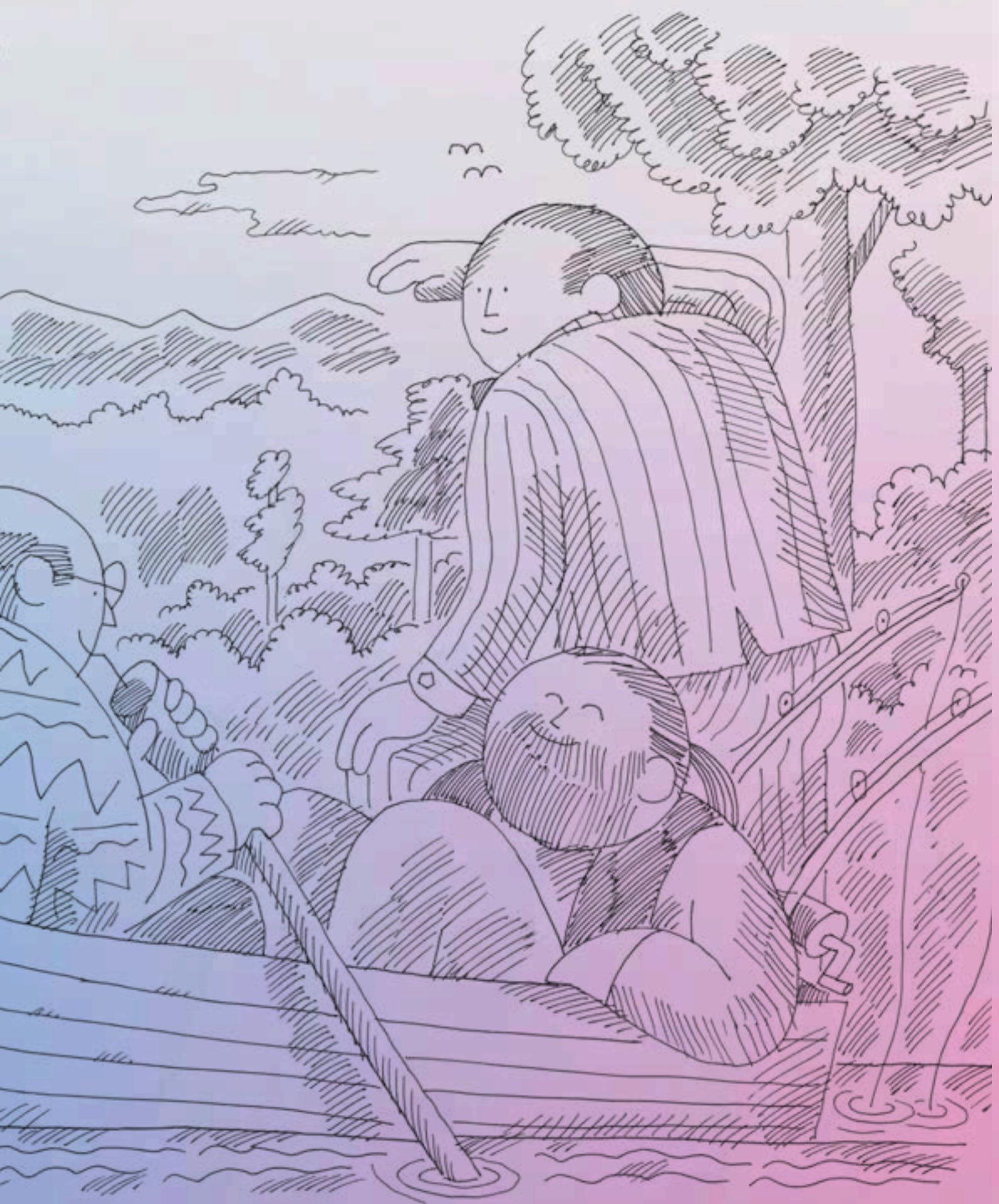


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Earning, Voting, Sharing

What makes us tick? The question cannot be answered in the abstract but is best studied based on specifics. Over the following pages, we will take a closer look at three cases – each one meaningful in its own way. **Humanity's economic image:** We compare ideas of the major economic theorists and apply them to today. Who is still current and whose star is fading? **Humanity's political image** is examined on the basis of the elections in India, the world's biggest democracy: If popular participation prevails in this enormous country, does it represent a value applicable to all? For **humanity's religious image**, we visited Hans Küng, the famous Swiss theologian who has spent decades studying the Golden Rule, which appears in a similar form in all religions and in many cultures ("Do unto others as you would have them do unto you."). A portrait of a man set on bringing people together.





Homo oeconomicus, politicus and religiosus in a boat

The Economic Person



How to Better Ourselves

Economists have debated man's motives for centuries.

Their conclusions could help to create institutions to promote the prosperity of individuals and of the community.

By Oliver Adler

Economists are unnecessary in paradise because there is an abundance of time and resources. But Adam and Eve were driven out of paradise, and those circumstances changed dramatically. As written in Genesis, "in toil you will eat of it (your land) all the days of your life... until you will return to dust..." From that moment on, economists became relevant for the world. Their task: to answer the fundamental question of how individuals and society as a whole can improve living conditions and attain prosperity despite limited resources and time. Surprisingly, their answers to this question have not changed over the course of history despite the enormous economic progress and growing complexity of economic structures and technologies.

Greater prosperity requires greater production. This can be achieved either through the accumulation of resources, or savings, that are invested in the means of production or by increasing productivity. No one is questioning the logic behind this. But how should the goal be reached? One possible answer is good planning. Even though the Soviet-style planned economy was an obvious failure, this is not as evident in the case of more flexible variations.

The Japanese and even French models of forced industrialization pursued after the Second World War led to a strong and sustained upswing. More recently, China used a similar development model. Savings were kept inside the country by

means of measures controlling the movement of capital, and the government steered the funds into important industries promising high growth rates.

This behavior was very similar to that of the principalities and leading states of the 16th through the 18th centuries. Adam Smith coined the term mercantilism to describe the system protecting a leading domestic industry (agriculture at the time) by means of duties and deeming the accumulation of export surpluses as a central objective of economic policy. But over time, mercantilism produced bad investments, since protecting existing industries hindered the growth of new industries, falling short of the goal of increased prosperity. China's leaders recently came to the same realization. They passed a major reform package in November 2013 to help the country move from a strictly controlled market economy to one that is to a large extent free.

In 1776, Adam Smith provided the first comprehensive description of the advantages of a free market economy based on the division of labor in his work "The Wealth of Nations." David Ricardo (1772–1823) described in greater detail the gains in wealth brought by free trade, and in doing so contributed to the repeal of the Corn Laws (protective tariffs on grain imports) and thus to the liberalization of British trade. These were powerful factors in Great Britain's rise to the leading industrial nation of the 19th century.

Self-interest and Creativity

That an atomistic and "chaotic" market economy could have better results than one that was seemingly well organized may at first seem astonishing. Its main advantage is greater emphasis on individual incentives. As Adam Smith said, "It is not from the benevolence of the butcher, the brewer, or the baker that we can expect our dinner, but from their regard for their own interest." The so-called neo-classical economic theory, one that today still forms the core of economic policy textbooks, demonstrates in a more formal way that an economy built upon consumers maximizing their self-interest and producers maximizing their profits – *Homines oeconomici*, in other words – results in the most efficient allocation of limited resources. The central point being that market prices for goods and factors of production provide the participants in

the economy with instructions on how to achieve the best result.

Joseph Schumpeter (1883–1950) also argued that in a capitalist economy, the entrepreneurial dynamic leads to growth and prosperity through “creative destruction.” The market must clear the ground for economic as well as cultural development. Economists like Philippe Aghion demonstrate that the markets’ flexibility, particularly in late phases of development, is important when wealth must be increased by means of innovation rather than by imitating existing technology. Planning imposed from above limits the potential for wealth in such phases of development.

Public Goods and Altruism

However, the pure market economy model is an abstraction that the real world only reflects in an extremely limited fashion. First of all, it assumes that the market participants have all the information relevant for their decisions. The model does not take into account any information gaps, uncertainty and, especially, asymmetries in the information between market participants, although they are very common in reality. Does a used car buyer know whether it is a lemon? How can a lender in Renaissance-era Venice find out if a borrower is creditworthy? Does a shareholder know whether the board of directors and the management will act in his best interest? Does the public know whether nuclear power plant operators or bank directors have planned for adequate safety margins?

Secondly, the model assumes that the title rights for all resources are clear and protected. But what happens if this is not the case? The issue of these “public goods” which are not traded on the market is a central one. Pollution of the environment and global warming are examples of a sub-optimal allocation of resources that can result from the lack of title rights and hence prices to regulate trade. Market failure is a widespread phenomenon.

Finally, there is the more fundamental question of whether the *Homo Oeconomicus* model also reflects people accurately. Is striving for self-interest really the dominant behavior? Aren’t the interests of family, work colleagues, acquaintances and strangers also important motives for the individual? Aren’t the desire for justice and ethical principles also powerful moti-

vators reflected in specific actions? Nobel Prize laureate in economic sciences Amartya Sen, a prophet in issues surrounding the theory of wealth, argues that Aristotle already described ethical motivations as important for economic actions, and that Adam Smith also underscored moralistic considerations as just as decisive for people’s actions as self-interest.

Ernst Fehr and other researchers have proven in experiments that a lack of self-interest and cooperative behavior are in no way exceptions to the rule, but are regularly observable. However, cooperative solutions are fragile and can be subverted by free riders. Because non-cooperative modes of behavior – ranging from seemingly harmless retention of information, through cheating and to corruption and violent criminal behavior – can have a high economic cost, economists must ask themselves whether and how cooperation – and thus prosperity – can be promoted.

Genetics or History

A look across various societies and countries reveals significant behavioral differences of the participants in the economy. Even if some of these are only stereotypes, the Scandinavian countries and Switzerland seem to be characterized by cooperative behavior while Greece and Italy are identified by less cooperative behavior. Japanese and Chileans seem to be more cooperative, while Chinese and Argentinians seem more individualistic and less cooperative. More important for the economists and sociologists is the question of whether these qualities – to the extent that they actually exist – are unchangeable or adaptable. How important is genetics, how important is history and the culture that results from it? Cooperative group behavior of immigrants from apparently uncooperative societies in their new countries indicates the latter.

Economists like Daron Acemoglu have pointed out the importance of societal and governmental institutions for explaining economic successes and failures. Strong constitutions and separation of powers at the government level can reinforce cooperative behavior and hinder uncooperative behavior.

Through their disciplinary effect on financial policy, politically independent central banks attending to the stability of the currency can promote cooperative behavior in the economy and discourage

free riders. Such institutions create trust, and trust in turn reinforces cooperative behavior. Cooperative behavior must be learned beginning in the nursery. Just as important as the contributions of the family, school and university to the development of productivity-increasing “human capital” could be their contributions to cooperative behavior – to citizenship, in other words. One would think that the experience of countries with successful institutions could trigger learning effects elsewhere, and thus contribute to greater prosperity.

How then to create prosperity? The answer, as expected, is not clear. But two aspects seem to be crucial. First of all, economic well-being is the result of the people’s urge to improve their circumstances. When the urge to “maximize benefit” is stifled, individual creativity cannot flourish. If competition is prevented, there will be no successes. Secondly, successful societies are characterized not only by competition but also by cooperative behavior. Institutions that create trust reinforce cooperation and prosperity. The trick is to find a balance between the two forces. □

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The Political Person



The Indian Experience

The founders of modern India went to great lengths to guarantee the country's 800 million citizens the right to vote.

They knew that the only way the country would be able to function successfully was as a democracy. *By Nayan Chanda*

A short time ago, as the world's largest democratic nation began its elections, it seemed a good time to ask whether democracy is a universal value. Not everyone thinks so. But the 1.2 billion Indians who are in the process of voting would answer this question with a resounding yes.

On April 7, India embarked on an electoral adventure the scale of which the rest of the world has never experienced. It will end on May 12 when the results will be announced. (At the time of publication, the outcome of the elections was not yet known.) Some five million civil servants and police will set up polling booths across the land and others will begin a trek through hills and jungles in jeeps and on elephant back carrying small electronic ballot boxes. By May 12, some 800 million voters will have cast their votes to elect 543

members of Parliament. Over a thousand parties contesting the polls represent just an infinitesimal part of this huge country's diversity in terms of ethnicity, faith, language, castes and customs.

Of course, the fact that one-sixth of the world's population has embraced democracy does not prove the universality of its appeal. But the fact that India is an important leader of a growing trend of democratization of the world is an important argument. Today, 60 percent of the world's countries are democratic while in 1989 this was true of only 41 percent. The Indian experience defies both the conventional wisdom about the rarity of the bloom of democracy as well as the more modern justification offered by authoritarian Asian states about the impracticability of democracy in traditional societies.

On the face of it democracy in India is an impossibility. Democracy, defined as a political system that permits changing rulers or government on a regular basis through a ballot, allows for decision-making by the representatives of the largest part of the population, and permits freedom of thought and assembly and the rule of law, is considered a rare flower that can blossom only in a homogenous and relatively wealthy society. In fact, philosopher John Stuart Mill was of the opinion that democracy was almost an impossibility in multiethnic cultures and would never work at all in multilingual societies. More modern observers like Selig S. Harrison, who worked as India correspondent for the Washington Post, gave democracy no chance at all in India. In his book "India: The Most Dangerous Decades," published in 1960, he predicted that India's many contradictions would cause its break-up. In 1967, Neville Maxwell from the London Times thought that the elections held that year would be India's last. But the citizens of India defied these and many other prophets of doom. The country has indeed been convulsed by political assassinations, civil disturbances, riots, insurgencies, and long, paralyzing strikes, and has witnessed unseemly fist fights inside the chamber. Things got so bad that democratic rule was even suspended for two years in the 1970s. But by then democracy had taken root and grown.

"The greatest gamble in history"

Deep ethnic, religious and linguistic diversity aside, India was also supposed to have been doomed to authoritarian rule because of its crushing poverty and illiteracy. The first general elections held in 1952 were called the greatest gamble in history. Political scientist Seymour Martin Lipset explained that a country has to reach a level of affluence and education before it can be ready to exercise democratic rights. He has convincingly shown how the scale of per capita income reflected how authoritarian or democratic a country was. The richer ones more democratic and the poorer more authoritarian. Political scientist Robert J. Barro went one step further: "Democracies that arise without prior economic development ... tend not to last." In India, it was the other way around, economic development followed democracy. The elections currently being held therefore directly contradict the theories of Lipset and Barro.

In fact, the experience of 22 months starting in 1975 when democracy was curtailed in India proved how the idea of freedom and elected government had taken root in poor India. Claiming that opposition criticism and democratic protests threatened national security Prime Minister Indira Gandhi got the president to declare an emergency, suspending all democratic rights. This led to massive government repression. By decidedly throwing her party out of office in the 1977 election that followed, the Indian electorate showed how much they valued their democracy.

The Answer Is Democracy

The experience of India has, in fact, turned all these apparent certitudes about who may or may not become democratic on their head. Conventional wisdom: A country needs stability and homogeneity to have universal suffrage. Yet, the introduction of democracy in India, in fact, brought about stability and unified the country. When the British left their bureaucratic colonial state and its police and army in the hands of a small elite – the Indian National Congress – there was no certainty that India would adopt a democratic system. In fact, it was reasonable to expect that the massive religious violence and displacement of population that accompanied independence would have called for stern authoritarian rule by the representatives of the Hindu majority. But India's Constituent Assembly consisting of mostly western-educated liberals embraced secular democracy as the answer to the country's challenge of poverty and religious division. Long before independence was achieved, Jawaharlal Nehru, a close companion of Mahatma Gandhi, wrote in his book "The Discovery of India": "I am convinced that nationalism can only come out of the ideological fusion of Hindu, Muslim, Sikh and other groups in India." Only a secular democracy could help create the national bond.

The founders agreed that only by creating a state based on the consent of its diverse population and able to bring development and eliminate social injustice could India maintain its national integrity. National identity that was forged during the struggle for independence should be strengthened through acknowledging diversity and adopting democratic decentralization. Universal suffrage could be given greater meaning by pulling up the

disenfranchised and oppressed sections of the society through affirmative action. Linguistic diversity was protected by creating a federal system of states roughly coinciding with linguistic regions and avoiding imposition of the majority language – Hindi.

Because the political parties depended on votes from minority groups, they made a special effort to support their interests. Ironically, India today has more caste, region and language based political parties than when the country's democratic constitution was being deliberated. Instead of hampering the growth of democracy India's political parties based on caste and religious communities seem to have embraced electoral tools as major means of advancing their interest. In fact, recently India fragmented again by creating a 29th state – Telangana, carved out of Andhra Pradesh. Despite the governance difficulty that such political fragmentation caused, the community-based movements have nevertheless strengthened the roots of democracy.

India's Far-Sighted Elite

Although some form of communitarian governance was known in ancient India, and its cultural traditions boast of heterodoxy and pluralism, the robust democracy of today is a western transplant. India has democracy not because a rising middle class emerging from the Industrial Revolution was clamoring for universal franchise. It is because India's political elite had the wisdom or perhaps, as historian Sunil Khilnani writes in his *The Idea of India*, "in a fit of absentmindedness" embraced democracy.

India offers a rich example of how a conjuncture of circumstances and the determination of the elite made the ideals of democracy take root. The acceptance of democratic norms by a vast, poor and largely illiterate population through praxis stands as a major argument for considering democracy as a universal value.

Indian economist and philosopher Amartya Sen has argued that in order for a value to be considered universal it does not have to have universal consent. Rather, the claim of a universal value is that people anywhere may have reason to see it as valuable. The fact that an increasing number of people all over the world have been steadily moving towards democracy certainly demonstrates the value

they see in universal franchise and freedom. But those who deny democracy being a universal value argue that for poor people bread is more important than the right to vote. Sen points to the 1977 Indian election when the electorate roundly voted against Indira Gandhi's party for having brought in the emergency rule. These elections confirmed that "people in economic need also need a political voice. Democracy is not a luxury that can await the arrival of general prosperity."

India's embrace of democracy, however, does not mean that the country has reached the level of affluence or freedom associated with western democracies. In reality, Indian democracy has had an imperfect record. In many ways getting elected has become a far more important aspect of democratic rule than being accountable or truly representative of the interest of the electorate. There has been corruption, violence, fraud, abuse of power and attempts to repress freedom of the press and due process. But the right to elect a candidate that they trust and to vote out a government that has failed to deliver remains an irreversible gain for Indians of all walks of life. Free and fair elections have been held regularly and with a level of participation that would be the subject of envy in many developed countries. A vibrant media remains independent; and the courts have been free of political interference. People can move freely around the country.

As noted above, flaws have appeared and will no doubt continue to dog the Indian political system, but for 1.2 billion citizens constitutional democracy has become an integral part of Indian life. □

Nayan Chanda is head of the publication at the Institute of Globalization at Yale University. He was born in 1946 in India and is the author of several books about politics in Southeast Asia which have been translated into numerous languages. Chanda studied history in Calcutta and international relations at the Sorbonne in Paris before he became a journalist and went to Saigon, Vietnam, to work as a correspondent for the "Far Eastern Economic Review." Today, he lives and works in New Haven, Connecticut.

The Religious Person



“Do unto others as you would have them do unto you.”

The Golden Rule is a fundamental law of all religions. Still, it should be followed more – especially in the business world. This is what rebel theologian Hans Küng is calling for. And, he is also planning for the end of his life.

By Hansjörg Schultz

The man works hard. He has written thousands and thousands of pages over the last 50 years. His books, printed in editions of millions and translated into over 30 languages, have made Hans Küng one of the most quoted theologians in the world. In Küng, intense curiosity joins with a radically open and global mindset. A native of Lucerne, Switzerland, Küng's theological research and writings draw from related disciplines, including philosophy, history, but also political science, economics, literature and music.

Küng's 1974 global bestseller “On Being a Christian” made him popular, but also resulted in the Vatican imposing a teaching ban on him in 1979. In his book,

the priest and professor shied away from insider theological jargon and pleaded for a more authentic approach to talking about faith. At the same time, Küng broke radically with traditional theological teachings. For example, he believes that the Bethlehem story is incorrect. A virgin did not give birth to Jesus in a barn – the Catholic dogma is a myth. And the resurrection of Jesus, the central tenet of Catholic belief, should not be viewed as a “strictly historical event.”

Parallel to this rejection of church teachings, Küng began nurturing a growing interest in the major religions of the world, engaging with them in an ongoing dialogue. He also formulated the phrase

that has become a clarion call for world peace: “There will be no peace among the nations without peace among the religions.”

Parliament of World Religions

An older and somewhat tired Küng receives the visitor at his home in Tübingen at the end of March. If you ask him about his famous phrase, the 86-year old becomes very alert. Over the past 20 years Küng has done extensive research on the world religions of Judaism, Christianity and Islam as part of the “Global Ethics” project, sponsored by his Foundation on Global Ethics, which he founded in 1995 and directed until stepping down last year. In his research, Küng discovered an astounding consensus among world religions regarding the questions of justice, respect for life and humanity.

Global ethics naturally have an impact that reaches far beyond any religion, acting essentially as a moral global agency. “Global politics require a foundation based on a global ethic, a world ethic,” believes Küng. And for him, this foundation lies in the “Golden Rule of Reciprocity”: “Do unto others as you would have them do unto you.”

The Parliament of World Religions, assembled from representatives of all world religions every six years, stated in its “Declaration toward a Global Ethic” in Chicago in 1993 that this Golden Rule represents the “inalienable, absolute norm for all areas of life, for family and communities, for all ethnicities, nations and religions.” The Golden Rule is – if you will – an ethical and minimal consensus, a fundamental principle that, though worded differently, is found in all religions.

Confucius (551 to 489 B.C.) formulates it like this: “Never impose on others what you would not choose for yourself.” And in Christianity: “So in everything, do to others what you would have them do to you.” (Matthew 7:12). In his book “Global Ethics Project,” Küng states that Immanuel Kant's Categorical Imperative is really a secular paraphrase of religion's Golden Rule: “Act only according to that maxim whereby you can, at the same time, will that it should become a universal law.”

This rule, says Küng today, requires a rethinking on the part of every individual: “Before I do something, I have to ask myself: What consequence will that have for others?” A maxim for action that directly opposes our fast-living, dog-eat-dog soci-

ety. This is a rule that Küng would like to see parents teach their children. Finally, it is also a rule that should be reintroduced and adhered to in the business world, where, in Küng's opinion, the relationship between morals and profit has dropped to an all-time low.

Doing Business with Integrity

Küng's Golden Rule as it applies to business was, in fact, implemented almost one hundred years ago by American clothing manufacturer and salesman Arthur Nash, who lamented at the beginning of the 20th century that many businessmen, Christians among them, were simply social Darwinists. He then did something about it. He introduced his vision of the Golden Rule at his store in Cincinnati as the "only useful" formula for business success and then backed it up by making his employees fellow shareholders. With double success: Profits rose and everyone got a piece of the pie. Just two years after introducing Nash's "Golden Rule in Business" as a fundamental business principle, the workers in his company earned on average 20 percent more than before. New employees were hired due to the high volume of orders. Workers also had a say in new hires, because they had a major interest in having new colleagues who also believed that the good of the many was important. The number of workers in Nash's company rose from 29 in 1919 to 3000 in 1923. Revenues climbed during the same period from 26,000 to 1.1 million US dollars. As the clothing industry collapsed in the wake of the stock market crash in 1929, workers made a collective decision to lower their wages in order to avoid becoming unemployed.

Hans Küng would like to put the spotlight on one word that may sound a bit old-fashioned: integrity. "Anständig wirtschaften" (Doing Business with Integrity) is the title of a book that the theologian wrote in the wake of the 2008 financial crisis. In his writing, he borrowed the phrase "human integrity" from Thomas Mann. After the horrors of World War II, Mann referred to the Ten Commandments as the "ABCs of Human Behavior." Küng took Mann's thinking further by calling the Ten Commandments – and the Golden Rule is basically another commandment – as religion's most essential contribution to a common human ethic.

In this age of globalization, Mann's "ABC of Human Behavior" must apply,

especially to the global economy. And this does not mean that "profit, whether it is justified in and of itself, justifies any means, including breach of trust, capitalist greed and social exploitation." Küng would like to see the return of more "old school bankers" who understood that not everything that yields a profit is permissible. And Küng is convinced that by using the Golden Rule of Reciprocity as an ethical framework, banks can still be very successful. Küng does not want to overstep his boundaries in the business world; he is a theologian, not an economist. It is not his intention to provide advice on what should be done to fix the economy. His warnings address dealings that are, in his opinion, out of control on a moral level.

When Hans Küng wrote "Doing Business with Integrity," he was thinking about everyone involved in today's competitive global economy who, in his view, had lost their moral compass. Businesspeople as well as top managers, stock exchange traders, politicians and scientists had to be reminded of their own set of moral values, Küng proposed.

This also applies to politics and the world's crisis areas. Hans Küng also notes with a touch of sadness that more and more regions are following the other Old Testament rule "An eye for an eye, a tooth for a tooth" instead of the Golden Rule. Some regional conflicts are reminiscent of the Cold War. "We are being thrown back to a time before 1989," complains Küng.

Life Experience of a World Traveler

Even at the age of 86, the theologian from Sursee does not let things rest by simply complaining. In his books and articles, which he has had published in newspapers like the New York Times or the Süddeutsche Zeitung, he reveals findings that are the result of decades of research – and the life experience of a world traveler. Now he says it is up to the church, the business world and politicians to implement at least some of these findings.

An honorary citizen of many countries, he likely published his final book last year. "Erlebte Menschlichkeit" (Experienced Humanity) is the third and final volume of Küng's autobiography. The last chapter of this 750-page volume drew special attention. Küng called it "Am Abend des Lebens" (Twilight of Life). In it, he speaks very candidly about contemplating assisted suicide.

It was difficult enough for the enthusiastic skier to give up parallel turns and a cool descent at 80. Later, the complaints of old age began to mount: An aching back, failing eyesight, hearing-aid and, most of all, the onset of Parkinson's have placed limits on the life and work of someone who is in fact very used to sitting down to work at his desk every day.

"I live on call," states Küng. He finds the increasing infirmity of his body as a "harbinger of death." He is fighting it with medications and exercise. But even at 86, he wants to be able to decide freely for himself.

"There is no obligation to continue living."

"I do not want to live on as a shadow of my former self," wrote Küng. He is considering ending his life perhaps with the aid of an assisted suicide organization when he no longer sees any hope of a human existence. "One has a right to continue living, but there is no obligation to do so," believes Küng. He does not want to end his life, he wants to complete it. As Küng says, he is full with life, not tired of life.

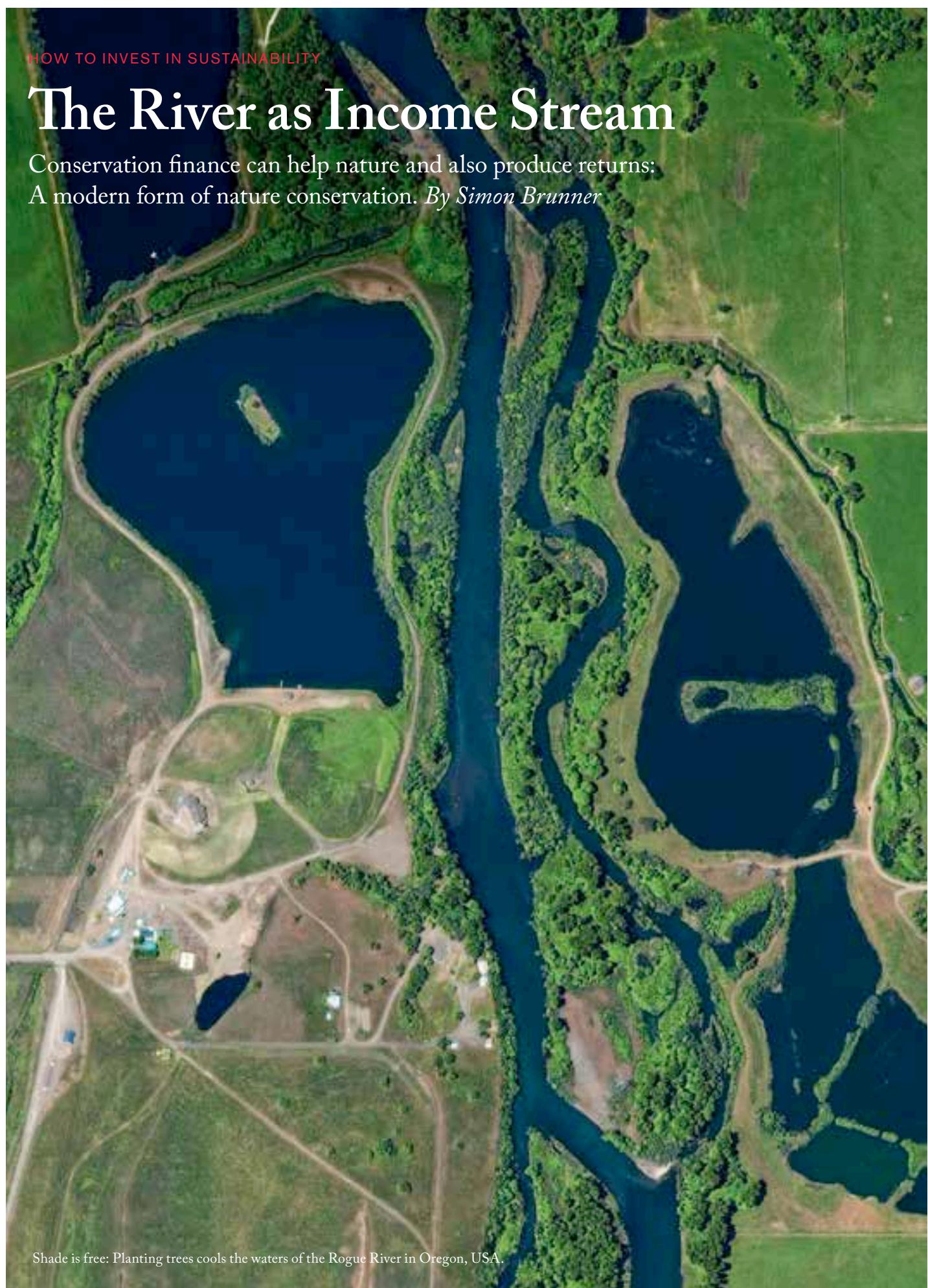
It could be his last great act of rebellion against the Catholic Church, which has fundamentally rejected assisted suicide. But the pious theologian Hans Küng writes that nowhere in the Bible does it say that humans must stick around until the very end. Instead, he believes firmly in life after death and therefore does not want to hold onto his earthly existence at any price. Küng is not only unwavering in his beliefs, he is also a perfectionist. He has already picked out his plot at the Tübingen Stadtfriedhof. It lies directly next to his neighbor and friend, the great rhetorician Walter Jens. □

Hansjörg Schultz is a moderator for the TV program "Sternstunde Religion" (Great Moments in Religion) and until the beginning of 2014, was religion editor for Schweizer Radio and SRF television.

HOW TO INVEST IN SUSTAINABILITY

The River as Income Stream

Conservation finance can help nature and also produce returns:
A modern form of nature conservation. *By Simon Brunner*



Shade is free: Planting trees cools the waters of the Rogue River in Oregon, USA.

Our shade is cheap, and it has great side effects,” says Joe Whitworth, president of the Freshwater Trust in Portland, Oregon. The NGO in the Pacific Northwest has developed a natural system for cooling river water – which is important for the environment there. And for modern nature conservation, because the Freshwater Trust places great value in the quantifiable properties of the measures it uses. Whitworth explains: “Measurement is the lingua franca between nature conservation and business.”

It works like this: Waste water from factories is often heated to kill bacteria, but then it is too warm to be discharged directly into the river and must first be cooled. The Clean Water Act requires rivers in the US to be sufficiently clean to be drinkable, to allow people to swim in them and to ensure that fish can live in them. The northwest is home to a large salmon population, “and the river temperature needs to be less than 13 degrees Celsius for them to survive,” says Whitworth.

Local companies build expensive cooling systems, and “pay some 25 cents per kilo-calorie of cooling,” Whitworth explains, but “the easier way to cool river water is with shade.” With shade? “Yes. What we do isn’t magic. We plant trees along the edge of the river.” The system is efficient: “For half the price, we can cool twice the amount of water,” he says. In addition, this protects the banks from erosion and develops new habitats for animals.

But the greatest innovation of the Freshwater Trust is not in planting trees but in the measurability of the effect, says Whitworth. “Only because we know exactly how effectively a certain number of trees can cool per surface unit of measure can a market develop.” Only in this way can companies outsource and offset the cooling of water, for instance, with certificates.

Investing in an Ecosystem

The work of the Freshwater Trust is one example of conservation finance. In a joint report by Credit Suisse, the WWF and McKinsey&Co., conservation finance is defined as a “mechanism through which financial investments are made in an ecosystem aimed at sustaining the system over the long term.”

Conservation finance includes all forms of investment in nature conservation: government funds, philanthropy, and also, increasingly, investments from private persons with clear goals for returns. Income from nature conservation projects can come directly from compensation or equalization payments, or indirectly, for instance through the certification of sus-

tainably developed goods from an ecosystem. The Freshwater Trust is involved in a wide range of river programs (its motto is “We fix rivers”). There are plans to add the first fund for investors soon.

USD 200 Billion Market

According to the report from Credit Suisse, WWF and McKinsey, the worldwide conservation of biodiversity and ecosystems would require about 300 to 400 billion dollars a year. Only 51.8 billion dollars is currently invested annually, some 80 percent of which comes from governmental sources.

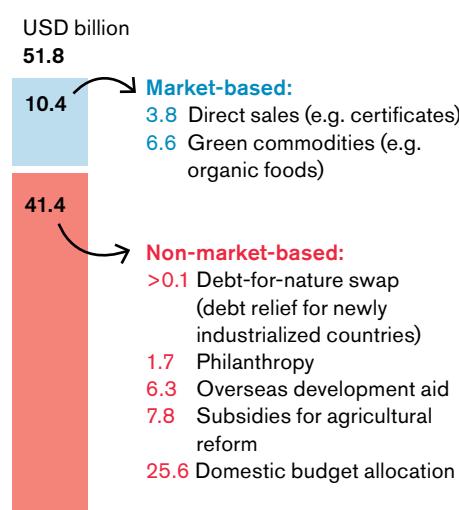
The report concludes, “In order to meet global demand, private-sector investment must increase by a factor of 20 to 30, to between 200 and 300 billion dollars per year, based on the assumption that governmental and philanthropic funds will double.” Are these strong growth rates realistic? The report argues that investments in income streams from nature are attractive because they diversify a portfolio (nature is not subject to macro-trends) and because returns are generated over a longer period of time.

“Individual and institutional investors have a strong interest in conservation finance,” write the authors of a recently published article in the Stanford Social Innovation Review. However, there is currently a lack of suitable investment properties and both the risk-return profiles and the positive impact on nature need to be more transparent.

Back to Oregon. In 2012, US President Barack Obama spoke at an environmental conference about farmers planting trees on the banks of the Rogue River to cool water from factories and generate additional income. Obama praised how the problem was being solved, saying, “It worked for business, it worked for farmers, it worked for salmon.” □

Conservation Finance

Conservation finance includes investments in an ecosystem that are aimed at sustaining the system over the long term.



Source: Global Canopy Program (2012)

78% of conservation finance funds come from industrialized nations.
59% of these are invested domestically; the remainder is transferred to emerging markets.

Literature

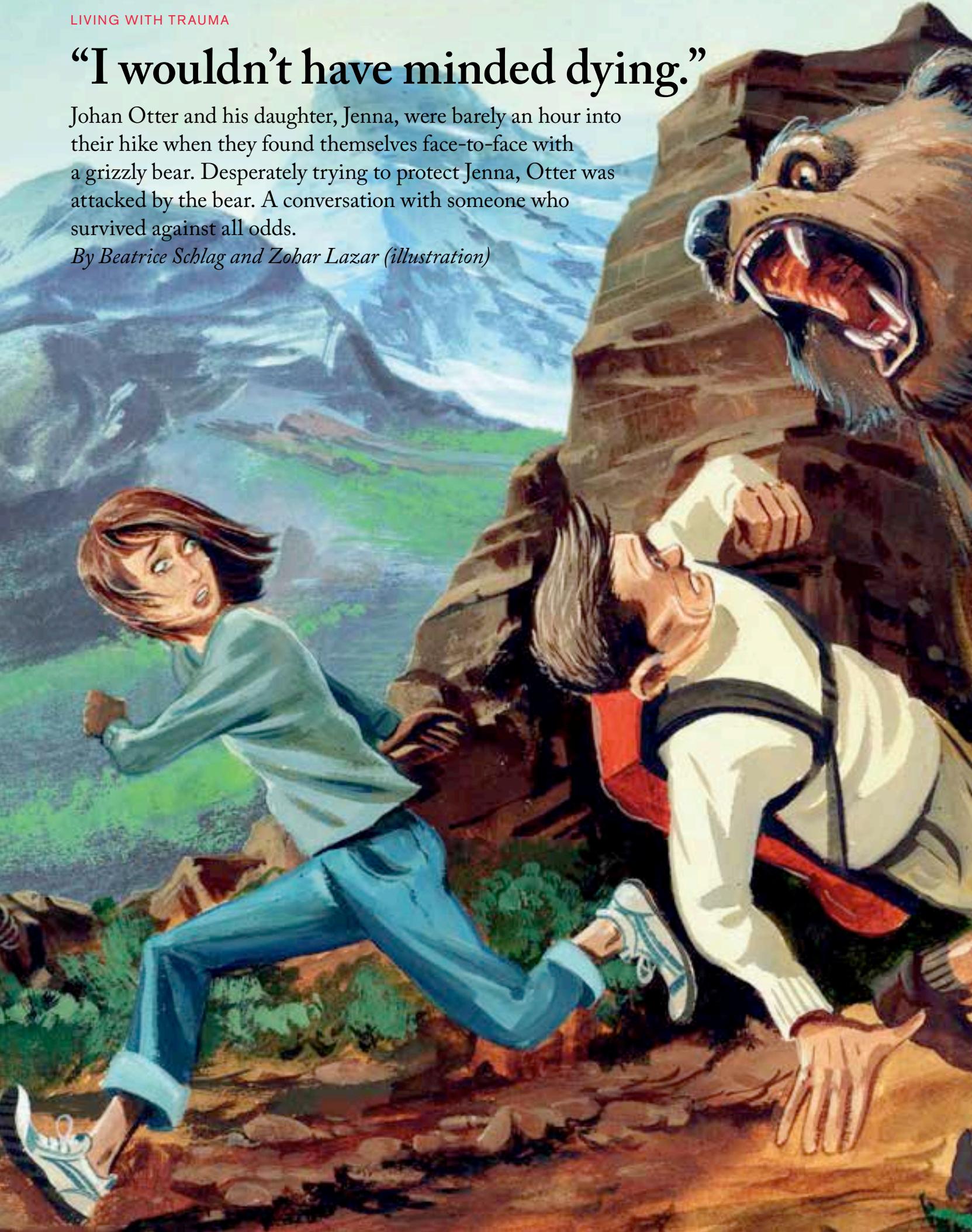
- “Conservation Finance: Moving beyond donor funding toward an investor-driven approach,” Credit Suisse, WWF and McKinsey & Co (2014).
- “Making Conservation Finance Investable,” Stanford Social Innovation Review (2014).

LIVING WITH TRAUMA

“I wouldn’t have minded dying.”

Johan Otter and his daughter, Jenna, were barely an hour into their hike when they found themselves face-to-face with a grizzly bear. Desperately trying to protect Jenna, Otter was attacked by the bear. A conversation with someone who survived against all odds.

By Beatrice Schlag and Zohar Lazar (illustration)





In shirtsleeves and with a cap on his head, Johan Otter seems very young, very healthy and athletic – which, in fact, he is. When Otter, a slim 53-year-old, removes his cap and rolls up his sleeves, he reveals a body laced with scars. His shaved head is a patchwork of skin grafts. His right arm is covered with indentations and scars. “You don’t even want to know what my neck, back and thighs look like,” he says.

Otter, a physical therapist, husband, and father of two grown daughters, was born in the Netherlands but has lived in San Diego, California, for many years. He makes an attempt to lighten the mood. “I was never a particularly masculine type. Being macho always seemed ridiculous. But to be quite honest, for a skinny guy like me to fight a grizzly – that’s not half bad, now that it’s over.” It’s not that he’s trying to sound cool. He allows himself just a touch of pride, which is nothing compared with the emotional roller coaster ride that Otter has found himself on for the past nine years, a time that has been marked by a mixture of incredulity, gratitude, anger and fear.

Asked what first comes to mind when he thinks of the encounter with the grizzly that nearly killed him, he says, “It’s an experience I wouldn’t wish on anyone. But at some point it becomes part of who you are. You’re left with an incredible sense of gratitude that you’re alive. It’s a miracle that I haven’t just survived, but can even run marathons again. It’s not something money can buy. My bank balance didn’t make any difference when we were on the mountain. The people who helped me weren’t interested in my assets. It’s a gift to realize how many things in life money can’t buy.” He’s embarrassed by the tears in his eyes. “It’s hard for me to cry in front of other people,” he says. “But I can’t help it. I was so lucky. That thought always overwhelms me. I still think that I didn’t deserve it.”

Suddenly the Bear Was Right There...

The trip to Glacier National Park, located on the border between Montana and Canada, was a high school graduation present for his daughter Jenna, who was 18 years old at the time. His wife, Marilyn, and Jenna’s sister, Stephanie, stayed home in San Diego. Johan and Jenna were the hikers in the family.

They set out early on the morning of August 25, 2005, to get a head start on

the other hikers. The easy but spectacular trail above picturesque Grinnell Lake is not exactly a secret. Jenna went ahead, disappearing behind a bend in the path. Johan Otter was taking pictures. He couldn’t get enough of the beautiful scenery. All of a sudden Jenna came running, screaming something incomprehensible. Suddenly the bear was right in front of him. It was a grizzly, weighing at least 200 kilograms. Its mouth wide open and its ears flattened to its head, it charged at Otter, biting into his left thigh. It bit him again and again, his arms, shoulders and back, and tore at his scalp with its claws. Johan Otter felt no pain, heard nothing, and didn’t even notice the smell of the bear as its mouth, wide open, was directly in front of his face. “There was no room in my mind for smells or sounds. My body was deciding which percep-

He felt no pain, heard nothing, and didn’t even notice the smell of the bear.

tions were important and which weren’t. Even today, I’m astonished by how nature works. Smells, sounds, pain, fear, panic – all of those things were superfluous, so they were switched off. I had to be alert if I wanted to save my daughter. I don’t think my thoughts had ever, in my life, been so focused.” Otter knew that he had to get away if he was to survive. To the right of the narrow hiking trail was the mountain wall, to the left was a steep dropoff. But some seven meters below him he saw a ledge covered with brushwood. Falling on it would hurt, but it wouldn’t kill him.

He dived for it, thinking, “This will be a good story to tell at the office.” Today that seems incredible. “Who thinks something like that at such a moment?” Landing in the branches, he looked up. His daughter was struggling in vain to open a can of pepper spray. He heard her scream and saw the bear charge toward her. He yelled for her to jump down to him. Jenna says that she didn’t hear him. She doesn’t remember whether she lost consciousness and fell down the precipice, or whether she deliberately let herself roll down. Falling

even farther than her father, Jenna landed on another ledge.

She lay down and rolled into a ball. She knew something that she hadn’t had time to tell her father: It was a mother bear. Round the bend in the path, Jenna had caught a glimpse of two young bears before she ran back toward her father. If she had played dead when the bear found her, she might have a chance. The mother grizzly’s aggression was triggered by the fact that Jenna and her father had come too close to the cubs.

A Parent’s Instinct

In the meantime, the grizzly had found Jenna’s father. The bear ran “faster than anything I’ve ever seen” toward the man lying on the ground, charging at the backpack that Otter was still wearing. “Then it picked me up by my backpack and shook me back and forth, like a rag doll.” Suddenly he remembered that his daughter wasn’t wearing a backpack. “If the bear does this to Jenna, she’ll die,” thought Otter. “So I have to make sure that the grizzly stays here.” But doesn’t your instinct to protect your own life win out in a situation like that? He immediately says no. “I think the instinct to protect your children is one of the most powerful of all. It was much the same for the bear, I realize today. It had to get rid of me so that its young would be safe.”

Otter was still feeling no pain, although the grizzly was attacking him again and again, and he knew that he was in mortal danger. “If I had died and the story had run under the headline ‘Father dies a gruesome death defending his daughter,’ that wouldn’t have been accurate,” he says. “It wouldn’t have been gruesome. It would have been very bloody, but for me it would have been okay. It wouldn’t have hurt.” But his daughter wasn’t yet safe. Otter managed to sit up. He grabbed hold of the rough fur at the bear’s neck with his left hand and jumped. The bear fell along with him. He will never forget the look in its eyes: “It had light brown eyes. We project so many emotions onto animals. But its eyes were completely emotionless. No fear, no anger. I was just something it had to do away with.”

The two of them landed on another ledge that was covered with brush. Otter didn’t know that it was the same ledge that had broken Jenna’s fall. He had done everything he could to keep the grizzly away



A medical miracle: Johan Otter in a brace to stabilize his cervical vertebrae.



A long journey: Otter and his daughter Jenna in 2007, returning to the scene of the bear's attack.

from her, but instead the bear was now perilously close. Jenna was less than 30 meters away and heard her father scream, something he doesn't remember today. Johan Otter lay on his stomach and thought, "I'm a stuntman in a movie. It's a Western, and the cowboys and Indians are fighting it out. But my injuries are real. Why isn't the producer yelling 'cut'? At some point something brings you back into your body."

He let himself drop a third time, thinking that he was going to die anyway. Below him, the face of the mountain seemed to drop straight down. A small boulder slowed his fall, and a short distance below he landed upright on an outcropping that was just big enough to accommodate two feet, but too small for him to sit or lie down. The bear looked down at him. It couldn't jump, the outcropping was too narrow. Eventually the animal turned away. Now Otter was angry. And terribly tired. He was sure that Jenna had been able to escape. He looked at his injuries, felt the deep wounds on his head.

His head was covered with blood, he couldn't see a thing. He managed to open one eye: "I thought God, Allah, Buddha, whoever you are, thank you." He didn't care who it was, or whether he really existed. "It was all so surreal," he says, looking back. "Maybe I had to thank something surreal. Even today, it doesn't matter to me who or what it was. I think my father is right: Death must be a good thing, since no one has ever returned."

Seconds later the worst happened: He heard his daughter scream. Then there was silence. The grizzly had found her. Otter knew that he had to be calm, or the bear would become even more enraged. He called out to Jenna. "She answered immediately. The grizzly was gone. And Jenna's voice sounded strong. What I didn't know was that she was crouched over, her finger touching a hole at the back

of her head." She later told him that the grizzly had clamped her entire face in its mouth for a few seconds, biting her skull and tearing off the skin on the right side of her face, from her lower lip to her chin. He asked whether she could see. She said she could, and asked how he was. He answered that he was in pretty bad shape.

No Strength to Yell for Help

Father and daughter began to call out for help. Jenna didn't dare crawl to him. Her back hurt. She didn't know how serious her injuries were. Johan Otter could hardly stand. He took off his backpack and pulled out a jacket. Somehow he managed to climb up to the next ledge. Finally he was able to sit down. He was dizzy. He shivered, lacking the strength to yell for help.

Suddenly he heard Jenna talking to someone. "Dad," she called, "There are people here. They've sent for help." The first hiker who slid down the precipice to reach him looked at him in shock. The hiker later said that he had never seen anyone in such horrible condition. More and more people arrived, taking off their jackets to cover the shivering man with the bloody face and making sure that he stayed awake. Because all that Johan Otter wanted to do now was sleep. He was shaking with cold. A young woman lay down over his chest to shield him from the wind. The thought occurred to him that she would never be able to get the bloodstains out of her clothes. He will never forget that loving gesture from a total stranger.

It was impossible for a helicopter to land on the steep terrain. The park ranger, who had now arrived, dismissed the idea of carrying Otter on a stretcher to a place where a helicopter might be able to land: He would never survive the transport. Time was running out. A helicopter with a cable winch was the only option. Otter

was scared. "Am I going to die?" he asked. "Not up here," said the ranger. Secured to a stretcher, the grievously injured man was flown to the nearest parking lot, where an ambulance was waiting.

At the hospital in Kalispell, Montana, the doctors could hardly believe that Johan Otter was still clinging to life. In addition to fractured cervical vertebrae, bites on his skull and broken ribs, he had 25 open wounds. The doctors gave him a tetanus shot and antibiotics, then transferred him to Seattle. They lacked the resources to treat such a serious case. Jenna remained in Kalispell. Along with the injury to her face and a fractured skull, she had sustained a deep bite to her shoulder.

No Thoughts of the Future

Otter's second cervical vertebra was fractured, as well as the sixth and seventh. The physical therapist knew that there were only two options: fusing the upper portion of his spinal column or stabilizing it with a brace made up of screws and rods. He didn't want his spine to be fused; the risk of lifelong disability was too great. As they tightened the screws of the brace on his skull, he thought his head would explode.

He was bandaged from head to toe. Panic attacks tormented him. "The mental suffering was worse than the physical pain. You're totally dependent on other people." Otter says that the brace on his head was just as intolerable as it looks in the pictures. He was given morphine, Valium and oxycodone for his pain, anxiety and depression. His sleep while on such powerful medication was not particularly restorative, but at least he was able to rest for a few hours. Otter refused to allow himself to think of the future: "My only goal was to survive until tomorrow. I was crying constantly. I didn't know what I looked like, and I didn't want to look in a mirror. Later on I saw the photos >



Happy survivors: The Otter family in early 2014.



The scene where the attack took place: Grinnell Lake in Glacier National Park, on the Canadian border.

that were taken when I was admitted to the hospital. Then I understood why the people who had found me were so horror-stricken."

A Hero for Once in His Life

After the brace to support his spinal column came a series of skin grafts, with skin transplanted from his back to his skull. His wife, Marilyn, took leave from her school job so that she could be with him. He cried when he saw her, feeling both relief and a sense of guilt. It was all his fault. The trip had been his idea. It was his fault that Jenna was in the hospital, injured and far away from home. And it was his fault that the birthday present for his wife was still in his car in Montana. His wife said, "You're my present."

After a few days he was able to take his first few steps. Jenna came for a day from Kalispell. She was walking with a cane. Her face was swollen. She was wearing a back brace, and her arm was in a sling. "Dad, I have to thank you for saving my life," she whispered. There was no need for thanks, he told her, but it made him happy to hear her say it. The story of the hero who had fought off a grizzly bear made the rounds of the hospital. He saw it more skeptically. "It's great, for once in your life someone thinks you're a hero. But I didn't see it that way. We Europeans don't tend to feel as heroic as Americans do."

Two weeks and two days after being attacked by a grizzly, Johan Otter was able to go home. His wife had arranged for a hospital bed to be set up in their living room. Now he was receiving his medical care from Scripps Memorial Hospital in San Diego, where he had worked for years as a physical therapist. Physically, he was making rapid progress. But there were psychological issues. He was optimistic and exuberant, almost manic, when visi-

tors came. He didn't want to burden anyone. He was concerned about his younger daughter, Stephanie. All of the focus was on him and Jenna. Would Stephanie be able to handle that? During the night came the nightmares. And when his spinal brace was removed, after three months, it seemed as if a mere gust of wind would break his neck.

Only a few weeks later he started running again. And he discovered that the images of the grizzly bear that were constantly in his head changed when he was running. "It's been nine years now," he says. "For about seven years my mind would only let me remember so much. Most people can't understand that. I knew intellectually what had happened, but I didn't have a visceral sense of it."

Letting His Emotions In

In his memory, the encounter with the grizzly was divided into short scenes. "It's hard to explain," says Otter. "My body decided, little by little, what I could handle. At some point something told me, now you can look as Jenna falls from the trail. Now you can accept the fact that she was so frightened that she almost jumped into the abyss. And now you can experience what it was to nearly bleed to death." But it took a long time for him to discover that talking was the only thing that really helped. "Every day, while I was running, I told myself what had happened. I would always reach the point of thinking about what else could have happened, realizing that I really could have died. Then I'd start to shake. We're programmed to plan every aspect of our lives. But it just doesn't work that way."

He had to allow himself to recover. He had to let other people help him, which was even harder. He learned not to be afraid of the emotions that came over

him. "You have to recognize that some of them will bring you to tears. But you need to trust that nature will not overwhelm us with all of our emotions at once."

Jenna's response was very different. She never wanted to talk about the bear. It took three years for him to talk her into going with him to finish the hike they had started. Jenna Otter is now a third-year medical student in New York. She recently started seeing a psychiatrist. But she only told her mother about that, says Johan Otter. "I don't think that it's a coincidence that she's going to be a doctor," says her father. "Her patients will help her heal herself."

Two months after he returned to work, his boss offered him her job. He accepted that position, and while working also wrote the dissertation that would earn him a doctorate in physical therapy. He is now senior director of Occupational Health and Wellness, and he is sometimes amazed by how easy it is for him to accept criticism in a meeting. "I look at people and think: You have no idea what I survived. I don't care if I'm admitting a weakness or you're criticizing me. You're not anywhere near as terrifying as that bear."

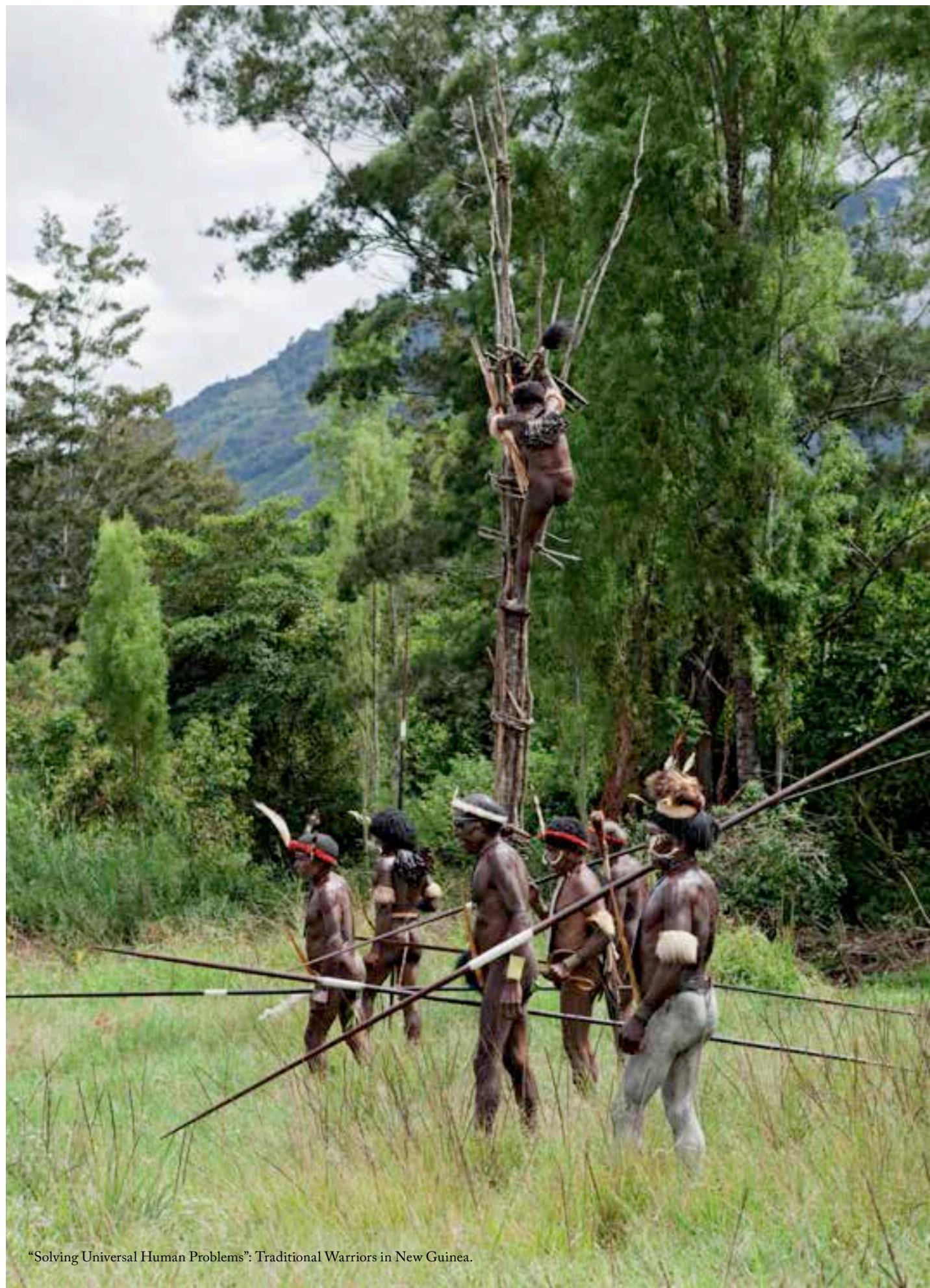
Last year, Otter achieved what he calls his PBP, his post-bear personal record. Next year he wants to run in the Boston Marathon again. □

Beatrice Schlag lives in Zurich and Los Angeles and writes for Weltwoche magazine.

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“Solving Universal Human Problems”: Traditional Warriors in New Guinea.

WHAT WE CAN LEARN FROM TRADITIONAL SOCIETIES

“A BMW in Zurich and a pig in New Guinea have similar functions.”

Jared Diamond studies people in traditional communities. The American scientist believes that western societies can learn a lot from the tribes still living much as they did hundreds of years ago. *Interview: Simon Brunner*

Professor Diamond, how close are we to our ancestors who lived in caves?

We are so close that if you encountered a cave dweller today, on the streets of Zurich, dressed in modern clothing, you would not be able to tell. The genetic differences between our bodies and those of the cave dwellers are invisible to modern people, such as teeth that are slightly smaller on average today, the invisible enzyme lactase and a genetic resistance to certain infectious diseases in some modern people.

But our behavior has changed drastically over the centuries.

Yes and no. Our repertoire of behaviors is not fundamentally different from that of eleven thousand years ago. We are capable of killing, and we are also capable of caring for sick people. Today, as in the past, the behaviors we adopt depend on the society and the circumstances.

We no longer hunt and gather, but we spend a great deal of each day at the computer.

Is our mental development lagging behind the progress of our times?

That's an interesting question! One could assume, for example, that knowing how to read requires special brain adaptations that have only evolved within the last few thousand years since the invention of writing. But members of traditional societies learn to read just as quickly as members of modern societies. This shows that the human brain is a flexible organ that can carry out tasks that brains were never called upon to perform throughout our history until recently, such as reading or now tweeting.

You have spent decades researching indigenous tribes in New Guinea. What can highly

developed civilizations learn from people still living like our ancestors?

Traditional societies have conducted thousands of natural experiments to solve universal human problems. We consider some of these tests to be admirable and worth adopting. Specifically, I am thinking of how traditional societies raise their children as self-confident individuals, keep older people socially engaged, and develop a clear awareness of danger. However, there are other examples where we say “Thank God that we have discarded that behavior,” like killing children and the elderly in some societies.

You write, “We seem to have lost the value of the extended family – in the West, all the pressure falls on the parents.” What do the New Guineans do better?

In traditional societies, biological parents are not the only role models for the children; practically all the adults in the village serve that function. Having alternative role models is just as important for children today as it ever was. I have numerous friends in America and Europe who had the misfortune to be brought up by overburdened biological parents, and who preserved their sanity only as a result of contact with another healthy adult – even if this was nothing more than a weekly piano lesson with a sympathetic teacher. Such contact is guaranteed in many traditional societies, but not in ours.

You also praise traditional societies for their liberal approach to parenting. Is it really true that children in tropical rainforests can spend more time playing outdoors despite wild animals and hostile tribes?

These tribes usually believe that children should be allowed to explore and experi-

ment and learn from their mistakes because later, as adults, they will have to be responsible for their own lives. Like other Western visitors who have spent time in traditional societies, I am always impressed by the social skills and self-confidence of the children.

In our Western society, older people are often excluded. How do traditional societies treat their older members?

They're all very different. In the worst case, the elderly are routinely killed or abandoned. This applies mainly to nomadic societies and to societies living in marginal environments. In contrast, most sedentary traditional societies afford people a more satisfying old age than in modern industrial society, because the elderly live their lives surrounded by their children, relatives and life-long >



Jared Diamond, 76, is often referred to as a polymath. He studied physiology, later expanding to evolutionary biology and biogeography. Today, he is Professor of Geography at the University of California, an ornithologist, environmentalist, speaks 12 languages and plays the piano. Diamond belongs to a number of renowned associations (including the National Academy of Sciences) and has received numerous awards, including the National Medal of Science and the Tyler Prize for Environmental Achievement. He has published over 600 articles; his book “Guns, Germs, and Steel: The Fates of Human Societies” won the Pulitzer Prize in 1998. He recently published “The World until Yesterday: What Can We Learn from Traditional Societies?” (Viking Press). Diamond and his wife live in Los Angeles; they have two sons.

friends and play an important social role right until the end of their lives.

Traditional societies are often divided into small groups of “friends” and “enemies” and a large group of mostly hostile “strangers.” What can a globalized, open society learn from such closed communities?

We can be grateful that our own world is no longer so rigidly divided. But traditional societies do derive one advantage from the small, stable circle of “friends.” They gain proximity to life-long friends. In Europe and especially in the US, where people are more mobile and move frequently, old people often no longer have any contact with their childhood friends. In my case, at 76 I still have contact with only two people who I know from my own childhood. A friend of mine who worked for many years in a remote, rural area of Africa puts it this way: “The lives of rural Africans are materially poorer, but socially richer, than the lives of Americans and Europeans.”

It sounds surprising, but you say that in some respects, jungle tribes have healthier lives than we do.

They are healthier due to the relative absence of those illnesses related to our modern way of life: diabetes, cardiovascular disease and strokes. In traditional societies, people are relatively free of these ailments resulting from an interaction between genes and a modern lifestyle. These include a lack of physical activity, high calorie intake, high sugar and salt intake and insufficient fiber intake. However, traditional societies are also unhealthier because of the frequency of infectious diseases curable by modern medicine but not curable under the conditions of the traditional societies. These result in a lower life expectancy.

Are there commonalities in social matters between us and the people who you research?

Of course. An astounding example: A BMW in Zurich and a pig in New Guinea have similar functions. Both are status symbols and utilitarian items at the same time. A BMW can be used to drive to the grocery store when it is raining, but also holds a higher status in the eyes of those who can only afford to drive a Smart. In New Guinea, a pig can be eaten but it also has a practical utility like a car. A person who owns pigs is elevated in status

in the eyes of those who own none or only very few.

What do we have that traditional societies are most envious of?

During my first season of fieldwork, when asked what he would do with the money he had just earned as my co-worker, a New Guinean responded, “I am going buy myself an umbrella!” That showed good judgment, since there was annual rainfall of 500 mm per square meter in the area

There is no advantage in the higher levels of violence in traditional societies.

where he lived. In general, traditional societies are envious of our access to tools – like the umbrella – to modern medicines, to education and to food.

And peace? The evolutionary psychologist Steven Pinker says that in pre-state societies, around 15 percent of people die violent deaths compared to around three percent in the early stages of the modern state system, and probably less than one percent in today’s society.

It is true that pre-state societies experience a great deal more violence on average than societies organized in a state system. An argument escalates, each act of violence results in more violence, and that cycle can go on for a long time. There is a lack of centralized violence and, along with it, the means to deescalate. Just in case you were suggesting it, no, there is no advantage in the higher levels of violence in traditional societies, and there is nothing at all to be learned from it. Those levels are a tragedy in which societies without state government are trapped.

You have spent forty years commuting between New Guinea and the US. What kind of a relationship do you have with someone who was still building stone axes twenty years ago? Is it a relationship of equals?

No. Our access to modern technology and the opportunities it offers exceeds theirs. Their ability to survive in the jungle exceeds ours. I find it fascinating to discover where our relations differ and how they are the same compared to relations between members of traditional

societies. New Guineans laugh at the same situations as I do; they cry, get angry, get scared and rejoice about the same things as I do. By contrast, they have an entirely different relationship with their spouse, friends or dangers.

Has your own behavior at home in America changed?

Yes, especially in that I have learned to develop a realistic awareness of danger. In the West, we are afraid of terrorism, war and rare epidemics. But driving is a much greater danger for us. Or for an older man like me, falling and breaking something. A slippery shower floor can be a greater danger than the jungle – this is something that I have learned. □

This interview was conducted on March 3, 2014.

THE KNOWLEDGE OF OUR ANCESTORS

High Tech in Stone and Bronze

People are inclined to rate the present too highly. Many of the achievements that we think of as new already existed in earlier civilizations. Here are a few examples, compiled by *Mathias Plüss*.



Cinema (4000 BC)

Numerous wall drawings have been found in Neolithic caves that tell stories of sword fights or successful hunts. Some researchers believe that these caves were prehistoric cinemas. The scenes are arranged so the images coalesce into a film-like sequence right before the viewer's eyes. Accompanied by a narrator's voice and music, these Stone Age events were surely no less impressive than a visit to a 3D movie today.



Brain Surgery (1450 AD)

Making cranial openings, or trepanning, was the preferred method for treating cranial trauma and brain diseases in some places 10,000 years ago. The technique was mastered by the Incas 600 years ago in modern-day Peru. They were able to precisely cut, saw and drill holes in skulls and were familiar with various disinfection methods. More than 90 percent of patients survived the operation unharmed and lived, in some cases, for decades afterward.



Fast Food Restaurants (50 AD)

The Romans called it a "thermopolium" – which is a fancy word for fast food restaurant. The food, often peas or beans, was cooked in advance and kept warm in clay basins on a counter. Customers ate standing up – there were no seats. Because most people did not have a kitchen, these fast food restaurants were very popular. In Pompeii, where some 20,000 people lived, excavations have unearthed nearly 100 such restaurants.



The Sit-Down Toilet (2500 BC)

In the cities of the Indus culture, in modern-day Pakistan, there were private toilets and bathrooms with fresh water systems. The toilets were made of brick and had wooden seats – waste matter went directly into public sewers. The technical standard of the construction was extraordinarily high. The elaborate network of canals required particularly precise calculations.



Precision Tunneling (550 BC)

Digging a tunnel is not especially difficult; all it takes is raw power. Digging a tunnel from two sides is another story. It requires intelligence, as well as high-precision measuring instruments that ensure the height at both ends of the tunnel is the same, and that digging is going in the right direction. If everything goes well, the two sides will meet in the middle – and thus save half the construction time. The Greeks were the first to accomplish this endeavor, when they built a kilometer-long aqueduct through a mountain on the island of Samos.



The Hair Roller (1400 BC)

Some Egyptians (both men and women) spent hours on their hair, makeup and shaving their body hair. The upper class had a full beauty case, replete with copper mirrors, ivory combs, razor blades, eyebrow tweezers, blush, eyeliner and lipstick. Some households even had ornate instruments made of bronze for curling their hair. □

WHAT MAKES GOOD ART

Seriousness and Sincerity

The more modern the art, the more difficult it is to judge. Once, you could buy a Picasso painting for less than a penny; nowadays, it would be worth a billion dollars. But how do you know beforehand? An introduction by *Will Gompertz*.



Ahead of its time: Picasso's *Les Demoiselles d'Avignon* (Paris, 1907).

Pablo Picasso (1881–1973). *Les Demoiselles d'Avignon* (Paris, June–July 1907). Oil on canvas, 243.9 x 233.7 cm. New York, Museum of Modern Art (MoMA). Acquired from the estate of Lillie P. Bliss. 333.1939 © 2014, ProLitteris, Zurich. DIGITAL IMAGE © (2014) The Museum of Modern Art/Scala, Florence.

In the 19th century, when mass marketing was still in its infancy, the American businessman John Wanamaker made this observation about the exciting but notoriously unscientific new method of promotion: "Half the money I spend on advertising is wasted," he said, "The trouble is I don't know which half."

The same could be said for collecting art, particularly if you're in the market for contemporary work. I have walked around many a private collection of what once might have been sold as cutting-edge art, acquired at great cost by an enthusiastic collector over several years, but which had palpably not passed the test of time.

The Bright Young Thing who was all the rage last year – and in whom the collectors invested heavily – is now considered dull by the artworld cognoscenti, and that video artist who was hotter than Venice in July a decade ago has become nothing more than a poor imitation. As unpleasant as this is for collectors, it is not as unpleasant as the comprehensive re-evaluation of their once much-prized artworks. The market price for work by an out-of-favor artist drops faster than the apple that inspired Newton to formulate his law of gravity.

How then, does a collector avoid such pitfalls, and purchase art that is not only aesthetically stimulating, but also retains – or better still increases – its value?

Writing Off 70 Percent

While for businessman John Wanamaker, advertising meant wasting half his money, I would estimate that the risk is much higher when it comes to contemporary art. From an investment point of view I'd say around 70 percent of the money spent is partially or totally irredeemable. And no one is immune to poor judgment. Curators are just as likely to make a mistake as enthusiastic private collectors. The warehouses of the great museums are packed to the rafters with works that cost the institution plenty but will probably never see the light of the exhibition room. Even Sir Nicholas Serota, the esteemed and powerful Director of the Tate galleries in the UK, says he never knows what to think when faced with a new piece of work by a contemporary artist. If he finds it hard, what chance is there for the rest of us?

Of course, there's nothing new in the problem. From the dawn of the age of modern art, which can be dated to around 1850, it has been very hard to judge which works of art will last and which won't. And that's because the role of the artist has changed drastically. Unlike the art produced in the classical style, in which the artist took old ideas and executed them brilliantly, modern art requires the artist to form new ideas and execute them brilliantly, and that creates a paradox for the collector and critic alike.

The truth is, however much we all might protest the opposite, we actually prefer what we already know. The ambition to spot the next Picasso or Pollock

Throughout the modern period people have raced to buy junk.

– and perhaps to take the opportunity to buy his or her work at what would later prove to be a bargain price – is thwarted by our natural conservatism. History suggests that even if we were to be presented with the chance of buying such an epoch-defining work, we'd probably pass it up.

Throughout the modern period people have raced to buy junk while at the same time turning their noses up at artworks by then unknown artists like Van Gogh, Manet, Pollock and Duchamp. Even the young Picasso, whose genius was already recognized by the Parisian avant-garde, was told that one of his paintings was a failure. The painting in question was the *Demoiselles d'Avignon*, which he showed to friends and critics when it was nearing completion in 1907. Instead of the gasps of wonder he hoped for, Picasso heard only howls of derision. Matisse even accused him of trying to destroy modern art.

So despondent was Picasso (1881–1973) about the wholly negative reaction to his giant canvas, he took it off its stretchers, rolled it up, and left it unfinished at the back of his studio where it stayed and gathered dust for years. Today the painting, which is owned by the MoMA in New York, is considered to be perhaps the greatest work of art produced

in the twentieth century, and if sold privately could feasibly fetch a billion dollars. Back in 1907, when the paint was still wet, nobody would have paid a penny for it.

How Do You Separate the Wheat from the Chaff?

Picasso was simply way ahead of his time. Even poet and art critic Guillaume Apollinaire, leading voice of the Parisian avant-garde scene, was not yet ready for him. It would take another thirty-odd years before Picasso was acknowledged for his genius. The same is true of Jackson Pollock's Abstract expressionism and for Van Gogh's distorted images rendered with saturated colors. Their paintings are now worth tens of millions of dollars, but when first produced couldn't even be given away.

That inherent complexity of spotting contemporary art of lasting merit is even more acute today. The challenge of sorting the wheat from the chaff has never been so difficult. The twenty-first century collector has to operate in a market that has grown exponentially over the past two decades. Never has so much art been produced for so many. The art market has gone from being a bijou business in which a few wealthy individuals propped up the careers of a handful of artists, into a burgeoning global industry in which thousands of newly rich collectors vie for a slice of the art pie. Artistic productivity has gone into overdrive to satisfy this demand. Artists are producing large volumes of artwork for a constantly growing market.

You can see it in the huge, white-walled commercial galleries that rub shoulders with stores selling other luxury goods in the world's most upmarket streets. You can see it in the hundreds of glamorous pop-up shops from Miami to Hong Kong, which go under the collective name of Art Fairs. And you can see it sold expensively at Sotheby's or Christie's at their increasingly frequent contemporary art sales. You can see it everywhere, you can buy it anywhere, but of all those thousands of pieces, which are the few that future generations will be queuing up to see at MoMA, Tate or the Pompidou?

A Urinal Changes the World

The task of trying to identify the masterpieces and important works of >

the future should start with one word: sincerity. It doesn't matter what feeling an artist is attempting to evoke in the viewer, or what message is being communicated – unless the work has been executed with utter seriousness and total sincerity, it will last no longer than a piece of summer fruit. Even Marcel Duchamp's joke-filled art, which at first glance might appear flippant, verging on silly, was executed with exceptional rigor and intelligence.

When Duchamp (1887–1968) picked up a white porcelain urinal from J. L. Mott ironworks in 1917 and signed it R. Mutt before entering it for inclusion in what was then New York's biggest-ever exhibition of contemporary art, it must have seemed a puerile and attention-seeking act by a dilettante artist. Plenty of people still believe that to be the case.

But it wasn't an asinine gesture. It was a profoundly serious idea delivered with a wry smile. Duchamp chose a urinal as his subject to challenge the notion that art had to be beautiful. The reason he bought it from a shop as opposed to crafting or painting his own was because he wanted to question the assumption that an artwork had to be physically

People must have assumed it was an absurd stunt by a dilettante.

made by an artist: He was asking what is art and who is an artist? And the urinal gave him a way of demonstrating the power art has to affect our minds. He took something mass-produced and inexpensive and then, by simply changing its context by displaying it in an art gallery, turned it into something that was unique and valued. That was the plan anyway, but it didn't work out quite like that.

Instead of exhibiting Duchamp's urinal as the rules stipulated it should (any artist who had paid the entry fee was entitled to have his or her work shown), the exhibition committee smashed it into a thousand pieces (the Duchamp urinals you now see displayed in museums are a series of replicas endorsed by the artist).

But as the committee was to find out, you can destroy an artwork but you cannot destroy an idea. Duchamp changed art forever.

It Must Be Good

Today the art world can't get enough of him. And that's a bit of a problem. There's far too much work being produced in the spirit of Duchamp. It is collectively known as Conceptual Art, most of which is ill conceived and lame. As the US Minimalist artist Sol LeWitt wrote in 1967, Conceptual Art is only as good as the idea. If the concept is weak, so is the art. It's a view that can be applied to all contemporary art, be it conceptual, abstract or figurative. If the fundamental idea underpinning a work of art is not compelling, illuminating and important, then nor is the work. But art that lasts has to consist of more than just a powerful idea; it must be executed with great precision and skill.

Really good art tends to be the product of an obsessive mind that has struggled to overcome problem after problem in order to construct something of lasting importance. It is possible that the final execution is quick – as was the case with Duchamp and his urinal – but the process of getting there will have been long and hard.

If you are looking for art that will last, look first at the journey the artist took to reach the point where he or she is finally making pieces for public view and possible sale. Understand the intellectual motivation behind the work. Are the issues being explored timely and vital? Does the artist have a personal connection to the subjects? Is the work connected to art history but breaking new ground? In other words, is it idiosyncratic and original?

It Does Not Have To Be Beautiful

Originality is essential in the modern era. There is little value in copying, unless the artist makes it his or her subject. As Picasso said: "Good artists copy, great artists steal." By which he meant that if you copy all you are doing is replicating the pre-existing; copying by its nature is limiting and reductive. To steal though, is liberating and dynamic. Every great work of art is full of the ideas and techniques developed by others. Picasso stole from El Greco, Cézanne and Ma-

tisse and added the magic ingredient: his way of looking at the world and expressing himself.

A great work of art does not have to be beautiful or immediately likable. In fact, many artworks now known as great masterpieces were thought highly offensive when first exhibited, such as Edouard Manet's Olympia and Willem de Kooning's Woman I. Tastes change. Carl Andre is an US Minimalist artist who produced a sculpture called Equivalent VIII in 1966. It consists of 120 fire-bricks which, laid out as per the artist's instructions, were configured into a two-brick deep rectangle. The Tate gallery purchased the work for 2,000 pounds in

But art that lasts has to consist of more than just a powerful idea.

the 1970s and put it on display. The British press was outraged at this "wasting of taxpayers' money."

Roughly thirty years later, the Tate once again acquired an unusual artwork. This time they chose to buy a line of people. More specifically, they bought a piece of paper upon which the Slovakian artist Roman Ondak had written the instructions for a performance artwork. He specified that a handful of actors should create a queue outside a doorway or inside an art exhibition. Once in position, they were all to adopt an air of patient expectation, as if something were about to happen. The idea being that the queue's presence would intrigue passersby, who might either join it (which, in my experience, they often did), or perhaps walk alongside it, wondering what they might be missing.

This time it remained calm. There was not so much as a murmur: no criticism, no outrage, not even a selection of gently mocking headlines from the wittier end of the tabloid press – nothing.

It Must Be Skillful

Notoriety is harder to come by in the world of art nowadays as it has moved into the mainstream of everyday life. But the fundamental attributes of a really good work of art remain the same:

Carl Andre (born in 1935) E/Equivalent VIII, 1966. Bricks; Object: 127 x 686 x 2292 mm; Tate Collection, acquired 1972.
© 2014, ProLitteris, Zurich. Photo: © Tate, London 2014



One hundred and twenty bricks arranged in two rows as a rectangle: Equivalent VIII by Carl Andre, 1966.

It must have authenticity; a seriousness; a sincerity and have been executed with a brilliant precision. And it must have something original to say that either makes us look at the familiar afresh, or to encounter the unfamiliar. It doesn't matter if you like it or not – that can come later.

What Should I Buy?

So, whose work would I be collecting if I had a few million spare to build an art collection? I'd definitely be in the market for a piece by the Brazilian conceptual artist Cildo Meireles. And while I was down Rio way, I'd pop into Beatriz Milhazes's studio and pick up one of her beautiful baroque-meets-Tropicalia paintings. I'd fly to Chicago to see what Kerry James Marshall was up to and hope to buy one of his large acrylic paintings, in which all the characters are of African descent. And from there I would take a trip to

Trinidad to Peter Doig's studio and take my pick – his work is never dull. I would end my art-buying spree in Berlin, in the company of the Turner Prize-winning sound artist Susan Philipsz, and over a leisurely lunch ask if she would accept a commission to make a sound work for my garden.

And with that haul, I'd go home – a very happy man. □

Will Gompertz is Arts Editor at the BBC, the first person to ever hold the position. He is considered to be one of the most influential cultural journalists in the United Kingdom. He previously worked as communications director of the Tate Gallery, an art critic and a magazine founder. Gompertz has received numerous awards, and named one of the 50 most creative people in the world by New York's Creativity magazine. His most recent publication is "What Are You Looking At?: The Surprising, Shocking, and Sometimes Strange Story of 150 Years of Modern Art" (Penguin).

WHAT DEFINES A CLASSIC STYLE

Emancipation Wears Black

No other dress is as versatile as the “little black dress” that Coco Chanel designed 88 years ago. The amazing career of a garment that has always been in style, despite having changed very little over the years. *By Amy Holman Edelman*

What makes a simple black dress, introduced by Coco Chanel in 1926, as fresh today as it was 88 years ago? There are at least six explanations:

- It conveys independence, strength, sensuality, glamour – and even a hint of danger – and as such highlights every facet of a woman’s life.
- It is form-fitting and slimming.
- It doesn’t show dirt as easily as lighter-colored dresses.
- It is versatile: It looks just as good during the day as it does in the evening.
- It makes a great background for a wide variety of accessories.
- It never goes out of style and works for almost any occasion.

Gabrielle Chanel was born in 1883 in Saumur, in western France, at a time when the way a woman dressed marked her place in society. From the age of 12, she lived in an orphanage and was raised by nuns. Children from poor families, like Chanel, wore simple garments made in the convent’s workroom, while wealthier students wore clothing made of fine fabrics. It was here that Chanel developed her taste for severe styles and the color black. Up until then, black was mainly worn by servants, nuns and people in mourning.

Women as Property

Men showed their status by dressing their wives and daughters in ornate clothing and accessories. As late as the early 1920s, women were considered the property of men. They wore corsets, crinolines, floor-length skirts and cumbersome hats (between 1918 and 1928, the amount of fabric required for a woman’s dress decreased from 17 to 6.5 meters). Simply put, women were invisible – except to their husbands and fathers.

How a woman dressed determined her worth and social status. There was a clear dividing line between respectable women

and the demi-monde. With her little black dress, Chanel was able to blur that line. Her career in fashion began in 1912, when she started making hats for women of the demi-monde, kept women and actresses.

A New Freedom

What changed? The end of the war in 1918 led to greater prosperity in the United States. The mid-1920s saw the advent of “flappers,” young women who drank alcohol and were sexually active. They wore simple, form-fitting clothing. Prohibition, in effect from 1920 to 1933, gave birth to the cocktail and the cocktail dress, which replaced the high-necked, full-skirted tea gowns that women had worn until the turn of the century.

By the mid-1920s, women were gaining a new independence and showing it in their mode of dress. Suffragettes, who had won the vote for women in 1919, were fighting for equal rights, and new clothing styles that allowed women to move freely were part of this new freedom. Increasing numbers of women were entering the workplace (mostly as shop girls or secretaries) and participating in sports.

Of course, Chanel was not the first designer to create a simple black dress, but she is the best known. Karl Lagerfeld once said that Chanel copied everything she did and made it commercial. Richard Martin, former curator of the Metropolitan Museum’s Costume Institute, observed that Chanel is most often credited with creating the little black dress because it’s easy to assimilate its characteristics into her philosophy of style. In other words, Chanel was her own best advocate. She was glamorous and independent. She led the way with observations like “Elegance is refusal” and “Simplicity is the keynote to all true elegance.”

Its Elegance Continues

The names in the fashion world may have changed, but the little black dress has lost



Coco Chanel (1936)

The legendary French designer developed her taste for severe styles and the color black at the convent where she was raised by nuns.



Audrey Hepburn (1961)

As Holly Golightly in “Breakfast at Tiffany’s,” she wears a dress designed by Hubert de Givenchy, who worked with Hepburn on nearly all of her films.



Jackie Kennedy (1961)

She was 31 years old when she became First Lady. Jackie Kennedy wore a little black dress to White House receptions and when greeting foreign heads of state. She was a fashion icon of her era.



Marilyn Monroe in "Some Like It Hot" (1959)

Shimmying on the train to Florida, she wore a little black dress with a plunging neckline, long sleeves and a fringed skirt.



Lady Diana (1994)

The Princess of Wales caused a stir with this low-cut black dress. It was referred to as her “revenge dress” as she wore it after Prince Charles had publicly admitted in an interview that he had been unfaithful.



Michelle Obama (2009)

In her first official portrait as First Lady, she is wearing a sleeveless black dress by Michael Kors that shows off her toned arms and signature style.

none of its elegance. Women today are emancipated, for the most part, but they still wear these dresses (just take a look at the Oscars, or at the celebrities on the green carpet at Zurich’s film festival). Why?

Because, in its essence, the little black dress is a blank slate. It is the women who wear it (or the people who see it) who make it interesting. Every woman owns one... or two or three. As did her mother and grandmother.

So how can a dress that is more than 80 years old continue to be in style? It doesn’t really have to evolve. A little black dress puts the focus on the wearer, not the clothing. It is simple and not fussy, and thus it will always be part of a modern woman’s wardrobe. □

Amy Holman Edelman is the author of the book “The Little Black Dress” (Simon & Schuster). She worked for many years in fashion, first as a designer and then as a journalist writing for Harper’s Bazaar and other publications.

WHAT REALLY COUNTS (PART II)

Learning from the Past for the Future

If you know where you came from, it's easier to figure out where you're going.
What grandchildren have learned from their grandparents, and the traditions
they are continuing. *Recorded by Simon Brunner*



Marta Baluch, 24

*Majoring in cultural studies,
works in a vegan restaurant
Wroclaw, Poland*

"The world is a cold place; you have to be a good person and share your love. In my family, we often give each other little presents. I've been in a relationship with my boyfriend for two years – it's wonderful. I want to get married soon. Oh, and something else entirely: When I was a little girl, my grandfather would show me all the trees and birds in the forest. That brought us closer – and none of my friends knows as much about nature as I do."



Nikos Vitogiannis, 13

*First year, high school
Athens, Greece*

"I want to be a businessman, just like my father, my grandfather and my great-grandfather before me. I need to study hard and get good grades. I want to study in London, like my father and my uncle did. The most important thing in business – I learned that from them at a very early age – is trust. I want people to say, 'Nik is a good person, we trust him.'"



Sander Hansen, 15
*Entering the upper level of
secondary school in the fall
Rena, Norway*

"I see my grandfather and my aunts every day. Close family ties are something I want for the rest of my life. I'll probably have to leave home when I start university, and I think I might like to spend a few years in a big city. But after that, I know I'll come back to Rena!"





Hansruedi Hess, 27

Farmer

Ebnat-Kappel, Switzerland

“During the Thirty Years’ War, iron was in short supply and roofs were built without nails. That was true on our farm, too. It dates back to around 1630, I think. I especially like our living room with its old tiled stove. My girlfriend also likes to spend time here.”



Roberto Fonseca Horta O’Leary, 21

*Studying art history
São Paulo, Brazil*

“I’ve lived with my grandmother for the past four years; her apartment is close to the university. She’s 90 and I’m 21 – but we get along incredibly well despite

the age difference. We like to go to the market, eat sweets and go shopping together. She’s crazy – in a good way – and is always joking. She spoils me, too.

She also played a role in my choice of a major. Art is an important part of her life; it’s a family tradition. My mother loves art, too – she draws fantastic comics.”



Chinatsu Nagata, 11

*5th grade, elementary school
Kawasaki, Japan*

"I want to play with my sister as much as I can. I'll be going to junior high soon and then I won't have as much time.

And I hope that my grandma lives forever, I love her so much."



Refilwe Mpitso, 15

*10th grade
Soweto, South Africa*

"My grandmother raised me, so we're very close. She taught me the most important things in life: show respect and humility, never be arrogant. She's my role model. But I want to take a different path: I want to be a gynecologist!"



The Value Compass



Jörn Kaspuhl is an illustrator in Hamburg. His work appears in such publications as *The New Yorker*, *Monocle*, *GQ*, *Wired* and *Der Spiegel*.

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