

bulletin



The Credit Suisse Magazine Number 4 September 2006

Perfection

Searching for the Ideal: A Dozen Serious Strivers
Speak of Their Quest for the Impossible

Estonia Small Baltic Tiger with a Big Roar

USA Medicare, a Heavy Burden on the Public Purse

Switzerland Leasing Shows Significant Potential

Lord Patten Hong Kong's Restless Ex-Governor



Mario Merz, Vento preistorico dalle montagne gelate, Hallen für neue Kunst, Schaffhausen, Photo: Raussmüller Collection

«If you are really interested in
seeing work of the highest calibre,
very well presented, then it
is necessary to visit Schaffhausen»
(The New York Times)



The road is the perfect goal The empty page stares back ruthlessly. I ask myself: “Isn’t ‘perfection’ a misnomer?” Wouldn’t “emptiness” be a more suitable word? It is in this case. When striving for perfection, every editorial writer can benefit from a bit of digging around in his own past. Normally. Looking back helps me to clarify some things, but not everything. The shy boy at monastic school in Näfels still doesn’t seem perfect to me, let alone the mortar gunner in Romont.

So, I look further, but good advice doesn’t come cheap. To be precise, it costs 21.95 euros and is called a “dictionary.” There we find a definition of perfection – “the highest degree of a quality, the state of being perfect” – as a derivative of perfect, slotted in next to pluperfect (“verb form in the removed past”) and perfectionism (“exaggerated striving for perfection”), an idea that has its origins in the 19th century. Then follows perfidious, for example, “treacherous, faithless, deceitful.” So, I’m immediately suspicious of anybody who bandies the word “perfection” around.

We strive to achieve true perfection, but at the end of the day reaching it is impossible. However, the search for such serious strivers – 12 in all – has been really fun. The rose grower, the calligrapher, the photographer, the star tenor – together they allow us to visualize the contours of perfection, and in a diffuse way paint a harmonious picture. With a little bit of fantasy, each one of us can now draft our very own definition of perfection. Afterward, we will be motivated to do our very best in our (continued) state of imperfection.

Andreas Schiendorfer

With this issue, we take leave of a colleague of many years’ standing, Ruth Hafen. Our goodbyes are mixed with both sadness and happiness. Happiness on her behalf, because she is not leaving this editorial team to take up yet another new challenge, but for a time-out to just enjoy the pleasures of life without hectic deadlines. Perhaps this is the perfect way to live: stopping occasionally along the road in order to just stand and take it all in.



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The chambered nautilus was a symbol of proportional perfection for the ancient Greeks. As it grows, it creates new larger chambers, and seals off the old ones. Mathematically, its chambers form a logarithmic spiral explained by the Fibonacci sequence, with each new one exactly 6.3 percent larger than the last. Unchanged for the past 3,000 years, the nautilus is a living fossil.

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Perfection means the absolute-ness or completeness of something, i. e., a state that is impossible to improve upon. How do we deal with the universal imperfection that surrounds us? Bulletin has found 12 examples from around the world.



Striving for Perfection



“Water must ebb, clouds must move on.” Sanae Sakamoto

Life's Ephemeral River

Calligraphy: Testimonial of the Japanese Calligraphy Mistress, Sanae Sakamoto.

Text: Andreas Schiendorfer

For me as an artist, there are various ways of interpreting and representing the same subject, depending on my disposition and feeling. Every interpretation can be inimitable and of the highest quality. That is also true of the Sino-Japanese characters, the kanjis. It is similar to music, where you can perform and interpret the same notes time and again, but each time in a different way. Depending on the situation and requirements, the individual lines of the characters can be represented softly and flexibly or strongly and rather statically, but also lushly or dryly, effusively or economically, delicately or opulently. You can express feelings and nuances very well with the shades of ink that can be produced – between pale grey and saturated black. For Western eyes, these subtle differences are scarcely identifiable; Westerners probably see calligraphy as abstract works of art.

In the long history of Chinese characters there have been many great artists who have set standards. There is good and bad calligraphy, but in art there is no perfection. Art cannot be measured. In my opinion, perfection would in any case be too sterile. The only thing that matters to me is whether I am satisfied with my work myself, whether I have been able to realize my ideas in it, and whether it expresses precisely what I would like it to.

Of course, it is important to have a command of calligraphic principles. There are clearly defined rules and precepts, but it takes patience to attain Soshû and Soko, the Japanese and Chinese master titles. If you like, this can be associated with perfection – or simply with precision. Add one more little line, and the character can mean something entirely different. In artistic calligraphy the basic framework of the characters must also be correct. We don't use fantasy characters; the strokes always have a specific meaning. Nonetheless, there is still scope for several artistic nuances.

I am making increasing use of the circle, Ensô, in my calligraphy. The circle has a dual meaning: empty and full. It symbolizes the unceasing genesis and transience of all things. I only took up the circle motif when I was 50. Before then, I was somehow not sufficiently mature for it: "When I was young, I didn't see what I see today; I didn't hear what I hear today; I didn't feel what I feel today. Growing older is also beautiful."

In our way of thinking, which is reflected in calligraphy, Tao ("the way") and Zen play an important role, although not in the Buddhist, but in the traditional sense. Our entire way of thinking and feeling is influenced by it. One of my works is called "Clouds Move On, Water Flows." Nature does not stand still; there is movement everywhere. In Japanese there is no word for "to have," only for "to hold for a moment." However, change is not a matter of chance. Water must ebb, clouds must move on. Those are their attributes, their reason for existing. We don't talk about "progress," but "development." Those who develop blossom, yet at the same time they become themselves to an ever greater extent. In the West people strive for perfection. Making mistakes is not allowed. We also work toward achieving an objective, but we can also accept it when things turn out differently. We can accept our weaknesses. Not only perfection exists, but also imperfection. Incidentally, my name – "Sanae" – means "the little rice sower." The seed should grow, but the ripe grain of rice modestly bows its head toward the earth. <



Sanae Sakamoto seeks to build bridges between Eastern and Western culture with her art. www.sanae-sakamoto.ch.



"My inner camera has captured the perfect photo a thousand times over."
Beatrice Pfister

Macro Masterpieces

Underwater Photography: Testimonial by Beatrice Pfister on Searching for Nature's Gems.

Text: Michèle Bodmer

My mind's eye sees the perfect photo before it. My inner camera has captured it a thousand times over. The composition is flawless, the lighting, breathtaking, the sharpness cuts like a knife, and the color is more vibrant than an impressionist masterpiece. The subject of the photo is irrelevant, what's important is how it's behaving. I've had the pleasure of photographing a baby Flamboyant Cuttlefish wiggling within its opalescent egg, and just moments later captured its first swim. I even watched this tiny creature slip from its egg, but was so awed by the moment that I didn't press the shutter button, missing what could have been the perfect photo.

Is perfection possible? Others have attained it. Famed National Geographic underwater photographer David Doubilet is one of them. He knows exactly how light and water interplay, which is a true gift in an environment where the natural light lessens and even disappears with depth. And, there is the issue of color. The oceans are rich with fishes and creatures with bold colors that are visible to the eye, but most digital camera sensors can't pick them up. The first color to go after a few feet is red and with more depth, all that is left is blue. Strobes are needed to saturate the photo, but as with terrestrial photography, knowing where to place the light is key. And, finally, there is talent, for which even top-of-the-line equipment can't compensate.

In my four years as an underwater macro photographer, I haven't encountered the perfect photo opportunity many times, so those missed breaks are particularly poignant, especially with the type of diving I prefer – “muck” diving. The best place for muck – and therefore a premiere destination for macro photographers – is the Lembeh Strait, a marine sanctuary sheltered between the North Sulawesi Peninsula of central Indonesia and the narrow island of Lembeh. The strait is situated so that it forms a bottleneck that fills with a rich supply of plankton that is then trapped there by the prevailing currents. This results in “muck,” or murky water, low visibility and sadly some rubbish that has drifted in, but also a wide and weird variety of miniscule creatures, like the adorable Pygmy Seahorse that is no more than two centimeters tall, or the Boxing Crab, who holds the bulbous bits of an anemone in its claws and

tries to box you with them when you get too close for comfort. There's also the Hairy Frogfish that walks along the dark volcanic sand with its modified pectoral fins, and the delicate, Blue-Ringed Octopus, whose poison – a neurotoxin – can kill a person. My favorite is an octopus that does not bother with camouflage. To mesmerize its prey, it, instead, projects a light show so sensational it's called the Wonderpus.

There is an excitement to discovering these camouflaged creatures hidden in the muck, then composing the perfect shot only to have the subject mysteriously vanish. This combination of “hard to find” and “hard to photograph” will make that elusive perfect photo all the more perfect when I finally shoot it. Until then, I take pleasure in the search, and in the perfection of the jewels of the sea. <



Beatrice Pfister, 25, is a hobby underwater photographer and a full-time goldsmith. She took third place for the category macro prints at Images 2003, an international underwater photography competition. Her dream is to take first place at the prestigious Festival mondial de l'image sous-marine, Antibes, France. More info at www.beatricepfister.ch.



“Roses also look beautiful when they’re dying: The way the bloom changes color, the way the petals fall – it’s all part of what makes this plant elegant.”
Philip Harkness

Magical Blooms

Roses: Interview with English Rose Grower Philip Harkness.

Interview: Ingo Malcher

Bulletin: Mr Harkness, how does one become a rose grower?

Philip Harkness: My family has been in the rose-growing business for 127 years, and as a child I looked over my father's shoulder and walked through the garden with him. That influenced me. In my early twenties, I made a decision: Yes, I want to be involved, and I joined the company. That was 30 years ago.

What do you find so fascinating about growing roses?

Creating new rose varieties is a delight. Take our Caroline Victoria, a light, cream-colored bloom. It is very elegant, with a wonderful scent. There's never been anything like it. I'm fascinated by the opportunity to create something new. But, you need to be patient. It takes eight years before a new rose can be put on the market. I select and combine the appropriate seeds and imagine the way it should look in advance. It's fascinating to see the results. I've never grown twins; all my roses look different.

How would you describe the perfect rose?

I never use the word "perfect." Nature tries to improve constantly, and it always creates a link with the past. A beautiful rose must form a complete entity; it must be harmonious. There are plants that have wonderful blooms and wonderful leaves, but sometimes they just don't go together. Whether they have five or five hundred petals is irrelevant; what matters is that the plant should be elegant. When growing roses, you can't just combine beautiful blooms and beautiful leaves; they have to be right as an entity. Magnificent components don't necessarily make for a magnificent plant – that frequently offends my aesthetic sensibilities. When the components are particularly well suited to each other, my heart beats faster.

Do you have a favorite rose?

No, I'm like a mother with a hundred children. I love them all equally.

What do your clients look for?

Healthy plants are really important because fewer chemical products are used in gardens nowadays than used to be the case. That means that the rose has to be robust. Then there are the colors, which change like fashions in clothes. There was a time when pale pastels were all the rage; then the stronger colors came back in. Only one

color never goes out of fashion, and that's red, because it symbolizes love. And finally, the scent of a rose is very important. Clients often come into our garden, push their noses right up against the rose, inhale the scent, and then they smile. That's an honest smile. It's lovely to give people pleasure.

In Roman times, the rose was a symbol of beauty. Do you watch your roses as they die?

Roses are not only beautiful in the garden when they're in flower. They also look beautiful when they're dying: The way the bloom changes color, the way the petals fall – it's all part of what makes this plant elegant. <



Philip Harkness grows roses in Hertfordshire, north of London. He sells his plants all over Europe.

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Culture

The culture section of emagazine is just as varied as the commitment of Credit Suisse, with articles on topics ranging from art, cinema and classical music to jazz and pop music.



Football

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



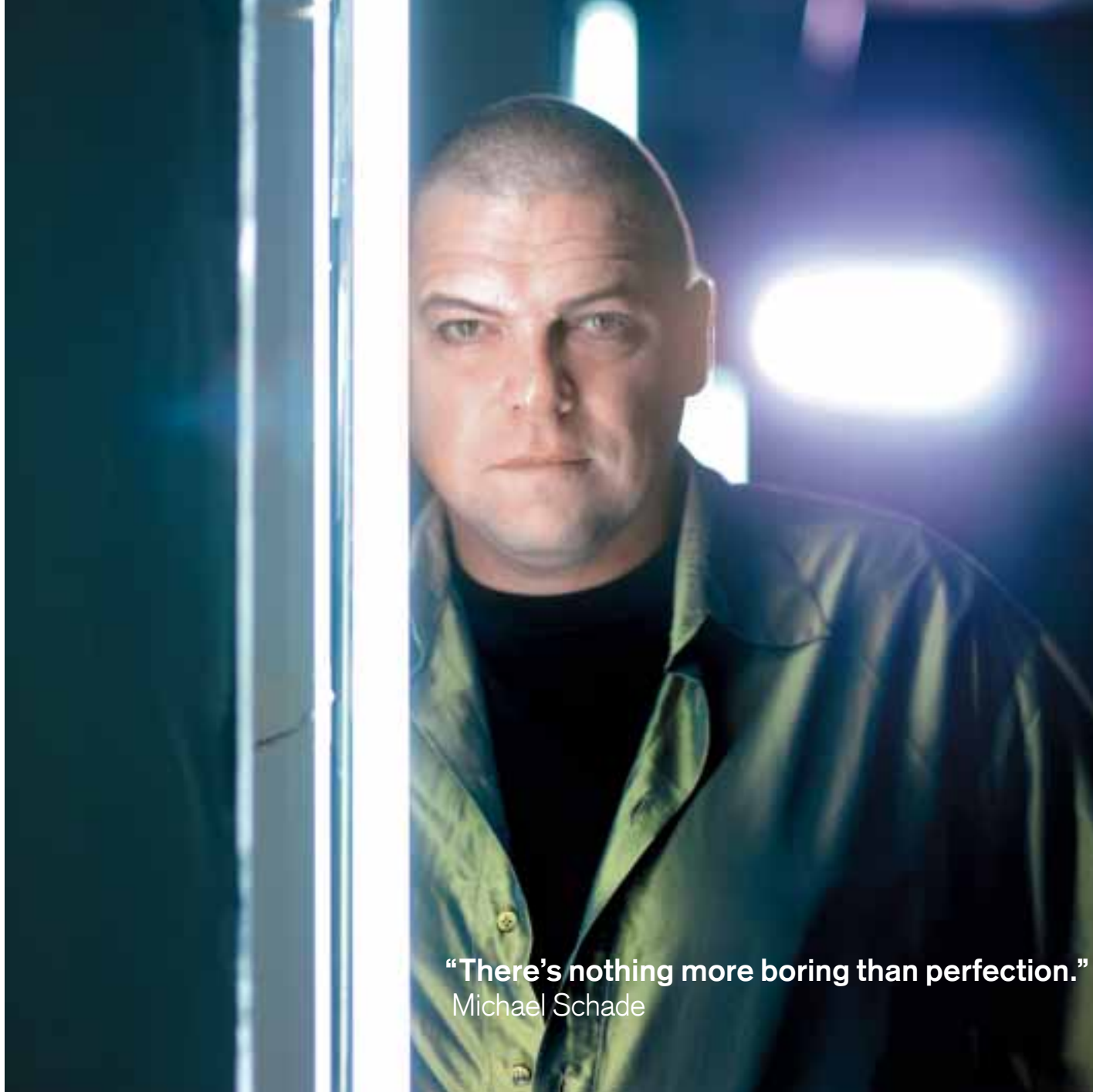
Formula One

emagazine takes a peek behind the scenes of the Formula One racing world: race analyses, audio interviews, photo galleries and reports on the BMW Sauber F1 team keep motorsports fans up to date.



Competitions

Win a notebook? Concert tickets? Tickets to a football match? Or a visit to the Formula One paddock? emagazine regularly gives away attractive prizes. It's worth taking a look.



“There’s nothing more boring than perfection.”
Michael Schade

Mozart’s Voice

Atmospheres and Emotions: Interview with Star Tenor Michael Schade.

The German-Canadian opera singer Michael Schade is considered the Mozart tenor par excellence. He has performed regularly at the Salzburg Festival since 1994 – in 2006 he was to be seen in four productions, notably as Titus in “La Clemenza di Tito.” The critics can’t praise him enough; things couldn’t be better. But what does the artist himself have to say on the subject of perfection? “As an artist I always try to give my best and to strive for perfection, but I am aware that perfection can never be achieved. To be honest, I wouldn’t want to achieve it: There’s nothing more boring than perfection, at least in music. The worst thing for me would be to sound like a CD recording during a performance. So, my efforts are not

aimed at singing the perfect note, but at lending the best possible expression to the moment. I feel slightly different every day, and so my singing always sounds different, too. It’s about emotions. On stage, I want to bring across my own emotional charm to the audience. Moving people – that’s what it’s all about. That way you manage to create great moments, but I wouldn’t call it perfection. The finest compliment is when somebody says they’ve been moved by my music. That’s why the size of the audience is irrelevant – but it doesn’t work without an audience.” Read his diary of the Salzburg Festival in emagazine (www.credit-suisse.com/emagazine).

Text: Andreas Schiendorfer



“Make the extraordinary a habit.” Stephan Widmer

Performing at the Limit

Swimming: Swiss Coach Stephan Widmer Puts Top Swimmers Through the Strokes.

Text: Christa Wüthrich

"We do strive for perfection, but it remains a utopian dream. That's because the perfect coach, the perfect athlete, and the perfect time just don't exist. Each individual – whether athlete or coach – has shortcomings and weaknesses." These are the words of Stephan Widmer, a native of Switzerland and currently the most successful swimming coach in Australia. And yet, the guild of international coaches contradicts Widmer. He and his work are the epitome of perfection for many. It was not for nothing that the 39-year-old was voted "2005 Coach of the Year." Widmer manages to achieve what swimming coaches around the world can only dream of: He turns good swimmers into world champions. Under his guidance, Lisbeth Lenton became the first woman in the world to go under 52 seconds in the 100-meter crawl over the short course, and Leslie Jones improved the world record in the 100- and 200-meter breaststroke. However, Widmer never talks about perfection. "What counts is not being perfect, but exploiting one's potential to the full. The aim in a specific area is to be half a percent better every day than one was the day before. In a nutshell: Make the extraordinary a habit."

Recruiting athletes is unheard of for this top coach. Anyone who wants to belong to the world's swimming elite comes to Stephan Widmer. Five female and five male swimmers train at the Queensland Academy of Sport in Brisbane (Australia) in accordance with his philosophy. Five days a week – even in winter – at shortly after five in the morning he stands ready at the edge of the pool. The environment among the world's elite is tough and the road to perfection a hard one to navigate – for coaches and athletes alike. Every week, the team completes ten training sessions in the water, two sessions of power training, and two sessions of running. Widmer makes notes, analyzes, and meticulously registers every detail that can contribute to a more perfect performance – whether it be his athletes' sleeping patterns or problems at school. He says that as a coach one should never see obstacles as excuses. The successful coach needs no excuses, and must be prepared for the obstacles.

Sports psychologists, nutritionists, physiologists, and mentors fine-tune his work and the performances of the athletes. The aim



Switzerland's Stephan Widmer has been head coach at the Queensland State Swimming Centre for six years.

is to gradually erode the gap between actual and perfect performance. "The learning process is important. It relieves the pressure of expectation brought on by striving for the perfect performance." The coach remains calm and considered. Swearing is taboo; criticism constructive. The team grows together in its pursuit of perfection – and Widmer provides the necessary impetus. He is in turn a dictator, a colleague, and an opponent. What Widmer always remains is a confidant. He is convinced that "good performances are possible only if a relationship of trust exists between coach and athlete." He also thinks that the perfect coach-athlete relationship does not exist – the athletes and their life situations are too diverse for that to be possible. In interpersonal relations he finds harmony rather than perfection to be important – and perhaps it is precisely this factor that turns good swimmers into world champions. <



“Perfection is something that cannot be improved, and I don’t think it exists.”
Jean-Pierre Wybauw

Sweet Obsession

Chocolate: An Interview with Belgium's Master Chocolatier Jean-Pierre Wybauw.

Text: Michèle Bodmer

Chocolate is Jean-Pierre Wybauw's life. As technical advisor for the world's biggest chocolate manufacturer, Barry Callebaut, the Belgian master chocolatier lives and breathes – but only sometimes eats – chocolate.

Bulletin: When did your love affair with chocolate begin?

Jean-Pierre Wybauw: Becoming a master chocolatier was not at all my dream as a young man. My parents owned a Michelin-Star restaurant and poured all of their time into it. I decided very young never to have a job like them.

And yet, you are in the food business.

There came a point when my father said one of us would have to follow in his footsteps. I was the oldest, so I was sent to culinary school. Luckily, my mother took me to Brussels to register and I begged her to sign me up for anything but cooking. The choices were butcher, baker or pastry chef. Working with chocolates, sweets and pastries sounded a lot better than the other options, so I signed up. I learned there that I loved working with chocolate and later made it my specialty.

What is it about chocolate that intrigues you?

It tastes good and you can be very creative with it.

What is it about your job that you love the most?

I teach chefs or chocolate professionals from around the world what they can do with chocolate. I have always been a teacher in my heart and soul. At the beginning of my career, I was very shy, and my wife thought I would come home before I finished teaching my first class, but teaching helped me get over my shyness. I love this job and feel best when I am on a big stage with a couple hundred people in front of me who all want to learn.

How important is perfection to you?

It's extremely important. I need to be an example for the professionals. I have been judging the World Chocolate Championships for the last eight years in the US, but I also judge myself very critically. I love when people say to me, "Chef, this is not really to my taste because of this or that."

You're one of the best-known chocolatiers in the world.

Aren't other professionals too intimidated to be honest?

I don't think so. I hope not. I always ask them for honesty, because it is the only way to improve.

What are the drawbacks of being a perfectionist?

I'm very hard on myself. I get up before six every morning and go to the office. I am the first to arrive and usually the last to leave. I also travel around the world lecturing or judging competitions. And, I spend all of my free time either writing or developing new things. My work is my hobby and my life.

Has the pace you set for yourself ever been too fast?

Years ago, I became very ill due to my travelling and bad nutrition habits. For two years, I was put on an extreme diet and was not allowed to have any fat, sweets, coffee, or anything enjoyable, really. But this also helped me to improve my skills. I could no longer use my lips to test the temperature of chocolate. Instead, I learned to use my eyes to temper and uncovered the true secret of this misunderstood skill.

Have you made what you would consider the perfect chocolate creation?

Perfection is something that cannot be improved, and I don't think it exists. People will always come up with something better.

If there was such a thing as the perfect praline, what traits should it have?

It needs a beautiful appearance, a smooth, creamy texture, an exciting and satisfying combination of tastes, and a better shelf life achieved only with all-natural ingredients.

One last question: It is clear that chocolate is your life.

Have you perhaps become like your parents?

I have thought a lot about that, and realized that, yes, I am finally crazy like my father. But, if I had not inherited his drive for perfection, I would not have this career I love so much. <



Jean-Pierre Wybauw has been a teacher and technical advisor on chocolate at Barry Callebaut for 33 years.

“Banknotes are a country’s business card.” John Coleman



Noteable Precision

A Study in Security: Inside the World of the Chief Printer of Swiss Banknotes, John Coleman.

Text: Sabine Windlin

When it came, the answer to the question: "Is it possible to produce the perfect banknote?" was clipped and dismissive. "No such thing," replies John Coleman, the man responsible for manufacturing Swiss banknotes in his capacity as Managing Director of Orell Füssli Sicherheitsdruck AG (OFS). "Now, had you said almost perfect...", he adds, fishing a 20-franc note out of his trouser pocket and putting it on the table. And indeed, anyone who spends even a little time acquainting themselves with the security features of the paper currency of Confoederatio Helvetica can quickly appreciate why it is considered one of the most forgery-proof currencies in the world. First, there is the kinegram, the silvery dancing number in the middle of the note, where the so-called magic number shimmers in a transparent color and the value of the note in question appears to move around. Then there is the number in copperplate engraving, which leaves a clear trace behind when rubbed on paper. Next comes the so-called outline number – a finely sketched white number only reproduced in outline – that can barely be seen by the naked eye. Then, there is the chameleon number that changes color depending on the angle of the light, thanks to the use of optically variable ink (OVI). And finally, the fluorescent UV figure can only be seen with the assistance of an ultraviolet lamp, which reveals a shiny number glimmering cheekily upon slight movement. Line structures, the tip effect, dummy characters, a silhouetted cross, the security thread, a serial number, microtext, and the watermark number and portrait are further filigree characteristics that make Swiss banknotes a global benchmark, according to Coleman. At OFS they are particularly proud of their own Microper feature, which uses laser to reproduce the value of the note in perforated form.

As the constitutionally appointed agent, the Swiss National Bank mandates OFS to produce around 100 million banknotes each year. But, the company's overall annual output amounts to 600–700 million units, reflecting the company's top reputation as a paper and polymer money producer for 15 other European, African, and Asian countries. Those fortunate enough to gain a rarely granted view of the monetary press at Dietzingerstrasse 3 in Zurich, where a number of printing machines produce 7–12 million tons of Swiss franc banknotes per day, are left in no doubt that the manufacture of any currency in all its fascinating individuality represents a symbiosis of precision, high-tech, and aesthetics.

Security aside, a banknote also has to satisfy aesthetic demands. "Banknotes are a country's business card," points out Coleman, a British citizen and qualified engineer, as he draws our attention to the ninth series of Swiss banknotes currently being designed. These are due to hit the market in 2010, and are intended to present

Switzerland as an innovative, distinctive nation. Coleman looks forward to the new series with excitement but also trepidation. This smart printing guru bears a huge weight of responsibility.

Coleman's enthusiasm wanes noticeably when the conversation turns to the cash-free era so often predicted by self-appointed future researchers. "If anything, cash is becoming ever more popular," says Coleman, pointing out the global growth rate of 1 percent annually. Every year, there are around 276 million banknotes in circulation in Switzerland, equating to a total value of around 37 billion Swiss francs. The advantage of cash over plastic is crystal clear: in a word, anonymity. On the other hand, the life expectancy of a banknote is continually declining, in contrast to that of its average user. While the fifth series (1939–1969) lasted 30 years in circulation, the sixth series (1970–1993) ran for 23 years and the current eighth series (1994–2010) is expected to last just 16 years. A trend that is a thorn in the side of forgers: The more frequently the design of a banknote changes, the more work they have to do to keep up. According to statistical data from the Swiss police, the number of forged Swiss banknotes being confiscated (and thus produced) continues to fall. Whereas in 2003 the total tally was 21,000 units, by 2005 it had fallen to just 5,700.

And yet all this money – isn't it what can buy happiness and make your dreams come true? John Coleman casts a scornful glance, whisks the 20-franc note from the table with a smile, and gives a credible impression of a man who has no particular love for or even fascination with hard cash. "Money doesn't mean a lot to me, you know. It's just what keeps the economy going." <



John Coleman takes responsibility for the quality of Swiss banknotes.



“When I look at this statue of Arsinoe II, I think of artistic perfection, despite its lack of arms and legs.” Franck Goddio

Eternal Life

Archaeology: Testimonial by Franck Goddio, Discoverer of Cleopatra's Royal Palace.

Text: Andreas Schiendorfer

My grandfather, Eric de Bisschop, used a Polynesian model to build himself the first modern catamaran in the 1930s. In the "Kaimiloa" he sailed across the South Pacific and wrote pioneering books about the early Polynesians. He's really the one I have to thank for my love of history, archaeology, and the sea.

Yet, it took 40 years before this passion really got hold of me. At first, I studied mathematics and statistics. It's only since the early 1980s that I have devoted myself exclusively to underwater archaeology: In 1985, I founded the Institut européen d'archéologie sous-marine (IESAM) in Paris.

We go diving in the sea in search of a sunken world. We experience moments of unique emotion and learn to speak the language of stones. Despite our successes, however, the greatest puzzles have yet to be solved. In fact, we don't even know what they are yet. But one day, in some hole or other, they will reveal themselves to the archaeologist who will be able to interpret the messages from the deep.

Early on, I concentrated on finding and recovering shipwrecks. These included Chinese junks from the 11th to the 15th century, the Spanish galleon "San Diego," or the "Orient," the flagship of Napoleon Bonaparte. For the last 15 years, I have also searched for sunken cities, above all in Egypt, where we studied parts of the royal quarter of Alexandria and East Canopus. And, in the Bay of Aboukir, seven kilometers from the Egyptian coast, we discovered Heracleion-Thonis, a city that had been lost for over a thousand years. According to Herodotus, this major trading center in the former Nile Delta was once visited by the beautiful Helen and King Menelaus on their journey home from Troy ...

Some people have called me a treasure hunter, an Indiana Jones of the seas. That's not the case. We always work on behalf of governments and collaborate closely with the archaeologists of the country concerned; in Egypt, for example, with the Supreme Council for Antiquities.

We adhere strictly to scientific standards. If you ask me what constitutes perfection in archaeology, however, I'm afraid I have to disappoint you. It doesn't exist. Excavating a historic site means disturbing it, even destroying it. I apply every scientific discipline and the most modern technical tools that are considered to be absolutely state-of-the-art in order to extract the maximum of information. At the same time, however, I know that the next generation will come to see our methods as rather primitive. It's important, therefore, that at every excavation, certain zones are left untouched for the benefit of future archaeologists. However, the



Franck Goddio is probably the most successful marine archaeologist in the world. To date, he has excavated 14 historically important sunken ships.

great harbor of Alexandria and the sunken Canopian region are so gigantic that the excavations will not have been completed even a hundred years from now.

The contribution to widening historical knowledge often has no relation to the material value of the objects found. An unremarkable fragment of pottery, for example, can be the ideal, "perfect" supplier of information for us. On the other hand, working as an archaeologist doesn't mean neglecting one's artistic sensibilities either. In Canopis, we discovered the large Serapis temple, where we dug up one of the most wonderful statues in the world. When I look at it I think of artistic perfection, despite its lack of arms and legs: Queen Arsinoë II, emerging from the white crests of the waves in the form of Aphrodite, goddess of love, dressed in a transparent tunic wrapped tightly around her body like a wet cloth. And all this cut from black granite.

My very best memory, however, is the moment of confirmation that the years of effort that went into drawing the map of the great harbor of Alexandria would be crowned with success. The first object that we found on the sunken island of Antirrhodos was the fragment of a lintel. It contained an inscription in hieroglyphics that read "eternal life." <

Further information can be found at www.hilti-foundation.org and www.franckgoddio.org.



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"You can only be the best if you concentrate exclusively on what you can do."
Nelson G. Botwinick

Handyman

Hand Surgery: Nelson G. Botwinick on What Makes His Profession so Fascinating.

Text: Peter Hossli

It's the hand that distinguishes humans from other animals. Only primates can touch their thumbs with each finger and have a free range of movement in positioning their hands. "The hand is independent and very precise," is how Nelson Botwinick describes it. And he, more than anyone, is in a position to know. Over the past 20 years, the New York doctor has operated on more than 8,000 hands. He's considered the best in his field. Every year since 1988, "New York Magazine" has ranked him as the top hand surgeon in the city. Why? Because he's honest with himself and his patients. "You can only be the best if you concentrate exclusively on what you can do," says Botwinick. He's got a clenched stone fist on his desk. The 51-year-old talks in a high-pitched voice with a rapid-fire New York accent reminiscent of Woody Allen, but his gestures are calm and considered.

He picked this profession, he says, because it brooks absolutely no mistakes. "A careless person can never become a hand surgeon." He has to be able to put in screws he can't even see without the aid of a magnifier. When he drills a hole he can't afford to be even half a millimeter off. "There are doctors that can't handle that kind of stress," says Botwinick, "so they go in for hip replacements, where there are larger tolerances."

Simply put, he likes the pressure. He likes the sense of satisfaction that comes with knowing immediately that you've done the right thing. Whereas a doctor specializing in back pain can treat a patient for 20 years, Botwinick knows instantly whether his operation has been a success. He loves the hand itself, respects it, and approaches it with great reverence. "It's got everything," he says: tendons, skin, bones, muscles. The hand is a sensory organ. People talk with it, clap hands when they meet. After the eyes, it is the second thing you notice when you first meet someone. A deformed hand stands out just as much as a deformed face. And we depend on our hands more than ever. We make more use of them than we did 20 years ago," he says; "to type, use our BlackBerry, and play videogames."

Botwinick operates on between 10 and 12 hands a day. His work covers a broad spectrum: He removes tumors, does carpal tunnel operations, fixes breaks, and treats osteoporosis and inflamed tendons. Sometimes he amputates limbs or sews fingers back on. "I like it when I have a mixture of routine and complicated fractures,"

is how he describes a good day in the operating room, a place where "I'm in complete control." He doesn't talk to anyone while he's operating. He approaches even the simplest procedure as if it were the most difficult he had encountered in the course of his career. "I owe that to my patients," he says. "If my attention wavers, there'll be mistakes."

Botwinick always has the same goal in view. He tries to preserve the three principal functions of the hand: spatial positioning, mechanics, and the application and control of force. Scratching your elbow is not the same as reaching for a needle or a jar of pickles. The three processes are run by three nerves. Sensation is transmitted from the hand to the brain. "But the hand isn't perfect," emphasizes Botwinick. "It ages, suffers wear and tear, and is exposed to risks." Emergency room statistics at local hospitals show that there are more acute injuries to the hand than to any other part of the body.

Botwinick takes care to protect his relatively small hands. "I don't do anything stupid." Whereas most New Yorkers pick up bagels to slice them, he always uses a breadboard. "I wear gloves when I work in the garden or take a hot pan off the stove." <



New York doctor Nelson G. Botwinick is one of the world's greatest hand surgeons. He operates on 10 to 12 hands a day.

MOST WANTED for FALL



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Palm Treo



Apple iPod



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Webetition

E-Commerce: Is Web Competition Perfect? Economist Peter Hasfeld Gives Answers.

Text: Andreas Thomann

Just when theory seemed doomed to suffer a dusty death in the textbooks of academia, the Internet boom came along and hoisted it back into the headlines: The idea of perfect competition, a concept dating back to the 1870s, has been resurrected and become all the rage. The Englishman William Stanley Jevons, the Austrian Carl Menger, and the Frenchman Léon Walras each set out independently to develop a model to describe how a perfectly functioning market would deliver maximum efficiency to the economy, an idea that gave birth to the neoclassical school of economics. For decades, liberal economic policy-makers were striving to harness this ideal – only to realize that a complex reality refused to be squeezed into the mold of a theory. Their basic assumptions proved to be too rigid: Perfect and complete information, rational behavior of market players, equal market access, fixed levels of technology, homogenous goods, the absence of transaction costs, and an atomistic market structure in which none of the many small-scale producers can influence a standard price that is determined solely by supply and demand interacting.

When a theory fails to sufficiently explain reality it usually ends up in the dustbin of history. Or it is revised. In the case of perfect competition, however, something different occurred: Reality converged with theory, bestowing an unexpected comeback to Walras & Co in the process. The more strongly e-commerce established itself in the 1990s, the more attention economists started to pay to the World Wide Web as an example of a perfect market. “They

had good reason,” says Peter Hasfeld, an economist from Mannheim who has studied the structure of e-commerce markets in detail. “The Internet seems to have fulfilled most of the assumptions of neoclassical theory all at once.” Take perfect and complete information, for example: The digitalization of supply has reduced the cost of searching for offers significantly and simplified price comparisons, which in turn have received a boost from sites listing the prices of a range of offers. Or, take market entry barriers: Setting up a website is a lot cheaper than setting up a business in physical form. Or, take transaction costs: Buyers and sellers can complete transactions online within seconds, irrespective of time or location. Or, take atomistic market structure: The Internet as a global market place allows a huge number of buyers and sellers to interact. “It was only logical to conclude,” says Hasfeld, “that this would bring about a situation in which competition on the Internet would intensify, ultimately leading to lower and more standardized prices.”

But reality proved to be different. After the initial euphoria subsided, it became increasingly clear that virtual markets are fraught with just as many imperfections as those that mark physical ones. This, too, caught the attention of Peter Hasfeld, who was puzzled, for example, how eBay managed to become a dominant force in the online auction market, boasting what has become an 80 percent share of the global pie. And statistically, eBay is by no means an exception: Be it booksellers, virtual automobile exchanges, or dating

Photo: Thomas Eugster

“The Internet fuelled many economists’ hopes for a perfectly efficient market. These hopes didn’t pan out.” Peter Hasfeld

agencies, the market is ruled a few behemoths rather than a multitude of small-scale providers. “There’s no sign of an atomistic market,” says Hasfeld. And there is an additional aspect with which the Internet has failed to live up to the expectations of its proponents: Markets rarely end up with a standard price, and even after the introduction of the Internet, consumers continue to pay different amounts for the same item, depending on the seller or the region. What’s worse: “In some instances, the Internet seems to actually amplify price differences,” observed Hasfeld.

After completing his undergraduate work, he decided to focus his dissertation on this very topic. Four years and 220 pages later, Hasfeld believed to have identified the “network effect” as the stumbling block on the road to the perfect market. Here, economists refer to the phenomenon that sets in when the value of goods increases in proportion with the number of people who use them. The telephone serves as the best example in that a phone would be of little use to someone who was the sole owner. Hasfeld has observed network effects in the Internet as well: “Be it in job, real estate, or automobile exchanges, the following seems to hold: The more participating suppliers there are, the more choice visitors to such sites will have.” With this, a situation is destined to arise in which the market will sooner or later see a single main player emerge that can

offer its buyers the broadest range of options. According to Hasfeld, an additional phenomenon kicks in that further leverages the clout of online Goliaths: “When online, buyers are literally blinded by the flood of information they’re exposed to, and therefore prefer to orient themselves by the major and well-known names. This means that, on the Internet, reputation plays an even larger role than it does in physical markets.” And reputation is in turn the fruit of the initial network effect – a by-product of large numbers of users flocking to a particular provider. As the saying goes: 57 million Amazon customers can’t all be wrong.

The frothy prospects of a perfect online marketplace seem to have fizzled out in much the same way as the Internet bubble that burst on the stock exchanges. The fallout? Probably not as much as appears at first sight. Perfect or not, the Internet has bestowed a wealth of favors on consumers so far. Even critic Peter Hasfeld concedes that “there is a huge amount of choice out there and it’s possible to find truly bizarre items on the Internet.” He prefers, however, to spend most of his day offline. For one thing, his travel office around the corner always manages to find a cheaper offer than what is available on the Internet. At the moment, the quasi-monopolist eBay is the only digital iron he has in the fire. His shopping list reads: “Sporting goods and clothing.” <

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“Feasibility and technical limitations have to be taken into consideration from the outset.” Norbert Weber



Ideas Workshop

Auto Design: A Visit with Norbert Weber at the DaimlerChrysler Design Center in Como.

Text: Daniel Huber

"It's truly a masterpiece!" enthuses Norbert Weber on seeing the new Mercedes SL 500. It's standing, steel roof up, in front of the DaimlerChrysler Advanced Design Center in Como. Weber's admiring gaze lingers on the stylish lines of the luxury convertible. For two years now, he's headed the 17 designers from seven countries who sketch and model the automotive future of the Mercedes brand at this creative outpost of DaimlerChrysler. But what, in Norbert Weber's view, makes the design of a car a masterpiece? "Above all, the right proportions. The degree to which the front and rear extend beyond the wheels, the distance between the wheels, the relation of height to length, and so on. If you don't start out with the right proportions, you'll never get it right afterwards," he explains. Harmonious proportions distinguish the 18th-century Villa Sarazan, which has housed the Design Center since 1998. The grounds of the villa used to extend to the shore of Lake Como. Today, they are traversed by a heavily trafficked arterial road. Among its prominent tenants was fashion designer Gianni Versace, who left his unmistakable imprint on a meeting room with an ostentatious painted ceiling. The concentration of creative forces is what makes Como such an interesting location for auto designers specializing in interiors. "Northern Italy is a melting pot for design, especially furniture and fashion," explains Weber. "Of course, cycles for furniture are much shorter than for cars, but they do indicate the direction trends are headed." He views the fashion shows held in Milan each year as a lightning rod for creativity. Another advantage is the proximity to Turin. There are a great many small businesses close to the Italian auto center that are specialized in the construction of static design studies and drivable prototypes.

As a car designer, Norbert Weber sees the pursuit of perfection less as a quest for the perfect form than as a search for the perfect compromise. "Auto designers don't sit in an ivory tower," he says. "Feasibility and technical limitations have to be taken into consideration from the outset." However, you're much less constrained by considerations of feasibility when designing the interior of a prototype or concept car to meet the needs of an urban family in 2025 than if you're working on the interior of a current model. For example, seat coverings have to undergo innumerable quality and safety tests. Our bodies slip around constantly when we're driving, which puts an enormous strain on the material. Seat coverings also have to be rip-proof, flame-retardant, and (depending on the



Norbert Weber heads the DaimlerChrysler Advanced Design Center in Como, where ideas for the interiors of tomorrow's autos are born.

model) able to accommodate active seat ventilation. They also have to be able to make way for airbags to inflate in an emergency. "It's relatively easy to get these things right for a normal car," explains Weber with a wink, "but getting it right for a Mercedes is a much greater hurdle." Because ultimately, he explains, brand image is the be-all and end-all for a successful auto manufacturer, and brand image is largely defined by design. Accordingly, Mercedes buyers have very specific expectations regarding the look and feel of their car. "It's got to instantly feel right," says Weber. "You not only need top-quality materials or harmonious color combinations – every switch and button has to be in its usual place as well."

Only a few of the visions that take shape on the drawing board in Como will go straight into production. Norbert Weber has this to say: "That's part and parcel of our profession. The big challenge for us is creating new things. But of course we're really pleased if from time to time one of our old ideas gets resurrected because it's finally become technically feasible." <



“Our allotments are a sociopolitical cause. The social idea is alive.”

Anton Korntheuer

Regulated Paradise

Society: A Visit With Vienna's “Ottakring Garden Lovers”

Text: Ingeborg Waldinger

Paradise is a garden; love is a garden. Since time immemorial, this piece of cultivated nature has symbolized profane rapture and metaphysical bliss. In the wake of industrialization and urbanization, the idyll became charged with ideology. Social reformers of all persuasions elevated the garden to the status of an experiment to improve mankind. Anton Korntheuer can also identify strongly with this idea: He has been chairman of the Ottakring Garden Lovers Association (Gartenfreunde Ottakring) for three years, and is thus in charge of one of Vienna's oldest allotment sites. Founded in 1913, it is located in Ottakring, a working-class area in the west of the city.

Anton Korntheuer has held a lease from the Ottakring Garden Lovers Association since 1977 and is familiar with every aspect of life in this garden paradise, which consists of 275 allotments. The chairman's problem-solving skills and integrative personality are appreciated by all. With gentle insistence, he settles clashes between the generations, hedge-cutting disputes and disagreements regarding barbecue times; he skillfully disciplines careless building companies: “The construction vehicles damage paths, and rubble and soil are dumped just anywhere. Since I've asked for a deposit, we've put an end to the shenanigans.” The “year-round residence” zoning category has brought a building boom to the site; modest old garden sheds are giving way to comfortable houses. Meanwhile, the opportunity to acquire allotments as private property, made possible years ago, separates the owners from the leaseholders of the allotments – not only legally, but also mentally.

“Generally,” says the chairman, “we get on well together. Anonymity is unheard of, but there are of course two sides to the coin. The nice side is that neighbors help each other as a matter of course.” The head organizer of the idyll has a mission; he perceives the encouragement of coexistence as “a sociopolitical cause. The social idea is alive,” this idealist is convinced, and when he sees

“how happily people connect with nature,” children playing amid the greenery, or senior citizens indulging in gardening as a therapeutic activity, it warms the retired plasterer's heart. He had a tough job; the “alternative existence” in his allotment was valuable compensation. The “socialist fossil” is also committed as a local councilor in an area beyond the Ottakring; together with his fellow allotment-holders he wants to finance a well in Ethiopia.

Allotments only exist as a collective, an Elysium subdivided among the members of the association. Community spirit and pride in one's garden do not necessarily guarantee peaceful coexistence. Clearly defined structures and regulations are necessary. Building work is subject to the municipality of Vienna's laws on allotments and building regulations; the byelaws (organization and purpose of the association, rights and obligations of its members) are determined by the central association of allotment holders. Allotment regulations are part of the byelaws, and govern such matters as planting, pest control, rest periods, and household pets.

Allotment associations are structured on a community basis: The chairman and officials are elected and act like a mayor and municipal councilors. They manage a budget, hold consultation hours, and announce compulsory measures and optional activities on notice boards. And they provide educational facilities. Korntheuer: “We offer specialist garden training or legal advice.” The “Schutzhaus” building functions as a center of communication. What used to serve as refuge from inclement weather has now become a “village inn.” Korntheuer wouldn't be Korntheuer if he didn't also envisage an events calendar featuring poetry readings, self-help evenings and parties that help foster a sense of identity. His faith in the exemplary character of this lovingly cultivated and strictly regulated world remains unshakable. <



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An Interview With Credit Suisse Chief Operating Officer Urs Rohner

“Hardly Any Other Business Is as Competitive and Global as the Financial Business”

Interview: Daniel Huber

Why is legal know-how becoming increasingly important in a financial group, and how long-term can a strategy still be in modern times? Urs Rohner, Chief Operating Officer (COO) and General Counsel of Credit Suisse, talked openly to Bulletin.

Bulletin: You forged a classic career as a commercial lawyer, then spent five years at the helm of a German media group before joining the Executive Board of Credit Suisse in 2004. You are in charge of the Credit Suisse legal department and, as COO, your responsibilities include areas such as corporate strategy, human resources, supply management and communication. What led you to the financial sector?

Urs Rohner: My associations with banking stretch back quite a long way. Roughly four-fifths of the briefs I handled during my 15 years as a lawyer involved banks – both private and investment. Inasmuch, I have been familiar with the ins and outs of the banking business for a long time.

So in a way, you’ve merely changed sides?

You could say that, yes.

Did your Swiss passport prove more of a help or a hindrance at the helm of a German media group?

I think it was irrelevant – as immaterial as it is to us at Credit Suisse. At the end of the day, what matters is whether you do a good job, and that has little to do with your nationality.

What fascinates you about the financial sector?

The fact that it is a highly competitive and extremely complex business, and is more globally networked than almost any other business. As a result, there is hardly any other sector that can boast such an abundance of highly qualified employees. This makes it very attractive – something I too wanted to be a part of.

And why Credit Suisse, specifically?

At my interviews prior to my appointment, I got the impression that entrepreneurship was taken very seriously at Credit Suisse: The people here try to innovate and move the bank forward with their enthusiasm, initiative and good ideas.

How do you explain to your children what you do all day?

I tell them that I meet lots of people, read documents, make lots of telephone calls and write endless e-mails. With my colleagues on the Executive Board and my co-workers, I try to ensure that the bank continues to develop, that we work as efficiently as possible, have the right people for our business and cooperate well around the globe.

As COO you’re also responsible for optimizing the various processes. Does

this mean that processes were lacking in some way?

Naturally, we’d had clearly defined, efficient processes for a long time – partly to meet regulatory requirements. But processes have to be adjusted to reflect the ever-changing regulatory environment and organizational changes – and every process has scope for improvement. An organization stands or falls by the efficiency of its processes. Globalization – and the stronger global orientation of the integrated Credit Suisse – have further fuelled this trend.

How long-term can a business strategy really be in modern times?

It goes without saying that a group’s strategy must constantly be subjected to scrutiny. We would like to continue growing and creating added value for shareholders. With this in mind, we are building on certain cornerstones which will not change in the short term. However, we must also keep asking ourselves in which markets we want a stronger presence, what products we want to offer, what business models work best for us and how do we react to market changes.

What are the cornerstones of Credit Suisse?

To conduct our three business areas of Investment Banking, Private Banking and Asset Management – supported by our Shared Services – in an integrated way across the globe and to reinforce them in areas where we are able to use our strengths to best effect and can expect the biggest



Urs Rohner, General Counsel Credit Suisse Group:
 “Entrepreneurship is taken very seriously at Credit Suisse.”

Personal History

Urs Rohner is the General Counsel of Credit Suisse Group and of Credit Suisse as well as the Chief Operating Officer of Credit Suisse. He is a member of the Executive Boards of Credit Suisse Group and Credit Suisse. Rohner joined the Swiss law firm Lenz & Staehelin in 1983. From 1988 to 1989, he worked with Sullivan & Cromwell LLP, a New York-based law firm, as an associate before returning to Lenz & Staehelin, where he became a partner in 1992, focusing on capital markets, banking, competition and media law. In 2000, he became Chief Executive Officer of ProSiebenMedia AG, Unterföhring (Germany), and later, after the merger with Sat.1, Chairman of the Executive Board and Chief Executive Officer of ProSiebenSat.1, before joining Credit Suisse Group in June 2004. Urs Rohner graduated from the Law School of the University of Zurich in 1983 and has been admitted to the bar in Switzerland and in New York. He is 46 years old and married with three children.

sustainable and profitable growth. This includes our domestic markets, naturally, but also the emerging markets of Asia, Latin America and the Middle East.

We want to become the bank of choice, in other words the best bank for our customers, employees and shareholders.

Why is the legal area becoming ever more important in the financial industry?

Increasing regulation in recent years – emanating from the legislature and regulatory authorities alike – has made it essential to expand the legal and compliance area. There are some extremely complex aspects to our business. Moreover, we are no longer represented in just one market, but in a multitude of legal systems around the world. And in every financial market you will encounter different provisions that have to be fulfilled.

Is the Swiss financial community overregulated?

There is a tendency toward overregulation in all financial centers. This is why we also seek direct dialogue with the regulators, in the aim of keeping regulation within reasonable bounds. We also advocate certain international harmonization measures that simplify cross-border financial business.

So, looking ahead: How well is Credit Suisse faring since it was remodeled at the start of 2006?

The figures for the first half of 2006 paint a very positive picture. Our integrated banking model is beginning to yield fruit. The Executive Board is confident that Credit Suisse is on the right track. The important thing now is to exploit the opportunities offered by the new structure – in terms of both revenues and costs – consistently and to even greater effect. On the cost side in particular, we have to become much more disciplined in future, otherwise we won't capitalize fully on the growth and the synergies produced by uniting to form a globally active, integrated bank. <

W. A. de Vigier Foundation

Investment Services and Products

Branch Excellence



Swiss Discoveries with Global Market Potential

Since 1989, the W. A. de Vigier foundation has been supporting young Swiss entrepreneurs with up to 100,000 francs in start-up capital. In his capacity as foundation chairman, aviation pioneer Moritz Suter awarded the prize to three recipients this year: Tomas Svoboda and Amar Rida, two practitioners of biomedicine from Spinomix, a spin-off company of the Lausanne Federal Institute of Technology, have achieved a world first by developing a fully automated diagnostic and measuring system based on nanotechnology. The device examines bodily fluids such as blood and saliva for germs that may, for example, be AIDS-inducing. Laboratory analysis takes only 20 minutes. The "Hubiboy" of Dominik and Roger Stauffer from the Stakraft company in Küsnacht am Rigi is an integrable loading system that converts a small transport vehicle into a truck. Chemist Murray Height and forestry engineer Carlo Centonze (pictured above) from the Zurich start-up company HeiQ, a spin-off of the Zurich Federal Institute of Technology, manufacture the silver powder "Frogskin," a product based on nanotechnology that prevents the smell of sweat in sports clothes. schi

More information is available at www.devigier.ch.



Interactive Nanotechnology Field Trip in Boston

This year, the nanotechnology industry is expected to achieve sales of 25.6 billion US dollars. With these statistics in mind, investors might want to keep up to date with the latest research findings. The US is the world's forerunner in nanotechnology, with Massachusetts – alongside California and the up-and-coming states of North Carolina and New Mexico – among the leaders. Many of the top nanotechnology companies are located in Massachusetts. At the invitation of Arthur Vayloyan, Head of Investment Services and Products, the participants in the Boston field trip attended symposia and visited a variety of companies to learn about the latest industry developments in the areas of life science and medicine, nanomaterials and nanotubes, and electronics. Boston was the city of choice because it offers easy access to leading companies and interesting insights into the current state of research, and attractive options for a program of accompanying events. schi



Exploiting 34,000 Opportunities Daily

Banking is, and will always be, a personal business. Although online banking has gained in importance, an average of 34,000 clients are served daily at Credit Suisse counters in Switzerland alone. This means 34,000 opportunities for meeting clients' needs, as Hanspeter Kurzmeyer, Head of Private Clients Switzerland, likes to emphasize. This was the reason behind the launch of the Branch Excellence initiative, which can be summarized in the words "modern, inviting, personal." The initiative aims to provide a uniform image for the branches and a first-class customer service. Clients are welcomed in person by the floor manager and, depending on their needs, either receive active advice or are referred onward. The initiative was launched on February 28, 2005, by the Bülach branch (reported in Bulletin). Since then, 15 Credit Suisse locations have been redesigned accordingly, including Zermatt, Aarau, Zurich-Rathausplatz, and Lausanne Lion d'Or. And another seven branches will follow by the end of the year: Effretikon, Interlaken, Zurich-Werdmühleplatz (see picture above), Thalwil, Horgen, Neuchâtel, and Yverdon. schi

Italy



Global



China



Supporting the Great Gardens of Italy

As part of its 150-year anniversary activities, Credit Suisse is supporting the “Great Gardens of Italy” initiative. Membership of this circle comprises historic and modern gardens, as well as gardens designed by individual artists. Established as a private initiative in 1997, it now counts 64 gardens among its collection, all of which are open to the public. In recent years, the gardens have made a significant contribution to the spread of a new kind of tourism, specializing in the discovery of botanic masterpieces. The impetus for the “Great Gardens of Italy” initiative comes directly from the owners of these works of art, some of which are over 500 years old and are distributed across the whole of Italy, from Lombardy to Sicily. The initiative deserves support not only due to the beauty of these gems of landscaping and architecture, but above all because of the enthusiasm with which the owners share their passion with the public. ^{ba}

Euromoney Honors Credit Suisse

The renowned business magazine “Euromoney” has honored Credit Suisse by naming it the best emerging markets investment bank in its annual “Awards for Excellence” – the most respected global awards for banking excellence.

The editorial team said of its choice: “The outstanding quality of its bond and investment business and the stable mergers and acquisitions (M&A) platform are what distinguish Credit Suisse from its competitors.” In reference to the impact of the integrated global bank, the editorial team stressed that “Credit Suisse had succeeded in making itself stronger by improving the efficiency of its existing platform.”

Credit Suisse has also received a series of regional and national awards. These include, for example, in Europe the award “Best Investment Bank in Emerging Europe,” in the Middle East the prize as “Best Equity House,” in Central America recognition as “the best capital market institution in the region,” in South America the awards “Best Equity House” and “Best Debt House,” and in the Asia-Pacific region the distinctions as “Best Equity House” in China, “Best M&A House” and “Best Bond House” in Indonesia, and “Best M&A House” in Singapore. ^{ba}

Partnership with the Shanghai Museum

At the end of June, Credit Suisse entered into a partnership with the Shanghai Museum in China for an initial period of three years. As partner and main sponsor of the Shanghai Museum, Credit Suisse will help the museum to make major international exhibitions accessible to Shanghai’s inhabitants and visitors. The series will commence with the exhibition “Art and Empire: Treasures from Assyria in the British Museum.”

The exhibition, which continues until October 7, is the first of its kind in China. With 250 examples of stone relics and notes in cuneiform, as well as works in ivory, ceramic and glass, it covers in an exemplary manner practically every aspect of Assyrian artistic work in the period between 3500 and 605 BC. ^{ba}

"Credit Suisse Chess Champions Day" An Event of Historical Dimensions

Brainstorming at the Grandmasters' Summit

Text: Andreas Schiendorfer

When the impossible comes true: The three big "Ks" of chess history, Viktor Korchnoi, Anatoly Karpov and Gary Kasparov, who have met each other countless times in competition, play in the same tournament. Throw in champion Judit Polgar, now a mother of two children, and we have living proof that the queen can beat the king.

Ten-year-old Nico Georgiadis is preparing for the individual European championship. So, the chess event organized by Credit Suisse and its former director-general, William Wirth, has come along just at the right moment for him. During the grandmasters' tournament he plays lightning chess with Swiss master Florian Jenni. In the ensuing simultaneous match, he has the honor of competing against Gary Kasparov, who was chess world champion from 1985 to 2000. In the opinion of the many onlookers, he gives an excellent account of himself in defeat. Self-critically, Nico admits he had hopes of gaining a draw. As did three-time seniors' champion, Dragomir Vucenovic.

Yet, Kasparov shows no mercy. He wins all 20 games and proves that even a year after his retirement he is more or less invincible. "Perhaps one day he will be so disappointed by politics that he will apply himself to chess again," says commentator Vlastimil Hort. "If so, he would still 'clear the board' against all his rivals." Kasparov also remains unbeaten in the grandmasters' tournament, but against old rival Anatoly Karpov he is forced to concede two draws and joint victory overall. In the latter's first game against Viktor Korchnoi, a curious situation arises in which four queens are

simultaneously on the board. A veritable chess harem! The spectators, including Credit Suisse CEO Oswald J. Grübel and International Chess Federation President Kirsan Ilyumzhinov, are also impressed by the two women grandmasters, Judit Polgar, the strongest female chess player in the world, and her likely successor, Hanna Polgar, who as a one-month-old gets the chance to breathe her first competitive chess air from her pram.

Judit Polgar plays a thrilling brand of chess. "That's something I've never seen before," enthuses former junior world champion Werner Hug during her match against Karpov. Hort describes her simultaneous performance as perfect. So distance chess grandmaster Matthias Rüfenacht has all the more reason to be pleased with his win.

And Viktor the terrible? He fights as hard as ever. Actively, aggressively, attractively. But, his efforts go unrewarded in terms of points. At dinner, however, when Gary Kasparov talks of "tradition and innovation," he mentions Viktor Korchnoi in the same breath as discoverers and pioneers in the automobile and film industries. And he means it sincerely. <

For selected matches, see www.credit-suisse.com/emagazine > Sport.





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1 The shopping arcade at Paradeplatz in Zurich is turned into a chess arcade. 2 Gary Kasparov at the front and Anatoly Karpov at the back – what will be the outcome at the board? 3 A young Swiss hope: ten-year-old Nico Georgiadis from Schindellegi. 4 The duel of the giants takes place in a packed Lichthof and is simultaneously broadcast on a big screen. 5 Red and black (Vlastimil Hort and Werner Hug); with their witty comments, they make the complex game of chess easy to appreciate even for the layman. 6 Anatoly Karpov remains unbeaten in the simultaneous match with three draws. 7 Kasparov and Karpov are joint winners of the lightning chess tournament led by referee of the century, Lothar Schmid. In the simultaneous match, however, Kasparov wins every game. 8 According to Gary Kasparov, 75-year-old Viktor Korchnoi represents the ideal mixture of tradition and innovation. He shows an untiring fighting spirit even in difficult situations. 9 Relaxed and fleet of foot: Judit Polgar's simultaneous performance with 19 wins leaves nothing to be desired.

Credit Suisse 150 Years

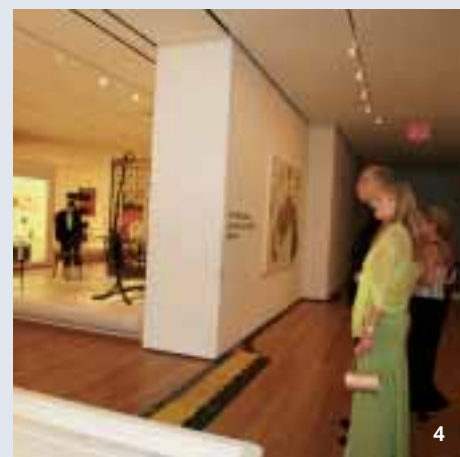
New York Gala Brings Jazz to MoMA

Text: Daniel Huber

Brady Dougan, CEO of Investment Banking, hosted a major gala evening to mark the 150-year anniversary of Credit Suisse at the Museum of Modern Art (MoMA) in New York.

The gala gave the 300 guests the chance to exclusively view the MoMA's galleries. Among the guests were the deputy mayor of New York, Dan Doctoroff, and major US financial figures such as Henry R. Kravis, TV producer and Emmy Award winner Francine LeFrak, Linda Huett, CEO of Weight Watchers International, and the New York-based artists Christo and Jeanne-Claude. In his welcoming speech, Walter Kielholz, Chairman of the Board of Directors, said that Credit Suisse, like MoMA, sees itself as an "agent of modernism" in that it helps investors and entrepreneurs to make their ideas a reality. He went on to describe company founder, Alfred Escher, as a mix of the US railroad titan Commodore Vanderbilt, the financial leader JP Morgan, and the visionary politician Thomas Jefferson.

After dinner, Brady Dougan expressed his conviction that Wall Street and the city have benefited from the presence of Swiss companies. The highlight of the evening was a performance by the famed jazz trumpeter Wynton Marsalis, who hails from New Orleans. He accepted a check for one million dollars from Brady Dougan to benefit three recovery projects in the New Orleans region devastated by Hurricane Katrina. <



- 1** Nine-time Grammy Award winner Wynton Marsalis is one of the best-known jazz musicians in the world. The guests thanked him for his performance with a standing ovation.
- 2** Host Brady Dougan talked about the cultural diversity of Switzerland. On his first visit to Switzerland he had felt as though all aspects of Europe were represented there.
- 3** The food was served in the MoMA foyer. **4** MoMA's modern art collection, one of the most comprehensive in the world, spans five floors.

View more event photos at www.credit-suisse.com/150.

Useful to Know Financial Market Jargon



Blue Chip

Stock of a leading, top-quality, publicly listed company.

As the long summer evenings eating al fresco draw to a close, our focus is shifting from potato chips to blue chips. Originally an American term, this phrase is now generally used for well-known, high-quality stocks of companies that generate high sales. The linguistic origins of the term lie with the casino in Monte Carlo, where it was the blue gambling chips that had the highest value.

Blue chips are listed on the most important stock exchanges worldwide. Companies whose stocks are regarded as blue chips require a flawless credit rating, publish their accounts on a regular basis, and meet the disclosure requirements set out by supervisory authorities. In Switzerland, blue-chip stocks are combined in the Swiss Market Index (SMI), composed of a maximum 30 of the largest and most liquid Swiss stocks from the Swiss Performance Index SPI (large- and mid-cap segment). Swiss blue chips are traditionally found in the chemicals, pharmaceuticals, and financial sectors. rh

IBAN

International Bank Account Number: international, standardized notation of bank account numbers.

The code is now a ubiquitous part of modern life: When we go shopping with plastic in large stores, we need a PIN code (personal identification number) to pay. Transferring money is now also most effectively carried out when the recipient's IBAN is provided. The IBAN is a standard for representing bank identification and account numbers and was developed by the ISO (International Organization for Standardization) and the ECBS (European Committee for Banking Standards).

The main purpose of the IBAN is to make cross-border financial transactions more efficient and to rationalize payment traffic between different countries. An IBAN consists of the following components: a two-digit alphabetical country code (CH for Switzerland); a two-digit numerical check code; a maximum 30-digit Basic Bank Account Number (BBAN) made up of the Institute Identification (IID) and Bank Account Number (BAN). The carrier organizations responsible for Swiss payment transactions have fixed the Swiss IBAN at 21 characters. Money may well make the world go round, but codes rule the financial world. rh

Private Equity

Holdings in unlisted companies.

Private equity is a term denoting the equity stakes of private and institutional investors in companies that are not listed on the stock exchange. The opposite is public equity – or what is commonly known as stock investments.

Private equity also incorporates the area of venture capital (risk capital). Young companies are often unable to generate the funds they require to finance their activities, but as they also lack the collateral as well as the necessary credit rating in the eyes of the banks, these young companies often have difficulty in raising debt capital. Armed with a sufficiently convincing business plan and with luck on their side, however, they may succeed in winning the support of a so-called “business angel” (often a wealthy private individual). In addition to the necessary capital, such business angels frequently also provide specific industry or other specialist knowledge. As a rule, this takes place in a phase prior to that in which venture capital companies like to get involved. Had Sergey Brin and Larry Page failed to win the support of farsighted and business-savvy angels at the outset of their Google adventure, one of today's important blue-chip stocks might never have appeared. rh

Zurich Opera House Orchestra Academy Embarks on Its 10th Year

“Fostering Young Musicians Is My Highest Priority”

Interview: Andreas Schiendorfer and Bianca Veraguth

What do the Zurich Opera House and Credit Suisse have in common? Pleasure in high-quality music. Both also clearly recognize the need for a targeted fostering of talented young people – for instance at the Orchestra Academy. Credit Suisse will become a partner of the academy beginning this season. An interview with Alexander Pereira, director of the Zurich Opera House.

Bulletin: Mr Pereira, if you could turn the opera world inside out for a day, what would you change first?

Pereira: I would make opera houses come up with more productions again. There are currently far too few new productions. I would also do my best to ensure that opera funding is organized in a way that the houses' survival is ensured and not constantly subject to political cost-cutting schemes. And, as far as new opera houses are concerned, I would prevent them from becoming too large. The audience should be as close to the stage as possible, creating a special atmosphere and a high level of exchange. Opera is an intimate art.

We asked you the same question back in 2001, and then you gave a somewhat different answer.

Did I? It must have been about the fostering of young artists. Just yesterday, I gave a talk on this subject at an event with over 1,000 people. It was, and is, my main concern.

In 2001, you said:

“I would try to ensure that greater emphasis is again put on the fostering of musical talent. For this purpose I would set up opera studios, orchestra and ballet academies to give a boost to the promotion of young musicians, singers and dancers. Too little

has been invested in this area over the past few years, so that now there is not only a dearth of upcoming talent, but also a shortage at the very top – something that opera houses are noticing to their expense.” (See Bulletin 4/2001)

Does this still hold true today?

It certainly does. At that time, there had been orchestra academies linked to major orchestras for a long while, but in the world of opera, Zurich was a great exception. This is still the case today, although our example has obviously motivated a few other opera houses to found their own academy.

The Orchestra Academy is about to begin its 10th season. Are you satisfied with what has been achieved so far?

We are extremely happy with the results – without in any way wanting to rest on our laurels. Our “hit rate” is around 60 percent. This means that almost two-thirds of our graduates find a position almost immediately. This is no mean feat considering how fierce the competition is. Recently, we advertised for a second violinist and received 184 applications. And, we have also managed to integrate quite a few of our students into our own orchestra; two to three a year on average. But, our satisfaction is not just based on these numbers. Thanks to the

quality of the Zurich Opera House orchestra and of the Orchestra Academy, we have managed to convince young musicians that an opera orchestra can have a broad and wonderful repertoire. And, that playing in combination with the human voice – the most natural form of musical expression – is a fascinating form of making music.

You said two to three graduates a year stay in Zurich. In other words, you are mostly training musicians who will end up with your rivals!

That's correct. And, unlike in soccer, we don't even receive a transfer sum. In our field, everyone trains people for everyone else. In any case, the institutions only play a marginal role in the work of the orchestra and ballet academies, or opera studios. The prime aim is to teach young musicians the real-life challenges of the job. This is important, since universities usually turn out graduates who have proved their worth only in the university environment.

Do Swiss candidates enjoy a home advantage in the selection procedure?

Our policy is that if we have two candidates of equal merit, we take the Swiss one. But, quality is always the foremost criterion.

This means that the Orchestra Academy is made up of staff and students from different countries?

Absolutely. Being a musician is an international profession. I cannot cast someone from the Canton of Glarus as Othello. Ours is a cosmopolitan world. I have employees from 56 nations at the opera house.



The Zurich Opera House gained an international reputation thanks to Alexander Pereira. The Orchestra Academy will help to keep that name strong into the future.

The Zurich Opera House Orchestra Academy

The Orchestra Academy was launched in the 1997/98 opera season. It provides young musicians from Switzerland and abroad with the opportunity to gain initial experience with a professional opera orchestra. For two years, students can participate in rehearsals and performances of the Zurich Opera House orchestra. They are also offered training under professional guidance in the fields of chamber music and orchestral auditioning. Master classes are held in collaboration with the "Zürcher Musikhochschule" and Zurich's Tonhalle Orchestra. Credit Suisse is a partner of the Orchestra Academy. More information available at www.opernhaus.ch.

Contest: Win two tickets for "Doktor Faust" on November 12 at the Zurich Opera House. Just fill out the entry form on the enclosed order form to take part.

Why are you so committed to fostering young musicians? Is it because you would have liked to become one, but didn't get the necessary support?

I would, indeed, have liked to become a conductor or a singer. But, the various fostering measures have never been designed to make up for my own deficiency. No, my personal history does not come into it. How can I explain? Take any profession. If you don't make an effort to give talented young people a fair chance, you are somehow infringing the ethics of your profession.

It is ethical to take care of the elderly. And, it is equally ethical to give young people in the 17 – 25 age bracket a fair chance. Otherwise I'm putting them on the road to unemployment. I have this responsibility because the institution I am running possesses the necessary infrastructure.

But, I don't want this to sound purely altruistic. It is so important that the opera family, which consists of grandfathers and great-grandchildren, has the right mix. For me, this is something so obvious that it hardly needs mentioning.

Your target for the next 10 years?

The Orchestra Academy has the right type of concept. It now needs regular fine-tuning, and the institution's sustainability needs to be ensured. This is a major task, which will be greatly alleviated by the partnership with Credit Suisse. We would like to increase the frequency of student concerts and to gain greater publicity for our educational work. Ideally, we would also like to have an annual award. Doing this would benefit not only the academy, but also help the award winners in the job market. <

More information is available at www.credit-suisse.com/emagazine.

Credit Suisse Calendar 4/06

Grassroots Football Initiative

Davos Festival

Art

Until October 8, Berne

Meret Oppenheim Retrospective
Kunstmuseum

Until November 12, Martigny

**The Metropolitan Museum of Art,
New York, European Painting**
Gianadda Foundation

Until November 19, Winterthur

**Plane/Figure. American Art
from Swiss Collections**
Kunstmuseum

Until December 17, Zug

Harmony and Dissonance.
Gerstl/Schönberg/Kandinsky
Kunsthaus

Music

September 24 (premiere), Zurich

Additional performances:

27.9./30.9./3.10./5.10./8.10./12.11./19.11.

Doktor Faust
Opera by Ferruccio Busoni
Zurich Opera House

September 29, Zurich

TonhalleLATE
Tonhalle

November 3, Lausanne

Mozart, Coronation Mass KV 339,
Orchestre de la Suisse Romande
Théâtre de Beaulieu

Formula One

October 1, Shanghai

Chinese Grand Prix

October 22, São Paulo

Brazilian Grand Prix

Football

October 11, Innsbruck

Austria vs. Switzerland

Sport

December 16, Berne

Credit Suisse Sports Awards



Always on the Ball with the Young Kickers Foundation

Credit Suisse set up the Young Kickers Foundation under the auspices of the legally independent charitable foundation Symphasis. Requests for support are assessed by a prestigious grants committee under the leadership of Marco Blatter, director of the Swiss Olympic Association. The committee members include Alain Sutter, who played for Switzerland at the 1994 World Cup, as well as two representatives of the Swiss Football Association: Secretary General Peter Gilliéron and Technical Director Hansruedi Hasler. As a result of a variety of projects held during the World Cup, such as the Giant Fan Picture and the Mini-Champs tournaments, Credit Suisse has already contributed 360,000 francs to the Young Kickers Foundation. [schi](http://www.schi)

All the relevant information, including application documents, can be found at www.symphasis.ch.



Composition Commission to Promote New Music

A highlight of the 21st Davos Festival's "young artists in concert" was the premiere of the piano trio of Erik Oña by the Tecchler Trio, who received the Prix Credit Suisse Jeunes Solistes in 2005. Erik Oña, director of the Basel School of Music's Electronic Music Studio, also received a commission from Credit Suisse this year, as did previously György Kurtág (1996), Arvo Pärt (1993), Aribert Reimann (1992), and Nadir Vassena (2005) from Ticino. As part of its commitment to culture, Credit Suisse places particular emphasis on the promotion of young musical talent, and thus also on contemporary music. As a result of this outstanding collaboration, in August Credit Suisse extended its partnership with the Davos Festival's "young artists in concert" – in place since the very start of the series – by another four years. [schi](http://www.schi)

Picture above: The Tecchler Trio with cellist Maximilian Hornung, pianist Benjamin Engeli, and violinist Esther Hoppe.

Gianadda Foundation in Martigny



Met Collection of European Art on Exhibit in Martigny

You can currently experience an interesting cultural encounter at the Pierre Gianadda Foundation in Martigny. Following its successful exhibitions of major works from the Philipps Collection in Washington and the Moscow Pushkin Museum, 50 major European paintings owned by the New York Metropolitan Museum of Art (Met) will be on display until November 12. This museum, founded in 1870, possesses around 2,500 works by important European masters that were donated mainly by private individuals. The exhibition therefore also conveys something about the taste of American art collectors, as well as the current Met expert for European art, Katherine Baetjer. It is pleasing to note that, alongside Klimt, Courbet, Pissarro, Gauguin, Renoir, Degas, Goya, El Greco, van Gogh, van Dyck and many others, the only woman to be included in the exhibition – and deservedly so – is Swiss artist Angelika Kaufmann. Considering that the Met owns 37 Monets, 21 Cézannes and 15 Rembrandts, it is fascinating to consider why a particular work was selected to represent the respective artist. Later on, therefore, it's worth visiting www.metmuseum.org or, still better, the Met itself. schi

School as Meeting Place



Swiss School in Barcelona Moves to New Building

The Swiss School in Barcelona, founded in 1919, offers a full program from kindergarten to high school and is attended by 650 students, including 150 of Swiss nationality. The start of the new school year has seen a move to a new building, which was co-financed by the Credit Suisse Jubilee Foundation. In addition to modern classrooms, the Swiss School now has a large multi-purpose hall for stage performances, concerts and lectures at its disposal. This will enable it to serve its function as a meeting and cultural center for the Barcelona region even more effectively. In particular, the local Swiss club will be able to use these rooms for its own events. schi

For more information, see www.escuelasuizabcn.es.

Donations by Staff



More than Two Million Dollars for Charitable Purposes

The philanthropic activities of Credit Suisse are extensive. It would not be possible, and also not appropriate, to describe them here in full. An illustrative example is, however, permissible: The employees and the bank itself recently donated over two million dollars for charitable purposes. To mark the 150th anniversary celebrations in New York, the Credit Suisse Americas Foundation presented three organizations from New Orleans – Providence Community Housing, the New Orleans Center for Creative Arts (NOCCA) and the Knowledge is Power Program (KIPP) of the Believe College Preparatory School – with a donation of a million dollars in total. At the Managing Directors' Forum in Orlando, Florida, the participants presented 420,000 dollars to five internal and external organizations. As the bank itself contributed another 580,000 dollars, the Credit Suisse Group Foundation, the Credit Suisse Americas Foundation, the Pestalozzi children's foundation Room to Read, as well as the Teenage Cancer Trust, also received a total of a million dollars. Finally, the earthquake victims in Indonesia were presented with 55 dollars each by the employees of Credit Suisse and the Credit Suisse Group Foundation. schi

Kunsthhaus Zug · Gerstl – Schönberg – Kandinsky

New Departures in Music and Painting

Text: Andreas Schiendorfer

Until December 17, works of art by Arnold Schönberg, Richard Gerstl and Wassily Kandinsky will be shown in a fascinating dialogue with musical works of the New Viennese School. Credit Suisse is supporting the exhibition at the Kunsthhaus Zug as principal sponsor.

Wassily Kandinsky (1866–1944) painted his first abstract pictures in 1911, notably “Impression 3 (Concerto),” for which the music of Arnold Schönberg (1874–1951) served as inspiration. Kandinsky contacted the composer, launching an intensive debate that was to be exemplary of the relationship between modern art and music.

Arnold Schönberg, for his part, had entered unknown musical territory in 1907/08, causing increasing confusion among his contemporaries and encountering vehement rejection from concert audiences. Beginning with the strongly autobiographical second string quartet (op. 10), his music can no longer be categorized in the conventional tonal system of major and minor. It is “atonal,” or, as Schönberg put it, “atonical.”

Interdisciplinary Accompanying Program

The exhibition that opened at the Kunsthhaus Zug on August 10 entitled “Harmony and Dissonance. Gerstl – Schönberg – Kandinsky” takes the visitor back to this period of upheaval and departure; and because many a visitor will find the exhibition challenging, understanding for it is encouraged in an exemplary interdisciplinary manner. Matthias Haldemann, Director of the Kunsthhaus Zug, is supported in his accompany-

ing program, which takes place in Zug and Lucerne, by the Lucerne School of Music, the Lucerne Festival and Vienna’s Schönberg Center.

Richard Gerstl – Far Ahead of His Time

The point of departure for the entire project is the Austrian painter Richard Gerstl (1883–1908), who committed suicide at the age of 25. As he never exhibited his work in public and destroyed all biographical material before his death, he has remained

unknown to wider audiences in spite of his undeniable significance as an early representative of Austrian Expressionism. It was not until 1931 that Otto Nirenstein presented the first large-scale exhibition of Gerstl’s work at his Neue Galerie in Vienna; Klaus Albrecht Schröder wrote a thesis on the artist in 1993; and the writer Lea Singer described his tragic love story in her novel entitled “Wahnsinnsiebe” in 2003. Thanks to its Kamm Collection, the Kunsthhaus Zug also plays an indispensable role in the way Gerstl is received.

Born on September 14, 1883, in Vienna, Richard Gerstl grew up in a solid middle-class family. Due to disciplinary problems he had to leave the prestigious “Pianistengymnasium” school, and began to paint

Richard Gerstl,
“Group Portrait with Schönberg,”
1907, Kunsthhaus Zug.



Wassily Kandinsky,
“Impression 3 (Concerto),” 1911, oil on canvas,
Städtische Galerie im Lenbachhaus, Munich.



Salzburg Festival Work of Art for the House for Mozart

enormous watercolor studies using a brush one meter in length. In his own opinion, this gave him a better overview of the pictorial space. Later he would hurl the paint onto the canvas in a kind of concentrated frenzy. In 1898 the 15-year-old was accepted at the Vienna Academy, but his teachers had no understanding for his new style. "The way you paint, I piss in the snow," said his professor, Christian Griepenkerl. Gerstl left the institution to enter the somewhat more progressive school run by Heinrich Leffler. However, his refusal to take part in a formal procession in honor of the Emperor Franz Josef because he found it "unworthy of an artist" – understandable from today's perspective – caused another rupture. In the summers of 1900 and 1901 he continued his training under the Hungarian painter Simon Hollósy in Nagybánya; in 1904/05 he shared a studio with Viktor Hammer.

However, only in 1906 did Gerstl come across true kindred spirits, when he met the composers Arnold Schönberg and Alexander von Zemlinsky (1871–1942). He spent the summers of 1907 and 1908 with the Schönberg family in Traunstein near Gmunden and gave Arnold Schönberg drawing lessons. His passion for Mathilde Schönberg, who left her family for him, led to a rift with the composer, who was in the midst of working on his Second Concerto for Strings. Mathilde went back to Schönberg when he threatened to commit suicide. Utterly isolated, Gerstl killed himself in the night of November 4.

The confrontation of Gerstl's "Group Portrait with Schönberg" with Kandinsky's "Impression 3 (Concerto)," both of which refer directly to the same concerto by Arnold Schönberg, is particularly fascinating. <

For further information,
visit www.credit-suisse.com/emagazine >
Culture and www.kunsthauzug.ch.

A Thousand Tears in Salzburg

Text: **Andreas Schiendorfer**

As the new principal sponsor of the Salzburg Festival, Credit Suisse presented the Festival with the highly symbolic work "1,000 Tears" by the well-known Swiss artist Not Vital for the opening of the House for Mozart.

"Giunse alfin il momento," "At last the moment has come," sings Anna Netrebko as Susanna at the beginning of her famous "Rose" aria, and many a member of the 1,664-strong audience at the premiere might have secretly brushed away a tear. The conductor Nikolaus Harnoncourt succeeded in achieving the expected highlight right at the opening of the Salzburg Festival and the House for Mozart.

Did Festival Director Helga Rabl-Stadler also shed a thousand tears? Perhaps. Probably. 999 due to uncertainty – the decisive one for joy. "The situation is hopeless, but never serious," she had to declare mysteriously in February regarding the progress of building on the House for Mozart. But now, after three years, the dust has settled. Just in time. Salzburg is radiant.

However, the Festival has not yet had the time or the money to fill the House for Mozart with art, Helga Rabl-Stadler was anxious to point this saddening fact out at the morning private view in the foyer. For this reason, she really appreciates the donation from Credit Suisse.

Credit Suisse CEO Oswald J. Grübel added that donating a work of art for the opening of the new concert hall seemed the obvious thing to do. "This is the work of an artist who moves in so many cultures that



Festival Director Helga Rabl-Stadler and Oswald J. Grübel, CEO of Credit Suisse, join the artist Not Vital in enjoying his successful work entitled "1,000 Tears."

Not Vital can indeed be referred to as a citizen of the world."

With his "1,000 Tears" Not Vital has created a symbol for the tragic element in art and life. Using the technique of directly engraving tears into the noble black marble, he has paraphrased the inscription of literary texts into stone, thus bridging the gap between minimalist American works and classical drama. <

Cambodia Aid Organization for Children and Young People

Hope for Childhood

Text: Regula Gerber



Goutte d'eau – drop of water – achieves more than the name of the children's aid organization would suggest. For many Cambodian children and young people, the aid it provides is not just a drop in the ocean. It provides them with the chance of a better future.

Poipet, a town in the north of Cambodia on the border with Thailand, has a sad look even though many people come there seeking their fortune: tourists looking to make a fast buck in one of the casinos, or families and children in search of employment and a fat paycheck. The cityscape is marked by heavy traffic passing along unsurfaced roads, slums and, by way of contrast, casinos that are prohibited in other countries. Poverty is widespread. The children beg, smuggle clothes, or sell sweets in order to keep their own and their parents' heads above water.

The conditions in Poipet reflect the situation in the country as a whole: Cambodia's population has suffered for decades under war, suppression and a dictatorial regime. The consequences are a country devastated in economic terms and a traumatized people. Although Cambodia is on the road to democracy, high unemployment, corruption, and a lack of infrastructure – there is no clean drinking water, for example – deprive the population of hope.

The sense of hopelessness hits young people and children the hardest. In Cambodia, broken families are the norm: Poverty, alcoholism, violent and sometimes sick parents drive their children onto the street,

where they are exposed to violence, drugs and criminality. Out of sheer desperation, some parents sell their children for as little as 50 francs. This often leads children into prostitution. "Many of the children treated by Goutte d'eau have already experienced more hardship than someone from the west is ever likely to suffer in their whole life," explains Martina Honegger, who travels frequently to Cambodia in her role as a coordinator of CSN (Child Support Network). Goutte d'eau has been a member of CSN since 2003.

Tackling Problems Together

CSN wants to be more than just another aid organization. It seeks to provide knowledge exchange, improve the quality of projects, and arrange access to Western sources of finance. The aid organizations that operate locally are thus given the opportunity to fight against the trade in children and other forms of child abuse from under one roof and with greater efficiency.

Goutte d'eau Switzerland shares the visions of CSN. The foundation aims to sensitize people in Europe to the necessity of aid in Cambodia and to organize the collection of donations. As a non-government organization, Goutte d'eau participates in a

number of projects in the country itself that provide disadvantaged children and their families with an opportunity for self-help. This is how the Samarkum settlement came to be established a few kilometers outside Poipet. When the site of the existing Wat Thmey settlement was no longer available for rent, Samarkum had to be expanded. Donations from private individuals, organizations and companies made realization of the project possible.

Samarkum Promotes Enjoyment of Life

At the end of August 2006, construction was completed and the comprehensive aid center was inaugurated. It has day schools, a children's clinic, emergency accommodation, a rehabilitation and reception center, and a refuge for traumatized children. Training workshops have been developed for young people in which they can learn dressmaking, sewing, and how to prepare drinking water, thus giving them a chance in the job market. However, the primary goal of the Samarkum settlement is to help each individual child recapture an enjoyment of life and learn again to trust in others – a difficult task. As the saying goes, "Constant dripping wears away the stone." <

Donations to:
CSN Child Support Network
www.childsupportnetwork.ch
Postal check account: 87-183923-5

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1 Women at work in a shoe factory in Tamil Nadu. **2** Bridge construction in Bangalore. **3** Indian workers walk beside Hyundai cars ready for shipment at a harbor in the southern Indian city of Madras. **4** Trainees at Infosys are in the classroom learning “hard skills” in the Global Education Center of the Mysore Campus, India. Infosys, one of the fastest-growing offshore outsourcing companies in India, hires more than two dozen new employees daily, and trains new hires primarily from India and China at this campus.

The Elephant Can Dance

Despite having a well-educated and technologically adept workforce and immense natural resources, India faces huge obstacles to its growth and development. However, where there are risks, there are opportunities, and where there are challenges, there are solutions, says **Nand Kishore Singh**, former main advisor to India's prime minister.

Interview: Marcus Balogh

Bulletin: India is supposed to be an emerging superpower. The question is: Can it really fly?

Nand Kishore Singh: Yes, India can fly. Absolutely. Or perhaps, as we are speaking about India, it would be better to say: The elephant can dance!

For a long time, it seemed as if India was not progressing very rapidly. Has this changed?

You must take into consideration that India started its current reforms in 1991. The '90s saw an overall economic growth of 6 percent to 6.2 percent. In the last three years, India has grown over 8 percent and the draft of its 11th five-year plan, spanning from 2007 to 2012, projects average growth of 8.5 percent, meaning there will also be years with growth of 9 percent to 10 percent.

How are you going to achieve this?

In my view, what we have to do is fivefold. First and foremost, we have to continue with strong macroeconomic fundamentals: We need the fiscal consolidation, which is now enacted by law, and inflation, which is hov-

ering around 4 percent to 5 percent, and the revenue deficit to drop to zero by 2008. We also need fiscal deficit of 3 percent by that time, and finally, we need surplus in our current account. We also have to work on the composition of India's gross domestic product (GDP). About 24 percent of our GDP stems from agriculture, 50 percent from services, and 25 percent from manufacturing industries. This is not the ideal ratio, particularly from an employment angle. China, in comparison, has managed to transform itself. For example, 38 percent to 40 percent of its GDP is derived from industry and manufacturing. This is the direction we will have to take.

Let's talk about the other areas that need improvement.

It is equally important that we modernize agriculture, where 58 percent of the working population finds its subsistence. India's agriculture has been growing 1.5 percent to 2 percent; but we need to grow to at least 4 percent to 5 percent, not only to give us continued food security, but also to meet

changing consumers preferences. People are eating less rice and cereal. They want more animal and vegetable proteins, lentils and fruits. We have to be very careful in meeting these changing needs and aim for making alterations in agricultural patterns which are sustainable. We also have to move to cropping patterns which are not environmentally damaging. And, we must develop our agro-processing sector.

What about infrastructure? For many outside of India, infrastructure reform seems to be a major.

It is a major issue. India has been very deficient in the quality and effectiveness of infrastructure. But, I can say there is now a serious political will for improvement.

Can you give an example?

Five years ago, we opened up India's telecom sector. Today, it is totally deregulated and the cost of data transmission, or the cost of voice transmission, is lower than in the rest of the world. This has enabled India to become one of the world's most dominant players in terms of attracting global out- >



In the rank of cabinet minister, Nand Kishore Singh is deputy chairman of the Planning Commission of the Government of Bihar. His political and academic career encompasses an impressive number of positions and achievements. Between 2001 and 2004 he was a member of the Planning Commission of the Government of India with the rank of national minister of state. Between 1998 and 2001 he was the prime minister's main advisor for economic issues. During this time, he was among others member-secretary of the prime minister's Council on Trade and Industry, member-secretary of the Task Force on Telecommunications and of the Task Force of Infrastructure. Prior to 1998, he held numerous positions in India's Ministry of Finance and the Ministry of Home Affairs. He is also a distinguished scholar and a guest lecturer at several universities and economic institutions.

sourcing. The telecom story is one of very high quality and dependable infrastructure. The only challenges that remain are the questions of how to use the spectrum more efficiently, and how to penetrate India's rural sector with higher-density telephony. We are adding 3.5 million cell phones a month, but that's not good enough. We will need to network each of India's 367,000 villages in order to maximize the advantages that modern technology or modern telephony provide. We have set ambitious plans, and many states have set goals of being fully wired within the next two years.

What about India's transport sector – does it still deserve the reputation of being large, diverse and very chaotic?

When you visit India two years from now, that story will have dramatically changed. The previous government began the national highway development program, in which, for example, the big four metropolitan areas of Delhi, Mumbai, Chennai and Calcutta – popularly called the Golden Quadrilateral – were connected by much improved roads. The job will be finished by the end of this year. In addition to that, we have something called the North–South/East–West Spine, which links Cashmere to the south of India, and the eastern part of Calcutta to the western part by a spine that will be completed in three years. There are three other phases of that program, including linking every village in India of a population of 1,000 and more with a road, which enables them to connect with the state highways and to the national highways.

A plan of this kind must need an enormous budget.

India's road-building program is, in my view, one of the most massive programs the world has ever seen. It will require an investment of at least 150 billion dollars. The program is substantially under way, and is enticing the interest of many foreign investors.

Let's move to the third area. What is it? Energy. Energy will be the touchstone of

India's ability to improve its infrastructure. We have a new electricity act that deregulates generation, transmission and distribution. And, it is possible to develop stand-alone companies now, as the sector is fully de-licensed, meaning, anybody can set up those entities.

What is the fourth area?

Demographics. Out of 1.1 billion Indians, 700 million are in the working age group. By 2015, we will have an addition of another 85 million people. If the past is any guide to the future, and if the experience of the Asian Tigers is an indicator of what could happen, then the young population will mean higher savings, higher investment, higher growth, higher consumption – all ending in a virtuous circle.

Those plans are very ambitious.

Do you worry that there simply will not be sufficient funds for all these programs, and that India's GDP will not grow fast enough to support them?

Do we have another option? Definitely not. We will be driven by factors which will propel us in the direction of 8.5 percent average growth, or 9 percent to 10 percent of growth the years to come. If we do not grow at this rate, unemployment will catch up, the young will become militant, and we will suffer from a lack of social cohesion. India has no choice but to grow. The world and globalization will help reach our goals. By 2015, we will have crossed the barrier of 100 billion dollars of global outsourcing, but we have only reached about 4 percent of that potential. So, I think that the fifth and final factor which will enable India to move forward, is the inevitable logic of globalization and disaggregation of economic activity.

Is this perhaps too optimistic?

I don't think so. But, I do believe that there are very serious challenges.

Which challenges are you most concerned about?

The primary challenge is being able to continue with support across the political and cross-regional spectrum of India. The direc-

tion of our economic policy is sound. I have worked with seven governments since the start of these reforms, and a central factor of all these governments is that none of them has reversed the direction of these reforms. That gives us hope, but it is not the end of the story. Strong popular support for the reforms is essential. We need the average individual to realize that the reforms are not about the rich or the elite, but about improving the quality of the average Indian, and of poor Indians in rural areas. Our challenge is getting this message across.

Do the poorest of the poor really profit from these reforms?

Yes. India is critically dependent on the reforms reaching the poor. Another major challenge is to make the growth process an inclusive one. We need to achieve employment growth. And, we need to ensure that growth, which is driven substantially by technologically changing paradigms and by productivity gains, does not result in unemployment overflows, or in increasing social tension, which could jeopardize India's economic growth. Thus far, we have launched six or seven programs that directly address rural poverty.

If the Indian government wants to make its 11th five-year plan a success, it will also have to attract foreign direct investment, which is now at about 2 percent, compared with China's more than 8 percent. How will it achieve this?

That is a major question. You cannot expect to attract foreign direct investment if you do not attract general investment. And, as our reforms are clearly targeted at encouraging investments, foreign direct investments will profit as well. Restrictions have been modified, and many have been completely cut. The tax rates are moderate, and I think that the policy framework has aligned itself with best international practice. I do believe that the rate of 8 percent to 9 percent GDP growth I have mentioned, must stem from public investment, and also from huge

amounts of private and foreign investment. This is why our prime minister speaking at the New York Stock Exchange said: "Even while India has tripled the amount of foreign direct investments in the last two years, moving from a minuscule, laughable 2.5 billion dollars a year to now 7 billion dollars a year, we will have 50 billion dollars a year in a few years' time."

Why should foreign investors turn to India and not to China? What competitive advantage does India have?

Let me begin with the advantage that China has over India. China's infrastructure is much better. It is more affordable, more efficient, and more predictable. But, we are getting there. One of the major differences is that China has a graying population. Its one-child policy, and its better success in demographic management compared with our failure in that area, will be its weakness and our window of opportunity. It is a strange world where we, because of our failure, are likely to reap the consequences in the form of a young population. By 2015, the demographics in China will not look good. By 2015, we will be the only country which will have surplus labor and a yearly young contribution to the labor force. In the long term, demographics increasingly gain importance because they provide savings, investments, and consumption.

Some critics say the regulatory processes in India are time-consuming, and that major deals can be completed a lot quicker in China. Is that still true?

Decision-making in China is quicker, but in India it is more transparent given its legal fabric. China has enormous strengths, and India has enormous opportunities. The Chinese are receiving enormous investments from Indian entrepreneurs, and India is receiving a great deal of attention from Chinese entrepreneurs. The story is not developing into a "China vs. India" case, but into one where the dragon and the elephant are dancing together.

Looking toward the near future, to which sector would you suggest investors pay special attention?

Every sector is making money. Choose the travel industry with its booming hotels, airports, and civil aviation. But, also look to real estate, nanotechnology, construction and the service sector. These sectors are all growing because 1.1 billion people need to live in dignity with high quality of life. I believe India is large enough to meet the needs of any potential investor.

Still, there must be sectors that are more interesting than others.

Energy is a sector that is very interesting. And, with energy comes mining and coal. India also has huge strength in the pharmaceutical sector. It is also fast becoming a global hub in the automotive industry. Of course, the health sector is also becoming more interesting. Not only in the sense that India is working closely with American hospitals, but also in the sense that we supply a medical workforce for which there is a global demand. On a recent trip to the United States, I was told the country will need about 2 million paramedics by 2015. Where will they come from? India. So, there are requirements for huge training centers for paramedics.

If you had one wish for India, what would it be?

There are risks, but there are also opportunities. There are challenges, but there are also solutions. I would wish that we are able to get the better handle on the risks and that we are able to manage the challenges in a way which propels us in the right direction. May luck favor us. As someone once said, "Luck is an issue of opportunity meeting preparation." We are making preparations, and I hope that we are able to harvest this opportunity. These risks are worth taking. In my opinion, winning without risks is perhaps a triumph without glory. Our goal is to triumph over the risks and to secure the continued support of India's large population. <

Big in All Respects

Medicare is one of the largest components of the United States' federal budget. As spending threatens to grow dramatically, some tough questions must be answered soon.

Text: Noam Neusner

Debates over the future of health care in America often hinge on a critical issue – should it continue to build its health care system around a private network of doctors, hospitals and health insurers, or should it shift to the socialized, single-payer model used in Canada and most of Europe?

In truth, the debate is moot; America's health care system is already significantly controlled by the federal government, largely because of its Medicare system.

In less than four decades since its inception as an add-on to the Social Security welfare programs devised during the Great Depression, Medicare has become the biggest health player in the US health market. It comprises roughly 4 out of every 10 dollars spent, effectively sets prices and standards for a range of health care procedures and services, and dictates the revenues of virtually every health care industry player, from doctors to not-for-profit hospitals to major pharmaceutical companies.

No decision in America's vast health care system is made without consideration of what Medicare will or will not do – in the past, decisions by Medicare have created vast subindustries (renal care for kidney dialysis patients) and destroyed others (home delivery of medical oxygen equipment).

Medicare is also one of the largest components of the federal budget, accounting for 15 percent of all spending – nearly as much as defense spending. That number threatens to grow dramatically in the coming years, amid the combination of an aging population, accelerating health care infla-

tion, and fewer US workers paying taxes to support the program.

Burden is Worrisome

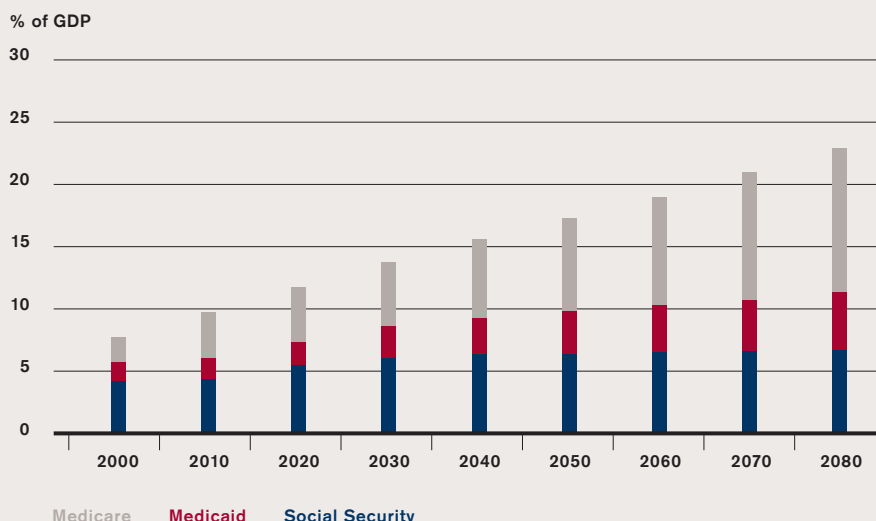
Just how big is the potential burden? Medicare covers 42.5 million citizens at an estimated annual cost this year of 394 billion dollars, or 2.7 percent of US GDP. But with the “baby boom” generation nearing re-tirement (the oldest members of this demographic boomlet, including Presidents George W. Bush and Bill Clinton, turn 60

this year), Medicare's costs are expected to rise to 11 percent of GDP by 2080.

It is tempting to view the fiscal threat as distant and therefore less worrisome; in fact, the challenge of Medicare's fiscal imbalances is immediate. In just 20 years, Medicare will consume more money than Social Security, the much-discussed US retirement system facing a similar fiscal challenge in coming years. And, Medicare's trust funds – money built up in fictional accounts to represent past excess taxes paid

Social Security, Medicare and Medicaid spending

Social Security and Medicare projections on the intermediate assumptions of the 2004 Trustees Reports. Medicaid projections based on CBO's January 2004 short-term Medicaid estimates and CBO's December 2003 long-term Medicaid projections under midrange assumptions. Source: GAO's analysis based on data from the Office of the Chief Actuary, Social Security Administration, Office of the Actuary Centers for Medicare and Medicaid Services, and the Congressional Budget Office.



into the program – will be depleted in just over 10 years.

“Too many retirees and not enough workers to fund the system will result in a catastrophic failure to provide care to millions just when they need it most,” said Kay Bailey Hutchison, US senator for Texas.

Like Social Security, Medicare is designed to be self-sustaining; today’s workers are supposed to cover the cost of care for today’s retirees. But in reality, it’s not. The percentage of workers in the US population has been declining for years as the number of retirees has increased, so today’s Medicare taxes cover only slightly more than half of total Medicare payments.

Hard to Fill Promises

Were an accountant to audit the Medicare system as he would a private pension, Medicare would likely be shut down. To bring the program into balance would require either an immediate doubling in Medicare taxes or an immediate halving in Medicare benefits, according to the program’s trustees.

So far, neither looks likely. The political environment in the US – dominated often by the interests of seniors – tends to favor adding benefits rather than reducing them. In fact, the most recent change to Medicare was a fulfillment of a long-standing promise to add a drug benefit to Medicare. That addition through the Medicare Modernization Act of 2003 came with an estimated cost of 395 billion dollars over its first 10 years.

There was no effort made to raise future revenues by an equal amount. As former Fed

Chairman Alan Greenspan warned: “As a nation, we may have already made promises to coming generations of retirees that we will be unable to fill.”

What is the solution to this intractable problem? Because Medicare exists within the larger context of America’s health care system, any efforts to slow spending in the program will have to be met by similar efforts in private health care markets. And, in the private markets, the advent of consumer-driven, tax-advantaged health accounts (called Health Savings Accounts) has shown some success in keeping premiums in line. These plans often come with high deductibles, giving individuals an incentive to see the doctor less and stay healthier. In a recent study by Deloitte’s Center for Health Solutions, the average increase in costs for consumer-driven health plans was just 2.6 percent last year, compared with 6.6 percent to 7.5 percent for traditional plans. Indeed, a similar focus on boosting competition among insurers has led to lower than expected premiums for the new Medicare prescription drug benefit.

Solving the Medicare Problem

The Medicare drug benefit is supposed to help make health care more efficient, as patients can use drug therapies to avoid invasive surgery and improve health outcomes. Yet, America’s experience with prescription medicine suggests that this is wishful thinking; per capita usage of health care, regardless of drug therapies, is increasing rapidly. As Tommy Thompson, the former

secretary of health and human services, put it: “There is a simple and troubling truth about health care in America today: Everyone is paying more and receiving less for their health care dollar every year.”¹

Some specific options remain: lifting Medicare premiums for well-off seniors, raising Medicare payroll taxes, removing Medicare coverage for certain treatments deemed optional, using the federal government’s buying power to significantly reduce the cost paid for prescriptions, medical devices, and other services, or cutting payments to doctors and hospitals which make frequent and significant errors.

While the fiscal future of Medicare appears grim, it is worth recalling that these huge piles of actuarial deficits for the Medicare program are just that: actuarial. What is actual is another matter, and America has shown a remarkable ability to work around piles of debt in the past. The economic boom in the post-WWII era helped to reduce the deficits built up during the war, for example. If the US can grow its economy and rein in health care inflation, it could solve the Medicare problem. The first step, however, is recognizing that the problem exists. <

¹ Medicare Makeover: Six Tough (and Unavoidable) Choices on the Road to Reform, a Deloitte Research and Deloitte Center for Health Solutions study, 2005.

US Spends More on Health Than Any Other Countries

The US continues to have the highest per capita expenditures on health care among industrialized nations, according to the Organization for Economic Co-operation and Development’s (OECD) 2006 “Health Data” report.

In 2003, the United States spent 6,100 dollars (adjusted for purchasing power parity) per capita, or almost 52 percent the amount spent by Canada, France, the United Kingdom or other industrialized countries, according to the OECD, a group that compiles data on the 30 largest industrialized countries in the world. Luxembourg ranks second with just over 5,000 dollars per capita, followed by Switzerland and Norway with about 4,000 dollars.

Does higher spending per capita mean that American’s are also getting the best coverage? Actually, more spending does not translate into more services. Despite the high expenditures, the US has fewer physicians per capita than most OECD countries, according to the report. It also has fewer nurses, hospital beds and the lowest use of acute care beds of the major OECD countries. And, contrary to popular belief, malpractice lawsuits are not driving

the high costs of health care. In fact, the cost of malpractice premiums is less than 1 percent of total national health expenditures, according to “Health Spending in the United States and the Rest of the Industrialized World,” a study published in “Health Affairs,” July/August 2005.

The authors of the study analyzed the OECD data to determine why US health spending is so much greater than that of other countries. They attribute part of the discrepancy to higher incomes and cost of living in the US, but the primary factors are the overall higher prices for health services, such as prescription drugs, hospital stays and doctor visits. And, it’s Americans who are footing the bill, as only 45 percent of US health spending is funded by government revenues, well above the average of 73 percent in OECD countries. mb

E-policing:
Check driver's
license



E-health:
Issue prescrip-
tions



E-school:
Call up
timetables



E-government:
Elect
Parliament



E-banking:
Deal with bank
business



E-ticket:
Purchase bus
ticket



E-signature:
Sign
documents



A small card, but one that punches above its weight: Thanks to its built-in microchip, the Estonian identity card represents the key to a futuristic e-society. Online voting, signing digital documents, or acquiring a bus ticket: The ID card makes it possible.

Nowhere in the European Union is experiencing growth rates quite like the Baltic states. Estonia in particular, the smallest of the three Baltic tigers, is making the biggest headlines with its information technology boom.

Text: Andreas Thomann

From Socialism to E-Society

August 20, 1991, marks a turning point in Estonian history. After 47 years of Soviet occupation, the country demanded its independence back. It was to be the beginning of a promising new era. At the same time, it was the beginning of a difficult road marked by small and large obstacles. The newly elected Prime Minister, Edgar Savisaar, had barely begun his first day at work before it dawned on him that the transition from socialism to modern democracy would be no walk in the park. When Savisaar entered his office in the government palace on Tallinn's Domberg, he found six telephones on his desk, three green and three red. But with none of these could he obtain an outside line. They were all set to receive incoming calls only.

A Cabinet Ruling by Mouse Click

The vestiges of socialism have long since been swept away. Instead of dark-aged technology and paper files piled high, today's visitor to the conference room of the Estonian Cabinet will find only modern flat screens and wireless keyboards. "The only analog instrument in the room nowadays is the prime minister's hammer," observes Linnar Viik. A professor at Tallinn's IT College, Viik was one of the driving forces behind the Estonian e-government strategy, which was put into practice under the then Prime Minister Mart Laar in the year 2000, just nine years after the transition. Since then the Estonian government has fulfilled its official

duties entirely online. Ministers put forward their legislative proposals to their government colleagues solely in electronic form. A click of the mouse is all it takes and the document becomes law – complete with digital signature. A couple of minutes later Estonian citizens can download it from the internet.

Paperless government brings clear advantages: The savings in the sphere of photocopying alone amount to about 1.6 million kroon (90,000 dollars) annually, calculates the pioneering IT guru Linnar Viik. And, it saves time: "Since the switchover, the average cabinet meeting has fallen from 90 minutes to 60 minutes," says Viik.

The success bolstered the ambition of internet strategists. Next up was e-voting. With a total population of just 1.3 million, Estonia appeared tailor-made for this experiment. By the time the local elections in the fall of 2005 came round, things had progressed to the stage where Estonia would become the first country in the world to allow internet voting. True, at just 7 percent of the total of votes registered in advance, the share of e-voters was relatively low. Nonetheless, the image of an innovative country whose citizens were prepared to embrace technology had been cemented.

And rightly so when other indicators are taken into account. Today, 98 percent of all bank transactions are processed through the internet. All schools are online, as are 92 percent of companies, and the propor-

tion of households with an internet connection is currently 58 percent and rising. It was, above all, the new identity card that ushered in the real digital revolution as far as everyday Estonian life was concerned. The ID card, as it is called, is fitted with a chip that in addition to personal data also contains two digital certificates – one for identification, a second for the digital signature. When coupled with the corresponding pin codes, the ID card opens numerous doors into the virtual world. For example, it can be used to sign any document digitally, to log into e-banking, or to purchase an e-ticket for public transport in the cities of Tallinn and Tartu. Drivers can also get around without worrying about documentation – both drivers' licenses and vehicle registration papers are stored on the ID card. At vehicle checkpoints the police simply insert the card into a reading machine and check whatever data is required online. The construction of the Estonian e-society also relied on a substantial amount of Swiss expertise: Trüb Baltic SA, an offshoot of the Aarau-based Trüb AG, is responsible for the manufacture of the ID card.

Baltic Tigers Set the Pace

The e-phenomenon is a symbol of the successful transformation of Estonia – a transformation that is also reflected in macroeconomic data. For example, real GDP growth in Estonia over the last five years has amounted to 7.6 percent. Together with >

“Estonia created a very liberal economic system for itself after the transition. Direct investment immediately took off.”

Andrus Ansip, Prime Minister of Estonia

its Baltic neighbors Latvia (+8.1 percent) and Lithuania (+7.6 percent), Estonia is therefore one of the fastest-growing economies in the European Union, and by some margin. The three Baltic tigers also shape up well in comparison to the other seven countries that joined the EU on May 1, 2004. The rise of the Baltic states cannot just be explained by the need to catch up economically or by the “EU effect” alone. And no end to this trend is yet on the horizon: According to EU statisticians, both this year and next year the economies of the Baltic states will grow by between 6 percent and 9 percent.

Flat Tax Attracts Investors

The current prime minister of Estonia, Andrus Ansip, attributes the success to the clear and single-minded policy of his predecessors: “After the transition we tackled our structural reforms quickly and built up a very liberal economic system,” argues Ansip, former mayor of Tartu, Estonia’s second-largest city. Ansip, who has headed the government since April 12, 2005, observes that Estonia embarked upon its reform program with a view to ensuring a secure legal structure and a very transparent and simple tax system. “This policy enabled us to attract substantial direct investment into the country.” His peers from Latvia and Lithuania would doubtless say much the same thing. There too, for example, the setting of a flat tax both for individuals and companies has borne plenty of fruit.

Overall, the similarities between the three Baltic states are striking: All three boast well-educated labor forces combined with relatively low wage levels. Economic legislation is very liberal, putting the three countries high up in the “Index of Economic Freedom.” The geopolitical situation is good, not

just thanks to their access to the Baltic Sea, but also as a result of their role as a bridge-head between Western Europe and Russia. And last but not least, the level of corruption is relatively low in the Baltic states, particularly when compared to the other countries of Central and Eastern Europe.

It’s no surprise that the Baltic region quickly became a secret tip for investors after the transition. From Scandinavia in particular, the last few years have seen substantial direct investment into these three countries. Many of the most important Baltic companies are today in Finnish or Swedish ownership, including the two largest telecom companies, Eesti Telekom and Lietuvos Telekomas, as well as the largest financial services provider in the region, Hansabank. As well as the Scandinavian countries, both Germany and Russia are substantial direct investors in the region. In addition to direct investment levels, investment flows between the three Baltic countries themselves have also swelled. As a consequence, the economic interdependence of the region as a whole has increased consistently. “The Baltic region is on course to merge into a single dynamic area with around 100 million residents,” prophesies Henrik Hololei, a member of the European Commission. As the former Estonian minister of the economy

sees it, this is a positive development. Hololei believes the Baltic countries are profiting hugely from their forward-thinking neighbors in the West: “The Scandinavian economies are very competitive. They are showing above-average growth within the EU and boast a powerful high-tech sector.”

High-Tech from Scandinavia

The “Scandinavian spillovers” described by Henrik Hololei are clearly being felt most strongly in the northernmost of the three Baltic countries. No less than 80 percent of the direct investment flowing into Estonia comes from Finland and Sweden. This is no coincidence: The country shares a common language and culture with Finland, and it takes just an hour and a half to travel to Helsinki from Tallinn by ferry. Nor has the contribution to Estonia’s technology boom from Scandinavia in terms of capital and expertise transfer been insubstantial. Some impression of the scale of this effect can be seen by looking at the 42,000-square-meter production site constructed in Tallinn by leading Finnish electronics manufacturer Elcoteq in 2004. This is where a large number of mobile phones are now manufactured for Nokia and Ericsson.

But to explain the Estonian e-phenomenon by external influences alone would be to do the Estonians an injustice. No e-society could have been built up in the absence of home-grown brilliance. And in this respect Estonia appears to have more than its fair share of talent. Three local brainboxes, the programmers Ahti Heinla, Priit Kasesalu, and Jaan Tallinn, are responsible for two of the world’s groundbreaking innovations. The first of these was the Kazaa software in 2001, which gave birth to the largest internet exchange for images, songs, and videos. And two years later came the application Skype, which allows users to make free telephone calls via the internet (Voice over IP). Both these concepts became inter-

Details of the Baltic States

The citizens of the Baltic region may only be half as rich as the average EU citizen, but the three economies are catching up rapidly. Source: Eurostat

	Area (in square kilo-meters)	Population (million residents)	GDP growth (2005)	GDP per head (2005)*
Estonia	45,227	1.347	9.8%	57
Latvia	64,589	2.306	10.1%	47
Lithuania	65,300	3.425	7.5%	52

* in PPS (100 = EU average)

national success stories. Currently owned by the company Sharman Networks, Kazaa has now been downloaded around 389 million times. The company Skype, meanwhile, founded in 2003 by the Swede Niklas Zennström and the Dane Janus Friis, was bought by the US online auction house eBay just two years later for 2.1 billion euros. Skype nonetheless remains strongly rooted in Estonia, with the company's development center run out of Tallinn. This is where 200 of the total workforce of 420 is based.

Skype already boasts 115 million users worldwide. "No other internet company has grown so quickly in such a short period of time," points out Sten Tamkivi, head of operations and general manager of Skype. Tamkivi believes that Skype is a shining example of the Estonian IT industry, which continues to punch above its international weight despite a limited labor force. "In Estonia right now there are perhaps 2,000 software developers – exactly the same number as Google employed just last year. And it's companies such as Google and Yahoo! that Skype takes as yardsticks." Tamkivi goes on to point out that a small company can only compete with heavyweights like this thanks to unconventional ideas. In Skype's case, for example, this means letting other people get involved in the development of the company's own product. "True, we have only 200 engineers. But around the world there are another 3,000 people working on solutions for Skype. This developer community has produced more than 400 Skype-compatible applications, from simple voice mail through to a CRM solution for companies." Skype achieves similar leverage effect through its extended cooperation network with hardware producers, a network that includes a number of global market leaders. "Companies looking to integrate Skype into their hardware send us a sample. If the product meets our standards then we allow it to carry the Skype brand."

Nor does Sten Tamkivi believe that the Estonian IT industry is likely to run out of ideas soon. "There'll be people in future too who will manage to achieve unbelievably great things with astonishingly few resources." As Tamkivi sees it, this innovation process will also be inspired by companies such as Skype. "In just a few years a number of our current employees may go off to found their own businesses." Watch this space then for the next IT coup from Estonia. <



Putting the Baltic economy under the spotlight: Arthur Vayloyan, Head of Investment Services and Products.

Credit Suisse Discovers the Baltic The growing investor interest in the three "Baltic tigers" has not gone unnoticed by Credit Suisse. The team led by Arthur Vayloyan, Head of Investment Services and Products, opted for an innovative way of tapping into this interest. A so-called "interactive field trip," implemented at the beginning of July, was designed to give clients first-hand experience of the foundations on which the Baltic success story was based and the investment opportunities the region offers. Around 30 external asset managers from Switzerland took up the invitation and spent three days in the Estonian capital of Tallinn, meeting a large number of top representatives of the Baltic region's political, economic, and cultural spheres, including the Estonian Prime Minister Andrus Ansip, EU Commission member Henrik Hololei, and the Estonian IT guru Linnar Viik.

The main focus of the trip was the dynamic IT and telecommunications industry of Estonia, as well as the internet drive launched by the Estonian government. Leading managers from the three growth companies Webmedia, Norby Telecom, and Skype discussed the "Estonian Way of Innovation" in a panel discussion. To enable participants to get to grips with high-tech at close quarters, the trip was rounded off with a tour of the production sites of Ou Jot Eesti (automated production machines for the electronics industry), Elcoteq (mobile telephones) and the Swiss company Trüb Baltics, producer of Estonia's ID card – the passport to Estonia's e-society. So successful was the trip that Credit Suisse is now planning a series of "interactive field trips." Next up is the US state of Massachusetts, one of the world's leading centers of nanotechnology.

Leasing – Room to Maneuver

Leasing can be easy on a company's **liquidity, which is why it is worth considering as an alternative to traditional forms of internal and external financing. Despite becoming more widespread, leasing still has considerable potential for growth in Switzerland compared with other countries.**

Text: Sébastien Kraenzlin and Cesare Ravara, Economic Research

Increasing competitive pressure, not least as a consequence of the opening up of markets, requires companies to devise sophisticated strategies and take difficult decisions in order to survive in this dynamic environment. However, the implementation of new positioning strategies frequently requires considerable capital involving a heightened level of risk, which often cannot be covered entirely using equity (additional investments, cash flow, retained profits) and traditional loans. Due to increasing competition, companies are facing the challenge of tapping alternative sources to complement traditional financing tools (equity and loans) in order to exploit business and growth opportunities by means of a well-balanced financing mix while maintaining their scope for financial maneuver.

Utilization before Ownership

With leasing, an investor, the lessor (often a bank, a financial institution close to a bank or one close to a manufacturer), allows the lessee (company) to use movable goods such as company cars, machines and industrial plants or real estate such as office premises, factories and administrative buildings. This approach enables the company

to finance its investments entirely through debt financing. The primary focus here is on the aspect of utilization rather than ownership of the goods. In return for using the object, the lessee pays leasing installments that include an amortization component as well as interest and administrative costs.

In Europe, it is primarily financial leasing that has caught on. In Switzerland, so-called operating leasing is less well known. This is applied to goods that are newly leased at frequent intervals. With financial leasing, the duration is usually determined according to the economic and technical life expectancy of the object. It is also characteristic of this financing instrument that the lessee has no option to terminate the agreement during the term of the contract, and that he bears both the investment risk and the obligation to maintain the object. The contract frequently also provides for a purchase option at a residual value determined in advance. In this sense, financial leasing is similar to hire purchase.

Leasing: Easy on Liquidity

The most important advantage of leasing compared with traditional forms of internal and external financing is that it is easy on liquidity and thus has the effect of safe-

guarding it. The desired object can be procured without using equity and without additional borrowed capital because the leasing company assumes the entire financing. Liquid funds are thus available for other operational processes and business projects.

This advantage is particularly effective for expansionary investments – such as in production plants. While object-related capacity increases can be realized with leasing, the liquid funds still available can be used to finance investments that are non-object-related but will later have an effect on revenue, such as the development of new products or marketing measures.

Compared with the traditional bank loan, leasing also offers greater scope for adapting the terms of the contract to a company's individual needs. For example, when the contract is concluded, the leasing installments can be adjusted to a large extent to the revenue that the leased property is expected to earn, according to the "pay-as-you-earn principle." However, the "pay-as-you-earn effect" cannot disguise the fact that leasing payments are a fixed overhead that must first be earned. This means that the leasing installments must also be paid >



Increasing numbers of Swiss companies opt to lease rather than buy their capital goods. By far the largest proportion of these is represented by vehicles for commercial use; it is not unusual for entire fleets of vehicles to be leased. However, the leasing of machinery and industrial equipment as well as computers and office machines still plays a comparatively insignificant role.

Buy or lease? Thanks to its high level of precision, quality and productivity, a medium-sized mechanical engineering company has successfully asserted itself in the market against international competition. Among other things, it uses expensive, high-grade checking and measuring devices. Rapid technical progress and the growing demands of its clients mean that the devices have to be replaced at increasingly frequent intervals. New checking and measuring systems are just about to be launched on the market, but the company cannot afford to wait. It could finance the purchase of the urgently needed device off its own bat, or fall back on its house bank's credit facilities. However, the company faces the question of whether it should invest its funds in the acquisition of such a device – which will still be serviceable in a few years, but no longer technically up to date – and thus enter into a long-term commitment. Depending on the device's operating life expectancy and amortization with appropriate provision for termination and residual value, both financial and operating leasing can offer adequate solutions. On the one hand, it offers the company the opportunity to use the measuring device without buying it, and secondly to switch over to the new technology as soon as it is ready for the market without sustaining major financial losses. On the other hand, the company can keep its equity capital free for forward-looking projects, such as new developments or expansionary measures.

You will find an in-depth comparison of leasing and purchase in the online specialist publication "Leasing im Trend" ("Leasing in Vogue") under www.credit-suisse.com/shop ("Handbooks" section) as of mid-October 2006.

when the property fails to earn any revenue – such as when a hotel or leisure center loses money due to poor weather.

Vehicles – Top of the Ranking

At the end of 2005, goods to the value of 15.3 billion francs were leased in Switzerland. Approximately a quarter of that sum is accounted for by private car leasing and three-quarters by corporate leasing (real estate and capital goods leasing.) Measured on the basis of the outstanding overall volume, capital goods leasing, with a share of 70 percent, is the most important segment. In capital goods leasing, vehicles for commercial use – primarily automobiles – account for by far the largest share. This is essentially due to the emergence of fleet management by leasing companies. Besides the financing function, this also includes the entire transport fleet management as well as the technical services and risks that this involves. Unlike the vehicle sector (trucks, automobiles, ships, aircraft and trains), the leasing of mechanical and industrial plants, computer and office equipment is still of little significance.

Looked at in terms of sectors and industries, the service sector is the most important customer segment in capital goods leasing, followed by the processing business, the industry and the building trade.

The public sector, by contrast, only accounts for a 5 percent share.

The leasing ratio in Switzerland, which compares the annual volume of new leasing business with the macroeconomic investments in equipment, increased from 6.8 percent to 11.8 percent (see chart) between 1999 and 2005. This development is an un-

mistakable indication of the increasing level of market penetration and the growing economic importance of leasing.

Switzerland Lags Behind

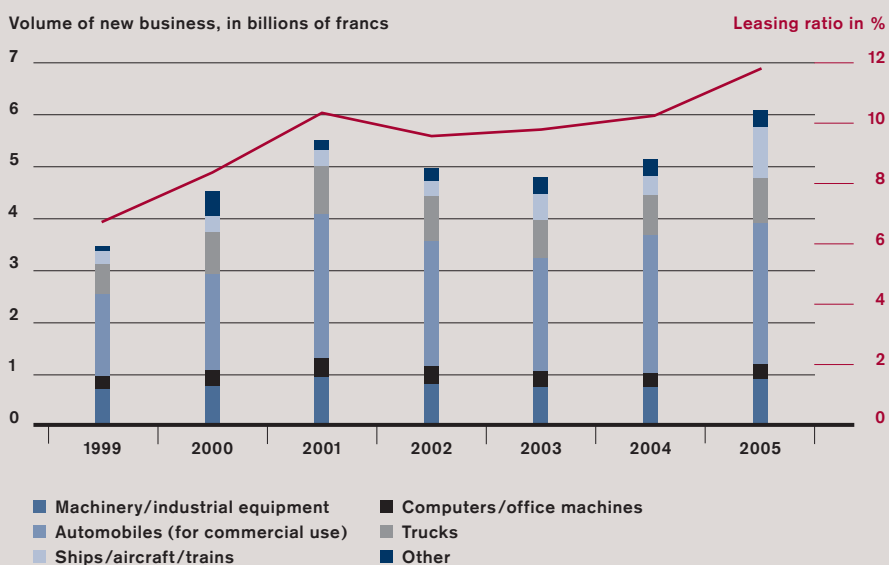
However, a transnational comparison will reveal that capital goods leasing in Switzerland has still not gained the importance attached to this instrument in other European countries and the United States, despite an increase in the leasing ratio. Between 1999 and 2004, Switzerland had an average leasing ratio of 9.3 percent. This figure lies below the European average of 12.6 percent, and far behind that of the United States (25.6 percent).

It is to be expected that certain types of goods that are still rarely leased in Switzerland (e.g. production machines and industrial plants, computers and other office equipment) will be financed to a greater extent using this method in the future. Untapped potential has been identified, in particular, in small and medium-sized companies (SMEs). They too must reconsider their financing behavior and adjust to changing market requirements where necessary. To do so, besides room for financial maneuvering, they also need instruments with which they can optimize their balance sheet structure. A flexible financing mix that can be tailored to individual needs is vital, and the addition of leasing is frequently a valid alternative. <

Swiss Companies Rely Increasingly on Leasing

Between 1999 and 2005, the leasing ratio in Switzerland rose from 6.8 percent to 11.8 percent. This figure reflects the relationship of the volume of new leasing business to the macroeconomic investments in equipment.

Source: Swiss Leasing Association (SLV), Credit Suisse Economic Research



The Travels of a T-Shirt

An Everyday Product Explains
How the Global Economy Works



By **Pietra Rivoli**
Paperback edition
335 pages
ISBN 3-430-17765-0

"Who made your T-shirt?" – Pietra Rivoli, a professor of economics at Georgetown University in Washington, D. C., didn't know where to begin answering this question. Critics of globalization described a bleak scenario: They told her it was made by women in Chinese factories who had to work for a pittance in inhuman conditions. Rivoli's curiosity was awakened: She wanted to investigate the matter herself. In her book, she takes her readers on a fascinating journey around the world. Her research starts with the origin of her own T-shirt in the cotton fields of Texas, takes her to Asia and the textile factories of Shanghai, back to America in a container ship, and finally to Africa, where she visits a thriving market for second-hand clothes in Tanzania.

Rivoli's travel report is the story of the people, politics and markets that went into the making of the cotton T-shirt. Her detailed examination of the textile industry shows the pros and cons of globalization and the consequences of the complex lobbying process. It provides far more than just useful knowledge, for it depicts the complex global economic structures with impressive clarity on the basis of an everyday example. The work represents an impressive and informative contribution to a subject that always fuels fresh debate. It also makes an interesting read and, in passing, provides background economic information; the reader gains an overview of the global cotton and textile industry. Pietra Rivoli's work shows how you can explain the workings of the global economy with a T-shirt. **vz**

"Das asiatische Jahrhundert" (The Asian Century)

China and Japan Emerge as New Global Powers



By **Karl H. Pilny**
Hardback edition
340 pages
ISBN 3-593-37678-4

In 2050, over two-thirds of the world's population will live in Asia. In the case of China, we are being confronted with numbers of a gigantic scale. For example, over 100 Chinese cities already have more than a million inhabitants, and 300 million Chinese are described as consumers with significant purchasing power who earn more than 1,500 euros per month. Many see an opportunity for themselves. There's no question about it: China beckons and more and more Europeans, including around 700 Swiss companies, are only too happy to answer the call. According to new studies, however, a worryingly large number of companies are plunging unprepared, if not rather naïvely, into the Chinese adventure. It's therefore hardly surprising that 80 percent of the partnerships with a Chinese involvement collapse within three years. "The most successful foreign companies are those that use China as a cheap manufacturing location," writes Karl Pilny, and at the same time points out that the time for making a quick profit is already over in most Chinese industries.

Pilny, a commercial lawyer with experience of Japan, outlines the economic development of China and Japan, but without forgetting the historical, cultural, religious and socio-political dimensions. It is precisely these factors – or the ignorance of them – which cause some western companies to come to grief. The data in the economic section is largely related to 2004 and before, and is therefore no longer completely up-to-date. However, what is interesting are the scenarios that the author sketches out in the last part of the book, from that of the imminent end of the world to the depiction of paradise on Earth. Naturally, China is always in the lead role. **rh**

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“Money Lubricates the Wheel, but It’s Not the Only Thing That Matters”

Daniel Huber and Sally Rubery (interview); Michèle Bodmer (text)

Lord Chris Patten has fought for years in the political arena, and is perhaps best known for his role as the last British governor of Hong Kong, who oversaw its return to China. Today, the pro-European Conservative holds a seat in the House of Lords. He reveals his views on China, the Americans and gardening.

Bulletin: When were you last in Hong Kong?

Chris Patten: November of 2005, and again in August 2006 for the Hong Kong Book Fair to launch the paperback of my book, “Not Quite the Diplomat: Home Truths About World Affairs”.

What is the most striking difference in Hong Kong now compared with when you left it as governor in 1997?

I don’t think that there is a very striking difference. There is perhaps a slightly smaller expatriate community, and certainly a smaller British community, but Hong Kong remains one of the freest cities in Asia. It’s an exceptional rarity – a city that is liberal but not democratic. It has all the institutions of a liberal community: a sense of citizenship, a clean civil service, a good police force, freedom of speech, due process, rule of law, and freedom of worship and assembly, but it doesn’t have the ability to change

its government through the ballot box. Regardless, I would far prefer to live in Hong Kong than in most other Asian cities.

You mentioned not being able to vote.

Do you think prosperity in China will force the change into democracy?

You know the concept of tipping points. That there is a moment when things move to the point where everything ...

Breaks down?

Slides. The Chinese have, in a sense, begun to talk about that. Some of the party hardliners have been arguing in semipublic, through the articles and speeches reprinted in old Communist Party newspapers in Hong Kong, which was traditionally the way in which debates in Beijing were reflected to the wider world. The hardliners have been attacking some of the bank chiefs who want to further deregulate the banking sector. They argue that if you go on relaxing the state’s power over the economy, sooner or

later, the party won’t be able to control the state. That’s true. As another tipping point, people have overused the metaphor that China is like an elephant on a bicycle that has to go on pedaling in order to promote social stability and avoid breakdown. That too requires continuing economic change and reform. There are really two tipping points, a political one and an economic one. I don’t think anybody in the outside world knows the exact point at which China will arrive there.

What’s your personal opinion?

I don’t have an opinion on timing, but I do have one on inevitability. I don’t think it’s possible to open up the Chinese economy indefinitely without facing political consequences in due course. The question is whether the political consequences are managed effectively from above or whether they come from below. Anybody in their right mind should want China to succeed and >



Hong Kong's last governor, Chris Patten, was appointed in 1992 to oversee the transition of the city back to China after more than 150 years of colonial rule. He handed the reins of the territory to Beijing in 1997, only after securing assurances from the Communist Party that it would maintain the city's capitalist way of life and introduce significant democratic reforms. Although those changes were rolled back after the handover, Chris Patten still believes that Hong Kong will eventually be democratic. Upon his return to the United Kingdom, he was appointed Chairman of the Independent Commission on Policing for Northern Ireland set up under the Good Friday Agreement. From 1999 to 2004, the trained historian served as European Commissioner for External Relations, and in 2005, he was elevated to the peerage, becoming Lord Patten of Barnes. He is Chancellor of Newcastle and Oxford Universities and author of five books, including "Not Quite the Diplomat: Home Truths About World Affairs" released in 2005.

to avoid instability because the consequences of its failure for the rest of the world are really pretty alarming.

Can the West support the direction of the tipping point?

I don't think we can get very centrally involved in China's internal debates. But, we should continue to draw it into responsible global, economic and political leadership. We cannot allow our preoccupations with its economic growth to inhibit us in arguing the case for reforms, which would end the abuse of human rights of its citizens and religious groups. And, we have to make it clear to China that we don't regard its success as a threat – it's a huge opportunity.

You've been in politics all of your life. From your experience – does money really make the world go round?

Money lubricates the wheel, but it is not the only thing that matters. In China, the Communist Party has lost its moral grip by focusing on getting rich. The vacuum it's created is one of the reasons why there's so much more, albeit sometimes underground, practice of religion, and it accounts, in my view, for phenomena like the growth of the Falun Gong. There are emotions and symptoms in China and elsewhere which are more powerful than money, although I think it's fair to add that they're more likely to be dangerous when there isn't much money.

So, religion is more important than many of us believe?

We fondly believed in the '90s that religion didn't matter in the world. We now find ourselves contending with a threat, not from religion as such, but from those who distrust religion and who, very often because of their economic and political alienation, turn to extreme religious truth for comfort.

Are you referring in particular to the Islamic world?

It's not just true of the Islamic world. It's true of the world as a whole. Look at the rise of the evangelical right in the US. I don't put that on par with Islamic fundamentalism, but

it's another manifestation of a materialist culture. I was recently in the Middle East and was struck by the way authoritarian governments breed terrorism. Authoritarian governments don't produce the economic policies that create growth and jobs. They create the resentment of repression. The most dangerous incubator for political extremism is unemployment and police repression. We don't understand the dynamics of political Islam, and by trying to repress it, are turning it into jihadist Islam.

Does globalization, or the fear of it, also play a role in this phenomenon?

I suppose the good side of globalization – the Doctor Jekyll – is the way technology in the later part of the 20th century increased and sped up the consequences of opening up markets. Money floated hundreds of millions of peasants in China and India off the rocks of poverty. However, there's another side of globalization – the Mister Hyde: the problems that make borders look porous to epidemic disease, to environmental degradation, to terrorism and to proliferation. They're all problems made worse when combined with those who have been left behind by the process of benign globalization.

What about the positive argument that technology tears down barriers?

There is some truth in Tom Friedman's argument that technology tears down barriers. But, it doesn't make the world flat. In some places it increases the divide between the rich and the poor. Technology has the potential to make the world flat, but I don't think it has done so.

You mentioned terrorism. What is more threatening, terrorism or the global war against terrorism?

The direct answer is that the way the war on terrorism has been prosecuted definitely has increased the terrorist threat.

So, is dealing with terrorism more of a political or a security issue?

There is a relationship between politics and terrorism, which we must recognize without

appeasing the terrorists. And, those political issues are often more important than security issues in improving our chances of protecting liberal societies.

In your book, you've described Europe and America as cousins or strangers.

We are both, in terms of our political cultures, children of the Enlightenment, with the same commitment to fundamental values, the rule of law, participative government, freedom of speech and so on. However, there are obvious differences. America is a superpower and therefore looks at the world differently. Europe has lived since the last World War in Pax Americana rather comfortably, which has given the Americans a different perspective on things. And, America is more obviously religious, which affects its politics. The truth is that the world needs a strong, self-confident and effective America. The result of the policy it has pursued in the last few years has weakened it and encouraged many Americans to turn on themselves. We haven't particularly helped that in Europe.

What do you think is its biggest fault at the moment?

I'm a huge admirer of America, but I'm not a huge admirer of this administration. I think Americans need to look at the way they are perceived by the rest of us. America is very generous in trying to get us to share in the regulatory regimes and commercial laws, for example, and Americans don't always understand just how unfair that seems to others. There are too many examples at the moment where it appears as though America is applying double standards.

That said, are other fundamentals of Europe's relationship with America still in place?

The trans-Atlantic market place is an enormously important part of the world economy, and it reminds us of the fundamentals we have in common. It reminds us that when we work together it's good for us and it's good for the rest of the world. It reminds us

that most of the things we want to achieve as Europeans are more possible with the Americans, and vice versa.

You've faced some tough negotiators during your career. What is the secret of your own success as a negotiator?

I'm going to sound a bit like a Scout troop leader, but when you're in really difficult negotiations, the right thing to do is what you think is right. It's maybe more difficult, but it's more likely to last. The most difficult thing I've ever done was to reorganize the police service in Northern Ireland. There was the temptation to split the difference, to go down the middle, a bit for the Protestants and a bit for the Catholics. We'd have gotten into a terrible model if we'd actually done that. We tried to do what we thought is right for police in Northern Ireland, and the reforms we made have lasted.

How should one react in the case of very tricky negotiations?

You have to be prepared in negotiations to simply walk away. That's why I believe you should never let a company chairman near a negotiating table, because they want success. To get there, they invariably put pressure on the negotiator to reach a settlement, which is likely to be nearer to what the other side of the table wants, rather than what you want yourself. A very important principle of delegation for the bosses of companies is to leave the negotiations to the expert.

What are the most important traits of a good leader?

Consistency, clarity and courage.

Is there a person you really admire for possessing those traits?

Of modern politicians, Margaret Thatcher was a phenomenon, and whatever her faults, I think history will be pretty kind to her. She dealt with a country which was in danger of absolute decline, like Spain in the 17th century. She turned things around with obstinacy, a clear vision and by having a simple narrative with which people could identify. I also admired somebody Margaret Thatcher

couldn't stand – Helmut Kohl. He had the great political virtue of understanding when a really big decision had to be made. On the whole there aren't many huge decisions politicians have to take which change the world or change their countries, but Kohl was absolutely right about the unification of Germany, and I think that history will probably regard him as one of the great figures of the last century.

What is the best advice you can give a company on becoming a global player?

When I was in Hong Kong, I thought that one of the mistakes which some of the British companies had made was not employing Chinese. It wasn't a mistake made by the government, which had a spectacularly successful cadre of Chinese civil servants. Some companies only began, rather symbolically, recruiting and appointing Chinese just before the handover. Any global player with roots in Europe or North America should not just talk a good game about trying to understand other cultures. They should train and recruit locally and not simply ship in smart lawyers and bankers.

You have been all over the world. Apart from the UK, where would you consider retiring?

I don't think I want to retire, and I don't ever see myself giving up work. There's a lot I want to write, which is real work, and I might do that in France. I'm a huge Francophile and have a house north of Toulouse near Albi in the Tarn. I'm a passionate gardener and I've created a big garden there with vegetables and fruit trees.

How do you negotiate with weeds?

Mostly without chemicals, although I do use some. One has to be tough on weeds and brambles. <

This interview with Lord Patten took place following a Credit Suisse Corporate Clients Lunch in Zurich this summer.

@propos

Last Words

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Last words fascinate me. Over the weekend, I often read the death notices in the newspapers, even though I don't yet belong to the generation that appears in them most often. Like marriage and birth announcements, death notices are formulaic, but interesting variations do crop up.

Will there be a quote from the Bible, a line of poetry, or maybe just the most basic information? Which typeface has been chosen? One thing is certain: A small space is being used to convey something important, one last time. It's the last chance, perhaps, to tell people what you always wanted to say while you were alive. It is increasingly common for death notices to be penned by the deceased themselves. In January 2006, the following announcement appeared in a local Zurich newspaper:

"I have moved. My new address: Rehalp cemetery. Visitors welcome."

Famous people's last words are recorded for posterity. Wikipedia, the online encyclopedia, cites examples from all over the world. Among the most famous are those uttered by Johann Wolfgang von Goethe: "More light!" It is alleged that he actually meant: "Just open the other shutter so that it's lighter in here." Others, however, think he has been misunderstood, and really meant: "No more!" The great Spanish writer Lope de Vega is supposed to have confessed the following: "All right. I'll say it: Dante makes me sick." Others have expressed less momentous regrets on their deathbed: "Doctor, do you think it was the sausage?" the French writer Paul Claudel is supposed to have asked. The following

last words are ascribed to Humphrey Bogart: "I should never have switched from Scotch to martinis."

But, I sometimes find what appear to be momentous words when I'm not even looking for them. A Chinese fortune cookie I recently opened prophesied: "You have a lot of adventures ahead of you." And the oracle at the gummy bear website www.gummibaerchen-orakel.ch agreed: "You want to feel free. You have the drive. You are ready to make a clean sweep. Clear out the cluttered drawers. Do all the things you've been putting off."

The gummy bears had seen through me again! I've cleaned out my editorial desk. And I'm looking forward to the adventures. So, dear readers, those are my last words – for now at least.

www.credit-suisse.com/emagazine

Online Forum with Formula One Driver Nick Heidfeld

Credit Suisse is now in its sixth season of Formula One. As sponsor of Peter Sauber's private team for five years, it experienced the highs and lows of motor sport at first hand. The current season finally saw a new beginning: The CS logo adorned the white and blue race car of the BMW Sauber F1 team. A new heavyweight had entered the Formula One ring, with the aim of bridging the gap from mid-ranking team to the elite within the space of a few years.

Despite the fresh impetus from Munich, the German-Swiss team relied on the tried and trusted. For example, most of the 300 employees at Hinwil near Zurich remained on board. There is also a familiar face in one of the two cockpits: Germany's Nick Heidfeld previously drove for Sauber from 2001 to 2003. The first season since his comeback has so far run to the satisfaction of the man who likes to call Switzerland his home. Heidfeld has picked up points on a regular basis and in the wet-weather race of Hungary even scored a sensational third place. So this ambi-

"Quick Nick" reports exclusively for emagazine readers about his daily routine as a racing driver.



tious driver from Mönchengladbach has laid a good foundation on which to build great things in the season ahead.

Would you like to find out more about the daily routine of a Formula One driver? Take a visit to the emagazine forum. Nick Heidfeld will personally answer your questions. But, to win you must be quick, as he will only answer the first 50 questions. **ath**

Date: The forum will run from October 2, 2006.

Procedure: The answers will be provided after a delay (two weeks at the most). You will be notified by e-mail as soon as the reply to your question has been received.

Find out more at www.credit-suisse.com/f1.

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