

bulletin



The Credit Suisse Magazine Number 5 December 2006

Switzerland

2006 Worry Barometer Work, Health, AHV

Swiss Identity Economy as Strong Identifying Force

Switzerland Economic Forecasts for 2007

USA Small Is the Next Big Thing in Boston

Russia A Good Place for Optimists

China On the Road to Sustainable Growth

«The whole sea changes when a single pebble is cast into it.»

Blaise Pascal (1623-1662), philosopher and mathematician



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Switzerland is the most competitive country in the world. This is the conclusion arrived at by the "Global Competitiveness Report" of the World Economic Forum. Ratings should always be treated with the necessary caution of course, but there is good reason to be proud of our achievements. Switzerland is on the right track.

Thanks to the Bulletin "Swiss Identity" survey (page 6), we now also know that the economy makes a significant contribution to the way people identify with Switzerland. This pride is nourished by globally successful sectors, above all banking and pharmaceuticals, but also by individual brands that have a strong presence abroad, particularly those from the watchmaking and mechanical engineering industries. Although the political contributions to national pride such as neutrality and independence are more central, the economic elements in which a majority of Swiss citizens actually take pride outnumber the political ones.

By contrast, unemployment, health care and retirement provision occupy the top positions in the Credit Suisse "Worry Barometer" for the sixth time in succession (page 14). Similarly, the weaknesses of Switzerland that are mentioned most often are ascribed directly to the state: too many laws, over-complicated health care system, excessive taxes, unfair tax system, inability to reform, and too many ways to block progress.

Against this background, we must not dwell on the worries, but rather grasp the opportunities. This means building on the country's strengths, which lie primarily in the areas of quality, education, security and peace. That said, the economic identification factors already mentioned do form a splendid foundation.

However, in today's world, these strengths can hardly be taken for granted. This applies in particular to companies that must continuously prove themselves afresh in a global environment. If this is to happen, the accent must not be on envy, belittlement and criticism, but on social and financial recognition for achievement, initiative and responsibility. The name of the game must be not to hand out sinecures and defend the status quo, but to shape changes actively and boldly. It is high time to respond to the growing demands being placed on the state (as is made clear by the survey). Let us all take control of our own future!

René Buholzer, head of Public Policy

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Switzerland 2006: For 30 years now, Bulletin has been looking into what troubles the Swiss population. As its name would suggest, the Worry Barometer shows the major worries of our citizens. These concerns focus on politics, the economy and the media. And rightly so, although it would be inaccurate to label the Swiss a people of grumpy pessimists. The second Bulletin survey, "Swiss Identity," portrays a people on the move. Against the background of a largely intact countryside, urbanism and globalization have lost their capacity to induce fear. This increased self-confidence is expressed not least by the fact that the Swiss are (again) proud of their country: La Suisse existe.

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Swiss Identity Quality: Switzerland's Biggest Strength

Switzerland is still functioning well as a Willensnation – a “nation forged by the will of the people.” Three-quarters of the population are proud to be Swiss. The economy is highly regarded, and is similarly important in terms of national identity as the country’s political system. Those are just some of the findings of the third Bulletin survey on Swiss identity.

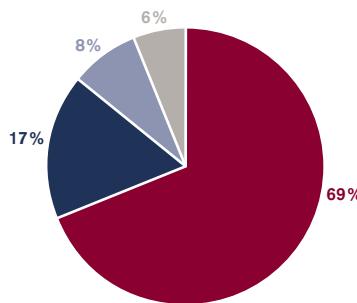
Three Things That Switzerland Stands For
“Please name three things that Switzerland stands for, in your personal opinion.”



→ 2006 Survey (2005 Survey)

Quality of the Swiss Economy

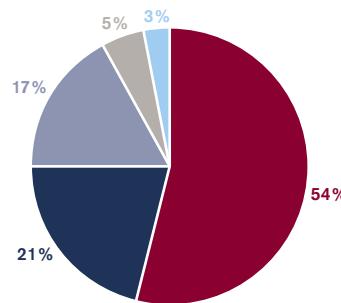
Not everyone believes in the economic boom. But 88 percent give the domestic economy a higher rating than economies abroad.



Question: "How does the Swiss economy compare with economies abroad? Fairly well, very well, badly, don't know/no answer?"

National Pride

Swiss self-confidence has returned with a vengeance. Only 5 percent of respondents were not at all proud to be Swiss.



Question: "Are you proud to be Swiss? Would you say you are fairly proud, very proud, not very proud, not proud at all, or don't know/no answer?"

Switzerland's Strengths

Question: "What are Switzerland's strengths, in terms of what has been discussed and written about recently?" (You may choose more than one answer)

Neutrality → 45%

Quality → 42%

Education → 36%

Rights of consultation → 35%

Peace → 35%

Financial center/banks → 28%

Stability → 25%

Tidiness/cleanliness → 25%

Co-existence of different cultures → 23%

Personal freedom → 23%

Leisure/tourism → 22%

Welfare state → 18%

Health care system → 15%

Switzerland's Weaknesses

Question: "What are Switzerland's weaknesses, in terms of what has been discussed and written about recently?" (You may choose more than one answer)

Too many laws → 52%

Complicated health care system → 48%

Excessive taxes → 44%

Unfair taxes → 38%

Inability to reform → 28%

Too many ways to block progress → 26%

Dependence on other countries → 26%

Too much multiculturalism → 23%

Too few strong politicians → 22%

Dependence on the EU → 21%

Lack of openness → 19%

Non-membership of the EU → 19%

Cronyism and price-fixing → 17%

Swiss Identity: Six Theses

"Suiza no existe" ("Switzerland doesn't exist") was the motto coined by Ben Vautier for the Swiss pavilion at Expo '92 in Seville. Is the country now only capable of defining itself in negative terms? Just 15 years after Switzerland's 700th birthday, such doubts can be dismissed. A majority of Swiss citizens stand by their country and the core elements that define its identity. So, it is the sequel to Vautier's motto, "Je pense, donc je Suisse" ("I think, therefore I'm Swiss") – largely ignored at the time – that now applies.

No Rose-Tinted Glasses

This is not to say that the "Swiss Identity" survey, conducted by gfs.bern for the third time, painted a completely uncritical picture. Declining acceptance of our system of concordance (whereby the cabinet is constituted by all the major political parties) should give politicians food for thought – especially as people are apparently becoming used to political polarization and no longer see it as a serious threat to Switzerland's identity. Are we moving closer to the adversarial "government versus opposition" system?

Project manager Lukas Golder points to a salient result of the survey: "The complexity and density of rules and regulations are seen as a clear weakness of the political system. Where the economy is concerned, the lack of training opportunities and jobs is seen as the main weakness – and this correlates with the fear of unemployment, which was the top item in the Worry Barometer."

Few Swiss Define Themselves as Europeans or Global Citizens

About 75 percent of respondents are proud to be Swiss (see graph at top of page 8). This figure is about the same as in the preceding years (2005: 78 percent, 2004: 73 percent). The slight decrease is within the range of the statistical sampling error (+/- 3.1 percent) and should therefore not be overrated. The areas the interviewees primarily identified with were the town or village they live in (33 percent), the country as a whole (26 percent), and the canton (21 percent). They identified less with their linguistic region (13 percent) and virtually not at all with Europe or the world as a whole (4 percent and 3 percent respectively). While this is not surprising in itself, the differences between the cantons are: People do not identify much with the cantons of the Swiss central plateau, such as Aargau, Thurgau and Zurich, whereas the southern cantons of Graubünden, Ticino and Valais clearly have appeal. Like last year, if the second-mentioned geographical unit that people feel they most belong to is also taken into account, the country or the canton come out ahead of the municipality. At a time when municipalities are merging and people enjoy increasing mobility, the dominant position formerly occupied by local towns or villages is under less pressure.

Security and Peace as Enduring Values

What are the three things that Switzerland stands for? The survey result is the same for the third time running, if not quite so unambiguous (see graph on page 7): security and peace (21 percent, as against 28 percent and 29 percent in the previous years), followed

- 1. Economics and politics, as core elements of the Swiss identity, exhibit more strengths than weaknesses.**
- 2. Switzerland's political identity is grounded on a belief in Swiss uniqueness – coupled with independence and neutrality – and on the principle of participation by all citizens and all state bodies.**
- 3. Switzerland's economic identity is grounded on a belief in the strength and quality of the work produced both by traditional Swiss industries such as watch-making and machine-building and by modern, global sectors like finance and pharmaceuticals.**
- 4. The complexity and sheer number of rules and regulations are a definite weakness of the country's political system.**
- 5. The lack of training opportunities and jobs is a definite weakness of Switzerland's economy.**
- 6. A growing tendency to rely on the state is a definite weakness of Swiss society.**

by neutrality (20 percent). The next most highly rated characteristics – occupying higher positions than last year – are orderliness and precision. By contrast, the characteristics "freedom/freedom of expression" and, especially, "direct democracy/right to a say" were less highly rated than in 2005. Does this point to a growing disenchantment with politics? In any case, factors of symbolic importance such as cleanliness and landscape have gained at the expense of political factors.

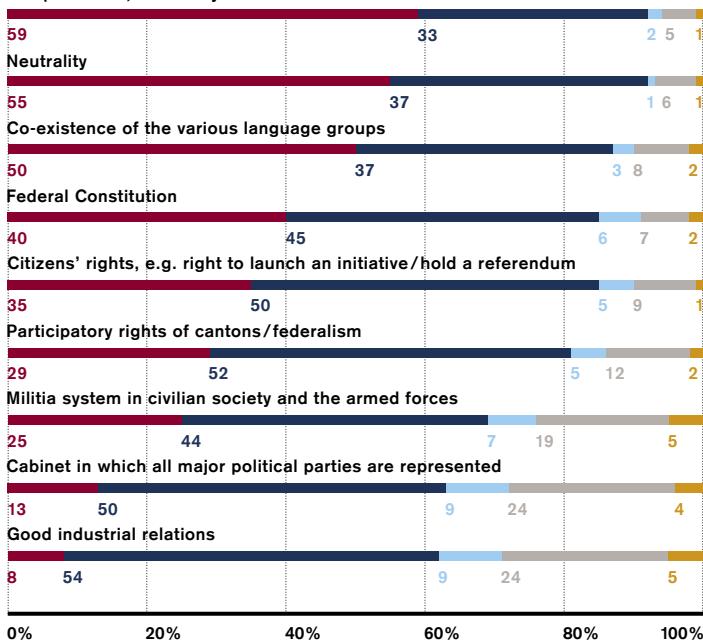
The economy is foremost among Switzerland's recognized strengths in enabling the Swiss to identify with their country (see graph at the bottom of page 8). When the interviewees were asked to name just one strength, the clear winners were quality (15 percent), peace (13 percent) and the financial center (9 percent). Next in line (by some distance) were neutrality, direct democracy, personal freedom, education, welfare state, health care system, and co-existence of cultures. When two or more strengths were named, the most commonly mentioned were education and direct democracy.

Not for the first time in this survey, immigration was the factor named most often as posing the greatest threat to the Swiss identity (74 percent). It was probably to be expected that openness to the world was also mentioned as a threat (59 percent), as was a political reform backlog (56 percent).

Pride in Switzerland's Political System

Question: "Are there specific things about the Swiss political system that make you particularly proud? For the items in this list, please state whether you are **very proud**, fairly proud, **don't know/no reply**, are **not very proud**, or are **not proud at all**."

Independence, autonomy



The fact that selfishness was again mentioned frequently (57 percent) as a factor jeopardizing the Swiss identity illustrates once more the frequent disparity between one's own and other people's perceptions. Whereas there is a general awareness of a growing tendency to rely on the state, most people still feel – according to this survey – that they already do too much for the common good in relation to what they receive in return.

Pride in Quality and Strength of Swiss Brands Abroad

As in the two previous years, Swiss industry has good reason to be satisfied: 17 percent of respondents rated Switzerland's economy as "very good" compared to those of other countries, while 69 percent rated it as "fairly good" (see graph at the top of page 8). So there is no trace of the economic pessimism that emerges, at least in part, from the Worry Barometer. Even though people express concern about the economy in the near term, they have confidence in core elements of the economy over the long term. The Swiss are particularly proud of the following strengths (see adjacent graph): international reputation for quality (94 percent very proud or fairly proud), watchmaking industry (94), strong brands abroad (93), successful SMEs (93), research (92), machine-building industry (91) and innovation/high tech (90). Next in line were the pharmaceutical industry (86), public-service undertakings (85), the financial center (81), international groups based in Switzerland (80) and banking secrecy (76). The latter, therefore, is not regarded as a lucrative evil but as a key characteristic of the country that the Swiss are proud of. Overall, the figures for the economy are encouragingly high – or at least significantly higher than the corresponding figures for the political system. This does not mean, however, that there is no scope for improvement.

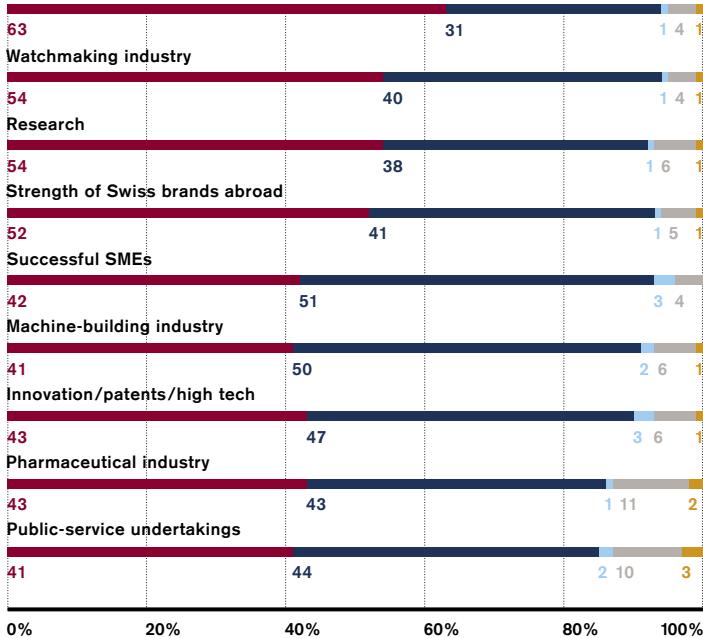
Accordingly, the economy is hardly mentioned when it comes to enumerating Switzerland's weaknesses. These are identified in the political sphere, which is seen as placing restrictions on both citizens and the economy. The factor "too little innovation in the economy and society," for instance, only comes in 15th position.

Nevertheless, people feel that the economy can and should do more for Switzerland: In particular, the Swiss consider that industry is not creating nearly enough jobs or training positions and that it is paying too little tax. It is the large corporations far more than the SMEs that see themselves confronted with these "reproaches." A possible reason for this is that the major players are seen as having more potential than small firms; another is that major corporations'

Pride in the Swiss Economy

Question: "Are there specific things about the Swiss economy that make you particularly proud? For the items in this list, please state whether you are **very proud**, fairly proud, **don't know/no reply**, are **not very proud**, or are **not proud at all**."

International reputation for quality



Ten billion Swiss francs in taxes: Five of the world's 100 biggest corporations are Swiss. Credit Suisse, Nestlé, Novartis, Roche and UBS together employ some 80,000 people in Switzerland. As emerged from a study by Avenir Suisse, these companies benefit from state finances too, as their joint tax revenues are about 10 billion Swiss francs a year. In Zurich and Basel these giants will contribute about half of all corporate taxes this year. They also offer an above-average number of training opportunities. Credit Suisse alone currently has over 1,000 training positions for young people. These include about 600 apprenticeships, plus traineeships for school-leavers, students and graduates. For more information, see www.credit-suisse.com/careers.

contributions in this area in particular tend to be underestimated (see box above).

“Concordance Has Fallen Sharply in Popular Esteem”

Which political values are the Swiss proud of? Whereas with the economy there were 10 areas that over 40 percent of respondents were “very proud” of, this applies to only four areas in the political sphere: independence (59 percent), neutrality (55), co-existence of language regions (50) and the Federal Constitution (40). By contrast, people were quite disillusioned when it came to faith in citizens’ rights (35), federalism (29), the “militia system” (the holding of political office while in employment) (25), the concordance system (13) and industrial relations (8), though none of these categories slipped into the negative zone. If the “pride” figures are added in, the picture improves only slightly – except in the case of industrial relations, of which 54 percent of respondents were proud (see graph at top of page 10).

Lukas Golder raises a warning finger: “The concordance principle has fallen sharply in popular esteem. Whereas 79 percent of respondents were very or fairly proud of a cabinet made up of all the major political parties in 2004, by this year the figure had fallen to 63 percent. This decline equates to almost three-quarters of a million people. Of all the elements in Swiss politics, this is the one with which people now identify much less strongly.”

When multiple factors are named, Swiss citizens single out the following weaknesses (in descending order of frequency): too many laws, overcomplicated health system, excessive taxes, unfair tax system, inability to reform, and too many ways to block progress (graph at the bottom of page 8).

If asked to name just one factor, the plethora of laws and backlog of reforms are much less important to the population than all those problems that affect individuals directly. But the (negative) “top six” now also include the complaint that there are too few strong politicians. The frequent mention of “dependence on foreign countries” and “multiculturalism” as weaknesses ties in with the fact that – as mentioned above – immigration is seen as a threat to the Swiss identity.

Clear Message for the Politicians

Although the backlog of reforms is a recurrent theme in this survey too, only 15 percent of respondents felt unreservedly that the political system needs thorough reform. That is fewer than in 2004

and much fewer than in a comparable survey in 1997 (21 percent). By contrast, 43 percent regarded the state as excessively bureaucratic (sharply rising trend) while only 30 percent thought it does not offer enough support (falling trend). 25 percent believe the state performs too many tasks (rising trend).

The following were rated as the areas warranting most attention by the politicians: securing the state old-age and disability pension schemes (97 percent) and economic growth (97), combating crime and terrorism (95), countering the rise in health care costs (94) and federal government spending (94), plus support for education (94), reducing bureaucracy (91), promoting small businesses (90), making work more compatible with family life (88) and stabilizing fuel emissions (88).

When interviewees were asked to single out just one area, the problem of the state old-age and disability pension schemes (24 percent) was far ahead of the health care system (11) and economic growth (10), which were rated only slightly above the demands for better compatibility of family life and work (8 percent) – an area that poses a challenge to both politicians and companies.

Limited Willingness of Individuals to Contribute

Politicians and companies should not count on getting much voluntary help from individuals when it comes to implementing the desired improvements. For one thing, 71 percent of interviewees already feel that their personal taxation is too high. 51 percent believe the state is not doing enough for the common good. People apparently consider that they are not getting enough support from the state: 56 percent think its performance is inadequate. It is clear, in fact, that individuals already feel they are making too great a contribution to the public good – over and above the taxes they pay.

This cannot simply be dismissed as selfish reliance on the state. As the Worry Barometer shows, many voters – especially in the middle classes – feel they are being “bled” by the state. And in Switzerland, as we know, the electorate is always right. <

The 30-page report “Economy as an Element of Swiss Identity,” which is published in German only, can be viewed at www.credit-suisse.com/emagazine.

"I want to reinforce the principle of Switzerland as a 'nation forged by human will.'"

As a politician, Christine Egerszegi-Obrist views Switzerland's problems through different eyes than the rest of the population. The old-age pension scheme, for example, does not worry her, as the problems are quite plainly visible. We spoke to the Free Democratic Party (FDP) politician who has been appointed as president of the National Council for 2007.

Interview: Andreas Schiendorfer

Bulletin: Ms Egerszegi: What are your five main concerns as a Swiss citizen?

Christine Egerszegi: 1. The need to set the Federal Disability Insurance scheme on an even keel, 2. youth unemployment, 3. the competitiveness of Swiss industry abroad, 4. the concordance principle, and 5. the cohesion of the four (linguistic) cultures.

So your concerns differ quite sharply from those revealed by the Worry Barometer. Let's take retirement provision.

That's one of your topics, isn't it?

Yes, I'm in the midst of the 11th revision of the law on Old Age and Survivors' Insurance (AHV/AVS). I didn't mention that topic, as the problems are well known: People are living longer, and the birth rate is declining. You can work out quite accurately, for example, how many pensions will be due for payment in 2040. And because the situation can be planned, it can also be resolved.

But instead you single out the Federal Disability Insurance scheme (IV/AI), which only affects a small number of people ...

You'd be surprised. If anything poses a threat to our welfare system in the next 10 years, it's the disability insurance scheme. It is chalking up a deficit of 1.5 billion Swiss francs a year – which has to be borne by the AHV/AVS compensation fund. The sharp rises in premiums for occupational pensions are also due in large part to disability insur-

ance. We need to decouple the various social welfare schemes and, once the Disability Insurance scheme's debts have been eliminated, bring contributions into line with benefits. The benefits paid by the IV/AI need to be adjusted, but this won't be possible – at least within a certain time frame – without a rise in the VAT rate and taxation of income. We need, generally speaking, to adopt a different attitude to the social insurance schemes: It's a question of offering a safety net, not preserving prosperity.

You've mentioned youth unemployment specifically rather than unemployment in general.

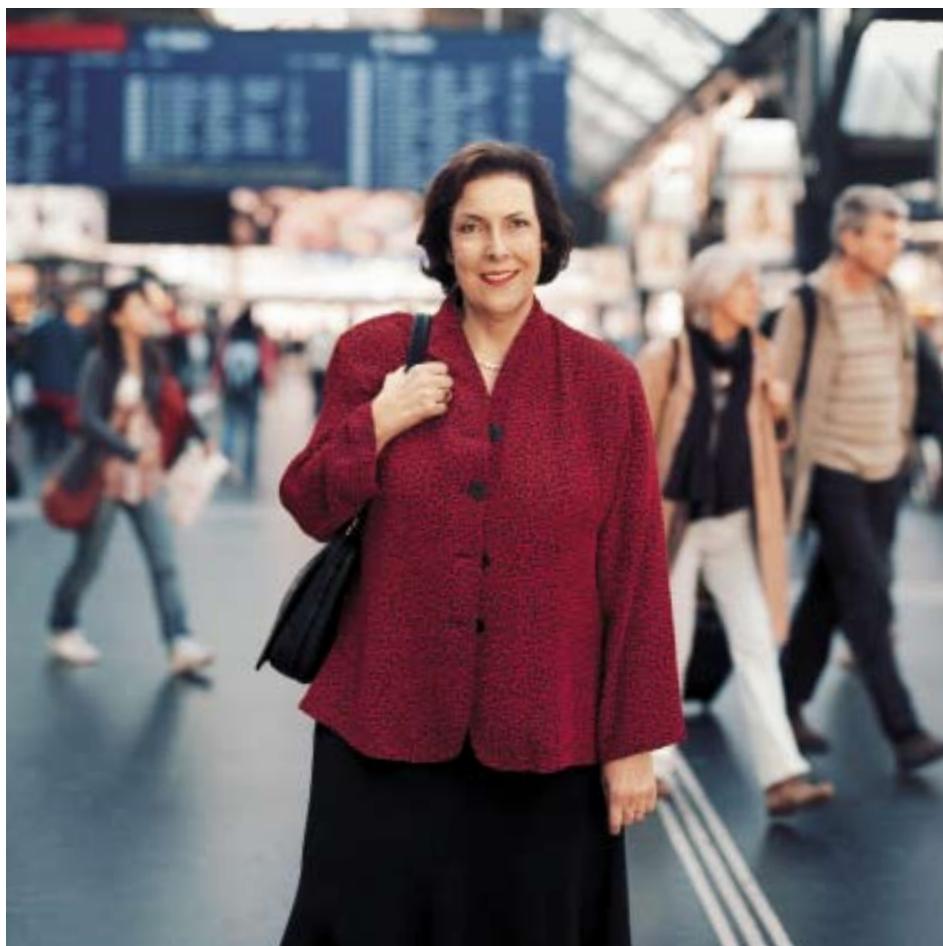
I can understand that the population is primarily preoccupied with unemployment as such. But if we politicians compare our jobless rates with those in neighboring countries, we find that the situation is almost idyllic – and, fortunately, it will continue to improve. In my opinion the situation for the younger generation is disastrous. Apprenticeships and internships are lacking. For reasons of time and money, many companies have unfortunately stopped offering apprenticeships. Thanks to the bilateral agreements, this may not pose an immediate threat. But wouldn't it be better in the long run if we trained and groomed the next generation ourselves? Any training costs that are saved will in any case translate into a further rise in social welfare costs.

Next issue: health care costs.

Despite economic growth, that's a tricky one to solve. It's easy to forget that about a million people derive their earnings from the health care system, either directly or indirectly. And of course no one wants to earn less. We have to make a clearer distinction between risk insurance such as the AHV/AVS or IV/IA schemes, where taxes and contributions are paid out in the form of pensions, and health insurance, where the insured persons buy into the benefits. To keep costs down, however, we have to try and prevent duplicate benefits from being paid out indiscriminately. Moreover, health care is an area where we absolutely need to aim for nationwide harmonization. Health insurers are now allowing patients to go to convalescence homes abroad, and yet you aren't allowed to cross over into another canton.

Asylum-seekers represent another issue that keeps on cropping up in the Worry Barometer.

My surname is witness to the fact that I was married to a Hungarian who fled his country in 1956. I'm sad to say he died two years ago. We Swiss have to show hospitality to refugees and asylum-seekers; but we can also expect our guests to abide by the "house rules" rather than claiming rights that aren't enjoyed by the rest of the population. The vote in September was a big step in the



A fighter with a musical touch As the head of the Mellingen Music School, Christine Egerszegi soon saw music's potential as a way of building bridges between people. But she also noticed that women who taught music part-time were being excluded from the pension fund. It is that sort of injustice that the new National Council president – who entered politics in 1989 as an Aargau cantonal councilor – will be fighting to overcome. As Switzerland's "first citizen," however, she will primarily strive to forge links between groups that otherwise have little to do with each other.

right direction. In two years' time, the survey findings on this point will surely take on quite a different shape.

Next issue: new poverty.

I don't believe that poverty is anything new. What's new is that people are talking about it openly. That's the way it should be. But it depends how poverty is defined. Today you can describe as poor anyone who doesn't have access to the services that are available to everybody. What displeases me is the tendency to take a purely material view of the problem, without due consideration of personal circumstances. Because our welfare safety net functions well, I don't see poverty as a pressing problem for Switzerland. I attach more importance, for example, to the need to reconcile family and professional life. That area needs work.

The November 26 referendum had to do with family allowances ...

... and to do with removing red tape that impedes mobility. We need to go a lot further in lightening the tax burden for families. At least the tax penalty for married couples has now been abolished. We are going in the right direction at the federal level, but the cantons have to follow suit. It is difficult to see, for instance, why commuting expenses are tax-deductible while childcare costs are not. And anyone who thinks that training allowances cover the actual costs is living on another planet ...

In the "Swiss identity" question, respondents had to explain what they believe Switzerland stands for.

What are your favorites?

Reliability, quality, punctuality, continuity and innovation. It's all about finding the right balance between preserving the old and being open to the new, between tradition and innovation. But there are other things about Switzerland too: It is home to multi-national companies, it does not have natural resources, and it is the location for a lot of research. Also, Switzerland is a country that has not witnessed any armed conflict for many decades. All this, in my opinion, can be attributed to the efforts of various generations rather than to any particular government, let alone party.

And one last question: What are your goals as National Council president for next year?

Switzerland is a nation forged by the will of the people – a nation whose inhabitants want to live together. It is good if we bear this principle in mind, and reinforce it. <



Worry Barometer

Optimism Rearing Its Timid Head

What are the Swiss worrying about? Bulletin has been asking this question for 30 years. The Worry Barometer currently highlights the same three principal worries for the sixth time in succession: unemployment, health care, retirement provision. This statistically robust representative survey nonetheless brought to light a number of new findings.

Problem Awareness 2006

"In your view, what are the five most important problems facing Switzerland today?" (multiple answers possible)

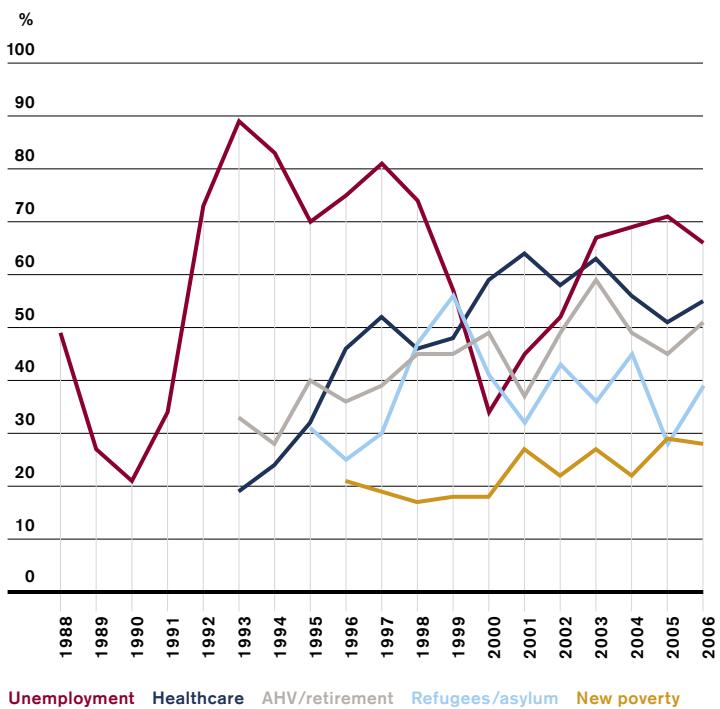


→ 2006 survey (2005 survey)

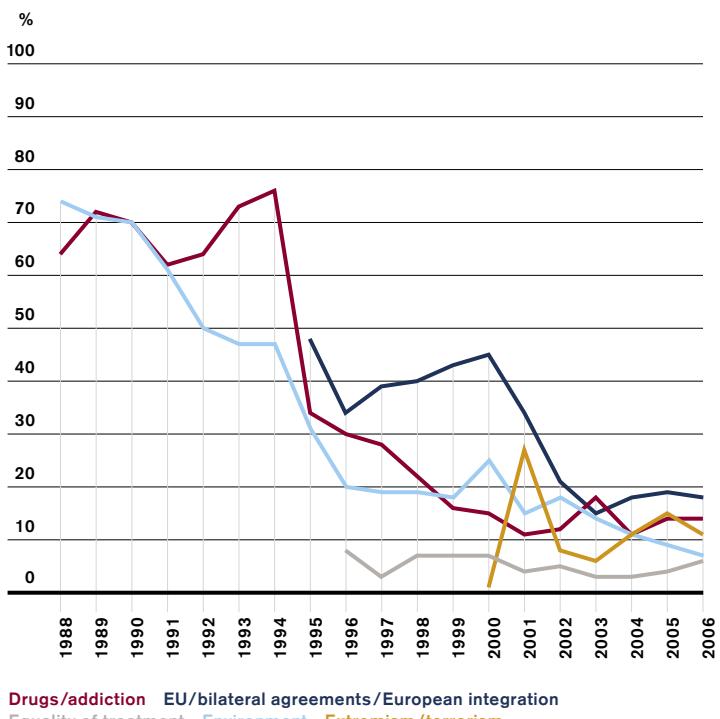
Problem Awareness – a Long-Term Comparison

What has troubled the Swiss most in recent years? In answering this question we can identify a clear “fallers” group as well as a “usual suspects” group. The graphically illustrated topics “asylum-seekers” and “new poverty” should not be considered permanent members of the latter group as they are cyclical in nature.

Ongoing Problems (Usual Suspects)



Receding Problems (Fallers)



as percentage of voters

The Swiss economy has picked up pace. Gross domestic product (GDP) grew by 2.8 percent in 2006 after growing 1.9 percent the previous year. Credit Suisse Chief Economist Alois Bischofberger is forecasting a 1.1 percent rise in employment for the coming year and a related fall in unemployment from the current level of 3.3 percent to 2.9 percent (see page 56). Has this gentle recovery also fed through into the 2006 Worry Barometer, carried out for the 12th time by the research institute gfs.bern on behalf of Bulletin and Credit Suisse?

Unemployment Remains the Principal Concern

Unemployment continues to be the problem that preoccupies the Swiss the most. Of those surveyed, 66 percent rated unemployment as one of the five principal concerns faced by Switzerland. It is also evident, that this has declined by 5 percent, from 2005. Looked at over the long term, the problem of unemployment acts as a very good mirror of the prevailing economic situation.

But, the current upturn is even more evident in two other concerns monitored by the barometer. Economic development, considered the seventh-largest problem in 2005 with 25 percent, is now down to 14th place at just 13 percent. And, concerns over government finances have likewise declined from 23 percent to 17 percent, although this is also thanks to recent spending cuts on the part of the Federal Council.

New Poverty: Population Displays Solidarity

The problem of “new poverty” continues to weigh on the Swiss, with more than 20 percent of the population rating this a major worry since 2001. The current figure is 28 percent (5th place). As just 7 percent consider their own financial situation to be bad or even very bad, this higher figure also represents an indicator of the Swiss mentality of solidarity. In this respect it is worth noting that 19 percent cited “social security” as a problem – the second-highest figure since 1995.

The three top places are filled by unemployment, health and retirement provision – the sixth time in a row that these three have filled these positions and the fourth time in this exact order. Were it not for the fact that the question of asylum has made such a great impact in Switzerland, this trio would have continued their monopoly on the podium places for even longer.

It is particularly difficult for politicians to answer the questions that the barometer poses, as the breakdown of answers differs by population segment. While young people worry above all about their jobs, the older generation is much more preoccupied with health and retirement provision. As well as those directly threatened, the middle classes are also increasingly concerned about unemployment, whereas the well-off are not. The differences are also apparent from a regional perspective: Unemployment is rated as much less of a threat in German-speaking Switzerland than it is in the Italian-speaking area of Ticino.

Particularly striking, moreover, is the fact that unemployment is seen as a core Swiss problem by all those who (virtually) never vote. Were these people to really make use of their voting rights, this problem would make even greater inroads into public awareness.

One uncomfortable truth is reflected in this varied weighting of topics: Any politician or party looking to score points among voters may be tempted to shirk the bigger issues in favor of other less pressing problems, such as the issue of refugees and foreigners.

This issue is something that has likewise scored highly in the barometer for many years.

In an investigation report that takes a thorough look at the issue of unemployment, Claude Longchamp from gfs.bern points out that there are also areas of "longer-term deproblematicalization" alongside the "usual suspects." For example, in contrast to earlier periods, there are now many fewer people with an axe to grind on the subjects of drugs (much more prevalent from 1994–2001), EU integration (2000–2003) and equality of the sexes (2000–2004).

The environment, a subject that dominated the sociopolitical agenda in the mid-1990s, is another problem that preoccupies the Swiss less, and is currently rated a serious problem by just 11 percent of the population. That said, in the "Identity Switzerland" survey, about 88 percent of those questioned said that the stabilization of greenhouse gases should be a current political objective (see page 11).

After the bursting of the New Technology bubble and the grounding of the national airline, Swissair, the new economic dawn led to a significant weakening of the persistent pessimism that has held sway among large segments of the population. Even so, the Swiss still appear to be some way off to adopting an optimistic attitude: Almost half the population holds the view that politics (47 percent) and business (42 percent) "often" fail in critical issues. As for the general economic situation over the next 12 months, only 10 percent believe an improvement is on the cards (as compared with 8 percent the previous year) while 30 percent believe things will get worse (as compared with 32 percent the previous year). However, 54 percent now consider their own economic situation to be in the "good" to "very good" range, thereby bringing to an end the negative trend in this area that had persisted since 2000.

Police and Banks Most Trusted

This independent study produced an astonishing result in another area: Swiss people trust banks more than they do the Federal Supreme Court.

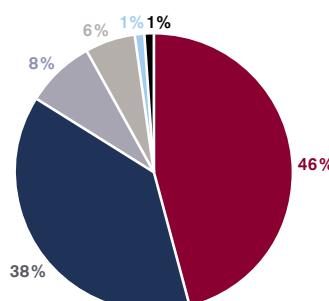
Around 50 percent of the Swiss have expressed their confidence in the banks in recent years. However, there have been fluctuations in both directions. While this value stood at 55 percent in the year 2000, the very next year it fell to a disappointing 33 percent. This year by contrast, it shot up to the record mark of 61 percent. At the same time the number of those that "distrusted" banks fell to its lowest level of 17 percent. The banks' aim is to consolidate the trust of the population at this high level.

High scores of this nature have so far been reserved for the Federal Supreme Court and the police. While the police once again this year scored a handsome 62 percent, the Federal Supreme Court levels fell to 58 percent, despite having been at the top of the ranks until two years ago. Though this hardly represents a dramatic collapse, it is still one that would have been considered out of the question until recently, and could raise questions in the appropriate places.

This top-ranking trio for credibility was followed by a further trio holding respectable scores above 40 percent: Federal Council, army and church. At the bottom end of the scale we find employer organizations and mass media (both 29 percent), the European Union (23 percent) and political parties (19 percent). It is worth noting, however, that these values would probably have been higher if questions had been asked about specific papers or parties. <

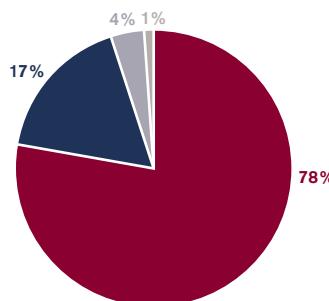
Things Getting a Bit Better for the Swiss

How do Swiss people rate their own economic situation? A very pleasing answer: For most people things are "good" or "very good," and in 2007 things will be "the same" or even "better."



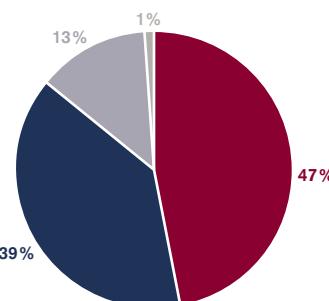
Current Individual Economic Situation

Question: "How would you describe your present financial situation? Would you say **good**, **OK**, **very good**, **bad**, **very bad**, **don't know/no answer?**"



Impending Individual Economic Situation

Question: "Looking ahead to the next 12 months and comparing it to now, would you say your economic situation will be **the same**, **better**, **worse** or **no answer?**"



Political Failure

Question: "How often do you feel that politics fails in crucial matters? Would you say **often**, **rarely**, **seldom**, **never**, **don't know/no answer**?"

as percentage of voters

Data Rests on Firm Foundations Credit Suisse has been conducting the Worry Barometer survey among Swiss voters since 1976. The Worry Barometer is not a monitor of public opinion in the same way as TV and the newspapers are, but reflects the views of voters. Data is obtained by means of personal interviews. This year, they were carried out with a representative sample of 1,000 people between August 15 and September 2.

The 30-page report "Return of Confidence in Banks – Problem of Unemployment Remains" as well as many additional graphs can be viewed at www.credit-suisse.com/emagazine.



Ulrich Körner
CEO of Credit Suisse
Switzerland

Doris Leuthard
federal councilor and
principal of the Department
of the Economy

Hubert Keiber
CEO of Siemens
Switzerland

Gathering of Experts

How Does Switzerland Benefit From Globalization?

Globalization is the driving force behind the world's economic development. How can a small, "independent" country such as Switzerland benefit from this megatrend? Bulletin asked opinion-formers and decision-shapers from the spheres of politics, business and science, both in Switzerland and Singapore, for their opinions.

Interview: Daniel Huber

Bulletin: Laws are national, business international. Is politics becoming ever more helpless in the face of business?

Doris Leuthard: Individual states continue to play an important role. I'm thinking here of areas such as social welfare and education, where the state remains the largest and most important supplier of services. On the other hand there is no doubt that more intensive international competition now punishes poor political decisions more quickly and more harshly than was perhaps the case earlier. Moreover, international agreements that are binding for individual countries have increased in importance.

Ulrich Körner: Countries that function properly are just as important to companies as flourishing companies are to countries. That's why it's not surprising that globally

successful companies are headquartered in countries offering political and legal stability, good infrastructure and functioning education, social welfare, and health care models.

Hubert Keiber: Politics defines the parameters in which business has to work. In Switzerland, we are fortunate to have a stable political system. As a general rule, this leads to workable and durable solutions that are broadly supported and that take into account the interests of all parties. Over the long term this is of great benefit to all those involved.

Kishore Mahbubani: Politics are as old as the Swiss mountains, and will prove to be just as eternal. National and local politics will become even more important and relevant. Many national and local political issues are >



Kishore Mahbubani
head of the Lew Kuan Yew School
of Public Policy in Singapore

having a significant impact on the world economy. Take, for example, the stalled Doha round of World Trade Organization (WTO) negotiations. One of the main areas of contention between developed and developing countries is the EU Common Agricultural Policy and the US agrosubsidies. These are primarily national policies. They are critical for the re-election of American and European politicians. Yet, they have also become major stumbling blocks to global trade. Globalization cannot override national politics.

What opportunities does a small country like Switzerland have in an increasingly globalized environment?

Mahbubani: Switzerland has traditionally been a winner because of globalization. I am confident that it will continue to be so. Globalization provides the opportunity for companies with relatively small national markets such as Switzerland to serve international markets created by lower trade barriers, lower transportation and communication costs, lower transaction costs, greater information access, etc. Globalization also provides companies with the opportunity to achieve economies of both scale and scope that otherwise would not be possible if they were restricted to their home markets, especially small ones. Take the example of Nokia. Finland has an even smaller population than Switzerland. And yet, with the telecommunications revolution, Nokia exploited a fundamental discontinuity in the industry and became the largest manufacturer of mobile phones with a 36 percent global market share today. It grew its revenues 10-fold in the 1990s. Long before globalization became a household word, Switzerland developed its renowned banking industry by providing specialized services in the international financial market. There is no reason why it cannot continue to evolve.

Even now we are gearing our business to the megatrends of “urbanization” and “demographic change.” Hubert Keiber

Keiber: We possess all the prerequisites for high-tech industry to flourish: political and economic stability, a good education model and ideal infrastructures. If we can still manage to be trendsetters in the future, then I have no concerns. I see plenty of opportunities in this respect in the biotechnology sphere, for example, or in the area of health care. When it comes to railroad automation too, Switzerland is uniquely positioned in a global comparison.

Leuthard: I would also contest the assertion that Switzerland is a small country. That may be true in geographical terms. But viewed comparatively in economic terms, Switzerland weighs in as a middleweight with an impressive sales market. When it comes to areas such as foreign investment, for example, Switzerland even ranks among the leading players. Ultimately Switzerland has benefited from globalization, so opportunities continue to look very inviting.

Körner: Switzerland has been one of the winners of globalization so far because it has opened its markets in many areas and for the most part offers business a good playing field. There is no doubt that Switzerland today is one of the most internationally oriented economies in the world. But it would be fatal to sit back to enjoy what we've achieved so far. Other countries have long since cottoned on to what needs to be done.

What opportunities do countries like Switzerland, being outside of any large trading block, have in the negotiation

of international business regulations (e.g. following the failed Doha round)?

Körner: Actually it is particularly the small countries that have the greatest interest in a functioning multilateral trade mechanism that puts the law before power. If you don't succeed in forming coalitions with like-minded countries or groups of countries, it is difficult to get people to listen when it comes to international negotiations. But on the other hand, a small country that is independent of the major economic blocks also has its own opportunities. To seize these, however, requires creative ideas and the courage to make long-term structural changes.

“The growth of the global economy is not a zero-sum game.” Doris Leuthard

Leuthard: Multilateral agreements have top priority in our foreign trade strategy. This is because we consider these agreements to offer the best parameters in which our companies can enjoy the same opportunities of market access and the same legal security as our foreign competitors. Multilateral negotiations are those most likely to ensure that it is not just the strongest countries that get their way. Unfortunately, however, the Doha process has come to a standstill. Switzerland will participate actively as a bridge-builder, and we will be heard. But we must also increasingly play the bilateral free-trade-agreement card, together with our partners in EFTA. Here too I believe Switzerland's opportunities remain intact. We should not forget that Switzerland is an attractive sales market, offers very good as well as internationally competitive products, and is also in demand as an investor.

Keiber: Size is not the be-all and end-all. Being small, Switzerland must press home its advantages in areas where it is traditionally strong. This includes the high-tech industry, and of course also our banks and insurance companies, as these operate at the very top level internationally. Their advice also finds an attentive global audience.

Mahbubani: Small countries can launch big ideas that transform the world. Malta, a far smaller country than Switzerland, launched the Law of the Sea negotiations. Switzerland has launched the ICRC and the Davos Forum, both of which have had global impact.

Prosperity is by no means within everyone's reach.

Does globalization result in the poor getting poorer and the rich getting richer?

Mahbubani: The evidence points to the opposite. From 1980 to 1998, the number of people living in absolute poverty (or less than a dollar a day) has been cut from 36 percent to 21 percent. The reduction has largely come from East Asia and India. Both have been clear beneficiaries of globalization and have exploited the opportunities presented by it. The experience of the past half-century has shown clearly that the most effective poverty reduction tool is economic growth. The poor do benefit from economic growth even if the benefits disproportionately benefit the already rich. However, would we rather see a world that is equally poor or one that is unequal but with absolute standards of living that continue to improve, especially for the poor?

Leuthard: The growth of the global economy is not a zero-sum game. Everyone benefits from it. But industrialized nations must

be prepared to allow products from poorer countries into their markets. With respect to Switzerland itself, the statement that the rich are getting richer while the poor get poorer is likewise not borne out by the facts. In recent years, for example, it is actually the salaries at the lower end of the scale that have increased disproportionately. It is also significant that, compared to other countries, Switzerland integrates an above-average number of people into its labor market.

Keiber: Globalization certainly presents opportunities for poor countries. Nowadays big companies build their production sites all round the world. But of course it is also the case that the profit is generated too one-sidedly in the industrialized nations. An equalization method would be desirable here.

Körner: We often hear this reproach against globalization. It makes a good soundbite, but it is also too simplistic. In any development there are winners and losers. Overall, however, it is a widely recognized fact that the general standard of living is highest in those countries that have opened their markets and embraced the challenge of globalization. Seen in this light, the problem of poorer countries is not that they are exposed to too much globalization, but to too little.

More and more jobs are being outsourced to the East.

Will the West soon run out of work?

Leuthard: In the 19th century, the textile industry was dominant in Switzerland. Today there are just a few companies that have survived, specializing in the manufacture of high-quality textiles. We are currently seeing the same thing happening, namely certain activities with little value creation going elsewhere. But against this we have to set the fact that new jobs are continually being created, particularly in the services sector where there is a higher level of value creation. One of the hallmarks of a dynamic economy is that jobs disappear in less productive industries only to re-emerge in more productive areas. The bottom line is that many more jobs have been created in recent decades than have been lost.

“Switzerland has traditionally been a winner from globalization.” Kishore Mahbubani

Mahbubani: If the West continues to innovate and remains on top of the value chain by pursuing continuous productivity improvements, it will continue to be a “winner.” It is all about training and educating the workforce to remain globally competitive in industries that matter and in jobs that are value-enhancing and value-creating. However, there will certainly be short-term adjustments and displacements. While the aggregate economic numbers will be positive in the long run, there will be many who will be displaced in the short term. Governments and societies need to create social safety nets to temper the edges of globalization and prevent a political backlash.

Körner: Credit Suisse is one of many companies building new centers abroad for tasks to be performed that were originally carried out at least partly in Switzerland. As a globally active company it is important for us to locate jobs for certain activities in places where wage levels and workplace costs are lower. But despite this, the number of jobs available in Switzerland is still growing. Why? Because we invest a great deal in highly qualified staff, and because

Switzerland benefits from companies that are globally successful. Of course, international competition can put pressure on salaries. But the opposite can also be true. Those who offer the right thing at the right time and in the right place – be it goods, capital, or labor – can also determine the price. But those who fight against the outsourcing of jobs abroad just to preserve current structures are damaging their own economy in the long term.

Keiber: If we can set technological trends, we will also be successful in the future. We will continue to belong to the group of leading players in technology and will accordingly be able to provide sufficient jobs. This requires a spirit of innovation, as well as an environment in which the right ideas can flourish and be implemented without having to overcome major obstacles.

The global economy is in a state of constant flux. What will be the global division of labor in 20 years?

Keiber: Even now we are gearing our businesses to the megatrends of “urbanization” and “demographic change.” Put simply, the average person is becoming older, and our cities and towns are becoming ever larger and more complex. This will result in numerous new requirements and challenges, for example in the spheres of medicine, energy, transport, security and the environment.

“There is no doubt that Switzerland today is one of the most internationally oriented economies in the world.” Ulrich Körner

Körner: Demographic development will be a serious challenge. In developed economies the population is increasingly ageing, and people are at the same time having fewer children. Depending on where you look, this development is progressing at different speeds, with some regions lagging behind others. Capital and labor will increasingly make its way to locations where conditions are the most attractive. Competition for the best-qualified employees in the labor market will be a decisive factor. If Switzerland wants to continue to be one of the winners in the globalization process, it must invest in education, remain an attractive location for staff with high potential from all over the world, and thereby maintain its ability to innovate.

Leuthard: I am no prophet. But I am sure that Switzerland can pass the “global division of labor” test if it maintains a high standard of education among its workforce and enables its workers to accept change. Our workforce in Switzerland will be even better educated in 20 years than it is today. Workers will have a very international outlook from an early age. And many of them will be able to offer professional experience abroad as a core component of their curriculum vitae. If Switzerland can continue to profile itself as a center of knowledge combined with innovation, it will also remain attractive as a workplace.

Mahbubani: We are moving into an era of constant flux. This was not difficult to predict. Joseph Schumpeter told us a long time ago that one of the strengths of capitalism was the “creative destruction” it created. As more and more people on our planet participate in capitalist ventures, it is not difficult to envisage more “creative destruction.” In the long run, as Adam Smith also told us a long time ago, we will all benefit. <

A wide-angle photograph of a mountainous landscape, likely the Himalayas. In the foreground, there are dark, forested hills with some green fields. In the middle ground, the hills transition into a lighter shade of green. The background features a majestic range of mountains with their peaks capped in white snow under a clear blue sky.

Switzerland – On Every Continent

Switzerland can be found everywhere: in an Argentinian monastery, among pensioners on Ibiza, with the ICRC in Pakistan, or at a school in Mexico. There are about 200 countrysides around the world that bear the “Switzerland” moniker. In the Romantic period, in particular, it became customary to compare many landscapes across the globe with Switzerland. In such locations, travelers will usually encounter white-capped peaks and lakes surrounded by lush, wooded hills. Here are four examples.



Switzerland of India → Khajjiar region in Himachal Pradesh



Height above sea level: 1,950 m

Annual rainfall: 1,469 mm

Average temperature: 12.8 C

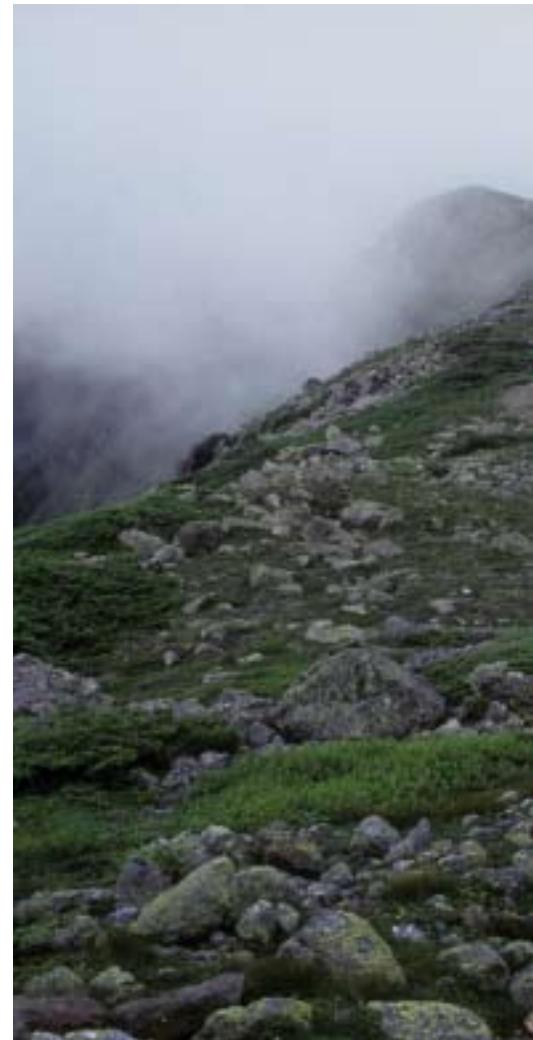
Official language(s): Hindi, Pahari

Special features: The region around Khajjiar is known as "Little Switzerland." The green meadows beneath the snow-capped mountains of the Chamba valley are familiar to both local inhabitants and tourists as a favorite site for a relaxing holiday picnic. The altitude in the state of Himachal Pradesh ranges from 350 to 6,975 meters above sea level, an enormous discrepancy that ensures a lucrative supply of hydroelectric power. Both the level of education and the GDP per capita are among the highest in India.



Switzerland of America

→ US state of New Hampshire



Area: 24,239 km²

Population: 1,235,786

Height above sea level: between 0 and 1,970 m

Annual rainfall: 975 mm

Average temperature: 7.7 C

Special features: The expansive woodland provides a magnificent spectacle for hikers, especially in an Indian summer. Winter sports, however, form the basis for the region's flourishing tourist industry. The White Mountains of New Hampshire are a guarantee for a genuine winter wonderland. New Hampshire – the ninth US state – is also known as the “granite state” on account of its numerous quarries, although the nickname is also indicative of the rather conservative mentality that is popularly ascribed to the state. The inhabitants of New Hampshire pay no income tax or VAT, which makes shopping another worthwhile pursuit for tourists.









Suiza Argentina

→ Region Around San Carlos de Bariloche



Height above sea level: 851 m

Annual rainfall: 840 mm

Average temperature: 8.5 C

Special features: The extensive lakeland areas, the woods and the mountains make the region around San Carlos de Bariloche one of the most popular tourist destinations in Argentina. Frequented by hikers in summer, this skiing area in South America also serves as a winter playground for visitors. The souvenir shops contain typically Swiss offerings, too: Chocolate and small Saint Bernard figures with casks are popular as small gifts from the region.



Switzerland of Africa

→ Kingdom of Lesotho



Capital: Maseru

Area: 30,355 km²

Population: 2,022,332

Height above sea level: between 1,400 and 3,482 m

Annual rainfall: 699 mm

Average temperature: 15 C

Special features: 80 percent of the country also known as

"The Kingdom in the Sky" is higher than 1,700 meters above sea level. At an impressive 192 meters, the Maletsunyane Falls are the highest in southern Africa. The Basotho pony has a special status in the culture of this small kingdom. It is used not only by the local inhabitants as the most important mode of transport in inhospitable terrain, but also by tourists who wish to discover the beauty of the Maluti mountains on horseback. Climbing, hiking and mountain biking are the other main activities that attract tourists to the impressive mountain landscape of Lesotho.





Swiss Classrooms in the Heart of Mexico

The Swiss school in Mexico City teaches over 650 students, from pre-kindergarten to secondary school level. The Colegio Suizo has a reputation for providing children with good intercultural education. And not only for Swiss children abroad: These days the Swiss make up less than a quarter of the student body.

Text: Jürg Roggenbauch

What's the difference between your Swiss and Mexican teachers? "The Swiss are tall, and the Mexicans are short!" Easy enough! Eleven-year-old fifth-grader Jorge Schneider González doesn't dwell on the differences in teaching methods, mentality or culture: For him, multiculturalism is perfectly normal. His father is Swiss, and his mother is Mexican. His fellow students in all grades of the Colegio Suizo come from more than 30 countries. At the Swiss school in Mexico City, cultural differences are not a threat – they are a source of everyday enrichment. Young Jorge is not the least bit interested in what makes him different from his classmates. What's important is what they have in common. And what would that be? "Soccer!" – the number one topic of discussion among his friends.

“Swiss Product, International Clientele”

Today's Colegio Suizo is much more than just a Swiss school in Mexico; it has developed into an acclaimed center for international education. The school was founded in 1965 by a group of Swiss living abroad. Its stated aim at the time was to give Swiss emigrant children access to the educational system in their homeland. "Today we offer an international clientele a quality Swiss product," says Ambros Hollenstein, the school's director. Of the 18 students who took high-school diplomas in 2006, 14 have gone on to university in Mexico, three in Zurich and one in Madrid. There are also alumni of the Colegio Suizo studying in the US, Germany and other countries.

The Swiss school in Mexico City has expanded its horizons beyond Switzerland in more than just educational terms. The same thing applies to funding. Hollenstein isn't about to complain about the decline in funds coming from Switzerland. "We earn our money through our own efforts," says the school director, originally from eastern Switzerland. While the number of students in the subsidized part of Colegio Suizo is stagnating, student enrolment in the part that is financially independent and completely self-supporting has been increasing for years now. The Swiss school has gained a reputation – with both Mexican parents and those of other nationalities too – for being something special among the numerous private schools in Mexico City. The Colegio Suizo has secured itself a place in the topmost segment of the highly competitive private education market that exists in this vibrant metropolis of 25 million people.

In the unsubsidized area of the school Spanish, not German, is the principal language in which subjects are taught. This means that

this part of the school is also open to older incoming students, for example Mexicans who transfer to the Colegio Suizo for high school or "Gymnasium." Subsidies cover less than 20 percent of the school's costs; the majority of its expenses are met through tuition fees.

"Another Essay to Write? Nooo!"

Back in the classroom with Jorge Schneider González. "We're going to be writing another essay today," says primary school teacher, Lisa Cummins. "Nooo!" the fifth-graders respond. Their rejection is not what it seems to be. Afterwards their teacher is full of praise, saying that the pupils worked "very well and quietly" during today's hour-and-a-half-long German lesson. The 11-year-olds are amazingly motivated, participate fully, and speak very good German, even though it's a foreign language for most of them. "Now all that's left is homework," says Cummins at the end. "Not another essay?!" some protest. "Oh, yes," the teacher replies. "Nooo!" But most of them will do their homework just as conscientiously as they attended to the lesson today.

"The children at this school come with a very good attitude," says Cummins after class. "This is a private school. Their parents are paying for the tuition and have high expectations of their children. And they want to live up to them." Cummins, originally from Zurich, doesn't miss her old job in Switzerland. "The Colegio Suizo is the best school I've ever worked for." This is her third year in Mexico City and she can well imagine staying for a long time. She likes the atmosphere of a well-run school with motivated students.

Educating Tomorrow's Leaders

The parents of Colegio Suizo pupils pay between 450 and 800 Swiss francs a month in tuition fees. This is beyond the means of most people in Mexico, with its widespread poverty. School director Ambros Hollenstein is of course well aware of this. But the school could not operate if it weren't for tuition fees.

But just because tuition is at a level that most Mexicans can't afford doesn't mean that the Colegio Suizo doesn't contribute to the country's development. On the contrary: "This is where our future leaders are educated," says Hollenstein. "We want them to pick up the Swiss virtues of dependability, orderliness and stability. If they can practice these virtues when they take up important positions later in life, many people will stand to benefit." The school's



The Colegio Suizo in Mexico City is one of 16 Swiss schools spread around the globe across four continents. Children from over 30 different nations receive the knowledge here that they need to pursue an academic – or soccer – career.

contribution to the country's development happens via the small peak of the social pyramid, not the broad base. Swiss values are always being encouraged at the school. And once a year there is a "Swiss Week," focusing on Switzerland.

Not Everyone Is Admitted

Although the Colegio Suizo is a private school, with costs to match, it only accepts one-third of all applicants. Children and parents are invited to interviews and are evaluated. Those who meet the profile for this demanding school will be accepted. More students mean more tuition fees. But the school doesn't want to force growth like

this. Quality should not take second place to revenues. One of the most noteworthy results of this policy has been that the majority of the school's graduates speak German, Spanish, English and French, and usually have no problem getting into Swiss and other good universities.

And a Swiss university is where fifth-grader Jorge Schneider González also sees himself ending up a few years from now. Assuming that is that he doesn't make it as a professional soccer player first. He's never been to Switzerland. "But I do know it's real small. And it's got the Matterhorn and Guillermo Tell. And FCZ won the league championship with a goal in extra time." <



A Swiss Hotelier at the Center of the World

Restaurateurs and hoteliers are undoubtedly some of Switzerland's star exports. We visited a particularly successful member of his trade: Dominic R. Bachofen, general manager of the Hôtel de Paris in Monaco.

Text: Andreas Schiendorfer

"I plucked up all my courage, went into the exclusive hotel on the Bahnhofstrasse, inquired after a position as a cook's apprentice – and got the job. I was incredibly proud – until my father made it plain that I should always strive for the best. Only a five-star hotel would do as a place of training," is how Dominic R. Bachofen remembers the early days. He tells us about his youth in Küsnacht and Zumikon, and of course about Bachofen, his family's company, which was founded in 1945 and is now domiciled in Uster. Today, his elder brother Daniel runs the business – a stroke of luck for all concerned, for it soon became clear that Dominic's strengths did not exactly lie in industrial automation ...

We are sitting in the American Bar; a charming jazz singer entertains us in the background. The waiter brings a glass of claret. Bachofen's eyes glow with pleasure. With justifiable pride he returns to the present: "The hotel's wine cellar is the largest and best in the whole world."

At just over 46 years of age, he has made it. Since October 2004, he has been general manager of the Hôtel de Paris in Monaco, one

of the most historic and renowned hotels in the world. But why did the Société des Bains de Mer (S.B.M.), which employs no fewer than 3,356 staff in the tourist industry, opt for him? "Swiss hotels and gastronomy enjoy an excellent reputation abroad. Especially in Monaco, people appreciate representatives of our neutral country, with its different cultures – provided they have the right qualifications and deliver the right results," explains Bachofen. There are other reasons, too: a good network, an outgoing nature, diplomatic skills.

You Can't Do Much From Behind a Desk

Indeed, the Zurich native enjoys communicating and does so with charm, and he possesses a fine instinct for doing the right thing, irrespective of whether he is dealing with a hotel guest, a media representative or his own staff. Bachofen is aware, however, that everything starts with his employees: They are the visiting card of the hotel. At the end of the day, they determine whether a guest feels comfortable or not. "I'm not a pale theoretician, but constantly seek contact with the grass roots. That way I can positively influence



Dominic R. Bachofen is successful in Monaco because he is both outgoing and discreet.

team spirit as well as spontaneously exert influence on small, but sometimes important details."

At some stage he mentions an elderly American guest whom he sent a birthday card, upon which the guest urgently wanted to see him and – visibly moved – thanked him in person, because this had never happened to him before: The little gestures neglected by the competition can also be an advantage at times.

Bachofen's diplomatic skills come to the fore at glamorous events such as the enthronement of Prince Albert II in November 2005, when Bachofen, quite alone, welcomed various royal personages on the staircase of the Hôtel de Paris. But his diplomatic skills are also particularly apparent at difficult moments – especially when it comes to changing jobs.

"I didn't find it easy to leave the Carlton in St. Moritz," he explains. "My large-scale conversion project still wasn't finished. I don't know what I would have done if Karl-Heinz Kipp hadn't been so understanding about this unique opportunity."

He Started as a Waiter at the Baur au Lac

Where did his career in the luxury hotel business really begin? At the Baur au Lac in Zurich, where Dominic Bachofen initially trained as a waiter for two years before transferring to the kitchens for two years. As he laughingly remembers, it was a tough time – and hot – because in those days there wasn't any ventilation equivalent to today's standards. Nevertheless, he didn't whistle out of sheer high spirits whenever he went into the cold storage room; his instructor, who was from the canton of Graubünden, wanted to prevent the apprentices from helping themselves to the pastries. Bachofen can tell many a story – of slippery parquet floors and flying spaghetti, for example, but above all, he points out, "I benefited enormously. Georges and Michel Rey were my role models, and my ambition was to return to the hotel where I did my apprenticeship as its

manager. The way things stand, I probably won't achieve that..."

For Bachofen, his internship at the Beau-Rivage Palace in Lausanne in 1982 was decisive. There he met his wife Laurence – a native of Marseilles – who was also attending the hotel management school. "A real stroke of luck. For a hotelier, with his extremely long working hours, it's a priceless advantage if his wife comes from the same business." There have long since been three women in the Bachofen family: Victoria was born in Hong Kong in 1989, Marina in Paris in 1990.

From Lausanne, where Dominic Bachofen worked as a food and beverage assistant at the Continental for two years, he moved in the spring of 1986 to take up the same position at the Mandarin Oriental in Hong Kong. Within only one year he was promoted to the position of food & beverage director, with 550 staff. Nonetheless, he didn't want to stay in Asia for more than three years. Furthermore, Paris, of which he had fond memories from his time on a language course at the Institut catholique, was a tempting proposition. His position as deputy manager of the Crillon – the only top Paris hotel in French hands – was another dream job.

Management Experience Since 1991

In 1991, Bachofen returned to Switzerland, to the Parkhotel in Arosa, where he was able to prove himself for the first time as manager, or that is to say as joint manager together with his wife. Before Monaco, he also worked at the renowned Badrutt's Palace and the Carlton in St. Moritz.

We have been sitting for some time in the Grill restaurant on the eighth floor of the Hôtel de Paris, enjoying our conversation and the view of the marina and the sea, as well as the Casino and the Opéra Garnier. So, we can now confirm with a clear conscience that the Hôtel de Paris is the center of Monaco. And for many, Monaco is the center of the world. <

Trophies Trump Maggi in Hong Kong

Text: Marcus Balogh

Of the 600,000-plus Swiss who live abroad (the so-called fifth Switzerland), 1,450 are in Hong Kong. It's a small community by the standards of a busy metropolis with a population of seven million. But under the aegis of the Swiss Association of Hong Kong, it lacks neither power nor stamina.

Swiss expatriates – this conjures images of parcels from home filled with Aromat and Maggi, fondue in Managua, or Fendant on Lake Tanganyika. Rudolf Gildemeister laughs when he hears this. "To be sure, there's a grain of truth in it. After all, I eat more raclette here than I ever did in Switzerland – but not everything that seems to confirm a prejudice is actually relevant." Gildemeister is president of the Swiss Association of Hong Kong, to which half of the Swiss living here belong as members. And yes, the Swiss Association celebrates the First of August, and gets together regularly for an evening of jass and raclette, as mentioned earlier. "But that has more to do with networking than feeling homesick. The same goes for Easter celebrations or St. Nicholas evenings with our children. That way they get to experience some cornerstones of Swiss tradition, which after all is the culture of their parents."

It goes without saying that for some people the Swiss Association also represents a link to Switzerland, an emotional connection to a world that is so very different from everyday life in Hong Kong. "That's a good thing," adds Gildemeister emphatically. But the association is not an inward-looking group that's always harping back to the homeland: "We are very actively involved in Hong Kong life."

Indeed they are. Two examples are the annual dragon boat race and the Matilda Sedan Chair Race. The Swiss Association now sends two teams to the dragon boat race, one of Hong Kong's most popular sporting events, where they paddle along in boats around 12 meters long in teams of 22. Only one team of six runners plus supporters takes part in the Matilda Sedan Chair Race, but they are continuing a tradition which is now in its 27th year.

The race itself is a charity event in which six team members carry a lavishly decorated sedan chair for several kilometers in a race against time. Peter Klaus, a Swiss Association member who has been involved from the start, says, "It's important for us to be here. This is an event where we can give back in another form what we get from Hong Kong. Only once in recent years did our participation look doubtful. But then the organization contacted us to say: We don't want to race without you! Get a few people together and we'll build you a nice chair. Of course, we were also carrying a banner with the Swiss flag."

This year is the first time in a long time that the sedan chair will not have a Swiss motif. "We've already done everything we could think of. Once we were even a piece of Swiss cheese, and the bearers were dressed as mice. This year we're going to pay homage to Hong Kong. Our chair looks like a Star Ferry." The evening before, the legendary vessel had made its last journey from its 50-year-old mooring to dock at a new pier on Sunday morning. The occasion took place under a hail of camera flashes and tears of farewell in Hong Kong, and the jury awarded the Swiss Hong Kong ferry the coveted trophy for best-decorated sedan chair.

This wasn't the first time the Swiss Association had won the prize. And hopefully it won't be the last. "Maybe that's just typical for us Swiss. When we do something, we give it our all. Of course we'll be taking part again in 2007. If anyone has a good idea on how we can decorate our chair, we'd love to hear from them," says Peter Klaus with a grin. <

The Swiss Association of Hong Kong can be contacted at www.swiss-hk.com.



Members of the Swiss Association and the Swiss Star before their big race. Swiss Association veteran Peter Klaus (back row, left) has been running in the Matilda Sedan Chair Race for 27 years.

From Swiss Banker to ICRC Delegate

Text: Veronica Zimnic

Nepal, Rwanda, Pakistan. A successful banker looking for new emerging markets? Far from it. Pascal Porchet has been working as a delegate of the International Committee of the Red Cross (ICRC) for three years. Who knows where his travels will take him next.

"In Pakistan, I spent nine months living in a tent," says Porchet. However, he found the constant confrontation with human suffering more difficult to come to terms with than external hardships. "You know that you can never help everyone, if only for budgetary and capacity reasons. As an ICRC delegate, feelings of sympathy and anger are therefore your constant companions. But the positive experiences generally outweigh the negative: Being able to help people is an indescribably good feeling."

The warmth and openness that he encounters almost daily give him a steady supply of the strength and courage he needs for the next assignment. For Porchet, contact with people is the best part of his job as a delegate. Having easy access to the people in war zones or crisis-hit areas also means observing the basic principle of confidentiality. "It makes complete sense to me that I put aside any personal interests so as not to jeopardize the people in need of help."

A Global Organization With Swiss Roots

Pascal Porchet is not alone in offering this sort of commitment. The ICRC, founded by Henry Dunant in 1863, is now active in more than 80 countries and employs some 12,000 people. When asked what it means as a Swiss citizen to work for the ICRC, the young man from Zurich replies: "The Swiss cross has very many positive associations and Switzerland's neutrality continues to be highly appreciated all over the world." Yet today's ICRC delegates are no longer exclusively Swiss citizens by any means. "I see this development as very positive and value the exchange with foreign cultures within my immediate working environment. My last assignment in Kashmir involved 180 delegates from all over the world, including many Japanese and Australians, but only 20 Swiss. There were also 380 helpers from Pakistan," adds Porchet. He regards this development as a good example of globalization, but without any loss of the original Swiss roots.

A well-to-do banker opting for a career with a charitable organization is not an everyday occurrence. "I had always wanted to do humanitarian work. It was something I had thought about for a long time," recalls Porchet. When he decided to move to the ICRC, he intended to stay for only two to three years. Although this time is practically over now, he does not envisage a return to Zurich's Bahnhofstrasse at the moment. However, this does not mean that he has given up his professional ambitions. On the contrary, the former vice director of a private bank has set himself high targets



Pascal Porchet in the Pakistani earthquake zone: "Being able to help people is an indescribably good feeling."

and as the head of an office and two camps in Pakistani-administered Kashmir has already negotiated an initial hurdle. "Sooner or later, I would like to take overall charge of an operation so that I can apply my management experience in this area too," he says. His travels have just begun. <

“Ubi bene, ibi patria”

In English: Where I prosper, there is my country. How profane is patriotism? Or, to put it another way: Are God's servants at home everywhere? If you take the Argentinian affiliate to the Einsiedeln monastery as an example, they are.

Text: Mandana Razavi

Switzerland is a democracy, and yet the monarchy still finds a small place of refuge behind the ancient walls of traditional monasteries. The rules of Saint Benedict demand unconditional obedience from the monks both with regard to God's commandments and to the will of the abbot, Christ's representative in the monastery. However, even if the sacred domain manages to ward off many aspects of the worldly life, the course of history does not simply stop at the walls of the monastery.

The Einsiedeln monastery, in Central Switzerland, for example, has also lived through many wars that have inflicted plunder, pillage, murder and destruction. And to avoid falling victim to a threatened invasion by Hitler's Nazi Germany, the then abbot of Einsiedeln, Ignatius, decided to send two of the fathers as ambassadors to Argentina. Their job was to make the preparations necessary for a possible flight of the monastic community out of Switzerland. With the Second World War finally at an end, the decision had already been made in Einsiedeln to call the two ambassadors back, when the papal nuncio, Monsignor Fietta, paid an unexpected visit to Einsiedeln.

Ad maiorem Dei gloriam (For the Greater Glory of God)

Monsignor Fietta gave the Einsiedeln monks the option to adopt a small monastery that had been founded by a wealthy widow, Marenco de Sánchez Díaz, in memory of her husband. The abbot imposed the condition that the monastery be developed to accommodate 20 monks. In keeping with the philosophy of Einsiedeln, a school was planned. In return, the widow demanded not only that pastoral care be provided for the population of the lonely region around Los Toldos, but also that an agricultural school be set up. Agreement was swiftly reached, and by Easter 1948 the newly elected Abbot Benno sent 12 monks – resonant of the number of Jesus' disciples – off into the wide expanses of the Argentinian pampas.

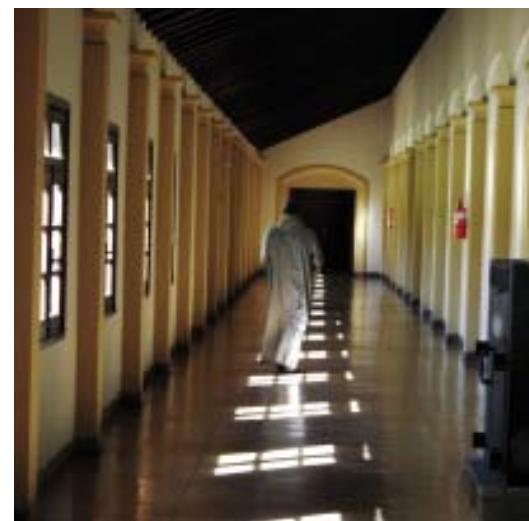
Included in their number were Father Meinrad Hux and Father Karl Burkard, both aged 27 at the time. In his book, “Memories of an Einsiedeln Monk,” Father Karl describes the crossing to Argentina in detail: He speaks of farewells, curiosity, courage, and terrible seasickness. Upon arrival on May 3, 1948, the ecclesiastical

foundation of the Santa María de Los Toldos monastery was completed. The Einsiedeln monastery purchased additional land, tractors and machinery. An immediate start was made with the extension of the monastery, planting of the fields and construction of schools. Initial problems with the language made a tough job even more difficult for the missionaries. Moreover, a single night's frost destroyed the entire harvest in 1950.

Nevertheless, it was possible to open the school in March 1950. It accepted children from every social level among the farming and immigrant families, as well as children of the local Coliqueo Indian tribe. Those who could afford to do so, paid school fees, but for the others the fees were waived. Father Karl Burkard recalls: “We had no learning materials whatsoever at our disposal. A blackboard and a piece of chalk, that was all. But necessity proved the mother of invention and a football was quickly turned into a globe.” The primary school was a success from the very start, whereas the agricultural school soon had to be abandoned. Another important task of the priests was pastoral care. According to Father Karl, they initially held mass in the school classrooms, but later they built proper chapels.

Fiat voluntas tua (Thy Will Be Done)

To help further understanding, Father Meinrad Hux and Father Fintan Vogel, who arrived from Einsiedeln in 1951, spent countless hours translating the entire liturgy from Latin into Spanish. Even Father Karl, who was recalled to Einsiedeln in 1962 on account of his big-heartedness (or perhaps, by Benedictine standards, “rebelliousness”), emphasizes how important this task was for him. “I was personally acquainted with every member of the community, which numbered about a thousand in all. Despite the endless expanse of the pampas, I never felt alone. Another factor for me was the strong commitment you feel to a project in which you are involved from the very beginning.” So, he didn't find it easy to say his farewells back then, even if equally agreeable tasks awaited him in Switzerland. Asked whether he ever felt homesick, however, Father Karl replied without hesitation: “No, never. When I was there I never felt homesick and when I'm here I never get itchy feet. Ubi bene, ibi patria.



Practically independent of the parent monastery in Einsiedeln: impressions from the Argentinian Benedictine monastery, Santa María de Los Toldos. The pioneering Father Meinrad Hux (pictured middle) has been in Argentina for almost 60 years.

"Where I prosper, there is my country." His two Swiss brothers, Father Meinrad and Father Fintan, who are still holding the fort in Argentina today, also did not find it especially hard to take leave of Einsiedeln as young men. Yet today, with the knowledge of perhaps never being able to return to their homeland, they find it difficult to come to terms with the idea of being cut off from Switzerland for good. "I love the Einsiedeln monastery and I'm also a patriot in relation to both Switzerland and Argentina," said Father Fintan, now aged 86. "But I have a weakness for William Tell and the other heroes of Swiss history."

The three fathers with a pioneering spirit now enjoy a somewhat quieter life. It's noticeable that each one of them has accepted that

the time available to them for travel and adventure has continuously diminished. The Santa María de Los Toldos monastery is now largely independent of Einsiedeln.

The Einsiedeln monastery has another successful monastery affiliated to it – Saint Meinrad in Louisville, USA. The dean of Einsiedeln, the young Father Basil Höfliger, spent a few years studying there. He too knows what it's like to live far from home. This was when he learned that the concept of "home" for him was defined less in terms of a country than particular values that he shared with other people. All four fathers agree that home is anywhere where He is. And, as it has been said: Peace is found with Him for whom they set out to search a long time ago. <

Planned Happiness on Ibiza

Text: Andreas Thomann

Simone and Fritz Steiner spent 30 years building their dream. Their house in the picturesque bay was ready for habitation just in time for their retirement. So they said, "Adiós, Meikirch!"

Practically every wish that might overcome a Central European on a foggy autumn day is fulfilled by the panoramic view. Deep blue sea, bounded by a craggy coastline merging into a wooded, hilly landscape; the white sand of the beach, which is situated a little lower down, can be glimpsed between the pine trees, and if you narrow your eyes slightly you will just be able to make out the silhouette of the south coast of Majorca. The natural splendor of this Mediterranean spectacle is completed by a summery temperature of 27 degrees – at a time of year when the first Christmas decorations are already on display in the shop windows in Zurich.

The property offering this five-star view is appropriately named “El nostre somni,” Catalan for “Our Dream.” This dream started 30 years ago during a short vacation. Exhausted from overwork, Simone and Fritz Steiner were at the end of their tether. They had in fact planned to spend their vacation on the Costa Blanca on the Spanish mainland. “But when we arrived in Denia, we saw a sign for Ibiza,” recalls Simone Steiner. The next day they took the ferry to the island with the auspicious-sounding name. “In the port of Sant Antoni an old man advised us to drive further east. Night had fallen by the time we arrived at this bay. The moon was shining, and we immediately fell in love with the place.”

Only a few months later, the couple returned to the bay of their dreams and trawled the local estate agencies. “Our budget was only enough for a little house,” says Simone Steiner. “But Ibiza was already an expensive spot in those days, and everything we were offered was out of our reach.” The two were just about to throw in the towel when another agency contacted them. “They said it was

a very simple house, but we could still have a look at it.” The lady had not understated the case: All Fritz and Simone Steiner found were three minibungalows converted into a single house in the middle of a wood, without electricity, heating or running water. And yet they both knew immediately: This was it.

House-Building Instead of Lying on the Beach

The acquisition was made with an ambitious project in mind: By the time the Steiners reached retirement age, the house should be habitable all year round. Their mission was accomplished in 2003. The Steiners sold their house in Meikirch in the canton of Berne and moved to Ibiza. In the just under 30 years until then, they had spent vacation after vacation on the island in order to do things themselves as far as possible – partly for financial reasons, and partly motivated by a typically Helvetian perfectionism, as Fritz Steiner admits: “I derive pleasure from doing things well, even if it takes three times as long in the end.” Their professional background was helpful in the Steiners’ do-it-yourself strategy: She was a crafts teacher and he ran a postal bus business. “I learned how to pull walls down and build new ones from my father, who established the postal bus operation and enlarged it, garage by garage.”

And that is how the Steiners’ property developed into what it is today. “A simple dwelling,” as the two never tire of pointing out. This is only partly true. There are certainly larger residences – the Steiners manage with a living room, study and two bedrooms. But who needs a lot of space when the sea is spread out below one’s living room? The vacation guests who rent the small guesthouse directly adjacent



Summer temperatures, a glorious beach – and not even a handful of bathers: In October Ibiza once again belongs entirely to the locals – including the happy expatriates Simone and Fritz Steiner, who have lived here for the past three years.



to the Steiners' residence also live by this motto. The people who come here are looking for peace; the mega clubs with the smart names like Pacha, Privilege or Amnesia are all a long way off.

"The cliché of the party island is wrong anyway," Simone Steiner says in irritation. And the silence of the afternoon that fills her own terrace proves her right. In Sant Carles, the night is for sleeping; but that doesn't mean it's a dull place, because there is all the more to do during the day. The racing bike and the mountain bike that Fritz Steiner has in his garage are not merely for decoration. "I have to push up my pulse; otherwise I can't think straight." The 68-year-old has discovered a new hobby: nordic walking. The training conditions on the Mediterranean coast could make all those who have stayed at home envious – and not merely because of the mild climate. "My heart rate is five to eight beats per minute slower down here than in Switzerland."

Anita's Bar: the Place for a Chat

Fritz's wife Simone prefers to invest her time in networking rather than in sporting escapades. She has found a suitable platform for this in the Ibiza section of the "Club Suizo Baleares." "I took over the section three years ago and breathed new life into it. There are about 50 members, but very few of them live here all year round." A tiny colony compared with the approximately 5,000 Swiss who have settled on the Costa Blanca, for example. "The people here are more individualist," Simone Steiner confirms. "This means that the risk of a ghetto doesn't even arise. Our circle includes Germans, Dutch, Belgians, Spaniards from the mainland, and of course local

people." The legendary Bar Anita in Sant Carles is a melting pot for this colorful mixture of people. The former meeting place for the hippy colony is still the social center in the eastern part of the island. And it is also a post office – because the post is not delivered here, but deposited in the wooden letterboxes.

If Anita's Bar is the place to hear the local news, modern communication tools provide news from home. The Steiners' residence is also fully equipped with every amenity: telephone, fax, satellite dish and broadband. "If a tree falls onto a road in Meikirch, I find out about it," says Fritz Steiner, who is currently doing an Internet correspondence course in psychology and Greek mythology. But the Steiners wouldn't like to be seen as suffering from the proverbially Swiss disease of homesickness. "We have also subscribed to the local paper, the Diario de Ibiza," Simone Steiner, who now speaks fluent Spanish, is anxious to point out. She at least doesn't suffer excessively from homesickness. Her husband, on the other hand, occasionally flies home for a short trip to their home canton of Berne.

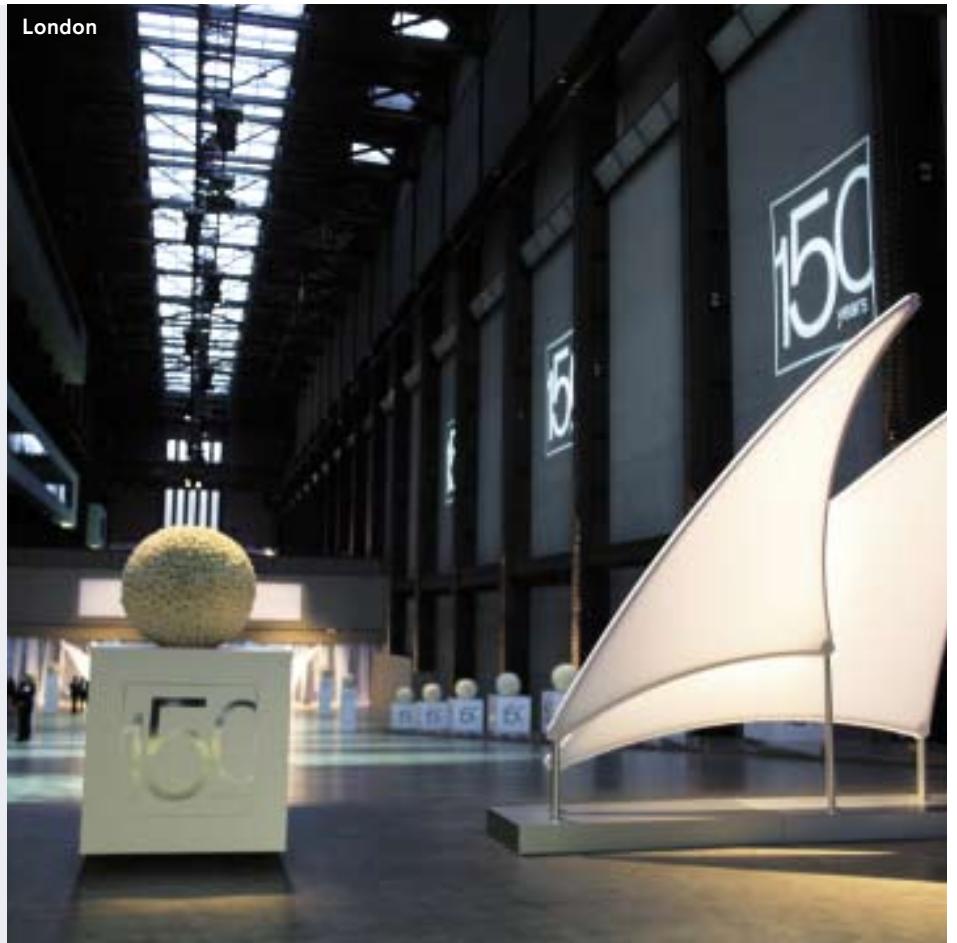
Does the idea of saying goodbye to this sunny paradise one day perhaps lurk at the back of their minds? Not at all. "Our desire to go back is just about zero," says Simone Steiner, "and there's no reversal of the trend in sight." <

Credit Suisse 150 Years Time to Share

The Anniversary Tour of Historical Dimensions

Text: Michèle Bodmer

Credit Suisse's 150th anniversary is coming to an end, but for many people around the globe it will leave lasting memories.



Credit Suisse 150 Years "Our goal was to make innovation tangible through events around the globe. I am confident that Credit Suisse can continue its momentum of innovation for the next 150 years," said Daniele Isenegger, project leader Credit Suisse 150 Years.

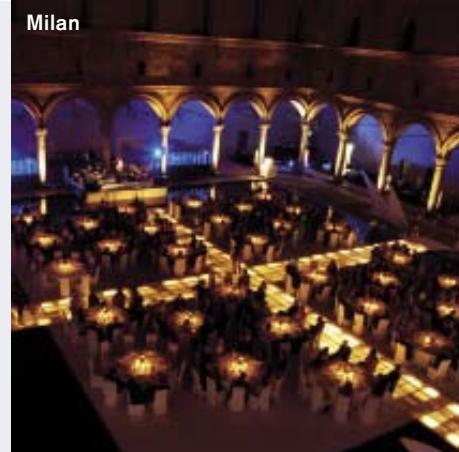
Berne Swiss Federal Councillor Samuel Schmid congratulated Credit Suisse for its pioneering spirit and its influence on the ongoing development of Swiss economy. **London** The grand Turbine Hall of the Tate Modern was transformed for the gala event hosted by Michael Philipp, CEO of Credit Suisse Europe, Middle East and Africa (EMEA). Despite its immense dimensions the elegant décor and the number of guests created an atmosphere of intimacy. An exhilarating performance by the South African Soweto Gospel Choir capped the evening. **Shanghai** The evening's cultural highlight was the performance of the Guan Yin Goddess with a Thousand Hands.

The "Goddess" is a group of 15 female dancers who fuse traditional Chinese culture with modern dance. **Paris** The Centre Pompidou is one of the symbols of contemporary architecture in Europe. Walter B. Kielholz, Credit Suisse chairman, warmly welcomed more than 1,500 special guests who later explored the Yves Klein exhibition.

Hong Kong



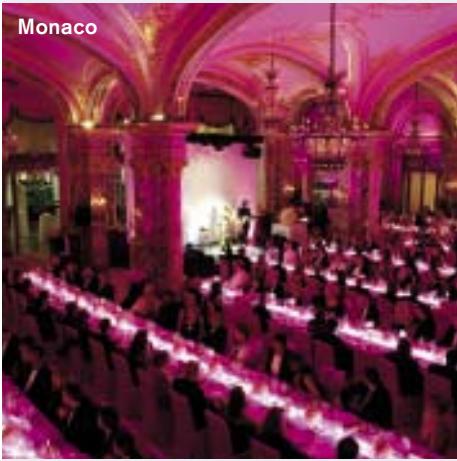
Milan



Hong Kong



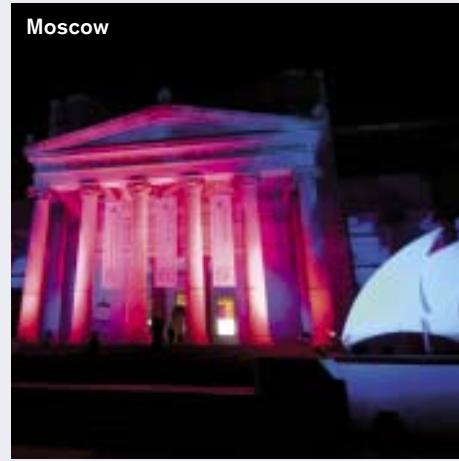
Monaco



Sydney



Moscow



Hong Kong The Hong Kong Convention Centre overlooks the Victoria Harbour and bright lights of mainland. This venue formed the stage for the celebration hosted by Paul Calello, CEO Credit Suisse Asia Pacific. Classical superstar Lang Lang awed the guests with his rousing performance and later expressed his thanks to Credit Suisse for sponsoring the Salzburg Festival. **Milan** The Credit Suisse philosophy of tradition meeting innovation was clearly evident at the Castello Sforzesco. **Monaco** The dynamic, 35-year-old CEO of Credit Suisse Monaco, Alain Ucari, welcomed more than 250 guests to the exclusive reception at the Salle Empire of the Hôtel de Paris. The famous Salle Empire has been a favorite venue for many generations of the high society. **Sydney** The Wildfire Restaurant offered spectacular views of the Sydney Harbour and the Opera House. **Moscow** The day before Credit Suisse unveiled its onshore private banking strategy in Russia, it took the time to reflect on its past. The renowned Pushkin Museum underlined the bank's objective of capturing an exclusive market segment in Russia in future.

Entrepreneur of the Year (EoY)**BANK-now Subsidiary****Best in Trade Finance**

Tea, Underwear and Coffee Machines

Two entrepreneurs who head traditional Swiss companies – Walter Borner (Zimmerli Textil AG) and Rudolf Lieberherr (Morga AG) – received the Entrepreneur of the Year award from Peter Athanas, CEO Ernst & Young Switzerland, and Heinrich Christen, partner in charge of EoY Switzerland. The Zimmerli family has been selling its underwear in the United States since 1890, while grandfather Lieberherr started spreading the word about India's vegetarian cuisine in 1910. The companies can look forward to a bright future thanks to their outstanding entrepreneurial achievements.

mondoBiotech, a biotech boutique started up by Fabio Cavalli, is the first to combat certain fatal diseases with drugs. His team of researchers is investigating new therapeutic uses for known active substances. Domenic Steiner, founder and owner of Thermoplan (coffee machines), received the Master Entrepreneur award for his life's work. Credit Suisse, represented by Josef Meier, head of Corporate Clients Switzerland, is active as program partner in the EoY program.

From left to right: the four prizewinners Walter Borner, Domenic Steiner, Fabio Cavalli and Rudolf Lieberherr. schi

Private Credit and Car Leasing From a Single Source

Starting on January 1, 2007, BANK-now will operate as a specialized provider of innovative and customer-friendly products and services in the Swiss private credit and car-leasing market. The relevant organizational units at Credit Suisse will be integrated into BANK-now. According to the Chairman of the Board Hanspeter Kurzmeyer, head of Private Clients Switzerland at Credit Suisse, the new subsidiary, in which City Bank will also be integrated, will be able to operate more flexibly in the consumer finance market and position itself more specifically. At the same time, though, it will continue to benefit from the parent company's central services. The CEO of BANK-now is Erich Wild. Domiciled in Horgen, it will have 250 employees and more than 20 branches. Its target is to significantly expand the market share of 25 percent in the credit business and 11 percent in the leasing business that the predecessor units had.

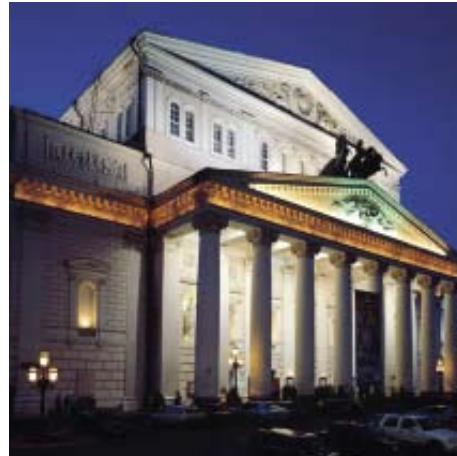
Our picture: Chairman of the Board Hanspeter Kurzmeyer (left) and CEO Erich Wild: "BANK-now is starting as a very strong number two in Switzerland." schi

Credit Suisse Pulls Off a Double Hat Trick

"Winning a gold medal isn't easy, but holding on to the top spot is even harder," said Christian Gut, when asked whether accepting the award as the best bank in Switzerland for trade finance wasn't becoming something of a routine for him. The renowned New York publication "Global Finance Magazine" has granted Credit Suisse this award for the sixth time in a row. For Christian Gut, who has built up this business unit over the past decade, the award is proof of the quality of his people and Credit Suisse's customer focus, since both analysts and clients were consulted prior to the award being adjudged. In order to keep ahead of the competition, the business unit will be investing several millions in upgrading and improving its IT infrastructure and will place great emphasis on employee training and development.

Our picture: Joseph D. Giarraputo from "Global Finance Magazine" (left) with Christian Gut. schi

Further information is available at [> Corporate Clients in Switzerland.](http://www.credit-suisse.com/ch)

Australia**International****Commitment in Moscow**

Launch Onshore Private Banking

Credit Suisse has formally launched its onshore Private Banking operations in Australia starting November 1. With this launch, Credit Suisse has taken an important step forward in the implementation of its international growth strategy. In Australia, the bank is entering the third-largest wealth management market in Asia Pacific, where rapid wealth creation has taken place in the past decade on the back of increased demand for commodities and strong trade relations with fast-growing economies such as China and India.

Credit Suisse has been operating in Australia for more than 30 years, and the launch of its Private Banking franchise complements the existing established Investment Banking and Asset Management operations. With the synergy of One Bank, the global strengths in Private Banking products and solutions delivery as well as the implementation of the structured Advisory Process, Credit Suisse is now in a strong position to provide a complete range of diverse, value-added products and a compelling offering for increasingly discerning clients in the Australian market. **ba**

Global Hunger Project

Throughout the month of October, Credit Suisse's Product Control and Complex Product Support in partnership with the Credit Suisse Americas Foundation, European Charity Committee and the Asia Pacific Philanthropy Committee created and participated in Credit Suisse's Global Hunger Project. Each region partnered with hunger organizations and other nonprofits to make an impact locally regarding the issue of hunger. The activities ranged from directly feeding the homeless and others in need to sorting provisions to collecting money and food for the local charity organizations. The numbers are impressive: Enough money was raised to provide 120,000 meals, enough food was collected to provide 1,500 meals, enough provisions were sorted to provide a further 9,600 meals. **ba**

Credit Suisse New Main Sponsor of the Bolshoi Theater

Credit Suisse is continuing to strengthen its international cultural presence. Having begun to support the Salzburg Festival, the Taipei Fine Arts Museum and the Shanghai Museum, Credit Suisse was able to announce a fourth such commitment with global reach on December 7 in Moscow. Starting from 2007, and for a period of five years, Credit Suisse will be the main sponsor of the Bolshoi Theater, which was founded in 1776 at the request of Catherine the Great and whose opera and ballet company is of worldwide renown. "Our theater has been one of the world's leading stages for over 200 years," explained its director general Anatoly Iksanov. "To maintain the high creative standard of our productions, we need partners who share our appreciation of quality." Oswald Grübel, CEO of Credit Suisse, referred to global reach and constant innovation as common factors in the partnership. As Credit Suisse supports the international tours of the Bolshoi Theater, clients beyond the borders of Russia will also have the opportunity to enjoy this cultural experience. **schi**

Corporate Banking Credit Suisse Supports Swiss SMEs

Swiss Venture Club: Driver of the Engines of the Swiss Economy

Text: Andreas Schiendorfer

The national network of Switzerland's small and medium-sized enterprises (SME), the Swiss Venture Club, distinguishes innovative and forward-thinking companies – and would now even merit a prize itself. The association, headed by Hans-Ulrich Müller, who is also COO Switzerland of Credit Suisse, is a particularly successful start-up by any standards.

The Swiss economy performs well when the two pillars on which it rests – large companies and the SME segment – are also performing well. The country's large companies are always in the spotlight, yet their significance as centers of training and job creation in Switzerland are largely overlooked, as is their tax contribution. By contrast, people are quick to flag up the phenomenal significance of SMEs when it comes to employment. Few hold back in their praise. Yet for all that, no one really knows the SME segment. When these companies have a justified need, their voice often goes unheard.

1,400 Members in Three Years

Would it be appropriate to call the Swiss Venture Club (SVC) the "Voice of the SME Lobby"? Founded in October 2003 out of an association from the Berne region, it has certainly now developed into an unmistakable force, speaking on behalf of more than 330,000 SMEs in Switzerland. The Club now has more than 1,400 (group) members.

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But activity is now also picking up in other areas. Particularly worthy of mention here is the Swiss Venture Club Forum. These training events put those involved in the



Central Switzerland Entrepreneur Prize:
prizewinner Jürgen Mayer,
SVC President Hans-Ulrich Müller (right).

spotlight, with the focus currently on the "Corporate Succession" and "Family and Enterprise" areas, for which two informative brochures have also now appeared. Given the fact that there are around 265,000 family enterprises in Switzerland, of which every year around 17,000 have to deal with the issue of succession, it is not difficult to see how important these issues are for the future of the Swiss economy.

Alternative Forms of Financing

The Swiss Venture Club also introduces successful companies to alternative forms of financing such as mezzanine finance and – at investor events – private venture capital. The Swiss Micro Fund is now establishing itself, providing small-scale loans to young or small-scale entrepreneurs.

Political SME Mailbox

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Chairman Robert Lombardini congratulates
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Oswald J. Grübel, CEO of Credit Suisse,
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In Zurich, Chairman of the Board
of Directors Walter B. Kielholz (pictured
below left) was interviewed
by Peter Hartmeier, editor-in-chief of
the *Tages-Anzeiger* newspaper.

Previous Prizewinners

2006

Northern Switzerland Haeusler Duggingen | **Zurich Kistler Instrumente** Winterthur

Central Switzerland Maxon Motor Sachseln | **French-Speaking Switzerland Preci-Dip Durtal** Delémont

Eastern Switzerland Telsonic Bronschhofen | **Espace Mittelland Scott Sports** Givisiez

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Espace Mittelland Spirig Pharma Egerkingen

2004

Eastern Switzerland Abacus Research Kronbühl | **Espace Mittelland Sphinx Werkzeuge** Biberist

2003

Espace Mittelland DT Swiss Biel/Bienne

You can obtain more information at www.swiss-venture-club.ch or
www.credit-suisse.com/emagazine > Dossiers > Swiss Venture Club.

Corporate Banking Credit Suisse Supports Swiss SMEs

Swiss Venture Club: Driver of the Engines of the Swiss Economy

Text: Andreas Schiendorfer

The national network of Switzerland's small and medium-sized enterprises (SME), the Swiss Venture Club, distinguishes innovative and forward-thinking companies – and would now even merit a prize itself. The association, headed by Hans-Ulrich Müller, who is also COO Switzerland of Credit Suisse, is a particularly successful start-up by any standards.

The Swiss economy performs well when the two pillars on which it rests – large companies and the SME segment – are also performing well. The country's large companies are always in the spotlight, yet their significance as centers of training and job creation in Switzerland are largely overlooked, as is their tax contribution. By contrast, people are quick to flag up the phenomenal significance of SMEs when it comes to employment. Few hold back in their praise. Yet for all that, no one really knows the SME segment. When these companies have a justified need, their voice often goes unheard.

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www.credit-suisse.com/emagazine > Dossiers > Swiss Venture Club.

Promoting Young Talent Recognition for PhD Students

The Empiris Award Supports Desperately Needed Research Into Brain Diseases

Text: Andreas Schiendorfer

Mathias Heikenwälder, a close collaborator of Professor Adriano Aguzzi, receives the first ever "Empiris Award for Research in Brain Diseases" for his research into prions in the fight against Creutzfeld-Jakob disease.

The first clearly identifiable cases of "mad cow disease" occurred in Britain in 1985. Within seven years 36,000 cases had been registered. In spite of public health countermeasures to prevent its transmission, the disease known as BSE (from the Latin-derived "bovine spongiform encephalopathy," indicating a condition which affects the brain function of cattle) also arose on mainland Europe, with the first case in Switzerland being reported in 1990. Concern worldwide has been all the greater since BSE can be passed to humans. "New variant Creutzfeldt-Jakob disease" (nvCJD) may be rare, but it is generally fatal. We now know that it can take several years for the symptoms to become apparent in those affected.

Nobel Prize for Prusiner

Research into these two neurodegenerative conditions is of such importance that Stanley B. Prusiner of the University of California School of Medicine in San Francisco was awarded the Nobel Prize for Medicine in 1997 for his discovery of the underlying cause – prions, a unique type of infectious agent made only of protein.

The Institute for Neuropathology of the University of Zurich has subsequently established itself as a major research center in the battle against BSE and CJD (new

variant and sporadic Creutzfeldt-Jakob disease).

Marcel Benoist Prize for Aguzzi

In 2004, Professor Adriano Aguzzi received the Marcel Benoist Prize, the Swiss equivalent of the Nobel Prize, in a manner of speaking, "in recognition of his work in the area of degenerative diseases of the nervous system." What his research does is give us a better understanding of how the causative agent of BSE and CJD enters and spreads through the body. This in turn opens up encouraging prospects for the early detection, prevention and treatment of this serious illness and improves our understanding of age-related neurodegenerative diseases such as Alzheimer's.

Adriano Aguzzi would not have been able to score such great success without the support of a team of young scientists that has worked with him over the years. One of them, Mathias Heikenwälder, submitted his dissertation entitled "Immunological Aspects of Prion Pathogenesis" in 2004, and, together with other members of Aguzzi's research group, published a study "Chronic Lymphocytic Inflammation Specifies the Organ Tropism of Prions" in the renowned scholarly journal *Science* (Vol. 307, February 18, 2005) to great international acclaim.

Empiris Award for Heikenwälder

"Heikenwälder has been investigating the role of chronic inflammations in the spread of prions. We are dealing here with a highly specialized field that is difficult to explain to lay persons," Amedeo Caflisch, professor at the Biochemistry Department of Zurich University, tells us. Caflisch and the board of trustees of the Empiris charitable foundation chose Heikenwälder as the first ever winner of the "Empiris Award for Research in Brain Diseases," with the prize-giving ceremony held at the Savoy Hotel in Zurich on November 8, 2006. The decision was unanimous, although as Professor Heinrich Ursprung, chairman of the jury, is at pains to stress, "We were delighted at the sheer number of magnificent pieces of research work presented to us."

Amedeo Caflisch, a former chairman of the University of Zurich Science Faculty Research Committee, is the spiritus rector of the new prize. "A donor, who wishes to remain anonymous, came to me with the idea of a prize for research into brain diseases, and I was immediately keen. It's something which gives me great joy and satisfaction," says the biochemist, who conducts research in related areas himself. "For one thing, neurological diseases are – sadly – the foremost diseases with which we have to contend in the 21st century. For another, while there are a number of well-endowed prizes for established researchers, up-and-coming young scientists, who really could use public recognition and prize



From left to right: Professor H. Ursprung (chairman of the jury), Professor A. Aguzzi (supervisor), Dr M. Heikenwälder (prizewinner), former Federal Councilor F. Cotti (chairman of the Empiris foundation).

Top right: picture by artist Luigi Cafisch (detail).



money, have so far always been left empty-handed."

Cafisch backs up his statement by referring to a scientific paper according to which depression will be the second-most common cause of illness in society by 2020. And that is only one of many brain diseases, not forgetting Alzheimer's, Parkinson's, epilepsy and certain tumors. At the same time he emphasizes the opportunity the Empiris Award presents for providing essential support to biomedical and biochemical research with relatively little fuss and expense.

Since setting up a foundation only makes sense if you have a substantial volume of funds to invest, Cafisch went in search of suitable sponsorship. He found it in the form of the Empiris charitable foundation. "This was a great stroke of luck for me. The board of trustees, with former Federal Councilor Flavio Cotti at its head, has the requisite expertise and makes sure the foundation's activities are of social relevance, while Credit Suisse takes care of asset management and some of the administrative work without involving itself in questions of content. That is an important point, since we intend to achieve international standing for the award and open it up to non-Swiss residents."

There are clear conditions to be satisfied by those wishing to apply. Further details can be found on the Empiris website at www.empiris.ch. The closing date for next year's prize is April 30, 2007. <

Empiris: for Research, Science and Education

The aim of the Empiris charitable foundation is to support and encourage research, science and education in order to make a substantial contribution to the further development of our society. Donors can give to special funds such as "Alzheimer's" or "Brain Diseases" or contribute to the general foundation assets, which can be utilized for a wide variety of different research and education purposes. One such purpose is the financing of "prizes to be awarded annually to PhD students in recognition of particularly outstanding contributions to basic research related to brain disorders." The board of trustees consists of Flavio Cotti (chairman), Walter Berchtold, CEO Credit Suisse Private Banking (vice chairman), plus professors Felix Gutzwiller, Dieter Imboden and Heinrich Ursprung.

Alongside Empiris, Credit Suisse lends its support to two further charitable foundations: Accentus (www.accentus.ch) and Symphasis (www.symphasis.ch).

Formula One

“We’ve Halved the Gap to the Lead”

Interview: Andreas Thomann

From eighth to fifth: The newly formed BMW Sauber F1 team was the star climber in this year's Formula One season. Motorsport boss Mario Theissen explains how his team made this leap.

Bulletin: Congratulations on finishing fifth in the Constructors Championship. Were you expecting that at the start of the season?

Mario Theissen: We had high hopes, obviously. Our target for this season was to finish sixth. But as the season got going we realized that we might be able to do even better than that. By finishing fifth it was our team that made the biggest leap forward – something I'm really pleased about.

You've got more resources now. Is that the secret?

With its limited resources, the former Sauber Petronas team did indeed find it difficult to keep up with the other teams' pace of development. But having more money in itself is no guarantee of success. Our improved performance is due to a whole range of measures that we've been putting in place since summer 2005 – from building up a separate testing team through to converting the wind tunnel to 24/7 operation using three shifts.

Hinwil is a bit of a building site at the moment. How many people do you hope will one day be working at the expanded factory?

By the end of 2007, we'll have 430 staff, compared with the 275 who were working with Sauber. We're now at nearly 400 and have come a long way.

Together with the 300 staff in Munich, that will be a pretty impressive number ... Yes, but in terms of Formula One that's still mid-table stuff. The truth is, we're not aiming to be the biggest Formula One team. But I think with the degree of efficiency Sauber has always exemplified we'll nevertheless be in a position to move up to being one of the frontrunners.

How wide is the gap right now?

It has varied a lot during the past season, depending on the circuit. At Monza, for example, we were already running eyeball-to-eyeball with the top teams. All in all, compared to the previous year we've roughly halved the gap in relation to the leaders.

Have you got the right drivers to close what's left of this gap?

I'm convinced we have. With Nick Heidfeld as the experienced man in the team, together with the two aspiring talents Robert Kubica and Sebastian Vettel, we've got a really strong trio going forward.

Not everyone thought jettisoning Jacques Villeneuve and replacing him with Robert Kubica was the right move.

Would you do the same thing again?

Yes, for sure. Former F1 World Champion Niki Lauda put the nail on the head, didn't he, when he said: "The team boss is not there to pick up the Nobel Prize for Peace, he's there to win races."



BMW motorsport Chief Mario Theissen (left) expects big things from Robert Kubica. And rightly so: In only his third Grand Prix, the 22-year-old Pole earned a place on the podium.

Since his spectacular debut, Robert Kubica is already being talked of as a future champion. Would you agree? I don't think we should jump the gun. But he's certainly got the right aptitude. I was struck by his exceptional focus on his role as test driver. And, because of that, I've no worries about him at all.

Would we be incorrect in thinking that the young Pole has been a shot in the arm for Nick Heidfeld too?

When Kubica got into the cockpit for the first time, it gave the whole team a jolt – Nick Heidfeld included. But Nick also drove at a very high level, especially in the latter Grand Prix races.

There were moments of bitter struggle at times, however, weren't there?

Absolutely. Formula One is an incredibly tough competition between the 11 best teams and 22 best drivers in the world. Our two drivers aren't immune from that either. This competitiveness is healthy because it leads to strong performances.

When will you be able to toast the team's first win?

On our timetable we expect that to happen in 2008.

Would it be disastrous if it were to happen sooner?

I think we'd be able to cope. <

Credit Suisse Calendar 5/06**Art****February 9 to May 13, 2007, Zurich****Rodin Retrospective****Kunsthaus****Music****January 19, 2007, Zurich****Berlioz, Shostakovich****Conductor: Mikko Frank****Violin: Sarah Chang****Tonhalle****February 24/25, 2007, Zurich****Viva Don Carlos****(with special children's program)****Opera House****March 1, 2007, Zurich****Bruckner****Conductor: Bernhard Haitink****Tonhalle****March 9, 2007, Zurich****Bartok****Conductor: David Zinman****Piano: András Schiff****Tonhalle****Equestrianism****January 25–28, 2007, Zurich****CSI Zurich****Hallenstadion****February 4/11/18, 2007, St. Moritz****White Turf (riding club centenary)****Lake St. Moritz****Football****February 7, 2007, Düsseldorf****Germany vs. Switzerland (A)****February 7, 2007, Nîmes****France vs. Switzerland (U21)****Formula One****March 18, 2007, Melbourne****Australian Grand Prix****(start of season)****April 8, 2007, Kuala Lumpur****Malaysian Grand Prix****CSI Zurich****White Turf St. Moritz****Horse Magic**

With over a million francs in prize money, the Swiss Life CSI at the Hallenstadion in Zurich continues to offer the largest purse of any indoor tournament in the world taking place on a regular basis. No wonder then, that despite competition from two other World Cup show jumping events, 15 of the top 20 in the world ranking list have confirmed their participation. They include the German Marcus Ehning (no. 1), the Swede Rolf-Göran Bengtsson (no. 2), last year's dominant CSI rider Jessica Kürten (no. 3) from Ireland, as well as the surprise world champion competing for Belgium, Jos Lansink. The field also includes the cream of the Swiss riders: Markus Fuchs, Beat Mändli, Christina Liebherr, and Niklaus Schurtenberger, the rising star of the Swiss equestrian scene. Quite a lot is expected from them at an event that includes a total of 15 trials. One of the highlights of the four days takes place on the opening night of Thursday, January 25, 2007: the Credit Suisse Grand Prix. Spectacle will also be provided – thanks to the change of horse – by the Swiss Life Challenge on Saturday. For the first time, this year's CSI in Zurich will include a dressage trial, also with a strong field, and entertainment will be provided by magician Peter Marvey, who will turn a horse into a pony. Or maybe not? schi

Ticket draw at
www.credit-suisse.com/emagazine

Horse Power

Who will be the successor of Harald Kroneder, the King of the Engadine? In the "100 years of skijoring" anniversary year, the three-part skijoring race contained a good deal of drama. In the new anniversary year – this time equestrian fans are celebrating "100 years of skiing on Lake St. Moritz" and "100 years of the St. Moritz riding club" – the excitement provided on the sporting front will demand our full attention. Full, but not exclusive! As is well known, the social side of things is never neglected at White Turf. This year, the pressure is on Credit Suisse. Last year's reindeer race went down as an unforgettable event by those who saw it, and it's not easy to organize something equally amusing. However, as luck would have it, BMW is also a partner of White Turf, which traditionally takes place on the first three Sundays in February. Credit Suisse and BMW have joined forces to develop the secret "Horse Power" project. The two main sponsors are currently revealing nothing about what exactly is behind it, but one thing's for sure: The 30,000 spectators will be offered a worthy spectacle for the anniversary year. schi

Anniversary book draw at
www.credit-suisse.com/emagazine

Kunsthaus Zurich Retrospective of a Great Sculptor

Auguste Rodin: Bridge-Builder Between Tradition and Modernism

Text: Andreas Schiendorfer

Thanks to the exemplary collaboration of three museums, the retrospective devoted to Auguste Rodin (1840–1917) is an event of inestimable value. The exhibition can be seen at the Royal Academy of Arts in London until January 1, 2007, after which it will be shown at the Kunsthause Zurich from February 9 until May 13, 2007.

Albrecht Dürer in Zurich. This exceptional special exhibition can be seen until January 21. Anyone visiting the exhibition will not regret it, and yet will perhaps unconsciously miss something as soon as they enter the Kunsthause: Auguste Rodin's "Gates of Hell."

For decades the sculpture has emblematically embellished the main façade. The almost seven-meter-high work of art in bronze, which weighs eight tons, was lavishly restored over the course of this year, and then traveled to London as one of the key elements in the major Rodin retrospective. There is always something new to discover in the "Gates of Hell." The "Thinker," which represents Dante Alighieri, is just one of over a hundred figures, which refer not only to the "Divine Comedy," but also to Baudelaire's "Les fleurs du mal."

Surfaces Like Skin

"And that monumental Porte de l'Enfer, on which Rodin has worked alone for twenty years and which is about to be cast, is nothing other than the constantly renewed interpretation of the theme of contact between living and moving surfaces," wrote Rainer Maria Rilke, who was Rodin's secretary in

1905/06. Rilke was mistaken, for the "Gates of Hell" was cast only in 1926, nine years after Rodin's death. Rilke, incidentally, did not refer to the "surfaces" of works, but to their skins ...

Perhaps the Greatest Living Sculptor

"M. Auguste Rodin, perhaps the greatest of living sculptors," wrote William Ernest Henley in the Magazine of Art in 1882, and in a letter he qualified the artist's gratitude: "The little that we have done, we simply had to do. What I mean is that when one sees your sculptures, one can do nothing other than break out in astonishment and admiration. That is the great achievement. We still owe you a great deal."

It is difficult to contradict him, only leaving it at that would be to misjudge the situation of the brilliant artist, who had to struggle constantly for the recognition he deserved throughout his life. Characteristically, "Rodin inconnu" (Louvre, 1962/63) and "Rodin Rediscovered" (Washington, 1981/82) were the titles of two important exhibitions in more recent years.

The young Auguste was refused admission to the Ecole des Beaux-Arts three times; his first important work, "L'homme au

nez cassé" (1864), was rejected by the jury of the Paris Salon. In 1881 he created a larger than life-size "John the Baptist" because he had been suspected of taking casts from living models. Now his sculptures were exhibited – but "in the darkest corner of the darkest niche."

At least the state commission for the "Gates of Hell," which Rodin had won a little earlier, had relieved him of his greatest material worries, after having been forced at almost 40 years of age to accept commissions from manufacturers of decorative sculpture.

Rodin's style – he himself talked about the "art of humps and hollows" – was completely at odds with the prevailing academic ideals and therefore did not appeal to popular taste. He was not interested in the superficial pose; instead, he sought to express the soul, thus creating sculptures that – today – appear to come from within us. And although he did not pay homage to ugliness, for honesty's sake he was quite happy to accept it.

The Inventor of the Non-Finito

Rodin did not lose touch with tradition – in 1875/76 he even traveled to Rome and Florence "to discover the secrets of Michelangelo" – but experimented with new forms of representation and discovered the "torso motif" as a conscious stylistic device. He thus spanned a bridge between the past and the future and influenced many artists who followed him. At the same time, he provoked



Le Penseur (The Thinker)
Detail from the Gates of Hell, 1880–1917
Bronze
Kunsthaus Zurich



Le Baiser (The Kiss), ca. 1881–1882
Plaster, 86 x 51,5 x 55,5 cm
Musée Rodin, Paris / Meudon



Buste de Victor Hugo, 1911
Bronze, 92 x 60 x 54 cm
Manchester, Art Gallery

The Zurich Art Society and Zurich Art

In 1787 a distinguished society of artists started meeting regularly in Zurich, and gradually assembled a collection. With the establishment in 1853 of the Zurich Art Society the collection became accessible to a wider audience. Today, the society, which is chaired by Walter B. Kielholz, has over 20,000 members, whose annual subscriptions make a substantial contribution toward covering the costs of the Kunsthau. At the same time, the society is collaborating on the "Kunsthau-Erweiterung" (extension) project that followed the successful renovation project (2001–2005). The Kunsthau Zurich possesses a permanent collection of international stature and will be staging the following special exhibitions in 2007: Thomas Müllenbach – Graphit (2.2–22.4), Rodin (9.2–13.5), Erik van Lieshout (13.4–17.6), Nicolaes Berchem (27.4–19.8), Alberto Giacometti (16.5–26.8), Peter Fischli / David Weiss (8.6–9.9), Video Lounge (7.9–18.11), Félix Vallotton (5.10.2007–13.1.2008), Honoré Daumier (7.12.2007 – 24.2.2008).

For further information, visit www.kunsthau.ch.

much uncomprehending shaking of heads as well as open rejection.

The prophet initially achieved greater recognition abroad; there were many collectors and admirers of his work in Zurich and London. Henley was no isolated case; the banker Constantine Ionides and the writer Robert Louis Stevenson appreciated him. But then in 1886, his "Idyll" was unexpectedly rejected by the Royal Academy ...

But now, in view of the successful collaboration between the Kunsthau Zurich, the Royal Academy of Arts, London, and the Musée Rodin, Paris, let us recall Henley once more: "I live only to pay you homage." Over the top? Just a tiny bit, to be honest. <

Credit Suisse Award for Best Teaching

University Promotion: Awards for the Best Teachers

Text: Dominik Pfoster

Promotion of the quality of teaching and further education at universities in Switzerland is a central concern of the Credit Suisse Jubilee Foundation. That's why it launched the Credit Suisse Award for Best Teaching in its jubilee year. Six awards have already been made.

"By launching the Credit Suisse Award for Best Teaching, we aim to promote quality in tertiary education in direct collaboration with universities and universities of applied sciences, thereby strengthening Switzerland's position in scholarship and research," says Hans-Ulrich Doerig, a member of the board of trustees of the Credit Suisse Jubilee Foundation. He continues: "Today's frequently unsatisfactory teaching situation will be further accentuated as a result of wide-ranging implementation of the Bologna reforms, bringing with them enhanced demands on quality. Only improved teaching can open the path of students to the world's elite and bring Switzerland's graduates to a level above that of the international average."

In view of this educational and socio-political challenge, the Jubilee Foundation took the initiative in 2006. With its Credit Suisse Award for Best Teaching, it is giving universities the opportunity to distinguish its best teachers by the award of a generous annual prize. Recognition is to be given to teachers who promote and support the education of students in a special way. Whereas the Jubilee Foundation provides the prize money, the selection procedure

and nomination are the sole responsibility of the individual universities.

First Prize-Giving Ceremony in St. Gallen

Kerstin Odendahl, professor of International and European Law and the first prize-winner at the University of St.Gallen, says: "Receiving the Credit Suisse Award for Best Teaching is something quite special for me. Outstanding teaching and exceptional commitment to students are a particular concern of mine. I was all the more touched and delighted that the students obviously recognize and value this commitment. The fact that the Jubilee Foundation of Credit Suisse has the improvement and promotion of outstanding teaching as one of its areas of emphasis sends a splendid signal to the university world."

Various efforts to strengthen teaching and didactics at the universities were already in progress. The new prize gives these activities a decisive boost and also a new level of importance. For example, Giorgio Margaritondo, vice president for Academic Affairs at the Swiss Federal Institute of Technology in Lausanne, also stresses that "this measure of the Jubilee Foundation goes in precisely the direction of one of our



Presentation of the prize to Kerstin Odendahl by Andreas Hellmann, president of the St. Gallen student body, and Joseph Jung, managing director of the Jubilee Foundation of Credit Suisse.

priorities, namely the strengthening of teaching as one of the main tasks of our school." <

The previous prizewinners

University of St. Gallen

Professor Kerstin Odendahl
International and European law

University of Lucerne

Professor Jürg-Beat Ackermann
Criminal law and criminal procedure law

Swiss Federal Institute of Technology Zurich

Professor Michael Struwe
Mathematics

University of Neuchâtel

Professor Laure Chappuis Sandoz
Latin language and literature
and classical tradition

University of Basel

Professor Thomas Vetter
Information technology

University of Berne

Professor Reinhard Jung
Business systems engineering

Further information is available at
www.credit-suisse.com/foundation.

Grants Creating New Jobs

Speranza 2000 Fights Youth Unemployment

Text: Andreas Schiendorfer

"Young people are our hope and our future," the saying goes. And yet, many of them cannot find an apprenticeship or a job. Another problem in our society is long-term unemployment.

Apprentices are not simply a source of cheap labor; they also cost the company they work for time and money. For this reason creating new apprenticeships does not always tally with the short-term interests of a business. It's more of an act of solidarity: solidarity with its own profession, which depends on attracting well-trained young talent, and solidarity with society, which has to bear the many negative repercussions of high youth unemployment.

Support for Speranza

Speranza 2000 is an association that wants to encourage companies to show greater solidarity. "Speranza businesses motivate other firms in their network to take responsibility for young people and create new, easily accessible jobs," explains Speranza's director Otto Ineichen, a businessman and FDP national councilor. "Getting the cantons involved ensures that businesses wanting to provide training will find it easy to get permission, and also ensures that trainees will get a high-quality education."

The project, which so far has benefited some 2,000 young people with educational deficits, is supported by both the private and public sector. Credit Suisse – which is itself an important source of training with around 600 commercial and IT apprentice-

ships a year and 350 places for high-school and university graduates – supports Speranza 2000 with a substantial contribution, as does the Symphasis charitable foundation (fund for people and work).

Social Enterprises Can Solve Problems

Initiatives like Speranza 2000, together with the improved economic situation, contributed to record-high employment in Switzerland in the second quarter of 2006. In the course of one year, 77,000 new jobs were created, from which older women and young people in particular benefited. Although the employment rate is expected to rise 1.1 percent in 2007, there is still no reason to scale back special efforts aimed at young people.

"incluso" is the name of a useful project run by Caritas in the Winterthur area. Within the framework of the project, mentors with professional experience and good connections give young men and women from other cultures advice and active support during their final year at school as they look for apprenticeships. Fifteen mentors were found at Credit Suisse in no time at all.

Zurich-Jobs is a city of Zurich foundation to which Credit Suisse also contributes a substantial sum. The foundation supports so-called social enterprises in the start-up

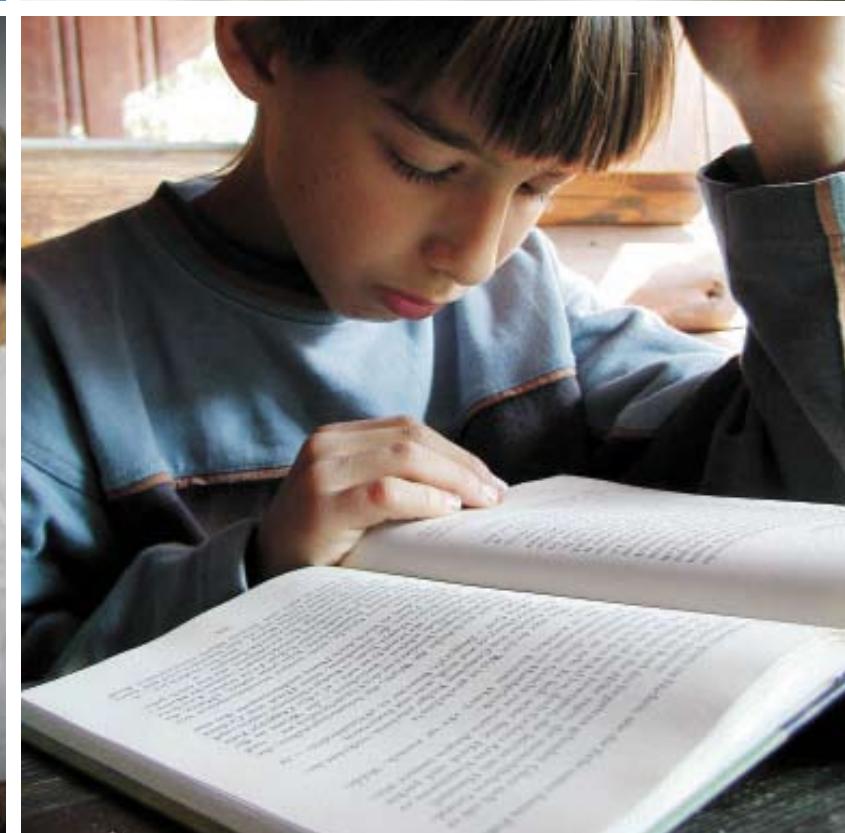
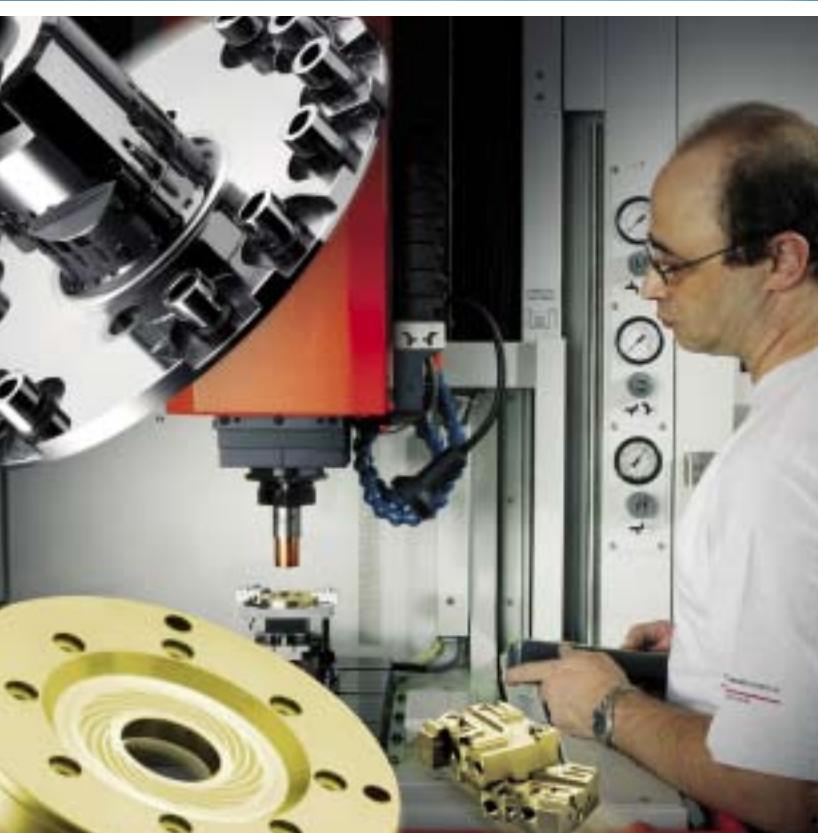


Young people deserve our support (staged photo). Our future depends on their ability to be productive members of society.

phase: companies that pursue social and financial goals. In particular, they offer jobs to welfare recipients (21,500 in Zurich alone, of whom 40 percent are under 25). And, the city pays 50 percent of their actual gross salary plus 400 Swiss francs per person per month.

The idea behind the project is to ensure that the amount paid in subsidies does not exceed the sum of welfare payments saved, while at the same time (re-)integrating around 3,000 welfare recipients into the work process. Care is taken to ensure that social enterprises offer their products and services at market rates. For example, to ensure that they don't use their subsidies to distort competition and thereby create more potential unemployment. <

More information can be found at www.speranza2000.ch, www.caritas-zuerich.ch and www.sozialfirmen.ch.



Switzerland is experiencing its longest economic boom of the last 20 years. The pleasing aspect of the current upturn is how broadly based it is: Both the export industry and the domestic economy are making a contribution, as are most industry sectors. Just as significant remain those areas in which outstanding Swiss quality and precision are more important than price. But for things to remain that way, education and training are particularly important.

Sustainable and Broadly-Based Swiss Economic Recovery

In the past few weeks and months there has been a clear increase in the number of positive reports about the Swiss economy. Growth for 2006 amounts to 2.8 percent. Alois Bischofberger, chief economist at Credit Suisse Group, does not believe the temporary slowdown in the global economy will dampen the positive outlook.

Text: Andreas Schiendorfer and Mandana Razavi

Bulletin: In a survey conducted at the World Economic Forum (WEF), 11,000 managers selected Switzerland as the most competitive country in the world. Can you confirm this?

Alois Bischofberger: Switzerland has done a good portion of its homework in recent years and has become more attractive as an economic location as a result. A number of measures have been taken in the sphere of education. There has been an increase in domestic competition, and the Swiss labor market has benefited in particular from a realignment of our foreign policy. We are attracting an increasing number of specialists and executives to our country, and this is having a positive effect on our growth potential. But there is no cause for complacency. For example, we still have to continue our efforts to put our government finances in order once and for all. There are still too many barriers in place in our domestic market, and we still have a long way to go as far as our education policy is concerned. This is an area in which we need to continue to strive for excellence if we are to remain competitive.

And how does Swiss development look in terms of actual figures?

The economic upturn in Switzerland gathered further momentum this year. In 2006 real

gross domestic product (GDP) is growing at a rate of 2.8 percent, significantly outstripping the previous year's rate of 1.9 percent. Since 1980, there has only been one economic surge that was longer lasting than today's.

And will growth continue into 2007?

In our view, economic growth will remain above the 2 percent threshold in 2007, averaging out at 2.2 percent over the year. Over the four-year period 2004–2007, therefore, this should work out at average growth of 2.3 percent per year. This is a marked improvement on the previous four-year period, in which the average annual growth rate was just 1.2 percent, despite the Internet boom year of 2000.

The driver of Swiss growth since time immemorial has been exports ...

Until late in 2005, the driver of growth was indeed largely demand from abroad. But since the third quarter of 2005 we have been seeing an increasing number of domestic stimuli. This is particularly pleasing given our expectation that global growth will weaken in the first six months of 2007. However, we should not see the decline in global economic momentum as a bad thing. It should instead be seen as a desirable, temporary cooling-off period in a long period of expansion. The catalysts for this temporary slow-

down in growth are the US economy and tighter monetary conditions in China.

The US is ailing. How will this affect Swiss exports?

The US is the second most important market for Switzerland after Germany, accounting for around 10 percent of all our exports. For many market analysts the primary concern is the weakening US housing market. But while this sharp cooling-off is a fact, it would be wrong to panic. The prices of American real estate will certainly grow less strongly, but no general collapse appears likely. With energy prices falling and income prospects remaining intact thanks to a solid labor market, the economic slowdown should only be felt moderately in US consumer spending.

The European Union in general and Germany in particular remain the most important market for Swiss goods. How do you assess the situation here?

In 2005, the Swiss economy had a clear advantage over the average economy of the countries of the European Monetary Union (EMU). This advantage has shrunk noticeably in 2006. Real gross domestic product in the eurozone, an area that accounts for more than 50 percent of Swiss exports, will grow by around 2.5 percent this year. After a dynamic summer of growth, however, the economy of the eurozone is now under-



Alois Bischofberger, chief economist at Credit Suisse Group, can afford to be more optimistic in his outlook for the Swiss economy than in previous years. He confirms that Switzerland has made notable efforts to increase its competitiveness. At the same time he warned against the danger of the country resting on its laurels. In his view, there remain too many obstacles in the domestic economy, while Switzerland must continue to strive for excellence in education to make up for its lack of raw materials. One pleasing prediction made by Bischofberger is that unemployment should fall to below 3 percent.

going a moderate slowdown. That said, as the economy is fundamentally sound and is enjoying solid growth in domestic demand, GDP in the eurozone will still grow by a good 2 percent next year. As a result of this development, we are also seeing an increasing willingness on the part of European countries to buy foreign goods. Swiss exports are also benefiting from the fact that the franc has lost around 3 percent in value against the euro since the end of 2004. But in Germany too – by some distance Switzerland's most important export destination – the increase in value-added tax and other fiscal measures taken by the government will lead to a slowdown in growth in 2007.

And Switzerland's other neighbors?

France and Italy are also significant markets for Swiss exports, and here too there are a number of question marks for the coming year. In May next year, the French will elect their president for the next five years. This important political event will preoccupy France and the whole of Europe. It is difficult to assess the specific economic repercussions that this will have, however. Where Italy is concerned, a restrictive fiscal policy again needs to be applied in order to tackle a high budget deficit and a growing level of government debt. This will certainly not have a positive effect on the economy.

Another area we are always hearing about with respect to Swiss exports is that of emerging markets. But when we look at the export figures, their significance appears to be exaggerated.

Economic growth in many of these countries is very strong. This is also reflected in Swiss export figures. In Asia we are seeing high growth rates for our export industry, admittedly from a low starting level. Numerous Swiss companies have made direct investments in China and other emerging economies in order to access the enormous Chinese market. This early positioning will pay off.

How would you summarize the prospects for Switzerland's export industry in general?

Real exports of goods and services are increasing this year by 7.8 percent, while in 2007 the figure is expected to amount to 3.5 percent. This growth is broadly based not just in geographical terms, but also from an industry-sector perspective – with the exception of the textile and clothing industry. For their part, imports have also increased as a consequence of a stronger Swiss domestic market. Import growth in 2006 stands

at a pleasing 7.7 percent, but will probably fall back to 2.9 percent in 2007. The contribution of foreign trade to economic growth will be positive for both years.

Nonetheless, you are pleased by the development of the Swiss domestic market. Consumer sentiment in Switzerland has in any case improved, hasn't it?

For a good year now the domestic market has been performing impressively. This is particularly true of the plant and equipment industry as well as private consumption – the main driver of GDP. Consumer sentiment has improved noticeably. This is a consequence of falling unemployment, the growth in employment, and improved income prospects.

Is employment really increasing?

All we seem to read about is the outsourcing of work to countries where labor is cheap!

If we go about it the right way, there is no doubt at all that Switzerland will be one of the beneficiaries of globalization. The outsourcing of jobs works both ways, however. A pleasing number of foreign companies are selecting Switzerland as their central European base, thereby creating new, high-value jobs.

A number of different "soft factors" play a key role here – legal security, a well-performing education system, a highly qualified reliable workforce, a very good infrastructure, a favorable tax regime by international standards and – last but not least – a high standard of living. We are predicting that employment will increase by 1.1 percent in 2007. At the same time, unemployment will fall further, from 3.8 percent (2005) to 3.3 percent (2006) and down to 2.9 percent on average for 2007.

And people also have more money – and are spending it.

Indeed. We calculate – given inflation of 1.1 percent for both 2006 and 2007 – that there will be a rise in real salary and wage levels of more than 2 percent. From this we extrapolate real growth in private consumption of 2.1 percent this year and 2 percent next year. For consumer durables such as household appliances and cars there is a certain amount of catching up to do. And it is not of great consequence that public spending, growing by just 1.0 percent, is making a below-average contribution to growth, given declining levels of staff expenditure in public administration as well as the fiscal discipline required for 2007.

Up until now, we have always assumed that the construction industry was the real engine of growth for the domestic market. Is this actually not the case?

Over the last four years the construction industry has indeed been a strong driver of the domestic economy. In 2006 this is for the first time proving not to be the case, however, with construction investment expected to fall by 0.7 percent. After five years of strong growth, residential construction is stagnating, and important stimuli in civil engineering projects (e.g. NEAT) are also disappearing.

In commercial construction, by contrast, both the favorable state of the capital goods economy and a number of major projects in the industrial and services area are driving

construction activity. For this reason we are expecting stagnation in the year to come but not a further decline in construction investment as a whole.

The current engine of growth is the plant and equipment industry.

Will this continue to be the case in 2007?

For 2006 and 2007 we are expecting real growth in investment in plant and equipment of 7.3 percent and 4.0 percent respectively. This we attribute to the following four factors: 1. Nominal interest rates and, above all, real interest rates remain low when judged from a long-term perspective. 2. Healthy growth in corporate earnings has facilitated financing. 3. Companies are taking a positive view of medium-term sales and earnings prospects. 4. Capacity utilization has increased

significantly. In the mechanical engineering, electricity and metals industry this stands at almost 90 percent. This means we are witnessing increased corporate expansion, in addition to rationalization and renewal investment.

Last question: How do you assess your own forecasts? Do you tend to err on the side of optimism or caution?

We are optimistic for the year ahead. Consumer confidence is increasing, and there is a mood of optimism in industry too. Of course, we can't overlook the risks that exist. These possible risks are posed from abroad, and include an unexpectedly strong rise in the oil price, inflation and interest rates, a collapse in the value of the dollar and geopolitical turbulence. <

Sector Trends 2007: Economic Momentum Broadly Based

2007 Sales

Clothing	↗
Chemicals/pharma	↗
Electronics	↗
Electrical engineering	↗
Health and welfare services	↗
Wholesaling	↗
Precision instruments /watches	↗
Corporate services	↗
Automotive	→
Retailing	→
Printing and publishing	→
Energy supply	→
Hotels and restaurants	→
Wood	→
Plastics	→
Mechanical engineering	→
Metal products	→
Metals manufacturing	→
Mineral products manufacture	→
Food & beverages	→
Paper	→
Construction	↓
Textiles	↓

Real sales increasing ↗

Real sales stagnating →

Real sales falling ↓

Sectoral Overview

At 2.2 percent, growth in real gross domestic product for 2007 will be rather less dynamic than in 2006. Sectors such as pharmaceuticals and health care can continue to count on rising sales. Whereas at the other end of the scale, the end of the boom in the construction industry is being marked by falling sales.

Chemicals/Pharma as Driver of Growth

The chemicals and pharma industries in particular should continue to benefit from the good economic environment. In the first nine months of 2006, foreign demand rose by more than 4 percent in real terms. Alongside commodities and raw materials, the pharmaceuticals sector was a particular contributor to this rise. This above-average performance should continue over the coming months, despite a slight slowdown in demand.

Demand Holding up in the Metals and Mechanical Engineering Industry

Production capacities of companies are increasingly being fully utilized, which should continue to make for a healthy investment climate. The end to the boom in the construction industry should lead to fewer stimuli for the metals industry, however. Data released by the Customs Administration for Q3 2006 reveals a continued surge in export activity.

Electronics and Electrical Engineering Above Average

The rosy economy and the resulting higher investment activity both in Switzerland and abroad will continue to make for above-average sales increases overall in 2007. Despite such growth, this sector is characterized by strong competitive and price pressures.

A Boom for Precision Instruments

Manufacturers of precision instruments are currently benefiting strongly from the good economic situation and higher investment activity. This is down to foreign demand in particular. Another positive factor for many Swiss (luxury) watchmakers is that they are represented in the important markets of Asia and Latin America. Overall, opportunities for medical technology remain intact as a result of strong growth in the global health market. ar



1 Greg Schmergel, co-founder, president and CEO, Nantero: "Nantero is specialized in carbon nanotube electronics, and is today a leading player in the development of a universal storage medium."

2 Nader M. Kalkhoran, vice president of R&D, Spire Corporation: "Thanks to our modern technology platform, Spire offers innovative solutions to customers in the energy, healthcare, defense, and telecommunications sectors, giving them a true competitive advantage."

3 Stephen D. Schultz, director of Corporate Communications, Acusphere: "We've developed a process that allows medical substances packed into nanoparticles to be delivered to defective cells – but without damaging other organs."

4 Paul J. Mraz, president and CEO, Angstrom Medica: "Using nano-technology we are developing 'synthetic bone' and medical devices that duplicate the properties of human bone."

Boston: Small Is the Next Big Thing

Nanotechnology is at the center of investors' radar screens right now. Scientists and entrepreneurs alike hope the technology can be used to cure cancer, produce energy, and build computers that work instantaneously. The world's largest concentration of these activities is in Boston. It's here that they're planning to make big things out of tiny particles.

Text: Peter Hossli

Photos: Image courtesy of Earth Sciences and Image Analysis Laboratory, NASA Johnson Space Center | Johannes Kroemer

Your shoes stick to the floor for a moment, until a powerful adhesive mat removes any contamination from the soles. You've got to be squeaky clean to have any chance of entering Nantero's windowless laboratories. The scientists inside are sporting white dust-proof overalls and hairnets. Behind thick glass they're busy developing the next generation of semiconductors here in Woburn, just outside Boston: From carbon nanotubes, they are building NRAM or Nonvolatile Random Access Memory. These chips, it is hoped, will one day replace all existing types of storage media. They're constructed from carbon that has been manipulated at a molecular level, and acquired new types of properties as a result. The potential for NRAM is enormous. Devices controlled by these types of chips are springing up in next to no time. They require less electricity, and last longer than conventional semiconductors. Their performance by far exceeds that of silicon chips, and they are easier and cheaper to manufacture.

NRAM is already here. Nantero's youthful CEO and co-founder, Greg Schmergel, proudly hands round a black-and-gold-

colored semiconductor made from carbon. "The first NRAM product will hit the market next year," he says. Nantero owns the patent rights to NRAM, and the firm has submitted a further 80 patent applications. So far it has raised 34 million dollars in venture capital, most of which is flowing into its development of nanochips. Nantero has no plans for mass production, but hopes to license the technology to established manufacturers.

Nantero is one of over 100 firms in the Boston area that are putting their faith in nanotechnology. The firm is a perfect example of the region's prowess in marrying scientific innovation and high-risk financing. Many of the local nano firms are small startups. But a number of established firms are also intent on grabbing a slice of the action in what is set to be the key technology of the 21st century.

"Nano" is Greek for dwarf. But scientists sometimes joke that it also stands for "we want government research funding." Indeed the prefix is often used incorrectly by those institutions and firms looking to obtain government subsidies. Yet nanotechnology is easy to define: A nanometer equals one

billionth of a meter. We talk of nanotechnology when anything under 100 nanometers is manufactured, modeled, observed, or modified. By way of comparison, a red blood cell consists of around 7,000 nanometers. For purists, however, nanotechnology means manipulating a material at an atomic or molecular level to form a material with new properties.

A Stomach for Risk-Taking

"It's high time we took a serious look at nanotechnology," Arthur Vayloyan believes. As head of Investment Services and Products at Credit Suisse Private Banking, he recently invited a group of interested parties to Boston. "Nowhere are scientific activities so concentrated as in Boston, and nowhere is there a more encouraging climate for company startups." To be fair, intensive research is also taking place in Europe, Asia, and a raft of developing countries. But it is the US which leads the field, claims a research piece published by the National Research Council at the end of September. The broad research base is the main reason, according to the study. Unlike elsewhere, it is not >

"Three thousand Americans die of heart failure every day. Thanks to nanotechnology, new forms of therapy are being developed that will save thousands of lives."

Mostafa Analoui, nanotechnology researcher, Pfizer

just the government but also household names like IBM and Intel, alongside the venture capitalists, that are helping fund research and development. This in turn creates a climate in which there is an enormous willingness to accept risk.

More than a dozen universities in and around Boston are competing to attract the brightest brains, with a view to conducting research in the 1–100-nanometer range. Harvard University in Cambridge, for instance, is home to the national Center for Nanoscale Systems, and is currently building dedicated nanotechnology facilities. Meanwhile the neighboring Massachusetts Institute of Technology (MIT) has declared nanotechnology to be its central research area. The MIT graduates who founded dot-com companies back in the nineties are now turning their hand to making big profits from nanotechnology.

They include Angstrom Medica in Woburn, a 2001 offshoot of the MIT research laboratory. Its focus is on life science – the most promising field for nanotechnology. Angstrom researchers produce medical technology products by using nanotechnology to manipulate calcium phosphate crystals. Its synthetic bone is more readily accepted by the human body than existing implants. Angstrom owns the patent rights to "NanOss" crystals, and has to date raised around nine

million dollars in private equity financing. Angstrom boss Paul Mraz explains that nanotechnology allows him to construct synthetic bone "which we can use to duplicate the properties of human bone."

Prominent MIT professor Robert S. Langer is a co-founder of Acusphere, a listed company with 110 employees. It has developed a process that allows medical substances packed into nanoparticles to be delivered to defective cells – but without damaging other organs. The firm is additionally developing drugs for cardiovascular disease, asthma and cancer. Founded in 1993 and listed on the stock exchange in 2003, Acusphere has a market value of around 100 million dollars. As yet, though, no drugs developed using nanotechnology have made it to the market.

Investors Must Be Patient

These kinds of medications won't arrive big-time until 2015 at the earliest, forecasts Mostafa Analoui, an articulate researcher who is working with US pharma giant Pfizer to harness new methods for developing drugs. He enlightened the Credit Suisse delegation with his precise and subtle analysis of the future prospects for nanotechnology: "Though nanotechnology has enormous potential, responsible scientists need to dampen any irrational exuberance and com-

municate clearly the differences between science and fiction." He believes that "low-hanging nano fruit" – in other words products we can expect soon – will primarily be in the field of diagnostics and drug delivery systems. Four such delivery systems are already on the market. A cure for serious diseases will follow, Analoui believes: "Three thousand Americans die of heart failure every day. Thanks to nanotechnology, new forms of therapy are being developed that will save thousands of lives."

A word of caution, however: There are still no findings as to the effects of molecularly manipulated particles on humans. Two years ago, Swiss Re published a comprehensive study on the risks of nanoparticles – saying it was "anxious" about the health implications. "Every new technology harbors risks," counters Pfizer researcher Mostafa Analoui. The science community needs to develop a framework that will guarantee safe application, he says. Most importantly of all, transparency would enable nanotechnology to avoid the same negative image that befell gene technology. "We need to say honestly that a proper understanding of the dangers has so far been lacking." Analoui himself considers the risks to be "minimal."

The question of investment opportunities was hotly discussed in Boston. Representatives from business and science agreed that it would be several years before a large number of lucrative products emerged from basic research. Mostafa Analoui forecasts that in 10 years' time pure nano products will be generating sales of around 37 billion dollars, with the life science sector accounting for the biggest share at around 77 billion. A rapid pace of development is also possible in the IT field, he added. "Nanotechnology will play a crucial role in IT," says IBM researcher Don Eigler, a giant in the field of small things. Back in 1989, this tanned recreational surfer used 35 xenon atoms to forge IBM's logo. He expects "phenomenal progress" in computer capacity, and is hoping for a "radical reduction" in electricity consumption. But he too warns against overdosing on optimism. "Silicon is still the king of IT, and it's difficult to dethrone the king." His advice to investors is to go for firms that can manufacture their products using existing tools. "It must be a technology that will develop over the years." This is the only way to make a profit long-term, he claims. "Otherwise nanotechnology will land us where no one wants to be: In the hell-hole of consumer durables." <

"I'm sure we'll see some interesting nano IPOs from 2007."

After years of research, Arthur Vayloyan is convinced nanotechnology is beginning to open up opportunities for investors. The head of Investment Services & Products at Credit Suisse Private Banking recently hosted an interactive field trip to Boston, the world's nanotechnology capital.

Bulletin: **Mr. Vayloyan, you are a big advocate of nanotechnology as far as Credit Suisse is concerned. What do you find so fascinating about it?**

Arthur Vayloyan: It's the huge variety of areas that are touched by nanotechnology. The technology embraces all scientific disciplines, and I'm struck by the surprise element that is built into it. It offers a way of producing features that were previously unknown.

Why are you promoting the subject right now?

After years of research in various areas, we are seeing the first concrete opportunities for investing. We're taking a lead by showing clients the risks and rewards that this technology can bring.

You recently organized an interactive field trip to Boston to get a better understanding of nanotechnology. Why exactly Boston?

Boston has a high density of scientific activities. In only a short space of time, we were able to give clients a deep insight into many areas and enable them to exchange views directly with high-caliber specialists.

In what way does that benefit Credit Suisse clients?

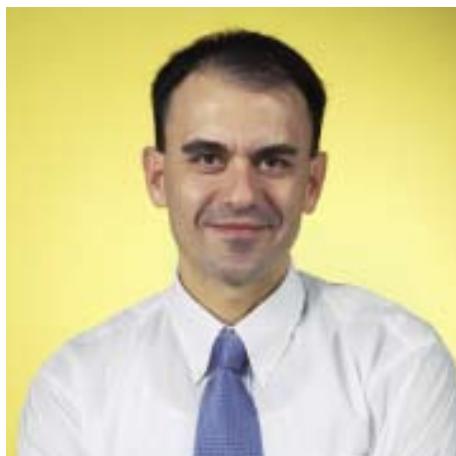
From the feedback received, I would say we succeeded in capturing the mood of the moment. We were able to illustrate what is going on in science, in technology and in the venture capital arena.

And where do the benefits lie for Credit Suisse?

"Tradition to innovate" is how our tag line goes. A trip like this provides an innovative way of accessing and familiarizing ourselves with an innovative subject. It strengthens client loyalty – and helps us find new clients.

Clients want to make money at the end of the day. What investment opportunities does nanotechnology offer?

There is still no typical area for nano investment. There may never be one. The safest way of going about it is to invest in the many industrial groups that are also involved in nanotechnology. On top of that you have the suppliers, as well as the small, specialized



Arthur Vayloyan: "We've already discovered a few gems among the many nanotechnology startups."

listed firms which in individual terms harbor high risk.

Where is Credit Suisse active on this front?

Following the Boston trip, we were commissioned to use venture capital to invest in early-stage, private nano firms. We've already discovered a few gems.

For years investors have been complaining that it's too soon for nanotechnology. When will it no longer be "too soon"?

I'm sure we'll see some interesting nano IPOs from 2007.

In some quarters there are voices warning of a nano bubble. What can be done to prevent that from happening?

Simply by abolishing human greed! Seriously, though, I don't believe the dangers are so pronounced in the case of nano because all the players involved have identified the problems.

Which problems do you mean?

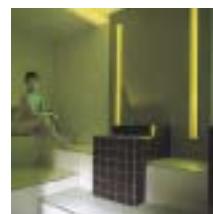
Time will tell whether the patent offices are up to the job in terms of dealing efficiently with a wave of ultrasophisticated technological innovation. What's more, the authorities face the challenge of conducting a proper assessment of the health risks. ph

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A Good Place for Optimists

In Russia, the nouveaux riches are flourishing – more so than in practically any other country. Its recipe for success? “Unbridled optimism,” according to **Alexis Rodzianko**, head of Private Banking for Credit Suisse in Russia. This expert on Russian affairs believes that despite the latest negative headlines the optimists will continue to hold sway in the future.

Interview: Andreas Thomann

Bulletin: The Russian economy has been enjoying an enviable growth curve for years. What are the main drivers of this growth?

Alexis Rodzianko: It is a well-known secret that the huge oil and gas deposits are the most important factors driving growth.

That sounds like a high dependency on a single sector.

That's true, but Russia was already prosperous before the oil and gas boom took hold. It has people, land, water and forests. The question is how much the other sectors can add to growth. We won't know how much they will contribute until the cycle turns and oil and gas prices fall again.

Which sectors specifically?

Take the software industry, for example. Russia is already able to compete against India without any problem. This is due not least to the country's large pool of well-educated mathematicians. In general, it can be said that the more complex the solution, the more competitive Russian companies become.

Any other sectors?

Agriculture will also play a key role, simply because Russia has such a rich supply of

high-quality arable land. Another sector with good prospects is the services industry. It is still quite underdeveloped at the moment, but progress is palpable, especially in Moscow. Many consumer goods used to be sold on the street – come rain or snow – but now Moscow is starting to look like any other western European city, full of shopping arcades and exclusive boutiques.

That may be the case in downtown Moscow, but what about away from the center?

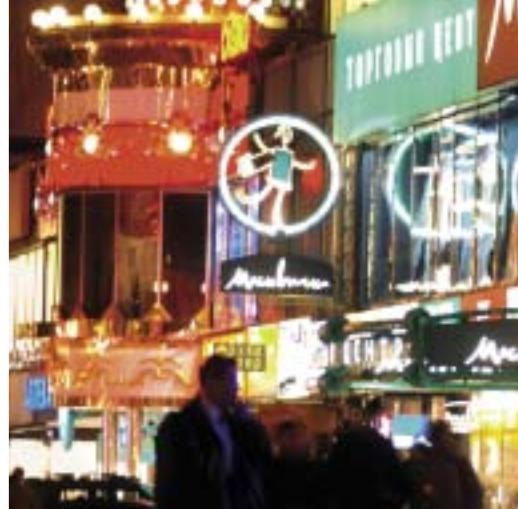
Outside the city, progress has been just as impressive. Giant shopping malls have sprung up on the outskirts of Moscow over the past few years. And Russia isn't just about Moscow. Economic growth in the Urals is even stronger than here.

In contrast, there is little good news for the aviation industry, which was actually a showcase of the former Soviet Union. Is there still hope of a turnaround?

Absolutely. Only the focus has changed. In the past, Russia tried to develop everything on its own. Now, it has chosen to work with other partners. For example, Boeing has had a technical R&D center in Moscow since

1993 so as to enable more efficient use of shared know-how. And, at the beginning of September, the Russian state acquired a five-percent stake in Airbus manufacturer EADS. I believe that the Russian aviation industry will be a major partner for the world's two biggest aircraft makers in the future. The Russian aviation industry, and indeed its aerospace industry, too, is still as sound as ever. In fact, Russia leads the world in commercial satellites. It is thus not a dying industry, but an industry in transition, as is the country as a whole.

The political institutions are also undergoing a period of transition. One of them, banking supervision, hit the headlines in September after the violent murder of the central bank chairman, Andrei Kozlov. Is there a risk of a return to the wild capitalist days of the '90s?
I would hope not. Perhaps this tragic crime is more a sign that the reforms are being taken very seriously and are invariably interfering with the interests of criminal groups. Andrei Kozlov was a well-respected man and a major mover of reform. Yet he wasn't the only one, which is why I expect that the reforms will continue. There is consensus



Moscow has developed into a busy metropolis since the collapse of communism. What were once grey arterial routes such as Novy Arbat have now become neon-lit shopping and entertainment strips (top right) – proof of the growing prosperity in the country. A large part of the wealth has been created by the energy sector. “Yet Russia is about more than oil and gas,” says Alexis Rodzianko, head of Private Banking for Credit Suisse in Russia (left). “The agriculture, services and high-tech sectors all harbor enormous potential.” What happens when this potential is exploited is shown by a visit to the Baikonur space station (top left), one of the most important launch sites for commercial satellites.

among the government and the public on the need for reform.

How deeply entrenched is the liberal market economy in Russia?

The Russian people are probably more willing supporters of the liberal market economy than many western Europeans because they know from experience that socialism doesn't work. Many institutions, including the justice system, need to be strengthened. Even the language reflects this: The Russian for "law enforcement" is "Siloviki," which could be translated as "power of the ministry." In other words, linguistically there is little difference between the executive and the judiciary.

How sound are the institutions in your area, the financial sector?

In the eight years since the ruble crisis, the banking supervisory authority and the central bank have done a lot to shore up the institutions. But we won't know how sound the system is until it is put to the test.

How high is the risk?

Not very high. At the moment, the pressure is not so much on the financial sector as on exporters who are feeling the effects of the strong ruble. But should it come to the

crunch, I don't think that the system will collapse like it did eight years ago. The banks are stronger; they have more experience, more capital, and greater diversification.

Since July 1, 2006, the majority of the remaining restrictions on the Russian capital market have been removed. A step in the right direction?

Definitely. In particular, the fact that Russian investors will be allowed to invest their money abroad without restrictions is a very important step for our onshore business. A freely convertible ruble makes this currency a lot more interesting for investors.

Does that mean the days of wealthy Russians investing mainly abroad are over?

As time goes by, Russians will become like most investors. They know their own market best, and over the past decade they have learned that it's possible to make more money by investing wisely here than in other markets where growth rates are slower. As a result, they want to invest at least part of their portfolio at home. This decision has been made easier by the fact that income tax for all natural persons is currently 13 percent. At the same time, these people are

fully aware that the risks in Russia are higher, which is why they will continue to invest some of their assets abroad.

How attractive is Russia for foreign investors?

At least as attractive as any other emerging market.

What does it take to invest successfully in Russia?

Above all, you need to be very optimistic and be prepared to take a long-term view. In my personal experience it is the biggest optimists who have the most success at the end of the day. And this is unlikely to change in the future. <

China's Long March to Sustainable Growth

A shift is taking place in the thinking about growth in China. Promoting growth remains important, but the spotlight now is on the quality of growth. The Chinese government is set to promote change in many areas.

Text: Marcus Balogh

China's economic growth is unlike anything the world has ever seen. In the past 20 years since the start of reforms initiated by China's paramount leader Deng Xiaoping, the economy has surged at an average rate of 10 percent a year – with some coastal areas reaching nearly 20 percent a year. In that period, China's gross domestic product (GDP) increased nearly five times.

The numbers alone do not adequately reflect how much China has gained from this development, says Paul Calello, Credit Suisse chief executive officer Asia Pacific. "To put the picture into perspective, during these two decades more than 125 million people have been lifted from abject poverty. Prosperity has improved quality of life in many ways, and I am not talking about luxury goods, about old radios having been replaced with modern television sets, or bicycles with motor scooters. From a humanitarian point of view, China's push toward a market economy – albeit with pronounced Chinese characteristics – has led to a significant reduction of infant mortality, the improvement of child and maternal health, and the lengthening of life expectancy."

China Needs New Growth Models

The problem is that the spectacular growth has come at a steep price. Breakneck investment has not only created widespread industrial overcapacity, it has also polluted the air and water. Growth has also sparked an unprecedented migration of people from the poor rural west to fast-growing and increasingly affluent cities thereby creating more environmental problems in these booming regions. In fact, according to a report of the Worldwatch Institute,

16 of the 20 most polluted cities in the world are located in China. And according to the International Emissions Trading Association (IETA), China now releases 12 percent of global carbon dioxide (CO₂) emissions, second to the United States, which releases 23 percent. Problems concerning water pollution, loss of endangered species or soil erosion are of equally devastating proportions.

However grim the facts may be, this dark cloud has a silver lining. The Chinese government has no illusions about China's annual pollution price tag. During a press conference in June, Zhu Guangyao, deputy chief of the State Environmental Protection Agency estimated that China's pollution problems are costing the country more than 200 billion dollars a year. China is facing a tough situation in environmental protection, and pollution of water, air and soil is indeed a prominent problem. According to Zhu Guangyao the situation "allows for no optimism," and the current state of affairs is "grave." His assessment came during a news conference tied to the release of China's second white paper on environmental protection since 1996. The report, "Environmental Protection in China (1996–2005)," was published by the Information Office of the State Council, China's Cabinet.

The Chinese government is aware that the longer the current situation continues, the costlier it will be to repair the damage. "In March this year, Credit Suisse hosted a conference in Hong Kong where the Chinese Vice Minister of Finance, Zhu Zhigang, addressed an audience of more than 500 institutional money managers. "One would imagine that for an audience of this type, a senior official in charge of finance might talk about sovereign ratings, capital >



By the end of 2005, China's wind farm capacity reached 1,260 MW, compared with leaders Germany (18,428 MW) and Spain (10,027 MW). By 2020, the government aims to install capacity of 30,000 MW. According to a study by the Chinese Renewable Energy Industries Association (CREIA), Greenpeace and the Global Wind Energy Council (GWEC), the industry believes as much as 170,000 MW can be achieved.

“The immediate need to make China cleaner and more efficient also presents an enormous opportunity for it to join the world leaders in sustainable products.”

Paul Calello, Credit Suisse Asia Pacific CEO

market development, macro adjustment policies and the like,” said Paul Calello. “But interestingly enough, the vice minister focused his comments predominantly on sustainable growth and what he called new models of growth.”

New models of growth seem to be the hot topic of the season. In September, more than 500 business, government and civil society leaders from 27 countries participated in a two-day summit in Beijing organized by the World Economic Forum, with the theme “Sustainable Growth Through Innovation.” The backdrop of the summit was the government’s ambitious goals of doubling the size of the economy by 2010 and to reduce per capita GDP energy consumption by roughly 20 percent.

Although China’s environmental problems are dire, they would be much worse without its environmental reforms. Compared to other emerging countries China’s management of energy needs has been quite successful. Over the past two decades, China’s growth in energy consumption has been only half that of its rate of economic growth. Other developing countries, such as India, South Korea and Brazil, have all shown energy consumption growth greater than economic growth. Regardless, China still uses energy far less efficiently than major industrialized nations such as Switzerland or even the United States. Doubling the size of the economy by 2010 or even quadrupling the GDP by 2020 in a sustainable way presents China with huge challenges, but also with opportunities: “The immediate need to make China cleaner and more efficient also presents an enormous opportunity for China to join the world leaders in sustainable products,” says Paul Calello. “We untapped new sources of energy and we are looking at underdeveloped methods of producing energy. After a long pause, people are again talking about hydroelectric energy, wind energy, fourth-generation nuclear power, biodiesel and more. If every government would begin worrying about an imminent energy shortage, then we will end up with enough energy.”

Overheated Economy Could Help

From a purely investment-related point of view, an increase in demand of energy and the resulting high energy prices will trigger the emergence of new industries and therefore new investment opportunities. China, for example, already has 60 percent of the

world’s installed solar capacity. Given this massive home market, it is no surprise that China has developed some competitive international companies in this sector, such as Suntech Energy, which Credit Suisse brought to market and which has become China’s largest alternative energy company and the largest private Chinese company in terms of market capitalization on the New York Stock Exchange.

The burning question remains whether the government has enough power to put its plans into action. Some of the required changes will go forward without further ado. “The Chinese government has a clear vision of what steps must be taken to balance growth and to protect the environment. The necessary steps are well understood. After all, China is not the first nation to run into these problems,” says Paul Calello. “China needs to reduce inefficiencies, and it will have to allocate more of its investments to efficient technologies and processes and more of its resources to activities with higher added value. In a way, that is the easy part. It will be a lot harder to gain the full support of resistant provincial and municipal governments.”

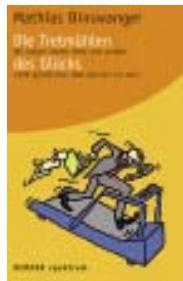
Paul Calello refers to the fact, that the overall volume of environmental legislation is impressive, but the efficacy when it comes to enforcing the laws is rather low. Several factors are responsible for this. The statutory language is rather vague and many provisions of important Chinese environmental laws seem to be more policy pronouncements than laws. In addition, Chinese courts are affected by a variety of outside influences, including the legislative and executive departments, and commercial interests. Finally, environmental investments usually pay off in the longterm only. Consequently, there is not much imperative to act today. This all results in a significant lack of enforcement of Chinese environmental laws, amply demonstrated by the fact that, despite the efforts of half a million environmental officials in the State Environmental Protection Agency and other organizations, China’s environmental picture has not improved much over that last few years.

Despite these facts, China’s environmental future is not as bleak as doomsayers would have us believe. China has had its successes with its environmental policy, and the government is well aware of the steps that need to be taken to cure its environmental woes. On the other hand, there is no set of simple answers. Paradoxically, what might help the implementation of stricter rules is the growth rate itself. China is increasingly concerned about an overheating economy and about controlling its growth rate. And, as environmental protection often has a dampening effect on economic development, a certain dampening might come in handy.

Paul Calello, who has been doing business in Asia for more than a decade, suggests taking a pragmatic stand: “Let’s wait and see. The government sees sustainable development as one of its top priorities, and I can clearly see that this trend is gathering force elsewhere, as well. In some areas it will be driven by officials who scrutinize what happens beyond factory doors. In other areas, sustainable change will be assisted by the capital markets, which is where Credit Suisse comes in. The concept of sustainability will force change in the way we do business. This change will have its costs and difficulties,” he explains. “It will not be a simple transition, but it is hardly a luxury, and China cannot afford not to focus on sustainable development. The government is conscious about what must be done and about the importance of the issue. And, it pays not to underestimate the Chinese government.” <

"Die Tretmühlen des Glücks" (The Treadmills of Happiness)

We Have More and More, but It Doesn't Make Us Any Happier. What Can We Do?



By **Mathias Binswanger**

Paperback edition

224 pages

ISBN: 3-451-05809-X

"Money can't buy happiness." This saying always sounds rather clichéd when you hear it. Many a wise head has taught us that money and consumption do not provide humankind with happiness on earth: from Adam Smith, the father of economics, to the philosopher Erich Fromm. So why write yet another book on this subject? If we take a close look at our society, we observe that this knowledge has had rather an insignificant effect on our conduct until now. Mathias Binswanger makes another attempt to show that we cannot equate the pursuit of happiness with the pursuit of increased income.

Binswanger, a professor of economics, describes four patterns of behavior by which, filled with optimism, we struggle to find greater happiness. In doing so, we often forget that the hoped-for reward fails to materialize. As befits his profession, Binswanger has opted for an economic approach, but is constantly at pains to adopt an interdisciplinary mode of observation. The book is peppered with research findings and literature references that underpin the theories proposed. It is written in a flowing style and entertains the reader with its compactly presented conclusions. Binswanger does not rely on slogans to make his point, but describes in detail both the results and their context. He is not content just to provide the reader with a diagnosis of the malady, but presents 10 strategies with which we can escape the treadmill syndrome. "The Treadmills of Happiness" provides an in-depth look into the research on happiness. For anyone who is already unhappy with their new car or feels the need to attend time management seminars, this book is required reading. **mk**

Switzerland Business & Investment Handbook

Economy, Law, Taxation, Real Estate, Residence, Facts & Figures, Key Addresses



By **Christian H. Kälin**

Hardback edition

766 pages

ISBN: 3-280-07096-1

How can you invest, work, live, and do business in Switzerland? Detailed information on this subject is provided by the English reference work "Switzerland Business & Investment Handbook," the publication of which we have referred to previously. In over 30 specialist articles, seasoned experts provide the key information on Switzerland as a business center, not least from a legal viewpoint. The handbook is aimed at investors, businessmen, advisors, fiduciaries, and new arrivals from the English-speaking world. However, anyone who reads the introductory chapter by the expert on Swiss affairs, Clive Church of the University of Kent, will be able to confirm to publisher Christian H. Kälin and his team that the book speaks to a far wider readership. The contributions by writers such as Jean-Baptiste Zufferey of the Swiss Federal Banking Commission, Xavier Oberson of the University of Geneva, Eric Scheidegger of Seco, Judith Schmidt of the auditing unit for the prevention of money laundering, and in particular Barbara Beck of "The Economist" on "Switzerland and the European Union," as well as Martin M. Naville of the Swiss-American Chamber of Commerce on "Switzerland and the USA," are ideal for all those who would like to get a slightly different view of Switzerland, and at the same time make some new discoveries. The cross-media strategy is innovative. Many aspects are discussed in further detail on the homepage at www.swissnetwork.com, which also includes continuous updates of the statistical material. **schi**

In collaboration with Henley & Partners, three issues are being given away in a prize draw at www.credit-suisse.com/emagazine. The website also includes extracts from the essays of Urs P. Gauch on corporate banking and Arthur Vayloyan on private banking.

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

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“Securing Well-Qualified Workers Will Be a Key Success Factor”

Interview: Daniel Huber

As President of the European industry and employers confederation, Unice, Ernest-Antoine Seillière represents the interests of 20 million companies. He pleads for greater flexibility on the part of employees. To achieve this, however, they would have to be confident of always finding another opening in the job market.

Bulletin: What sort of relationship do you have with Switzerland?

Ernest-Antoine Seillière: I'd say a very close one. After all, my wife is Swiss and, through her, so are our children. For that reason, as well as for business purposes, I'm in Switzerland very often. I'd describe myself as a big admirer of the country.

What do you admire about Switzerland?

Above all, I admire Switzerland for its direct democracy, which guarantees the people a big say in the country's politics, be it at municipal, cantonal or national level. With family in Switzerland, I follow its various elections and referenda very closely. What's more, Switzerland is almost unique in that it has succeeded in uniting a variety of cultures into a single nation while also respecting their specific differences. Switzerland could provide a model for the whole of Europe in this respect. In addition, despite being a small country Switzerland has a strong economy

and is home to many large companies that are extremely successful internationally.

Despite a robust economy and an unemployment rate of a little over 3 percent, the latest annual worry barometer, a representative survey commissioned by Bulletin, reveals that unemployment is still what people worry about most. Can you explain that?

That isn't something that can be explained with facts and figures – particularly since Switzerland, in my view, takes a textbook approach to unemployment. Unemployed people have a social safety net, and everything is geared to finding them another job. That said, there has been a general shift in employment conditions in recent years. International competitive pressures, combined with advancing globalization, are demanding ever greater flexibility on the part of employees. In previous times, people often remained with the same firm for the whole of their work-

ing lives. These days, it is becoming more and more the norm to switch jobs several times in the course of a career. Workers are having to adjust to ever-changing circumstances and also have to keep acquiring new skills. This requirement for greater flexibility is unsettling. With that in mind, the Swiss people's concerns are entirely understandable, despite the country's low unemployment rate.

What role do you see Switzerland playing within Europe?

Switzerland has used some deft diplomacy to negotiate a special position for itself within Europe. Its status is very close to that of a full member, and yet it has not had to commit itself entirely. At the same time, Switzerland is keeping all its options open for the future. However, in today's multilateral age, following the collapse of the Eastern bloc, Swiss neutrality is probably not as important as it was.

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The full name of the President of the European industry and employers confederation, Unice, is Baron Ernest-Antoine Seillière de Laborde. However, he places little value on his aristocratic title and does not use it. The 69-year-old Seillière is a descendant of the influential Wendel family of steelmakers. He studied at the Ecole Nationale d'Administration (ENA) and then spent ten years in the diplomatic service. In 1975, he took a year's sabbatical and was a guest lecturer at Harvard University's Center for International Affairs. In 1976, he entered the family business, which had to find a new direction following nationalization of its core business, steel production. Seillière turned the family business of over 300 years' standing into a highly profitable investment holding company. In addition to his management activity at Wendel Investissement, he served as president of the French business confederation, MEDEF, from 1997 to 2005. He has been president of Unice since July 2005.

Is its special position in Europe more of an advantage or a disadvantage for Switzerland in the context of all-encompassing moves toward globalization?

The members of the European Union naturally believe that growing together into an economic area of some 500 million people will strengthen us, so that we will be better able to stand our ground in the face of advancing global competition from emerging economies such as China, India, Russia, Brazil, and even South Africa. Switzerland's seven million inhabitants do make it a very small country by comparison. With increasing globalization, Switzerland will have to make efforts to align itself with Europe.

What will it take for Europe to regain its old strength?

A series of programs and reforms must be implemented urgently if Europe is to continue playing a part on the international stage over the next 20 or 30 years. For one thing it is essential that we finally move ahead with what is known as the Lisbon Agenda.

What does this Lisbon Agenda cover?

In 2000, the EU heads of state met and agreed a package of measures to put EU states ahead of the world in terms of general standards of knowledge and innovative drive by 2010. However, nothing has yet been done in this regard – only a few of the measures that were agreed in 2000 have been put into practice. That must change – and fast.

Another point is that we must redouble our efforts to come together to form a large market. Of course, there has already been a significant amount of progress made on trading in goods between the 25 member states, but barriers still exist, especially where services are concerned. The EU also needs to improve its governing procedures as soon as possible. We also have to take steps against national protectionism, which is becoming rather widespread because of a lack of political will in Europe.

Isn't this protectionism also a sign that the EU is slowly getting too large in the eyes of some of its members?

We believe that EU enlargement is a positive development. These new states offer economic opportunities. Exports to these new countries are also higher than imports. Moreover, the various EU development programs in these new member states open up a whole new world of possibilities.

But at the same time, opening borders stokes fears that a country will be overrun by foreigners.

They're wrong. Think, for example, about Sweden, Ireland and the UK, all of which have opened up their labor markets fully and are reaping the rewards because they can fill vacancies with workers from abroad. The reflex of wanting to protect jobs from foreign workers is an understandable one, but it is unjustified. Another factor here is that people's fears about their jobs are often stirred up artificially by the mass media. For example, in the run-up to the country's constitutional referendum voters in France were presented with a nightmare vision of hordes of Polish plumbers.

How many Polish plumbers have made it to Paris so far?

Not a single one, unfortunately. And we need them urgently! But let's go back to our package of measures. We need to reform welfare systems in every EU state in order to make them sustainable. We are proud of the fact that Europeans are protected against life's risks, such as illness and unemployment.

Are the rights and social benefits that labor movements have fought for over the last century getting in the way of the old industrial countries' competitiveness in today's globally minded world?

It is true that specific adjustments to the economic and social systems of the old economies have become necessary in order to ensure a degree of flexibility. Nowadays the ability to respond swiftly is absolutely decisive. This is more easily achieved if a certain amount of security is guaranteed. By that I don't mean ensuring that people are able to stay in their current jobs at any price. Rather, we have to reassure people that they will always find another job. It is a different, holistic approach that demands a new way of thinking from everyone concerned.

How would you describe a good employer?

Capitalism has been through a variety of phases. The original labor movement and its social achievements were followed by the age of the manager. People were convinced that good management alone was the way to succeed. I would describe the present era as the age of the shareholder. Shareholders' concerns are omnipresent.

That said, we are slowly but surely entering a phase in which securing and retaining well-qualified workers will be a key success factor. Part of this is precisely because large

companies are increasingly outsourcing their more straightforward activities. The core activities that remain can then be performed only by appropriately qualified specialists. The role of the employer will thus be much more complex in the future than it has been in the past. Training and the acquisition of new skills will become the key factors for success.

How important is loyalty to a company?

That depends entirely on the corporate culture and on how the management acts in certain situations. Loyalty cannot be defined in any global way. There are certain events and circumstances which come together to create loyalty. I believe that a basically loyal atmosphere is a key factor in a company's global competitiveness.

What was your first job?

When I first started out, I spent ten years in the diplomatic service.

Why did you move?

I found the first few years enormously stimulating. I met many interesting people and traveled the world. It is generally true that the excitement returns toward the end of a diplomatic career, with its challenging assignments and burden of responsibility. However, the intervening period turned out to be fairly monotonous and frustrating for someone with such an entrepreneurial outlook as me. That's why, after 10 years, I decided to do something else and joined the family firm.

Your bed was already made, so to speak.

Not at all. The family firm – which has now been going for over 300 years – had really reached rock bottom. The company had shrunk to almost nothing after the state had taken over the country's steel operations, which accounted for most of the business. I nonetheless wanted to try, as the ninth generation, to take the company forward into what was actually a very promising future.

Did you succeed?

The Wendel Group is now one of the leading investment companies in Europe. Most of our investments are long-term majority holdings in a series of successful industrial and service companies. Four years ago, I stopped playing an active part in the business. Instead, I turned my attention to putting a structure in place that aspires to combine the long-term approach of a traditional family firm with the energy and drive of a young management team. I think we are well prepared for the next generation. <

For the Benefit of European Business

In its role as a confederation of European industry and employers organizations at the EU in Brussels, Unice represents the interests of 39 confederations from 33 states.

Following the destruction and chaos of the Second World War, an era of reconstruction began in Europe. Various international organizations were founded in order to better coordinate and advance the desired economic upturn across national borders. As a result of the Treaty of Rome, the actual birth certificate of the European Union (EU), Unice (short for Union of Industry and Employers Confederations in Europe) was founded in March 1958.

The six states that gave birth to the European idea – Germany, France, Italy, Luxembourg, Belgium and the Netherlands – were represented in Unice by eight member confederations. The purpose of the confederation was and remains representing the interests of European business to the EU institutions.

Switzerland Has Two Confederation Members

Unice has grown continuously in recent decades. It currently represents the interests of 39 top-level organizations of the industry and employers confederations from 33 countries, not all of which are necessarily members of the EU. Switzerland is represented at Unice by two member confederations: the Swiss business confederation, économie-suisse, and the Confederation of Swiss Employers. Unice thus represents the interests of around 20 million European companies.

Unice summarizes its tasks as follows:

- Cooperating with the EU institutions
- Creating a platform for European business for monitoring European politics and legislative proposals, as well as drawing up common positions
- Expressing the views of European business in the opinion-forming and legislative process
- Representing the member states in the social dialog at the European level

Ernest-Antoine Seillière is the 14th president in the history of Unice. His appointment met with broad support from the member confederations. As president of the employers confederation MEDEF, Seillière had previously made a name for himself as a skilled tactician. In the course of his seven-year tenure he systematically transformed the



Unice President Ernest-Antoine Seillière with the president of the European Central Bank, Jean-Claude Trichet.

crisis-ridden association into a powerful executive body. And he was a consistent critic of President Jacques Chirac's unwillingness to embrace reform. He expressed himself with corresponding candor on this subject upon assuming office as Unice president in summer 2005: "I will be less diplomatic than my predecessor when it comes to representing my very clear visions. Something must be done and done quickly."

Speaking the Language of Business

In his efforts to emphasize his concerns, Seillière also does not shy away from taking unfamiliar routes. For example, in October 1999 in his capacity as MEDEF president he quickly organized a protest event against the 35-hour initiative of the government, in which 30,000 entrepreneurs participated.

A minor inter-French diplomatic incident occurred last March at the EU summit in Brussels when the President of France, Jacques Chirac, together with three other members of his cabinet, left the plenary session in protest at the fact that the French president of Unice was giving his speech in English. However, for Seillière the pragmatist, one thing was clear: "English is the language of business." dhu

@propos

Life Without the Net?

The term "technological generation gap" is outdated. Today, the "gap" is more of a chasm that becomes vaster with every breakthrough. I'm sure that many generations before me have said the same thing, but I really do wonder if kids today are smarter than we were back in the day—or is it that we are just falling behind? Whatever the case, one thing is certain: There are vast differences in how generations approach technology.

Gen Xers (1965–1980), like myself, think we grew up with technology, and compared with baby boomers (1945–1964), we did. But thinking back, the first time I used a computer—a Macintosh Apple II—was as a freshman in high school in 1986. That was nine years after the Apple I, the first personal computer was launched. Even

back then, the thought of using a computer everyday, or owning one, was improbable. That year in high school, I knew of only one teen from a well-to-do San Francisco Bay Area family who had a so-called personal computer. The net generation (1980–1994), also known as the millennials, is supposedly far more savvy, but many, like the Xers, still had to adapt to new technologies. And while those born in the late '80s or early '90s were raised amid an arsenal of electronics, I believe the ones to watch were born after 2000. This still unnamed generation will have no memory of life without computers, the Internet and all things digital.

Hard to imagine? Well, my four-year-old nephew has been online for more than a year. No, he doesn't have his own web

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page, he isn't "surfing" and he's not hacking into Fort Knox—yet—but he is practicing his ABCs with the help of a animated muppet named Elmo who works his magic on the Sesame Street homepage (www.sesameworkshop.org). As his godmother, I, of course, believe he (my nephew, not Elmo) is budding boy genius. I've since learned that many youngsters, with their parents' help, are using the Internet as a supplementary learning tool.

It seems to be working. Recently, we were sitting together and he became unusually quiet. After a short while, he said, "Auntie, I think a lot."

"What about?" I asked. — "Dinosaurs, tractors, the jungle..." his list went on.

With technology today, even a small boy can find his way through this wide world.

credit-suisse.com/emagazine

Live Chat With the Winner of a Sports Award

The big day is almost with us again. On December 16, at the "Credit Suisse Sports Awards 2006" television gala in the BEA Hall of Berne's exhibition center, the successors to Simone Niggli-Lüder and Tom Lüthi as Swiss male and female athletes of the year will be chosen. And the national soccer team is also set to be replaced as Swiss team of the year. Or will it be the previous award winners who retain their titles at the end of the day? It wouldn't be the first time for that to happen.

This year, the best Swiss athletes will again be voted for by sports journalists and the television audience, but for the very first time also by the athletes themselves. The approximate 800 holders of a Swiss Olympic Card are entitled to vote. Like the specialist jury, which is composed of sports editors and the members of the sportpress.ch association of sports journalists, and the viewers, the athletes themselves account for a third of the votes.

In addition to the three main categories (female athlete, male athlete, team), the best newcomer (in a purely viewers' vote carried

Who will be the successors of Simone Niggli-Lüder and Tom Lüthi? The decision is due on December 16.



out via Internet and SMS), the best coach (chosen by the association of qualified coaches), and the best disabled athlete (chosen by sports journalists) will also be elected.

Whatever the result, one thing is clear from the start: The readers of Credit Suisse emagazine will have the opportunity to chat online with one of the six winners. The person chosen and, most importantly, the exact time will be posted on the website following the vote. *ath*

The best thing is for you to subscribe right now to our weekly newsletter, in which we will inform sports fans about the exact time of the live chat.

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Clariden Leu Ltd., resulting from the merger of the five Credit Suisse Group subsidiaries Clariden Bank, Bank Leu, Bank Hofmann, BGP Banca di Gestione Patrimoniale and Credit Suisse Fides, will come into existence in January 2007, subject to the approval of the relevant authorities and to the entry in the commercial register.

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