

CREDIT SUISSE

# Bulletin

Since 1895. The world's oldest banking magazine. 4/2015



With  
*Credit Suisse*  
Youth Barometer  
2015  
#juba15

## Decisions

The Art of Doing the Right Thing



OYSTER PERPETUAL DAY-DATE



ROLEX



BUCHERER

1888

*bucherer.com*



Contributors to this issue include:

### 1 Clemens Bomsdorf

A journalist from Cologne, Bomsdorf deepened his appreciation for northern Europe while earning a master's degree in economics at Stockholm School of Economics. Now 39, he lives in Copenhagen and reports for various media about Scandinavian politics, economics and culture – here, on the Norwegian oil boom. *Page 36*

### 2 Marcus Bleasdale

A prize-winning photographer with Irish roots, Bleasdale covered Clemens Bomsdorf's reporting in his current place of residence, Oslo, and captured the special atmosphere in the "richest country in the world." Working for Human Rights Watch, National Geographic Magazine and others, he travels extensively in crisis regions. *Page 36*

### 3 Lucia Malär

Malär, 36, comes from Trimmis in the Canton of Graubünden. An assistant professor in marketing at the University of Bern, she answers the key questions on the psychology of sales: Which promotions make sense, and how many kinds of jam should a supermarket have on its shelves? *Page 30*

### 4 Claude Maurer

Economist and former Olympic athlete Claude Maurer is head of Swiss Macroeconomic Research at Credit Suisse. His team prepares forecasts and analyses on the Swiss economy and monetary policy. Here, Maurer gives an overview of the most important decisions that lie ahead for Switzerland. *Page 20*

# More Existence Than Ever Before

The average supermarket in the United States carries 43,800 different items, five times more than in 1975. And anyone looking to purchase an everyday object like salt at a major Swiss distributor can choose from 18 different products. Is the Migros closed? No problem. At any time of the day or night, shoppers on Amazon can choose from 213 (yes, 213!) types of salt – from the Himalayan region alone. No generation has ever had as much choice as we do. Not only while shopping, but also at work, in our free time or in our love lives, we are constantly invited (and sometimes also required) to compare, to evaluate, to assess and to decide. The consequences of our choices vary, but ultimately they control our lives. As the reformer Martin Luther (1483–1546) noted, it is only through our decisions that we exist. Based loosely on this idea, today we could point to more "existence" than ever before.

And even the economy depends on our decisions. This issue of Bulletin guides us through the process of buying a car (page 6), explains the guidelines for investing our money and why we don't follow them (page 10), and describes how the people of Norway decided to secure their own future (page 36).

Another focus of this issue is the Credit Suisse Youth Barometer (starting on page 57). For the sixth time, we asked 16- to 25-year-olds in Switzerland, the United States, Brazil and Singapore about their world. In a lengthy interview, Swiss Economic Affairs Minister Johann N. Schneider-Ammann analyzes the main results. How do "digital natives" separate their online and offline lives? The answer: Despite globalization, there are major regional differences. Is it true that young people – also called "generation maybe" because they have so many choices – have trouble making their own decisions? The answer: No, they are actually quite discriminating; in the sense of Luther's statement, they are fully engaged with their existence.

Your editorial team

P.S.: With this edition, we are introducing a reader page where we would like to interact with you (page 4).

We welcome your messages for Bulletin. Write to us at [bulletin@abk.ch](mailto:bulletin@abk.ch).



# How does commitment make young talent great?

Even great talent starts small. That's why Credit Suisse puts young classical musicians in the limelight with the Credit Suisse Young Artist Award and the Prix Credit Suisse Jeunes Solistes. Since 1993 Credit Suisse has been proud main sponsor of the Lucerne Festival.

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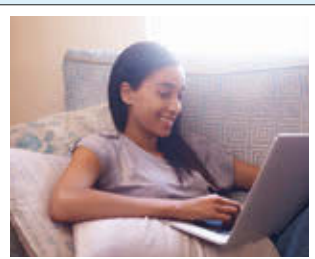
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CREDIT SUISSE  
Youth Barometer 2015

## #juba15

- 1 The Digital Universe**  
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### Online? Offline?

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### 2 Trends and Media

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### Economic Affairs Minister

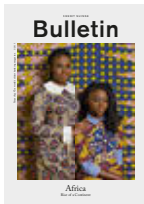
Swiss Federal Councillor Johann N. Schneider-Amman on his youth and the youth of today. — **Page 65**

### 3 Jobs, Finances and Careers

Jobs in the media are popular, men save more than women, debts are relatively uncommon. — **Page 68**

### 4 Politics, Values and Society

Is there a looming generational conflict? — **Page 70**



## Reader Responses

to Bulletin's Issue on Africa, 3/2015

### A Mouthpiece for Africa

Africa has been regarded as a problem continent for far too long. There are many people and organizations on the continent who are working constructively, creatively, self-confidently and self-sufficiently to create a positive future. This latest issue of Credit Suisse Bulletin is both directly and indirectly a mouthpiece for this Africa.

*Brigitte and Leon Eder, Heggenschwil*

### On the Right Path

Why is there so little attention of this kind in the media, whether in newspapers, on the internet or on television? Does it have to do with jealousy because we here in Europe cannot keep up with Africa in so many matters? Or perhaps our sensationalist media only sees us as being interested in crimes and accidents? I enjoyed learning that there is more to Africa than despots, corruption and terrorism. The developments and current reports in Bulletin give one hope that this enormous continent is on the right path and providing its people the possibility of a better life with freedom and accountability.

*Peter Kestenholz, Greifensee*

### Magazine: Simply Excellent

Hats off for the concept, contents and presentation of this simply excellent magazine. I think it was the most interesting Bulletin to date.

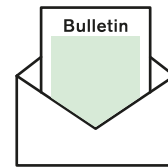
*Rolf-Peter Käter, Munich*

### Setting the Record Straight

This Bulletin set the record straight with regards to the prevalent misconceptions we have about Africa and our prejudices about the continent. I've visited ten African countries, some multiple times, since 1972. In my travels, I've gained insights into African culture, gotten to know interesting and friendly people and enjoyed the continent's natural beauty. I can only echo the statements in the articles about Africa's social and economic development. This is especially true when it comes to the position of women in social and economic life. I'm certain that this continent will overcome the current difficulties to realize its great potential, and that it has a bright future ahead.

*Hansruedi Schnyder, Bellach*

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# How much team spirit does commitment have?



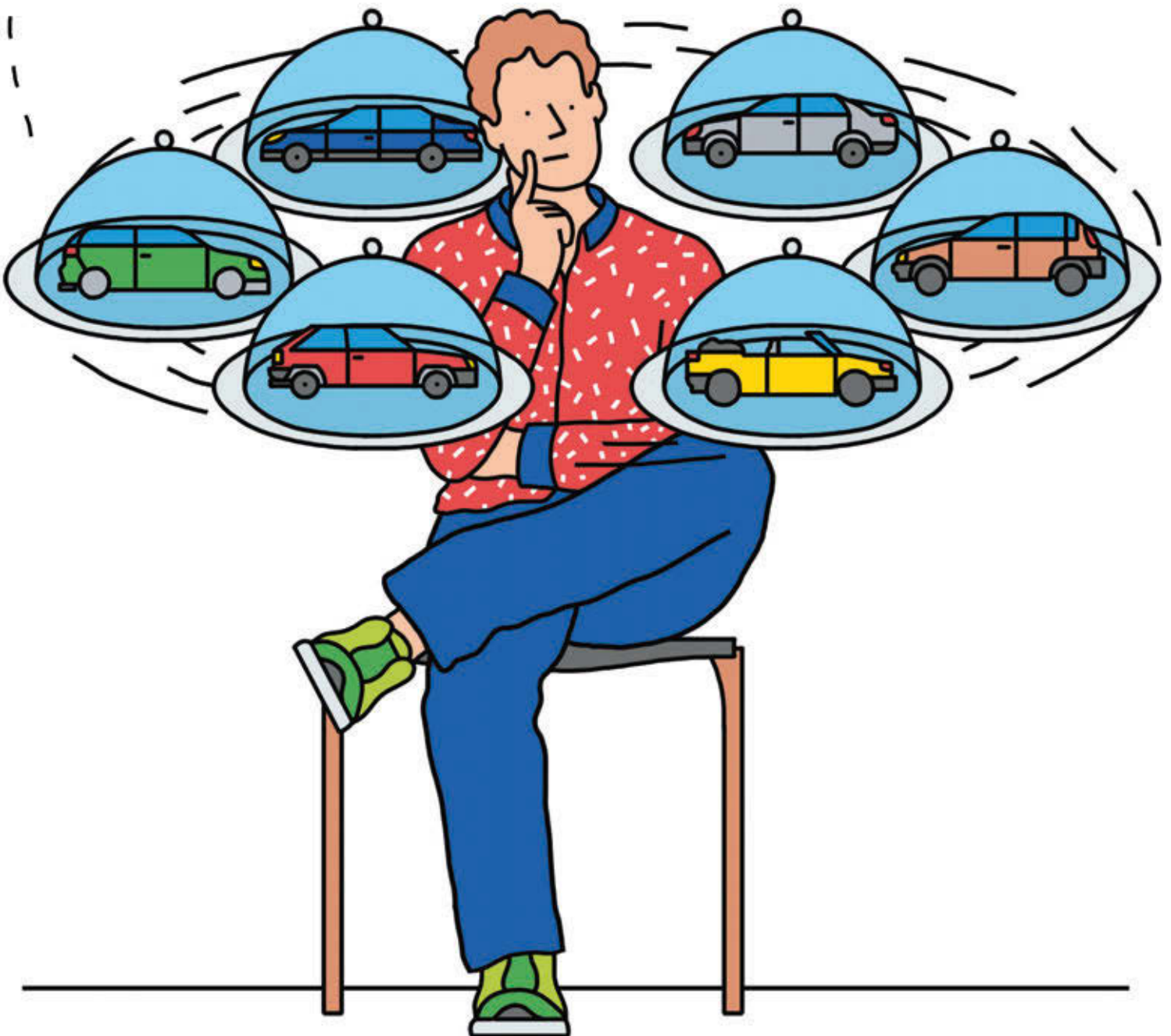
Credit Suisse is always on the ball, also in its commitment to Swiss football. That's why since 1993, we've been the main sponsor of the Swiss Football Association and a partner to the junior and senior national teams. This enables us to support athletic excellence at every level.

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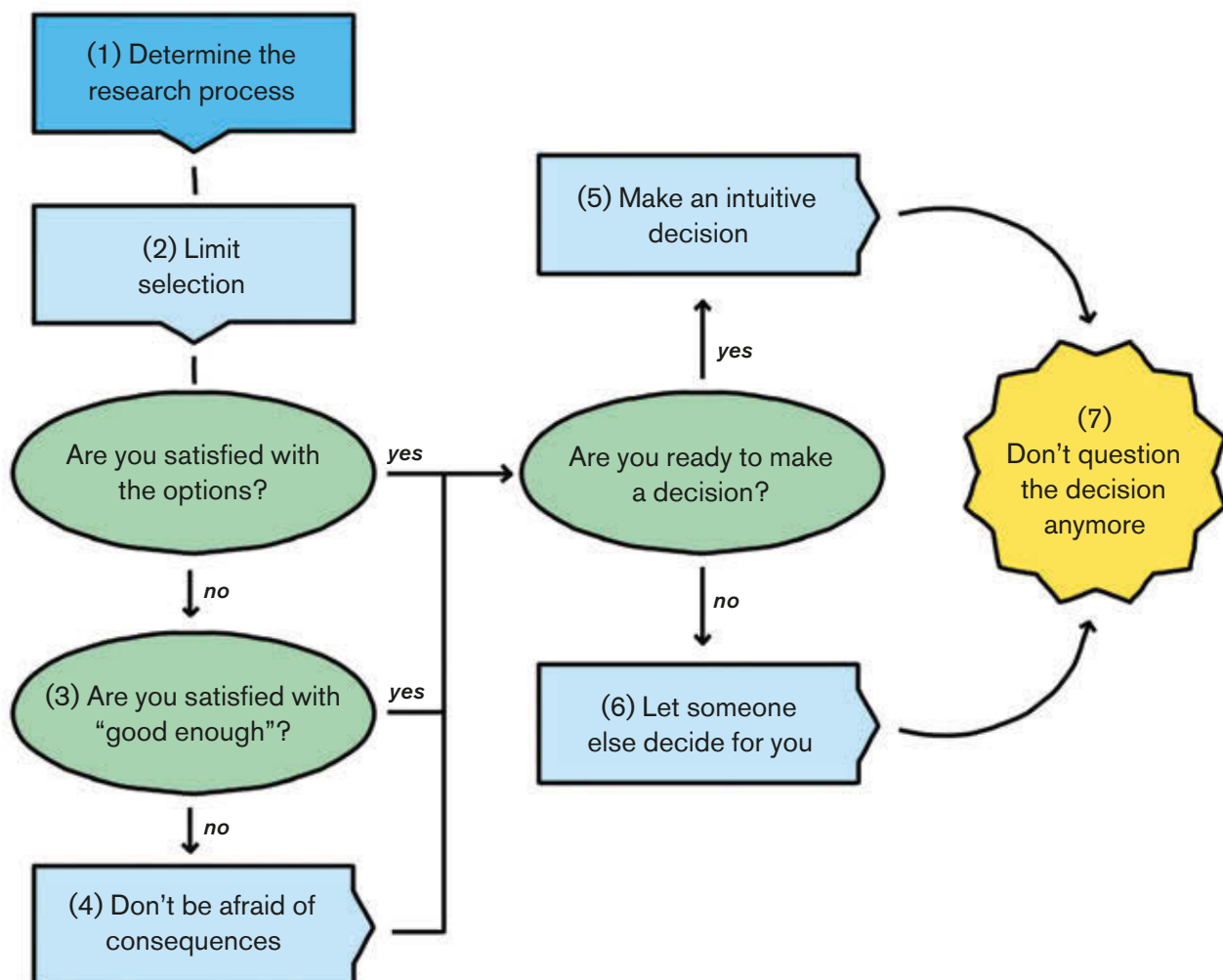
# The Path to the Best Decision

Let's assume you want to buy a car, but can't decide which one. Six strategies from the field of psychology to (almost) always help you make the right decision.

By Mikael Krogerus, Roman Tschäppeler and Jan Buchczik (illustrations)







### 1 Define a research strategy.

The problem with research is that we never know enough, but we can quickly know too much. With just a few online searches, you can become as knowledgeable as any car dealer – and the more you know, the more secure you feel. But there is a tipping point for assimilating information. At some point we know too much. You can compare car tests for the rest of your life – the confusion will only grow, says psychology professor Barry Schwartz.

*What to do: Set limits for yourself. For example, do one hour of online research, ask three friends, read one magazine, visit two car dealers.*

### 2 Reduce your selection pool.

We believe the greater the selection, the better our decision. But in 1995, researcher Sheena Iyengar determined that with a large selection we spend too much time on weighing the various options, so that we may not make a decision at all in the end.

*What to do: Don't ask: "What should the car of my dreams be like?" Instead ask: "What shouldn't it be like?" By ruling out what you don't want or need, you also reduce the selection pool.*

### 3 Lower your expectations.

You are not searching for the perfect car. You are looking for a car that meets your basic needs. Even if "good enough" is not the best choice objectively speaking, it can make you happier than having no car or endlessly searching for one.

*What to do: Instead of agonizing over which car would be the right one, ask your friends whether they are satisfied with their car. If so, it will be good enough for you, too, says Barry Schwartz.*

### 4 Don't be afraid of consequences.

Most decisions have less of a long-term impact than we think when we are making them. >



*What to do: Use the 10-10-10 method of bestselling author and Harvard top-five percent graduate Suzy Welch. When buying a car, ask yourself: What impact will my decision have in 10 days? What impact will it have in 10 months? What impact will it have in ten years? It may sound trite, but this approach will help sharpen your perspective on the long-term consequences of a choice.*

### **5 Listen to your inner voice.**

A number of studies over the last few years have focused on intuition. There were two key results. Apparently there is a part in us that knows more than we think we do. And we are more willing to accept wrong decisions that we made unconsciously than those we thought about for a long time. But how do you switch off your rational mind?

*What to do: Dutch researchers Ap Dijksterhuis and Zeger van Olden recommend a simple autosuggestion process that distracts the brain: Think about your decision. Then count backwards by threes starting at 50. As soon as you reach zero, immediately write down which car you want to buy, without thinking about it.*

### **6 Let someone else decide for you.**

We tend to think that we are happier if we decide the important things for ourselves. Often the opposite is true. Simona Botti from Cornell University has shown in experiments that we are plagued

by gnawing doubts that we haven't made the best possible choice with our own decisions. This disappears if someone else decides for us – you're happy if the decision is a good one, and you can blame the other person if it's a bad one.

*What to do: If you are torn between two cars that are about the same price, let the salesperson decide.*

### **7 Forget about any decision-making aids.**

Buy the car. Because in the long term, we primarily regret the things we haven't done. □

**Mikael Krogerus** and **Roman Tschäppeler** are scientific authors – in addition to other bestsellers, their book “The Decision Book: Fifty Models for Strategic Thinking” has sold more than half a million copies. Krogerus and Tschäppeler live in Bienne, Switzerland.




# Our Commitment to Lower Youth Unemployment.

Through the initiative to tackle youth unemployment, Credit Suisse has been committed to improving the opportunities for career starters in Switzerland since 2010. More than 8,300 young adults have already received assistance from our partner organizations and from the bank. Since April 1, 2015, these services have been supported by the legally autonomous "Check Your Chance" association and managed sustainably by the partner organizations.

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


# “Intuition is vastly overrated”



What should we do with our money — is active management better, or should we invest in index funds? Is investment a matter of luck or skill? And what decisions are really important? Michael Mauboussin offers advice.

By Simon Brunner (interview) and Jeff Brown (photo)



A black and white photograph of Michael Mauboussin, a middle-aged man with short, light-colored hair. He is wearing a dark suit jacket, a white dress shirt, and a patterned tie. He is gesturing with both hands, palms facing outwards, as if speaking or explaining something. He is holding a small object, possibly a pen or a small device, in his right hand. The background is dark and out of focus, suggesting an indoor setting with architectural elements.

**Michael Mauboussin**, 51, is Head of Global Financial Strategies at Credit Suisse, as well as an author and newspaper columnist, an adjunct professor at Columbia Business School and chairman of the Board of Trustees of the Santa Fe Institute, a private, nonprofit research and education center for interdisciplinary research. Mauboussin lives with his wife in Darien, Connecticut. They have five children.

*Mr. Mauboussin, are we, as human beings, at all cut out to make good investments?*

Here is the most disheartening statistic in the world of investment: Over the past ten years, the S&P 500 has gone up by 7.7 percent, while the average investor has seen a return of only 5.3 percent. The figures are similar in all of the world's markets. Why is that the case? We often fail to keep a cool head; we buy high and sell low.

*Most investors are conscious of this danger, but it is incredibly difficult for them to change their behavior. Why?*

We want more of the good and less of the bad. We see that people around us are making a lot of money in the stock market, and we want to be part of that. But markets frequently behave in counterintuitive ways. When they go up, the expected return goes down, and when they fall, the expected return goes up, all things being equal. Another all-too human phenomenon is a desire to be part of the group, which gives us a sense of security. In the context of investments, however, that isn't necessarily a good thing. How did Warren Buffett put it? "You want to be greedy when others are fearful and fearful when others are greedy." It's easy to say, but hard to put into practice.

*What does this mean for private investors?*

Index funds are a good choice for those who prefer not to spend a lot of time deciding where to put their savings. They represent an entire market or industry, and they are normally broadly diversified. Everyone else can be happy that markets don't always reflect reality, particularly in extreme situations – and such situations provide opportunities for successful investments. Take the first quarter of 2009, for example, when prices were depressed as investors feared the worst.

*That's clear in retrospect, but there's an oft-cited stock market rule:*

*"Never try to catch a falling knife."*

Of course, it's not enough for prices to be going down, since that might be merely a matter of a price correction. But it was quite apparent in 2009 that certain

People want to be part of the group. That is not always a good thing.

companies were undervalued. Numerous observers pointed that out – including me.

*If I want to actively manage my assets as a private investor, how should I go about it?*

If you want to manage your money yourself, I would suggest the following: First, analyze a stock's price. What are the expectations for the future – the likely revenues, operating profits and investment requirements for the coming years?

*And then what?*

Second, find out whether the company is likely to do better or worse than expected, strategically and financially. Third, buy or sell. These three steps take a great deal of time and effort. To do this well, you have to be motivated. But the necessary tools are available.

*What key figures do you look at when trying to identify stocks with low expectations?*

There are several; a low price/book value or price-earnings ratio are good indicators. Historically, such stocks tend to yield a high return, at least over the long term.

*When I invest my money, I'm competing with millions of other investors who are thinking in similar terms. So the price of a security reflects the opinion of countless people ... Which doesn't mean that they're right!*

*So I can do better?*

Under certain circumstances, yes. But to do better, you have to understand the expectations that are built into the price of a security. Then you can judge whether the market is too optimistic or too pessimistic.

*Do you follow your own rules?*

I have a broadly diversified portfolio with a number of "cheap" funds, funds with low management fees. I very rarely engage in active trading.

*If it's best to invest mainly in index funds and long-term investments, do we really need a bank anymore?*

Working with a bank can still be very beneficial for most people: How do you find the right funds? How do you calibrate your diversification? And ultimately, how



do you buy and sell? I think most of us – including me – don't have the time or interest to manage a portfolio on a daily basis. Then you have to ask yourself who can help you with that. A trusted banker can be essential in this very sensitive task.

*Am I understanding you correctly: Is investing about combating a variety of human impulses that have served us well in the course of evolution? After all, if those impulses weren't beneficial, we wouldn't have them.*

Exactly – but they aren't helpful for making investments. Take optimism, for example. Sooner or later, most entrepreneurs give up their business. But they have a fundamentally positive attitude that allows them to put that fact out of their minds – otherwise they'd never start a company, in all likelihood. In the investment world, however, optimism can be dangerous; you mustn't ignore any relevant information. In other words, investing doesn't come naturally to us, and we need

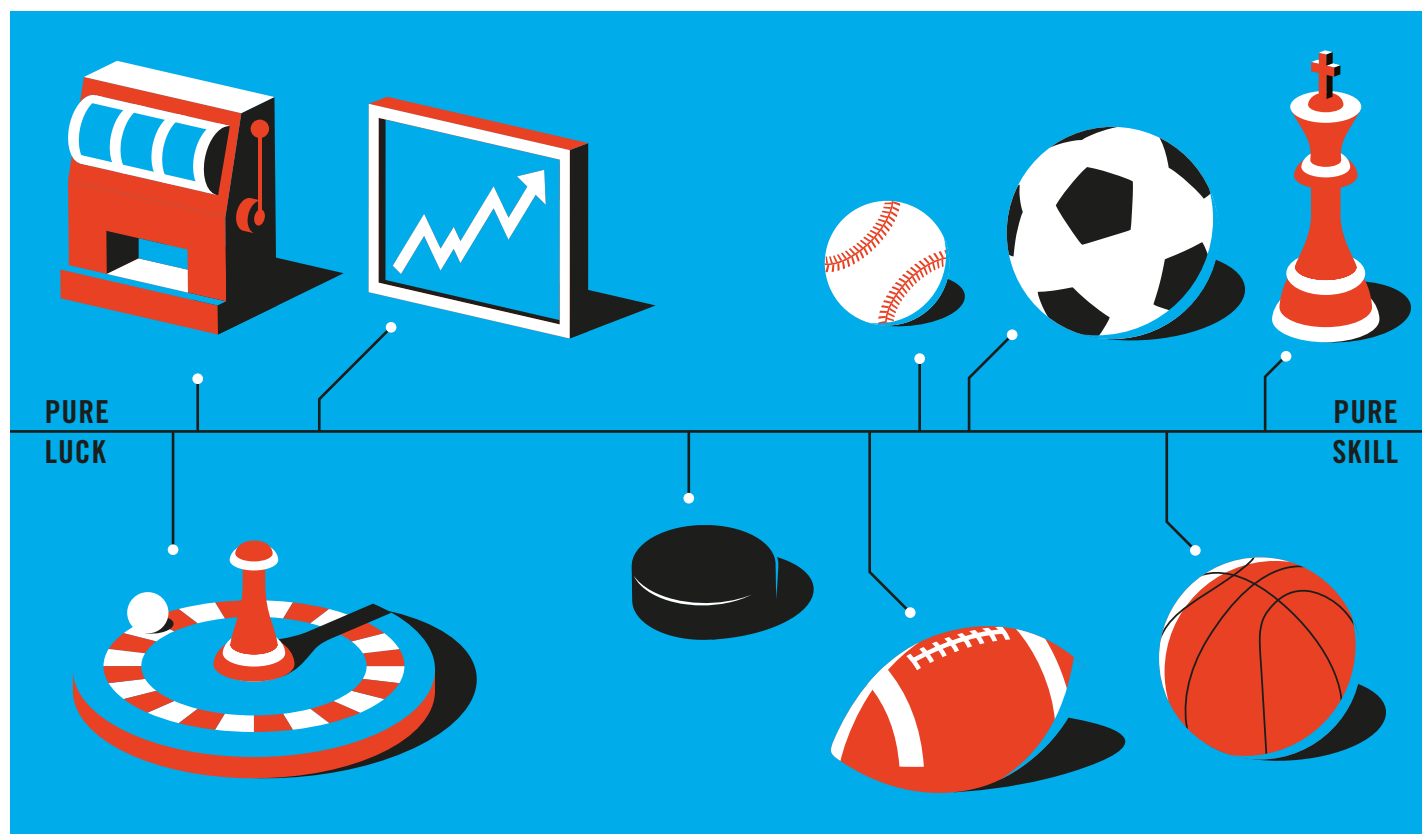
to be conscious of that fact. Then we can act appropriately.

*Economists say that we as human beings always seek to maximize our self-interest. Are they right?*

As a normative theory, this view of humanity is accurate. When looking at how we should behave, it makes sense to look at a specific action's expected benefit.

*And in real life?*

Our behavior doesn't really correspond to expectations. One example is our aversion to losses. People are roughly twice as fearful of losing money as they are happy about making a profit. This makes sense from an evolutionary perspective. If your food situation is precarious, any further loss of food may have disastrous consequences. But this may not be the right way to look at investments. People hold on to a security too long because they don't want to take a loss, or they sell a profitable stock too quickly. Another example is the >



The importance of luck and skill: "Skill involves things that are within your control, while luck involves things that are out of your control."

“house money effect.” People will go into a casino and keep two separate piles of chips, one with the money they brought with them and the other with their winnings or “house money.” They continually keep an eye on the money they brought – but keeping the two piles separate provides no advantage in the game. A large pile is better than a small one.

*Your most recent book is about luck and skill. Just what is luck?*

I like the simple definition best: Skill involves things that are within your control, while luck involves things that are out of your control. Luck can play a larger or smaller role, depending on the specific task. We placed these two concepts on a continuum, with luck at the left and skill at the right [Editors’ note: See figure on page 13]. Investing tends to be on the left side.

*So investments are a matter of luck?*

To a great extent, yes. To understand this, it is important to distinguish between absolute and relative skill. The level of absolute skill is very high when it comes to investments. We have access to considerable computing power and a great deal of information, and we can rely on sophisticated theories of investment. Looking at relative skill, in contrast, it is clear that there is no longer a huge difference between the average investor and the very best. Today, anyone can make investments almost as a professional would. This is called the “paradox of skill.” Skill is at a very high level, and it is evenly distributed. In this situation, luck plays an important role.

*What does that mean for investments?*

Discipline, diversification and a long-term approach are very important for reducing the role of luck.

*Nonprofessionals, at least, also point to the role of intuition as a factor that lies somewhere between luck and skill. How important is intuition?*

That’s a difficult question. My personal view is that intuition is vastly overrated. If you are very familiar with a certain area and that area always behaves in a consistent

and linear fashion, then intuition might be helpful. Take chess, for example: Asked to analyze a board, a grandmaster will be able to tell you relatively quickly which player has the advantage and point out a good next move. Grandmasters have analyzed millions of games, the board is always the same size and the pieces always move in the same patterns. If the situation is unstable and non-linear, however – as is usually the case in life – intuition isn’t very helpful at all.

*But many great ideas have been the result of spontaneous inspiration!*

Perhaps someone has actually come up with a 10-billion-dollar idea while taking a shower. But far more people have had an idea while getting dressed in the morning that ultimately went nowhere. Most 10-billion-dollar ideas definitely did not originate in the shower.

*Let’s talk about sports, your other passion.*

*You say that luck plays a much more important role in ice hockey than in soccer.*

Before I explain, let me mention that I’m a big hockey fan, and I also like to play. But hockey players touch the puck much less than soccer players do the ball. And there is less of a gap in the standings between the hockey teams in North America’s NHL than between the top clubs in England’s Premier League. The NHL, too, is characterized by a “paradox of skill.” When it comes to the soccer World Cup, however, the situation is different – there are far fewer matches, and luck plays a more important role.

*You’ve also examined the careers of great tennis players. Is Roger Federer going to win another Grand Slam title?*

I believe that Federer is the best tennis player of all time, and the data backs me up. Seventeen Grand Slam titles is an incredible accomplishment, and I doubt that another man will ever be able to match that record, for various reasons. Roger won Wimbledon – a tournament played on a fast surface – after turning 30. All the same, I think it’s unlikely that he’s going to win another Grand Slam title.

Today anyone  
can make  
investments  
almost as  
a professional  
would.



*Why?*

He's 34 years old. The problem with getting older is that your entire system slows down. Your hand-eye coordination, your muscles, and so on. At that level this makes a big difference, especially in tennis, where skill plays a major role. His body is no longer up to it.

*You're a professional decision maker.*

*How do you make decisions in your day-to-day life? How do you choose a vacation destination, a restaurant, the shirt to put on in the morning?*

That's easy: I do as my wife says. All kidding aside, it's incredibly helpful to prioritize decisions based on their possible consequences. At a coffee shop, I don't want to spend hours deciding between a Frappuccino Caramel Cocoa Cluster and a Cotton Candy. I'll order one or the other, and if I don't like it I'll opt for the other one the next time. In the greater scheme of things, even decisions about which car to buy aren't really very important. If you look at it from that perspective, we encounter only a handful of truly important forks in the road over the course of our lives. I'm thinking of marriage or the purchase of a home. I spend a lot of time making those kinds of decisions. For all of the others, my recommendation is this: Don't get caught up in the details.

*You have five children.*

*Was that a conscious decision?*

Okay, you've caught me there! That was a big decision that we hadn't entirely thought through. We always wanted to have a lot of children, but when it came to the last two or three, my wife was more enthusiastic than I was.

*Finally, how much luck have you had in your life?*

A great deal. I encountered many people who gave me a lot of support. I had to go through seven interviews to land my first job. Most of the people who interviewed me didn't want to hire me, but then I was able to talk about football with the highest-ranking interviewer. I had noticed that his wastebasket had the logo of his favorite team on it, and made a comment

That's easy:  
I do as  
my wife says.

about that. He ended up overruling all of his colleagues.

*Is that really luck? Surely you would have done well somewhere else.*

In the workplace you need both luck and skill. Probably I would have had a good career in most scenarios, but perhaps it wouldn't have been quite as good.

*Where would you place yourself on the luck-skill continuum?*

Don't ask – I'm not sure I want to know the answer. □

# Welcome to the Meeting

Each week, people spend an average of 5.6 hours in meetings, and 69 percent of them say these meetings are unproductive.\* However, in the modern business world decisions are no longer made individually, but as a group. Here are four examples from around the world.



“It’s not a bad thing when we go off topic.”

## SINGAPORE: GENTLE DISAGREEMENT

“All employees attend the weekly meeting and talk about the progress of their projects. Project managers, their staff and the creative director work together to resolve open questions – by mutual agreement. People only disagree if they can back up their arguments – this prevents people from feeling offended. This means it’s not the person him- or herself who is rejected, but the point that’s been raised – the best idea wins out. Our meetings don’t follow a rigid order. The only prerequisite is that everyone is involved. We’re usually very focused, but it’s not so bad if we go off topic and the meeting lasts a little longer. We view this as a team-building activity. Our meeting table

is a special place for us – we eat, work, sit and celebrate there. This simple table has been there throughout everything our company has experienced since 1997.”

Andie Ngoh, 39, General Manager (pictured fourth from right)

**WHO:** *Work (design agency)*

**WHERE:** *Singapore*

**WHAT:** *Weekly status meeting*

**DURATION:** *1.5 hours*

**PARTICIPANTS:** *11*

**WHEN:** *Wednesday, 10 a.m.*

\* According to a study by Microsoft involving 38,000 participants in 200 countries (2005)



## SWITZERLAND: CAREFUL PLANNING

“At this meeting, we discuss the details of the next advertising campaign and decide which measures we’re going to use. The final decision rests with the respective project manager, in this case the Chief Communications Officer. In this respect, we all agree that the most important aspect is feasibility. We maintain a very structured meeting culture. The meetings are carefully planned, and there’s always an electronic invitation that includes an agenda that’s binding in terms of both the substance and the timing of the meeting. All participants arrive at the meeting on time and prepared. The measures and decisions taken are recorded in a set of brief minutes. The use

of mobile phones or laptops for discussions, SMS messages and emails is prohibited. This works very well, and our meetings are efficient.”

Susan Gantenbein, 47, Chief Operations Officer, Deputy CEO, co-owner

**WHO:** *Gaia (organic supermarket)*

**WHERE:** *Pfäffikon, canton of Schwyz*

**WHAT:** *Weekly operations meeting*

**DURATION:** *30 minutes*

**PARTICIPANTS:** *3 (1 excused)*

**WHEN:** *Monday, 11 a.m.*



“The use of mobile phones or laptops for discussions, SMS messages and emails is prohibited.”

Gaia is a portfolio company of SVC – Ltd. for Risk Capital for SMEs (a subsidiary of Credit Suisse AG).



## GERMANY: A CHANGING WORLD

“Here we discuss specific deadlines, deliverables and people responsible for individual projects and workstreams. How do we make decisions? We always come to an agreement during the discussion. If there are any doubts, the person responsible for the topic prevails, as he or she also usually has more to say. Hierarchies are not particularly visible. Managers are generally responsible for providing clarification in the event that the team has any uncertainties. Meetings are announced in advance by email invitation, or they’re called spontaneously by chat message or verbally. We don’t need any rules – we use our common sense. I think there’s a fundamental transformation taking place in Germany. A more informal culture has long been the norm at smaller companies and in creative industries, but now we’re

seeing that the interaction with clients and the internal culture at our clients’ companies are becoming more relaxed as well. Some people feel more at ease when they see that they don’t need to address people formally by their titles, but rather can simply say, “Hey, Sacha, how’s it going?”

Max Orgeldinger, 26, consultant (pictured third from left)

**WHO:** *TLGG (internet agency)*

**WHERE:** *Berlin*

**WHAT:** *Meeting of the consulting team*

**DURATION:** *As long as necessary, and as short as possible*

**PARTICIPANTS:** *5*

**WHEN:** *Wednesday, 2:30 p.m.*



“Hierarchies are not particularly visible.”



“If a solution can’t be found, we postpone the decision.”

### US: THE LOUDEST VOICE WINS

“We discuss the project’s progress with the general contractor’s employees. They tell us what’s going on at the construction site and what problems have come up. Then we decide what to do. Here’s how it works: The project manager proposes a solution and the two partners make a decision. If a solution *can’t* be found within a short period of time and the problem isn’t time-sensitive, we postpone the decision. People think that we Americans are very confrontational – that the loudest voice wins. Well, I have to admit that this does sometimes happen.”

John Pawlicki, 43, project manager and Deputy CEO (pictured at far left)

**WHO:** *Ranquist (real estate development)*

**WHERE:** *Chicago*

**WHAT:** *Weekly project meeting*

**DURATION:** *90 minutes*

**PARTICIPANTS:** *6*

**WHEN:** *Wednesday, 10 a.m.*



# Must Switzerland Decide

Strength of the franc, immigration, energy strategy, corporate tax:  
Switzerland has important steps to take in the next few years.  
How can the Swiss model of success be safeguarded? A commentary.

By Claude Maurer

If you believe that economic uncertainty in Switzerland is at an all-time high now, just wait a bit. Soon, the turmoil could become even greater. At stake here is nothing less than the Confederation's relationship with its most important trade partner, the European Union (EU). The deadline for implementing the initiative against mass immigration expires on February 9, 2017. By that

time, immigration has to be managed with annual limits and quotas as stipulated by the Swiss Federal Constitution, at least that's what has been written.

### **The EU Has Other Problems**

Agreeing on a system of quotas is only one of two herculean tasks. The consultation process on the Federal Council's draft was already

fraught with controversy, and the intensity of the discussion is expected to increase following the elections for the Federal Assembly and Council at the end of 2015, simply because the parties would prefer to avoid burning their fingers on this hot-button issue. And even if it is possible to find a quota system capable of winning a majority, it would address only the domestic side of the equation.



The other part of the equation, foreign policy, is even more difficult. According to the EU, quotas violate the applicable Agreement on the Free Movement of Persons, which, in turn, could jeopardize all of the bilateral agreements due to the “guillotine clause” and all it implies. The EU is unlikely to change its mind on this subject by 2017. The now 28 members have a variety of crises to manage, in addition to countering an internal bias towards isolation. In light of this, granting new exceptions for Switzerland is hardly a priority. And the likelihood that Switzerland will settle on a quota system compatible with the EU agreements is rather low. The only thing for certain is uncertainty.

### Uncertainty is Unhealthy

Under the most probable scenario, Switzerland will introduce moderate immigration quotas in 2017, and thus violate the bilateral agreements. But neither Switzerland nor the EU will terminate these treaties. The EU could, however, selectively slap Switzerland with sanctions, based on its dissatisfaction at the violation of the agreements, such as by levying value added tax or requiring customs declaration. That’s something quite different from stable cooperation.

Uncertainty is unhealthy for investments. Regression analysis demonstrates a significant correlation between political uncertainty and investment behavior. The significance of the bilateral agreements themselves cannot be easily expressed in terms of francs and centimes; the agreements and the economy are far too complex for that.

But surveys conducted at companies indicate that terminating the agreements or not having agreements in place would be extremely disadvantageous. Companies belonging to the Swiss Business Federation (*economiesuisse*), for example, consider the agreements to be highly important. The companies were surveyed about eight partial agreements. Over one-third of the companies rated seven of the eight partial agreements as positive or very positive, and around 90 percent of all survey participants rated at least one of the treaties as positive or very positive.

The value of strong relationships with Europe is evident from the significance of the EU for the Swiss export industry.

From its perspective, the world consists mainly of the neighboring (EU) countries. Last year, goods worth around 110 billion Swiss francs were sold to the EU. This amounts to over half of all proceeds from Swiss exports. The German federal state of Baden-Württemberg alone imports more Swiss goods than China and Hong Kong combined. Together, Baden-Württemberg and Bavaria, the two federal states sharing a border with Switzerland, are almost as important as the US.

When investing and creating jobs here, foreign companies want security. According to an analysis of 245 bilateral investment flows between 19 OECD countries as well as China and Brazil between 1991 and 2012, economic stability in the

**Baden-Württemberg  
imports more  
Swiss goods than China  
and Hong Kong.**

host country along with market size are the decisive criteria when it comes to direct investment. Furthermore, the analysis shows that cultural proximity based on a common national language, for example, attracts direct investment.

The most important factor for direct investment, however, is taxes, particularly the difference in how companies are taxed in the home and host countries. Up until now, the tax system was Switzerland’s trump card in the international competition for attracting companies. However, Corporate Tax Reform III and the new international standards arising from it have changed the situation. On one hand, fair tax rates should apply to the foreign profits of the so-called “Statusgesellschaften,” companies with primarily international operations subject to a special tax status in Switzerland. On the other hand, under the OECD program BEPS (Base Erosion and Profit Shifting), competitor locations such as Ireland, the Netherlands and Sin-

gapore also have to do away with their tax models for these types of companies, thus strengthening Switzerland’s competitive position.

However, key issues of Corporate Tax Reform III are controversial, and their impact varies by canton, hindering domestic consensus. The reform has yet to be adopted, and a referendum is likely. This is expected to take place in 2017 – yet another landmark political decision.

### Pension Obligations Are too High

Furthermore, 2017 is also the year when the scope of banking confidentiality will be reduced for many foreign clients. Under the agreement, the automatic exchange of information between Switzerland and all EU countries will take effect in 2017. This is likely to advance the reorganization of the financial system significantly. The Federal Finance Administration also has 2017 circled on their calendars. According to the current budget estimate report, the 2017–2019 legislature finance plan must include a program to cut costs by around one billion Swiss francs in order to fulfill the conditions of the “debt brake.” Another important locational factor for Switzerland will be put to the test in 2017: sound government finances.

However, no significant developments are anticipated in 2017 for an additional important question for the future – the demographic trend and securing retirement provisions. Thanks to healthy economic and population growth, coupled with the robust performance of the financial markets, levels of distress were tolerable, and this is expected to remain so for a few more years. Therefore, the will to implement reforms is correspondingly weak. While locational trump cards such as economic openness (with the exception of the Mass Immigration Initiative, six of the seven bilateral solutions submitted in the last ten years were successful) or the liberal labor market (rejection of a national minimum wage, a sixth week of vacation, etc.) have mostly enjoyed considerable popular support, as do even fiscal reforms, pension reforms are routinely rejected. But the fact remains: Switzerland is (over-)aging and today’s pension obligations are too high. >

### A Fiasco in the Making

Issues such as urban and regional planning and regulation are less urgent but just as crucial. These are extremely complex issues, and no progress is expected by 2017 in these areas either. The same holds true for the energy supply and the energy transition sought by the Federal Council. The Confederation's current strategy falls short of the mark in many respects. Market mechanisms and foreign trade ties are being ignored, as is the continuing rise in electricity consumption. This could result in a fiasco. Whether a reasonable management system will replace today's subsidy system remains to be seen. And certainly much later than 2017.

The strong Swiss franc is perhaps the latest challenge, but definitely not the only one, for Switzerland. Yet growing awareness of today's major issue could help us in thinking about other problems yet to come.

Thanks to clever decisions in the past, Switzerland is a model of success, and one that we need to safeguard for the future. Consequently, there are some hopes that the right decisions will be made in 2017. □

**Claude Maurer** is Head of Swiss Macroeconomic Research at Credit Suisse.

# To Invest or Not to Invest?

Regulations, economic and political uncertainty, along with a shortage of skilled manpower, are holding Swiss SMEs back from investing. What are the prerequisites for future success?

By Emilie Gachet



Today's investments set the foundation for tomorrow's growth – or for big write-offs.

One word has been making the rounds in Swiss media since the beginning of the year: “uncertainty.” Due to the discontinuation of the minimum euro exchange rate on January 15, 2015, and the subsequent massive surge in the value of the Swiss franc, economic perspectives have become less certain, not only in the export business but also for many suppliers, traders and the tourism industry. It is a well-known fact that uncertainty is bad news for investments.

More than anything, investment decisions are based on expectations. When the future development of new orders is too insecure, owners of a small industrial company will think twice, even three or

four times, about whether they really need that new, high-quality “made in Switzerland” machine. Maybe they should choose a more affordable model from another country? Or even just wait a bit until things become clearer?

Decisions like these drive the long-term success of a company. Today's investments set the foundation for tomorrow's growth – or, if the investment does not pay off, for big write-offs. In the fourth edition of the Credit Suisse study series “Success Factors for Swiss SMEs,” the investment activity of small and medium-sized enterprises was analyzed on the basis of a survey. Just under 1,000 SMEs were asked why major investments were not made.

Economic and political uncertainty represents a significant obstacle to investment for SMEs – and not just since January 15, 2015. Over one-fourth of those surveyed indicated that from 2009 to 2014, uncertainty severely hampered important investment projects at their company (see Fig. 1). Compared to the investment boom from 2004 to 2008, uncertainty has become an even more significant obstacle.

### Harmful Laws

The global financial crisis, the euro crisis, the strong Swiss franc and a series of contentious political initiatives such as the acceptance of the mass immigration initiative were and continue to be to blame for a harsher investment climate in Switzerland. Political regulation has a negative effect on investment, too. Laws and regulations severely impaired the investment plans of one-third of the SMEs surveyed. At 36 percent, this share is highest in the trade and construction industries. In construction, negative impacts on investment activity are likely to have included stricter regulation in the mortgage business, changes to the urban and regional planning act and the acceptance of the second home initiative.

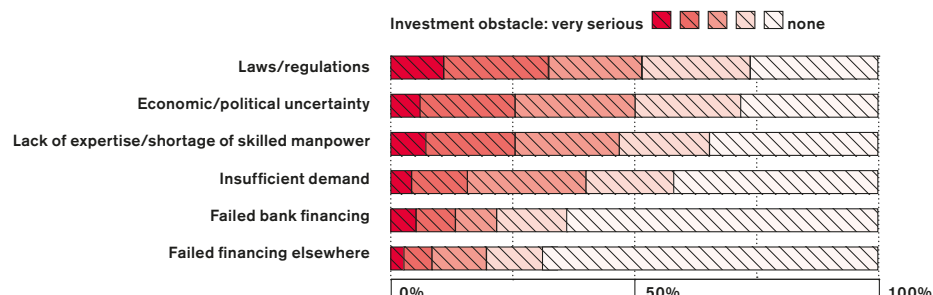
In recent years, the shortage of skilled manpower was an impediment for over a quarter of the SMEs. Even if each individual obstacle was mentioned only by a minority of SMEs, the overall effect of the events cannot be underestimated. A total of three out of five SMEs were unable to realize key investments between 2009 and 2014 because they were hindered either by insufficient demand, uncertainty, regulation, the shortage of skilled manpower or – more rarely – due to a lack of financing.

Still, 90 percent of SMEs did invest between 2009 and 2014. On average, ten percent of revenue was invested annually. The initial focus was on replacing outdated infrastructure; in other words, keeping pace with technological change (see Fig. 2). But measures to increase efficiency and productivity are also important, particularly for the industrial SMEs (e.g. production automation). As a result of the strong Swiss franc, such investments become important because they lead to cost

**Fig. 1: Investment obstacles**

Obstacles to key investment projects for SMEs from 2009–2014

Breakdown of responses in percent

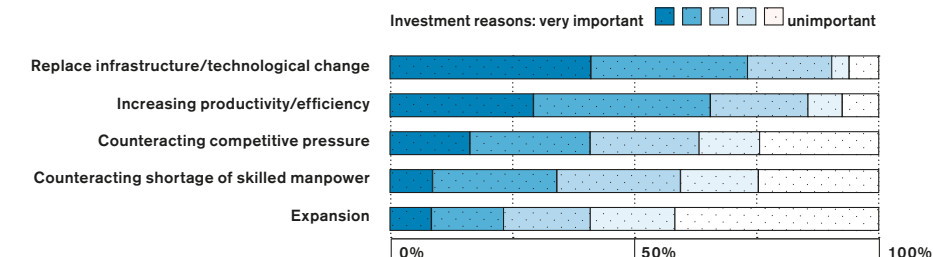


Source: Credit Suisse SME Survey 2015

**Fig. 2: Investment reasons**

SME investment activity from 2009–2014

Breakdown of responses in percent



Source: Credit Suisse SME Survey 2015

reductions and thus to the reestablishment of international competitiveness.

### What Is the Recipe for Success?


A total of 23 percent of the SMEs indicated in the survey that they were satisfied both with their investments as well as with the revenue and margins of the last six years. Their recipe for success? According to the analysis, these SMEs invested more than others in employee training, as well as in research and development. In addition, their investment process was less impacted by political and economic uncertainty.

What can be concluded from this? For Swiss SMEs, success is based on good, qualified employees, innovation and sta-

bility. While the companies themselves are able to influence the first two of these prerequisites, stability is a consequence of good policies, among other things. In short, in order to avoid reducing Swiss SMEs' chances of success, the regulatory burden cannot increase any further. □

**Emilie Gachet** works for Swiss Industry Research at Credit Suisse.





"Body and mind  
work  
together  
perfectly."

"You have to  
accept a very high  
margin of  
error when making  
decisions."

"Often,  
I rely on  
intuition."

"People who no  
longer have emotions need  
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between a black and  
a blue pen."

"The emotional component is crucial in a vast majority of decision-making situations."



Neuroscientist Antonio Damasio explains the tricks of our consciousness, the importance of emotions and the central role of our own history when making decisions.

By Simon Brunner, Michael Kroboth (interview) and Nathanael Turner (photo)

"I always try to take my natural preferences out of the equation and to make a conscious decision."



M

*r. Damásio, you just decided to order mineral water. Why?*

Many of the decisions we make in life are made because we must. Some may be very important for survival. Maybe I just ordered water because I am dehydrated and need it.

*What happens when we make a decision?*

Every decision is a selection process. Two things are important in this process. Throughout our lives, we have gathered a certain body of knowledge about possible options. Without looking at it, I know more or less what's on the drinks menu here. And then there is the relative value of these options. Estimating this correctly is difficult and heavily dependent on our emotions.

*So we ultimately end up making a gut decision?*

It's a complex interplay between facts and emotions. My research contribution lies in the fact that I have been able to prove the great importance of the emotional component compared to rational thinking. The emotional component is crucial in a vast majority of decision-making situations, especially in conditions of uncertainty. This is because people are not usually deciding something for the first time, and we have stored our reaction to previous decisions. Which mineral water did I drink last time? Was it good or not? Did I enjoy it or not?

*"Somatic markers" are at the heart of your theory. What do they do?*

I believe that people store most of their experiences in a factual, event memory, and that memory is "marked" by positive or negative emotional signs (somatic markers,

in other words). This experience memory helps us in the decision-making process. The somatic markers we have built are an automatic system for the rapid evaluation of options. They often act subconsciously as a sort of alarm, but one that supports thinking. They allow alternatives to appear favorable or dangerous, depending on the individual's experience.

*Can you give a specific example?*

You're alone in the forest and hear a sound. Through the trees you see the shape of a huge man. When humans feel fear, our bodies generate stress chemicals such as adrenaline and cortisol. Our blood pressure rises, we breathe faster, the blood vessels in the skin contract. The state of several internal organs and the musculature changes in a split second. We notice the change in our body – an emotion arises. We react. Our subconscious has experience with fear and leads us to respond appropriately, given our experiences: We flee or we stand still. [Editor's note: See also the cards example at the bottom of the following page]

*We stand still?*

Yes, human beings have learned over the course of evolution that standing motionless can be the right response because we may escape the notice of an attacker. In that case, the breathing becomes shallower and the pulse slows down. But if we flee, which perhaps would be the better response in this specific case, the pulse rises and circulation in the legs increases because we need muscles that are well-supplied with blood to run away. Body and mind work together perfectly.

*Emotions help you make quick decisions?*

This is the only way that we can react quickly, because the emotions are the bearers of our experience. We see an image and recognize a known pattern in it. We've been taught that we should be afraid of huge men who hide in the bushes. If the image were new to us, we would first need to think carefully through all the possibilities and would have little opportunity to act appropriately.

*Do people overestimate reason?*

Historically speaking, people considered logical thinking a civilizing achievement. We thought the more knowledge, the more logic, the better our decisions would be. We wanted to avoid affective behavior; it was believed to be primitive. But that's wrong. There's nothing primitive about emotions. Quite the opposite, they can be extremely complex. And they play an important role in our decision-making. They are necessary to quickly make a selection from many possibilities. Therefore, emotions do not represent an obstacle. They assist reasoning. They are an integral part of reason.

*So are you declaring the image of humanity as the strictly rational homo economicus dead?*

No, no, now you're putting words in my mouth. Not dead, but too narrow. Aside from the rational maximization of benefits,

**We thought that the more we knew, the better our decisions would be. But that's wrong!**

there are many other factors that influence our decision-making, such as affective behavior, social environment and especially cultural identity. This includes background, personal history, the person's generation and so on.

*Don't we make better decisions without emotions?*

On the contrary. Take for example the case of a patient we'll call "E." He was a successful lawyer, married, had a bright future – until the tumor diagnosis. Some of his cerebral cortex had to be removed, including the emotional brain. The operation was successful and he recovered. But E was a different person afterwards. Although his intelligence was intact, he no longer had any emotions. Images of burning houses and drowning people left him completely cold. His marriage failed.



At work he would spend hours pondering how he should organize documents, incapable of making a decision. E lost his job, got involved with dubious business partners, went bankrupt and squandered away his entire savings.

#### *How is that possible?*

People who no longer have emotions do not become more rational, they're sick. They need hours to decide between a black and a blue pen. They are the proof that emotions are an indispensable component of reason. People who have no emotions are often incapable of making a decision.

*Your theory is an uncomfortable one for many people. We would like to believe that we act in a rational manner. If we're aware of the importance of emotional components, what does that change?*

The important thing is that we don't neglect our knowledge base. For major decisions, such as how to run a business, who to marry or how to invest, you need the most comprehensive pool of information possible. You need clarity in the rational decision-making process and you have to be aware of the factors that play a role in the decision, and how they may distort it.

#### *How do you become a better decision-maker?*

By knowing yourself as well as possible. For that reason, my advice is to be aware of the tricks your memory can play on you, what you like to overvalue or undervalue, and incorporate that into your decision-making. You also need to be aware

that context plays a role. If you're aware of all that, you'll be a better decision-maker.

#### *How do you apply your knowledge in your own life?*

I'll give you an example. One of the most important decisions in your professional life is the selection of employees. I'm often in this position since I need to choose students for my research team, and I always find it extremely difficult. Of course, there is objective data, but it's negligible in my case because almost all of the applicants have first-class academic credentials at this level.

#### *So what do you do?*

Often, I rely on intuition. And I've observed that there are certain things that have an especially strong influence on me: How eloquently does the person speak? What's their story? I do know that I tend to like people who have cultural preferences similar to mine, for example, being a music enthusiast.

#### *Which artists do they need to like to land a job with you?*

I don't want to give it away, so I will just name one (because we are in the middle of the Montreux Jazz Festival): Miles Davis certainly doesn't hurt. [Editor's note: The interview took place on the edge of the Montreux Jazz Festival, where Antonio Damásio attended a concert.] But I always try to take my natural preferences out of the equation and to make a conscious decision. This is something you can learn.

#### *Does digitization affect our brains and decision-making behavior?*

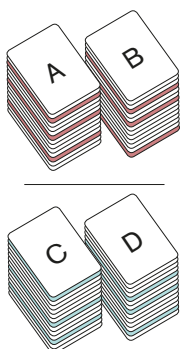
And how! These days our brains are exposed to umpteen times more stimulation. It wasn't all that long ago that people got their information almost exclusively through the major national TV stations. Now we have the internet, which gives us millions of pieces of information that we have to filter and that each reflect their perspective on reality in a certain way.

#### *Is that positive or negative?*

The brain needs exercise and it gets it via intellectual stimulation. However, the more knowledge that is available at the click of a button, the less we need to memorize and exercise our memory. Many people have even given up mental arithmetic because computers can do it faster. On the other hand, the brain can memorize other things nowadays and can exercise in different ways. Is that good or bad? I think it's positive on the whole.

#### *Our bodies haven't changed since we lived in caves as hunters and gatherers. Is our hardware even suited for today's world?*

Although we really haven't changed much over the last few thousand years, human beings are extremely adaptable, especially the brain. Just take a look at kids. A five-year-old uses computers completely differently than we do. He has four windows open on the monitor and manages them simultaneously. That would be a >



**“Gambling Task” experiment –** Damásio proved his somatic marker theory with the help of a card game. Patients with and without damage to their frontal lobe were given 2,000 dollars for a card game whose rules they did not know. If they took a card from decks A or B, they would win 100 dollars. Decks C and D would bring in 50 dollars. Some cards in the

decks, however, were penalty cards. Over time, losses from decks A/B increased, up to 1,250 dollars ●. The losses from C/D were smaller, around 100 dollars ○ on average. At first, all the test subjects preferred cards from decks A/B. While the subjects without brain injury changed to C/D over time, the others stayed with the risky

cards, even though they could see that they led to higher losses. Sooner or later, they had to get more money in order to continue playing. Damásio concluded that for subjects with specific brain injuries, penalties and rewards left behind no “markers.” They did not recall the unpleasant feeling that healthy people associated with choosing from

A/B, and were thus less averse to loss. The absent somatic markers prompted the patients to prefer the immediate reward, even if it was not worthwhile in the long run.

A full-page photograph of Antonio Damasio standing in front of the Brain and Creativity Institute (BCI) building. He is an older man with white hair and glasses, wearing a dark suit jacket over a white shirt and dark trousers. He has his hands in his pockets and is looking directly at the camera. The building behind him has a large glass window with the text "Brain and Creativity Institute (BCI)" in red. The building's exterior is made of copper-colored panels.

## Brain and Creativity Institute (BCI)

**Antonio Damasio** is one of the most eminent neuroscientists in the world. He heads the Brain and Creativity Institute at the University of Southern California in Los Angeles, and has received more than 50 scientific awards as well as honorary doctorates. Damasio is especially interested in the world of emotions, which has long been neglected by the scientific community. He has described his theory of how emotions are created in the interplay between brain and body in the scientific books he has written for a wider audience, including the bestsellers "Descartes' Error: Emotion, Reason, and the Human Brain" and "The Feeling of What Happens: Body and Emotion in the Making of Consciousness." In his latest book, "Self Comes to Mind: Constructing the Conscious Brain," he explores how human consciousness is created. The native of Portugal is married to Hanna Damasio, also a prominent neuroscientist, and the two have often collaborated on research and published together. In September 2015, they received a joint doctorate Honoris Causa from The Sorbonne in Paris.

nightmare for me, but he can make targeted use of selective attention.

*Let's get back to your mineral water order.*

*Could the decision have been wrong?*

That's entirely possible! Considering how jet-lagged I am, maybe I should have ordered coffee instead (laughs). But no matter what happens, whether you go with or against the bias, both of which can be incorrect, you have to accept a very high margin of error when making decisions. "The proof of the pudding is in the eating" says it rather nicely. We only know whether we made good decisions after looking back.

*This means that we learn from our decisions?*

Basically, yes. But not everyone does. There are people who are extremely risk-averse if they've ever made a poor decision, while others have a "gambler personality" and continue to take great risks. But that's an entirely different area.

*Do we process the past differently depending on our personality?*

Exactly. Not only do people have different cultural identities – characterized by their life experience – they also have very different temperaments. There are people who are never satisfied with what they have. Others are generally happy, regardless of how circumstances change. And it gets even more complicated because personalities change over time as well. For example, I myself was less hopeful 20 years ago. I was less happy than I am today.

*Why?*

I can only speculate. In my profession I have to cope with a lot of complexity. I'm in charge of a large program, many people are involved, I have to award scholarships, take care of administrative tasks. I've always done a good job, but it was always weighing on my mind. I had difficulty switching off. Today, things are different – maybe it has to do with experience and the relative success I've had. Whatever the reason, I'm much more relaxed about all of the things that could go wrong.

*Books such as "The Female Brain" by neuropsychiatrist Louann Brizendine argue that female behavior is fundamentally different from male behavior. Do you agree?*

No, that's a generalization that doesn't do justice to reality. I don't think "women" or "men" are good categories because individual differences are too prominent: Women may be more emotional than men

I myself was less  
hopeful 20 years ago.  
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today.

on average, but there are lots of women who are much less emotional than many men. And that can change. Most of our personality is culturally instilled, not innate. Nowadays a girl grows up very differently than 40 years ago. We're talking about preconceptions, not science.

*What was the best decision of your life?*

Phew, who can say?

*What springs to mind?*

Well, then ... marrying my wife.

*What was the most difficult decision?*

I've always hated relocating. I found it difficult out of loyalty. I kept getting exciting job offers, but always declined because I thought I couldn't abandon my colleagues at the institute. It wasn't until much later that I realized how foolish that was. I was probably taking myself too seriously and overestimated how important I was to others.

*That sounds very emotional,  
not very rational.*

Yes, absolutely. That's exactly what I'm saying. □



# This Article Is Free of Charge

The goal of marketing is to convince someone that they need something they never wanted. “Wrong!” says Lucia Malär. The researcher explains the basic mechanisms of selling and the new honesty in sales.

By Lucia Malär and Holly Wales (illustrations)

## Principles

### 1. How would you explain marketing to laypeople in one sentence?

Marketing simply means bringing something – usually a product or service – to market. Selling it, in other words.

### 2. How can you measure the impact of marketing?

This is done by recording several performance indicators at regular intervals. These include, for example, sales revenue, customer satisfaction, ad recall, brand awareness, brand image, etc.

## Pricing

### 3. Why would we rather buy something for 1.95 francs instead of 2.00 francs?

This is because of the left-digit effect. We focus on the digits to the left of the decimal point. 1.95 is perceived as “1 franc plus something” rather than as 2 francs, and as being disproportionately less expensive.

**4. When should you position a product on price – and when not?**  
Positioning is always related to some extent to the price-value ratio. Positioning on price alone is dangerous, however, because it can easily be imi-

tated and doesn't allow for differentiation. In other words, you can't just put a 10,000 franc price tag on a watch and call it a Rolex. There have to be credible arguments.



## Sponsorship

### 5. Should companies sponsor individual athletes or teams?

Failures or even scandals that lead to a negative image transfer are more likely with individual athletes – take Tiger Woods, for example. This happens less frequently with teams.

## Promotions

### 6. There is a wide range of promotions – from “buy one, get one free” to “kids eat free.” Does it matter what type of promotion is used in a particular situation?

The question should always be: What are the benefits? A lot of promotions run the risk that customers will see the low price and remember it when making purchases in the future. The regular price will then seem too high. The basic principles are that the promotion has to be relevant for customers, fit with the brand and its strategy, and have a specific goal. The costs of implementing the promotion shouldn't exceed the short-term bump in sales, as this isn't sustainable.



### 7. Loyalty programs are very popular in all sectors, and you can earn miles, points and stamps everywhere. Where do these programs make sense, and where not?

They should be used when they're clearly tailored to customer needs. Multi-partner programs are on the rise, although they're not yet fully established in Switzerland. With these programs, consumers benefit from a program that has a lot of different partners, such as Payback in Germany. The programs are problematic when they only involve cost drivers – many airlines had to raise the number of miles needed for free flights – or when the data gained from customer loyalty programs goes unused.

### 8. When is it a good idea to offer a product on a deal site?

Only in two cases: If it's a new product that consumers want to try first before they buy it at a regular price. Or if you have excess stock and you want to clear out the warehouse.

## Advertising

### 9. Can you provide an example of a particularly successful online campaign?

A recent Ben & Jerry's ice cream campaign asked consumers to upload photos of themselves with the hashtag #captureeuphoria for the chance to end up on a billboard near where they lived. This campaign shows how traditional advertising can be combined with online campaigns.

### 10. Procter & Gamble spends 5 billion US dollars on advertising every year, which is the largest advertising budget in the world. Does this make sense?



Yes. P&G has numerous products and brands, 23 of which have more than 1 billion dollars in sales. So the marketing cost per dollar of revenue is not disproportionately high.

### 11. What role do newspaper and magazine ads play in a digital world?

The biggest benefit of print is the tactile experience, which is important for many people. Consequently, consumers are more engaged by print advertising. Print ads will never disappear entirely. Instead, it's about finding the right combination or complement.

### 12. Why are many television ads so boring nowadays?

Humorous ads increase awareness, but they also run the risk of distracting from the product and thus reducing the effectiveness of the advertising. Furthermore, it takes courage to run a provocative campaign. At big companies, where there are many people involved in making decisions and reputation is a central factor, this isn't always possible.

### 13. What is the best advertising campaign of all time?

“Think different” from Apple in the US. Or the two ibexes Gian and Giachen in the Canton of Graubünden – but I’m biased, since I’m from there. Both campaigns are characterized by the same thing: They are authentic and they inspire the viewer to reflect or laugh.

### 14. What is the best advertising campaign at the moment?

An American underwear manufacturer launched a campaign for its Aerie brand using the slogan “The real you is sexy.” This gave rise to an entire movement that speaks out strongly against photoshopping models while showing how diverse beauty is.

### 15. Have you ever clicked a Google banner ad? Why are they so successful?

Rarely. The reason they’re so successful is that Google catches you in the moment of search. That is, you’re looking for information, so you’re likely to click on ads with well-tailored

content. Google ads are also optimally positioned next to the search results – you might click on one without even realizing that it’s advertising.

### Consumer Products

### 16. Why does a business sell more jam when there are only six types on the shelves, rather than 24?

Because we feel overwhelmed. This phenomenon is called choice overload. However, a large selection isn’t necessarily bad. If the alternatives are very different and well categorized, and if we have enough time to make a decision, then we can’t have enough alternatives. One example of this is the shoe lover who spends hours on Zalando or Zappos.com looking for new shoes.



### 17. People in India buy single-use bottles of shampoo at the kiosk, while in the US the bigger the shampoo bottle, the better. To what extent should a global consumer company take account of local needs?

This is one of the most important questions in international marketing! Should we standardize or customize? In order to build meaningful and long-lasting customer relationships, a global consumer company has to take account of the cultural context and adapt to local needs – even though this can be time-consuming and expensive. But it can be rewarding, too. Nescafé, for example, is thought of as a local product in many countries.

### 18. Why do more people buy Coca-Cola than Pepsi, even though Pepsi does better in blind taste tests? (Famously in the “Pepsi Challenge” in the 1980s).

Because many people are convinced that Pepsi doesn’t taste as good. Our brain processes information based not only on taste, but on other factors as well (brand name, existing brand associations, visual information, etc.). There’s a similar effect with wine. If you drink the same Bordeaux from two different bottles, with different labels and a different price, you will like one better than the other, even though the wines taste the same.



### Sales

**19. Compared to marketing, sales is relegated to the margins somewhat. Generally speaking, what are the most important factors in the art of sales?**

Customer focus – not all customers want to be convinced – credible identification by the seller with the product/service, communicating emotions and, of course, rhetorical skills.

### Brands

**20. “Swissness” has been a major trend over the last few years. Are there any brands you would recommend not to use the omnipresent Swiss cross?**

Swissness and the related associations (e.g., quality and precision) must fit with the positioning. The guiding principle is: If you promise Swissness, you'd better deliver Swissness, otherwise you won't fulfill the brand promise.



**21. What are some of the other important trends in brand management?**

Being authentic – genuine and honest. Consumers want authentic products and brands.

**22. Is it true that “sex sells” or is this a myth?**

While an ad with suggestive content may receive more attention, as with humor, the use of sex can distract from the product, meaning it might not be noticed at all.

**23. Thanks to the MQB modular system, Volkswagen can sell products that are, technologically speaking, almost the same as other models at different price points (e.g., Golf, Audi A3 and TT, Seat Leon, Skoda Octavia). Isn't this strategy dangerous?**

Not necessarily. I suspect that many customers are unaware of this, as it's not apparent from the way the cars look. Furthermore, no one buys an Audi TT just to get from point A to point B. It's about much more than the individual components: brand image, comfort, design, personal identity, space, engine performance or even “Fahrvergnügen,” to use the VW slogan.

**24. Re-branding is one of the most difficult (and most expensive) marketing activities. Why did the name change from Raider to Twix in many countries work so well?**

This change involved an abrupt brand substitution. That is, the Raider name was suddenly replaced by Twix, which actually represents a strong threat to brand value. It worked because Twix was already very well-known internationally, the product itself didn't change, and the name change was communicated well in the advertising (the German slogan was “Aus Raider wird Twix, sonst ändert sich nix”/“Raider is now Twix – nothing else has changed”).

### Personal

**25. Is there any question in the entire marketing industry on which you've fundamentally changed your opinion over the years?**

Yes. The meaning and purpose of marketing. I think nowadays it's not just about selling a product, but also giving something to society, so that consumers feel good and happy over the long term. It's not about leading customers around by the nose, but rather helping them to make better decisions. □

Lucia Malär is Assistant Professor of Marketing at the University of Bern.

# “The commander sets the objectives”

Managers can learn some things from officers, says André Blattmann.  
The Chief of the Swiss Armed Forces on making decisions in extreme situations and handling great responsibility.

Interview: David Schnapp



**Lieutenant General André Blattmann, 59,** has served as Chief of the Swiss Armed Forces since 2009. He completed an apprenticeship as a commercial employee, continued his studies in business administration at the School of Economics and Business Administration, and completed an Executive MBA at the University of Zurich.

*What does making decisions mean in a life or death situation?*

It means that the decision can carry the greatest possible human consequences and must therefore be considered thoroughly.

*Thoroughly? There isn't time in a conflict situation to reflect for long on whether you should shoot or not. How do you make sure soldiers make the right decisions in those situations?*

With intensive and specific training. This includes drills in handling weapons, for example, as well as drilling decision-making exercises. Then leadership comes into the picture. Wherever there is systematic leadership, decisions are made.

*How can you ensure that a soldier does the right thing when he must decide between his own or another's life?*

You teach him that carrying out orders is the highest priority.

*Have you ever had to make a life-or-death decision?*

No.

*Can the military decision-making culture be transferred to civilian life?*

Yes. The military is the safety reserve for almost all situations. The army is deployed in extraordinary situations – during catastrophes, crises and conflicts. The situation is often unclear and there is enormous time pressure, which is also the case in many other areas of life. So it pays off to systematically learn and practice a method for best coping with such situations. Army cadres essentially practice this.

*What can managers learn from officers?*

Military management functions, as well as stress resistance, resilience, a sense of responsibility, humility and loyalty. And they can adopt tried-and-true mission-type tactics: The commander sets the objectives and the guidelines – and the subordinate decides how they will reach that goal. This promotes initiative and self-reliance.

*How can one learn to make better decisions?*

In the army, we teach cadres to make decisions in a structured manner. Military management functions, when implemented systematically, lead to a decision that is achievable. Only someone who likes people can make decisions to benefit people. Cadres in our army have to like people.

*You lead one hundred thousand people – what does that responsibility mean?*

Being ready to deploy myself, along with members of the armed forces and colleagues, to benefit our country. The military is not an end in itself, but rather serves to protect the country and its people. The military stands for security. Security has its cost; it is not God-given. And without security there is no growth and no prosperity.

*On what basis should Switzerland decide which army is the right one?*

Based on our constitution. Switzerland has decided: In 2013, over 73 percent of voters and all the cantons said no to eliminating compulsory military service, thereby showing clear approval of our militia system. I am convinced that there is no better solution for the security of Switzerland. Citizens in uniform ensure

security as well as democratic control of the military.

*Young people today are no longer required to complete basic training; they can also choose to perform civilian service.*

*Why should they still choose the military?*

Because guaranteeing security is the core task of the state, and because our citizens are obligated by the Federal Constitution to make a contribution on behalf of that security. Without security there is no education, no culture, no growth and no prosperity.

*Women have been able to volunteer for basic training since 1995, but in 2013 only 181 women took part in recruitment. Why so few?*

The number 181 is not far off from the highest total to date, which was 183 in 2004. Interest was much lower in the intervening years, for example 115 recruits in 2009, but it is currently on the rise again. Switzerland's overall security situation influences those numbers, along with the economic situation and especially information about the opportunities available to participants in basic training and subsequent specialist training. □

# My Promise

Twenty-one-year-old Emani Lewis was the first in her family to go to college. From the time she was a young girl, she has resolved to rise above the obstacles in her path.

I was twelve, and I had just started 6th grade. It was my first day at a new school. And the day I decided that I would someday go to college. No one in my family had ever done it, but I knew: “I want to do it, and I can do it!”

My teacher – I still remember her name, Ms. Strand – had just given us a newspaper article that said that less than half of African-American teenagers in Oakland finished high school. We discussed why. We talked about financial problems, poorly trained teachers, the high rate of teenage pregnancy, gang violence.

But the most important thing was for us to resolve to rise above the obstacles. Ms. Strand, the teacher, asked me, “What about you, Emani, where will you be in five years?” I answered, “I’ll be going to college.”

I have six brothers and four sisters. My father left us early on, so our mother had to take care of all eleven of us. We couldn’t really afford college, even with all the financial aid I received. We didn’t have the money for my textbooks, for the flight to New York, where I ended up going to college, or for winter clothes, which I needed there. I had always lived in California, where sweaters were as rare as rain showers.

## I Want to Help

While I was in college, I often felt guilty about the sacrifices my mother made. I could have already been earning money to help support her and my siblings, but instead

I was putting even more strain on the household budget. But my mother encouraged me on my journey. Admittedly, she couldn’t help me do my homework or look for an internship, but she always supported me and took pride in my education.

I am 21 years old now, and I graduated from college this summer. I have kept my promise to Ms. Strand and myself. I want to become a social worker. I’d like to support women of color who don’t have much money and are in the same situation as my mother. I think that this would be a good way to share my own experiences and to help others. □

Recorded by **Simon Brunner**

**Emani Lewis** attended a high school run by the Knowledge Is Power Program (KIPP), an organization that helps children from underprivileged families. The Credit Suisse Americas Foundation has supported KIPP since 2010 through its Education Program, which supports schools, teachers and school management.







A photograph of an offshore oil platform in the ocean under a blue sky with scattered clouds. The platform is a complex of metal structures, including a large derrick and various pipes and walkways. It is situated in the middle of the water, with a long pier or walkway extending from the left side. The water is dark blue with some whitecaps. The sky is a clear blue with a few wispy clouds.

# Oil Doesn't Stink

Norway is considered a role model both as a market economy and social nation. The Nordic fairy tale of a great deal of money, smart policy and double standards begins like this: Once upon a time there was a wise decision ...

By Clemens Bomsdorf (author) and Marcus Bleasdale (photography)

Marble for everyone: Oslo's new opera >>  
house with accessible roof.

The journey takes hours by ship through the Oslo fjord. Before reaching the capital, the ferry passes by countless islands and hundreds of kilometers of coastline. White wooden houses appear one after the other atop cliffs overgrown with vegetation. The land rises steeply from the harbor; privately owned sailboats and motorboats cruise through the cool, dark-blue water.

If you want to understand Norway and its people, this is the best way to approach Oslo – over the sea from Denmark or Germany to the south. From the deck of the ship it becomes clear how much the country and its residents are influenced by water and nature.

And you get an idea of their wealth. Impressive single-family homes surround the harbors with extensive gardens and large yachts floating in the water at the jetties.

Economist Arne Jon Isachsen called his homeland the “richest country in the world” because of its large oil and gas deposits. Even the luxurious new buildings on Oslo’s coast, which you can see when the ferry sails into the harbor, sell easily even though the prices are substantially above the city’s already high average cost of more than 6,000 Swiss francs per square meter.

With an annual per capita income of about 77,500 Swiss francs, Norway ranks second in the world behind Luxembourg (Switzerland: 63,700 Swiss francs), while the income gap is so low that in Western Europe only Denmark compares according to the OECD, the organization for industrialized nations. At the same time, the government also has savings of around 160,000 francs per capita (status as of July 7, 2015).

The money is invested in the Government Pension Fund Global, also known as the Oil Fund. The government-controlled fund, which invests the money in stocks, bonds and real estate, is fed by revenues from commodity exports. “Establishing the fund was one of the wisest decisions ever made by the Norwegian government,” says Professor of Economics Erling Steigum.

The Norwegian government has been investing revenues from oil – i.e., income from oil taxes and ownership interests in oil fields and Statoil, the country’s largest raw materials and energy company – abroad in oil funds to save for the future since 1996.

Norway was once a poor country with a harsh climate and one primary export: fish. A country couldn’t get rich that way in the decades after the Second World War, so Norway – unlike Switzerland – was still not a member of the league of wealthy countries by 1970. In terms of purchasing power, the income per capita was not even half as high as in Switzerland and about 15 percent lower than in the Federal Republic of Germany.

Norway is now one of the world’s biggest oil and gas exporters and earns billions from its natural resources, which are located primarily in the North Sea near the cities of Bergen and Stavanger. “I can still remember when the first oil was found at Christmas in 1969. We were all excited to see what Norway would do with it, but no one suspected that it could become such a big business,” says Erling Steigum, 66, who teaches at the BI Norwegian Business School in Oslo.

### Politics of Reason

Norway is now regarded as a role model for how reasonable politics can prevent the tragic fate of countries rich in natural resources: the resource curse and Dutch disease.

There are poor countries like Nigeria where the general public never fully benefits from the wealth of natural resources due to pervasive corruption. “But Norway has well-functioning institutions and was able to significantly increase the standard of living rather than succumb to this resource curse,” says Steigum. The anti-corruption NGO Transparency International lists Norway together with Switzerland as number five in the ranking of the world’s least corrupt countries.

Norway was also able to avoid what is known as Dutch disease, in which other sectors of the economy suffer because the local currency appreciates steeply due to commodity exports and nearly all investment flows into one sector. This phenomenon was observed after natural gas was found in the Netherlands in 1960. In Nor-

way, a large part of the oil revenues are converted into foreign currencies and then invested abroad through the oil fund.

Since 1970, the year after oil was found, the Nordic Kingdom has climbed up the OECD list of countries with the highest income per capita in purchasing power from 18th place to 2nd. >

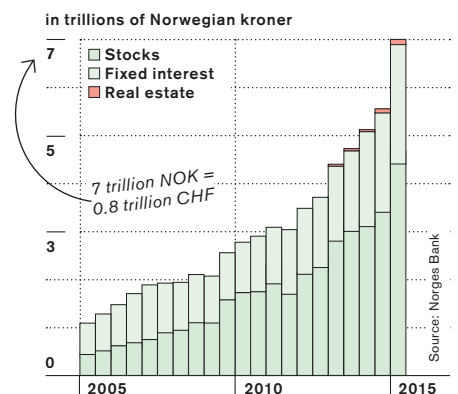
### The Norwegian Oil Fund in Figures

- **Size:** 7,153 billion Norwegian kroner (830 billion Swiss francs).
- **Investments** in 75 countries and 9,000 companies (1.3 percent of stocks listed worldwide; 2.4 percent of listed shares in Europe).
- **Yield:** 5.8 percent per year between 1998 and 2014 (after management costs and inflation: 3.8 percent).
- **Use:** Four percent of the fund can flow into the Norwegian government budget per year.



### How the Fund Has Grown

Since 2005, the value has increased sevenfold.













« **A picture of Norway's wealth:**

Ships in Oslo's fjord (above).

**Beautiful new capital city:**

In the trendy Tjuvholmen district (below).

Meanwhile, the fund is worth more than seven trillion kroner (830 billion Swiss francs) – twice as much as Norway's gross domestic product. No other sovereign wealth fund is this big. According to the Sovereign Wealth Fund Institute, the funds in Abu Dhabi (730 billion) and Saudi Arabia (715 billion) are the next largest. Like these countries, Norway is having difficulty with today's low oil prices and the economy is hoping for another upswing. But even if this raw material, which Norway possesses in such abundance, does not reach the 100-dollar mark again, Norway will still be in a significantly better position than the rest of Europe, thanks to the oil fund.

**Characteristically Norwegian: Robustness**

"I did not expect such a large amount when I was Finance Minister and we made the first deposit on May 31, 1996," says Social Democrat Sigbjørn Johnsen nearly 20 years after that memorable day. He's sitting in the old east train station, Oslo's Østbanehallen, drinking green tea. "The first payment was 1 billion 981 million kroner..." Johnsen reflects for a moment. Then he recites the whole number smoothly: "It was 1,981,128,502 kroner and 16 øre, I believe. Yes, 16 øre" (at that time just under 400 million Swiss francs).

Johnsen radiates the robustness that is typical of many successful Norwegians. He has long been a member of the country's political elite, but he doesn't make a fuss over himself. He shows up to the meeting with a small backpack rather than a briefcase and takes almost two hours out of his day.

It's just a few hundred meters on foot from the cafe where we're sitting to Oslo's new opera house. It's located directly on the fjord and is a symbol for both Norwegian prosperity and their balanced attitude. Like the oil fund, the opera house clad with precious snow-white Carrara marble is there for all Norwegians. The Snøhetta architecture firm made the roof an accessible space to give access also to the taxpayers who are not interested in music. "Nothing is for sale up on the roof," said Kjetil Trædal Thorsen, the lead architect on the project, at the grand opening in 2008. The government ensures that the public receives many benefits financed by taxes – regardless of their income. In addition to the magnificent

views from the publicly accessible roof of the opera, these include free university education and health care.

Sigbjørn Johnsen is now the Prefect of Hedmark province north of Oslo. He is one of the people who have shaped Norwegian policy since the oil boom. He was Vice-Chairman of the Finance Committee when the oil fund was established in June 1990. In addition, he served as Finance Minister from the end of 1990 to 1996, and again from 2009 to 2013.

As recently as the 1970s, the Norwegian government used oil revenues to main-

By the beginning of the 1990s, Norway had freed itself from its net foreign debt and a savings vehicle was within reach. "When we finally decided in Parliament to establish the fund, it was no big deal because a large majority supported it," explains Johnsen.

Despite its name, the fund is only used to support the government budget in general. Four percent of the volume – the anticipated returns – may be withdrawn annually. This is currently around 30 billion euros. However, the government will only use about 2.6 percent in the current year.

**Learning from Norway**

The fund will probably never grow so large that Norwegians will no longer have to pay taxes or social security contributions. If the oil stops flowing in a few decades and money still drains from the fund into the state budget, then growth will slow or stop entirely. But thanks to the oil money, Norway has much less to fear from demographic change and high pension expenditures than other countries.

However, rather than making provisions for future generations, the government could have bestowed more bounty on today's voters. Whether a country decides – as Norway has – to think long-term or spend the money here and now depends primarily on the institutional and political circumstances that exist there.

"The more domestic political conflicts there are, the more difficult it is to save for the future," says Martin Skancke. He oversaw the oil fund for many years under Johnsen and other finance ministers and is now an independent consultant specializing in sovereign wealth funds.

East Timor, Papua New Guinea, Kazakhstan, Cyprus, Libya, Lebanon, Myanmar: The list of the countries he has advised is long. His objective is to help other countries that are rich in oil or other resources to benefit from Norway's experience.

"If a sitting government must assume that any money it saves will be spent by the opposition if it should come into power, then naturally incumbent politicians prefer to spend the money themselves now and win over voters," he says. In Norway, politicians from all parties can rely on the fact that political opponents will not plunder the oil >



**Sigbjørn Johnsen** — The former Norwegian Finance Minister deposited the first payment into the oil fund on May 31, 1996.

tain the economy on credit, says Johnsen. Back then a government-commissioned report recommended: "out of consideration for future generations [...] to invest outside the country [...] in order to keep reaping benefits after the petroleum business is done." Because the idea for the oil fund was proposed here for the first time, Johnsen considers this a key document in Norwegian history.

Only after oil prices rose rapidly in the 1980s did revenues become large enough to be able to consider saving them.



fund, should there be a change of government. According to Johnsen, this is due to social consensus. In Norway, the gap between rich and poor has never been as extreme as in other countries, and the differences between political parties are also more minor than elsewhere. “This is what enabled saving in the first place,” says Skancke.

Only the Progress Party (FrP) rejected this consensus and wanted to spend a larger part of the oil money domestically, for example on the healthcare sector. When the FrP started participating in the government for the first time two years ago, party leader Siv Jensen was appointed Finance

other company measured in Swiss francs – as well as Credit Suisse (5.7%) and Novartis (1.9%) (see the accompanying interview for more information on the strategy).

The fund has also been investing in real estate since 2010, as proposed by a commission led by economist Steigum. The fund has acquired interest in property in the heart of Paris, the Rond Point on the Champs-Élysées, and Regent Street in London, one of the best-known shopping streets in the United Kingdom, to name just a few. The contrast to the powerful oil fund’s unspectacular Bankplassen office in a quiet corner of Oslo could not be greater:

of millions of kroner in a matter of seconds. “I always like to watch that,” says former Finance Minister Johnsen.

The counter aims to help citizens get an impression of their country’s wealth. But Trine Otte Bak Nielsen, for example, says, “I didn’t know anything about it,” adding “We don’t think much about the fund, but of course we know that it exists and how privileged we are in Norway to have it.” The 37-year-old lives with her family in a two-room apartment in a five-story red brick building. The small apartment is well-situated. It’s only two stops on the subway to downtown and the botanical garden;



**Trine Otte Bak Nielsen (r.) and Samson Valland** — The young family is thinking about buying a new, larger home.



**Erling Steigum** — The economist heads up the commission that prepares the investment decisions for the sovereign wealth fund.

Minister. Since then, the FrP also prefers to save; otherwise it would not have been able to forge a coalition with the Prime Minister’s Høyre party.

Traditionally, the fund holds a high proportion of stocks, which has grown over the years and now amounts to 60 percent. Because the fund is so large, the Norwegians now hold 2.4 percent of all listed European stocks. In Switzerland, the fund owns a high stake in Nestlé – it holds 2.7 percent of the capital, more than in any

The building can hardly match the top real estate purchased by the fund.

### Live Wealth Counter

From the outset, the fund has been very transparent. An annual report has been published since the beginning, listing which stocks and bonds the fund held on December 31. A few years ago they also added a live counter to the fund’s website, [www.nbim.no](http://www.nbim.no), that calculates what the fund is worth right now. The value can rise and fall by hundreds

a swimming pool and the Munch Museum where Nielsen works as a curator are a two-minute walk away.

Real estate prices in Oslo have risen sharply in recent years. So, just as the Norwegian government is building wealth for its citizens with the fund, they in turn are investing in residential property.

When Norwegians get together, they often talk about real estate prices. The oil fund, on the other hand, is rarely a topic of conversation. “Naturally the fund and >

# “We don’t know how things will be in a hundred years, either”

Deputy CEO Trond Grande on the Norwegian oil fund’s investment strategy and criteria for the perfect real estate.

Interview: Clemens Bomsdorf



**Trond Grande**, born in 1970, has been Deputy CEO of the Norwegian Oil Fund since 2011 and as such is responsible for real estate investments.

Grande studied business in Bergen, Norway and Barcelona, Spain.

*Mr. Grande, returns for Norway’s sovereign wealth fund fluctuate widely, and were actually negative in 2009 due to the financial crisis. How do you explain to Norwegian citizens that the fund is investing responsibly, even if major fluctuations occur?*

In good times like we’re experiencing now, we always say that you can’t expect returns to remain as high in the future. As a fund with a very long-term perspective and without ongoing payment obligations, we can certainly navigate turbulent times. Although the fund’s book loss during the financial crisis was considerable, at the same time we bought low-priced stocks on a large scale and made money that way. We constantly try to communicate that.

*Despite its extremely long-term investment horizon, does the fund also engage in day trading?*

We buy and sell securities on a daily basis, but not with the idea of selling them again on the same day. So we don’t engage in what is traditionally called day trading.

*The fund has been increasingly investing in the real estate market for five years now. Which properties are appealing for the fund?*

We have four criteria: First, the real estate should be located in large, global cities that are likely to still be important in 50 or 100 years. Second, they should be economic centers; third, further population growth should be likely; and finally, there should be limited options for new construction.

*The fund has a few very small investments such as in Switzerland’s Warteck Invest AG, in which just 1,821 US dollars are invested. Why is such a large fund investing at the level of a small private shareholder?*

Part of our investment strategy is to broadly diversify our investments with regard to companies, sectors and countries. We do this in order to spread the risk and participate in global growth. We don’t know which companies or sectors will be the biggest in 100 years.

*Wouldn’t it be more efficient to reduce the number of holdings and always invest at least one million US dollars, for example, in order to minimize transaction costs?*

We place great value on keeping the costs for buying and selling low, and we think we do a fairly good job at it. The size of our holding in a company depends primarily on the size of the company and its index weight in international stock indices.

*Then why don’t you simply purchase exchange-traded funds (ETF), which reflect these indices?*

That’s difficult to execute for a large fund with a globally diversified portfolio. We achieve our goals better by investing directly. Key concerns here include the yield as well as our concept of the responsible investor. And with ETF shares you have no voting rights at the annual shareholders meeting.

*Your fund is committed to the principle of “one share, one vote.” Why are you against the practice common at companies like VW and many other international firms, in which shares are not equally weighted at the annual general meeting?*

As a major international investor, we are very interested in corporate management in principle. We believe it is important that all shareholders are treated equally and the principle of “one share, one vote” is applied – both in voting and in dialogue with companies. For example, we talked with several French companies that wanted to give long-term shareholders double voting rights. That’s still under consideration. □

**The richest country in the world:** >>  
Swimming platform in Hamar (above).  
**The price is good:** Real estate is a hot  
topic in Norway (below).

the security that we in Norway enjoy because of the social wealth may have an unconscious role to play. But that we as a young family are thinking about buying a new, larger home is not a direct result of the fund,” says her husband Samson Valland.

### Investing Ethically

The fund regularly attracts international attention because it divests itself of stakes in companies if, for example, they are involved with child labor or the production of cluster bombs. A Council of Ethics evaluates the companies. Those excluded include Lockheed Martin, Boeing and Airbus due to their participation in nuclear weapons production, Walmart due to human rights violations, various tobacco companies for health reasons as well as mine operators due to environmental issues.

The fund managers are committed to being an active investor, but not an activist one. They vote at annual general meetings – and not always in line with recommendations. However, the fund operates in silence. It does not try to compel companies to take action with high-profile campaigns, nor does it engage in industrial politics by forcing mergers, for example.

Norway lives by the motto, “Do good and talk about it.”

This is happening, for example, in the far north on Svalbard, a group of islands significantly closer to the North Pole than Oslo. It is three hours by air from the Norwegian capital to Longyearbyen, the largest town on Svalbard.

The local airport is not much more than a paved runway with a terminal the size of a highway rest area. A few hundred meters away as the crow flies is the Global Seed Vault – an underground bank for plant seeds inside a mountain.

### Seeds in the Permafrost

Norway doesn’t just retrieve oil and natural gas from underground, it also stores valuable natural resources there. “We don’t want to set up a museum here. We are building a library of plant seeds to enable new cultivation and plant varieties,” says Brian Lainoff. The fundraiser for the Global Seed Vault is standing all bundled up in the extremely cold space. A vast variety of seeds for diverse

crop plants has been stored here since 2008. These may be used if climate change or disease required the cultivation of new varieties in order to produce food. In Rwanda and Burundi, these types of seed banks were destroyed during political unrest.

Like the oil fund, the Global Seed Vault is a type of pension fund. However, the stores in permafrost are an insurance that ideally will never be needed, while the fund yields money that Norway spends.

The seed insurance project has garnered Norway a great deal of respect. The Guardian, Vice and Le Figaro are just a few of the media outlets that have reported on the facility. Less well-known is

count for 23 percent of global coal production. That coal is still being mined on Svalbard is a typical Norwegian double standard, say critics like Rasmus Hansson of Norway’s Green party. It also fits that the fund, which is fed by oil revenues, invests in environmental technology to greenwash its image. But you can also see it as that famous “first step.”

The fact that high profits are not the only objective for investments somehow seems characteristically Norwegian. □



**Martin Skancke** — Today, the former top official advises countries on creating sovereign wealth funds.

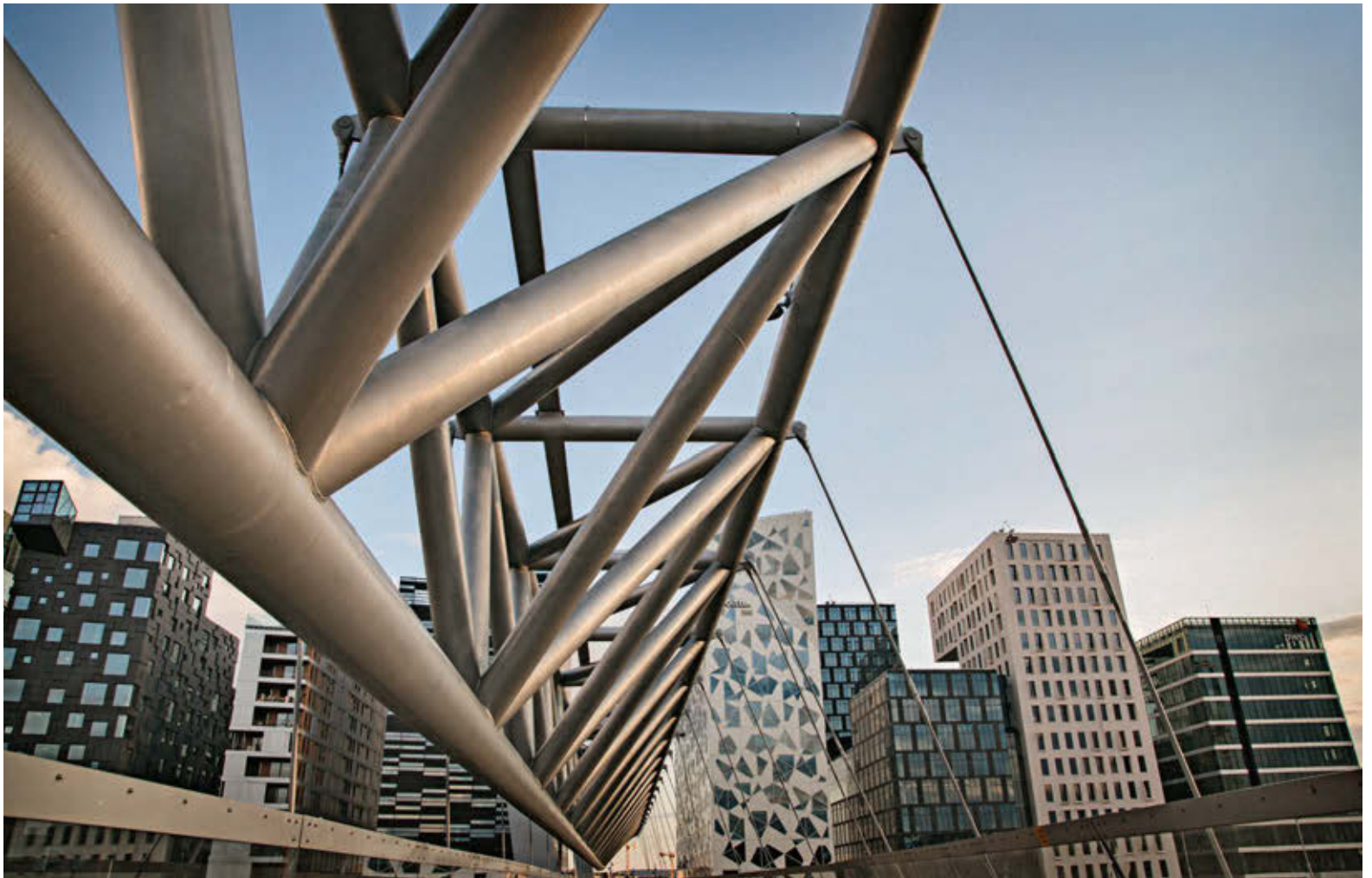
the fact that coal – one of the most damaging energy sources for the environment – has been mined on Svalbard for nearly a century. However, the Norwegian Parliament decided in June 2015 that the oil fund can no longer invest in companies that operate a significant portion of their business with coal.

According to a study by Greenpeace and other environmental organizations, at the end of 2014 the fund had just over 10 billion euros invested in companies that ac-

**Clemens Bomsdorf** is a freelance journalist. He studied at the Stockholm School of Economics and was a correspondent for The Wall Street Journal until 2014. Today, he reports from Northern Europe for Focus and The Art Newspaper, among others.

**Marcus Bleasdale** is an award-winning photo-journalist. The British national travels on a regular basis in crisis regions, where he works for Human Rights Watch and National Geographic.

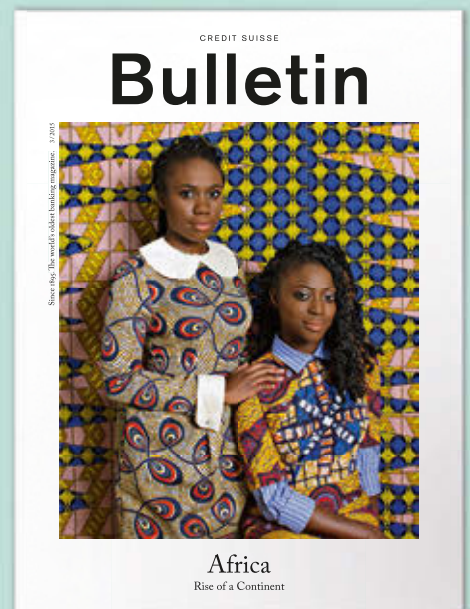




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The natural world is full of tough-minded capitalists.

# Fight

# or Flight?

The apparent serenity of the animal kingdom is an illusion. In fact, animals must constantly guard against enemies and make existential decisions.

By Herbert Cerutti

In our world of technology and commerce, we sometimes long for the seeming innocence and simplicity of nature – where animals live wholly in the present, with no thought for the past or the future. By contrast, civilized people are continually confronted with problems, compelled to make rational choices. However, those who delve into animal behavior find that the natural world is a domain ruled by tough-minded

capitalists, a place where animals must continually make existential decisions.

For animals as workers, animals as consumers, the fundamental question is quite simple: How much energy can I afford to expend, how much risk can I take, in order to achieve a certain goal with more benefit than cost? Whether the activity is collecting nectar or hunting prey, taking a mate or rearing young – always and every-

where, analysis shows, the creature is following a strategy that yields a neutral to positive economic bottom line. The fact that animals ordinarily do this without thinking, instead drawing on thousands of years of genetic optimization to choose one behavior over another, does nothing to diminish the magnificence of their natural efficiency.

Take eating, for example. Insects that feed on the nectar of flowering plants >



**The older, the louder:**  
A rattlesnake's rattle grows from year to year, changing its sound and revealing its size to potential prey.



budget the time and energy they spend to collect it. If bumblebees happen upon nectar-rich goldenrod, they will stay on each individual blossom for as much as a hundred seconds. On the other hand, the tiny nectar droplets in fireweed blossoms are worth just two quick seconds of sipping. In high-yield areas, the insects will tap about a dozen blossoms on each plant and then look for other plants nearby. But a bee that lands in vegetation with a low nectar content will visit just one or two flowers and then fly some distance away to find a more productive zone.

### To Live Is to Fight

For an animal, eating can be a hazardous undertaking. Plants protect themselves with thorns and prickles or with chemical weapons. For example, alkaloids such as atropine in belladonna (deadly nightshade), quinine in cinchona bark, or nicotine and caffeine in other plants are potent neurotoxins. To avoid taking any risks, pandas eat

only bamboo, which is harmless. But since it has very little nutritional value, they must eat huge quantities every day. Not so rats. Rats are omnivores, and their dietary flexibility has enabled them to conquer the world. Because poisons now lurk everywhere, a rat encountering unfamiliar food will first eat just a tiny bit. Only if nothing bad happens will the rodent decide to make a full meal of it. Also, a rat encountering a new food will observe other rats; if they consume it with no ill effects, the rat will likewise munch away. If a rat detects symptoms of poisoning despite having taken every precaution, it will eat clay, which binds the harmful substances in its stomach.


In the animal kingdom, to live is to fight. But fighting makes sense only if the potential benefit is worth the risk. If the chances seem low, an animal will avoid a trial of strength. Therefore, during the mating season many males signal their strength to one another. Elks and tortoises, for example, use their voices. In general, the deeper the call or the louder the croak, the stronger the male. If a bull elk gathers from his com-

petitor's acoustic "business card" that he is outmatched, he will leave the scene. However, if he has the impression that he can compete with his rival, he will seek a confrontation. The two will stalk along stiff-legged a few meters apart, each eyeing his opponent with sidelong glances to determine his size. If even this strutting fails to resolve the question of power, only then will they begin to do battle with their antlers.

### Issues between Hunter and Prey

In the animal kingdom, assessing the odds of prevailing in battle can be quite precise. For example, male stalk-eyed flies face one another and measure their relative eye spans to the fraction of a millimeter, because females show a strong preference for mating with males with longer eyestalks.

Between hunter and prey, other issues are at stake. In the end, it makes no difference to a mouse how big a cat is – the mouse



**Adapting to the enemy:**  
Genetic adaptation and learned experience help the ground squirrel as it battles its deadliest enemy (the rattlesnake).

mies, it will still attempt to protect itself from the snake. And for a ground squirrel pup, a snakebite means sudden death. As a result, the pups' mother faces an existential decision: How can I protect my young without putting myself at too much risk?

Biologists at the San Diego Zoo have analyzed this power play. A mother ground squirrel who discovers a rattlesnake stands on her hind legs a safe distance away to observe the situation. Then she issues a "snake alarm," waving her tail like a flag while whistling loudly. The warning alerts the colony and sends a signal to the snake: "We have seen you." In many cases, the predator then slinks away.

If the snake stays put, it represents a danger. If it is still young and small, the ground squirrel will attack. Sprinting nimbly toward the reptile, it leaps and twists like a ninja, kicking sand and dirt into the enemy's face. If that does not suffice, the ground squirrel goes all out, pouncing on the snake and biting it.

If the rattlesnake is full grown, the ground squirrel will not attack, because a large reptile strikes faster, has a wider reach and injects more poison. If the snake alarm doesn't work, the mother evacuates her young to a burrow farther away.

Thus, the ground squirrel adapts its defense to the particular snake. The tactics are challenging, because rattlesnakes tend to lurk hidden in the bushes. Complicating the ground squirrel's evaluation of its foe is yet another factor: temperature. A rattlesnake's body warms from 10 degrees Celsius in the morning to 35 degrees at midday, enabling it to strike twice as fast. Snakes that are both large and warm pose the greatest threat, for they strike up to ten times faster than small cool ones.

### The Enemy's Rattle Betrays It

So how can a ground squirrel who spies a snake tell how large and warm the beast is? Observers have noted that the squirrel pro-

vokes a lurking rattlesnake by hopping back and forth until the reptile rattles its tail. The sound tells the squirrel how large and how warm the snake is.

A rattlesnake sheds its skin three times a year. Each time, a bead remains at the tip of its tail, hardening into a ring of horn. One after another, these build up to form a loose chain of interlocking rings: the rattle. When disturbed, a rattlesnake rapidly vibrates its tail, emitting a hissing buzz that can be heard up to thirty meters away. The hypothesis is that the snake developed this warning mechanism in the course of evolution as protection against the hoofs of roaming animals, the precursors of the bison, which shared its prairie habitat.

As the snake gets older, the new rings of the rattle are larger and produce a louder, deeper tone. And the higher its body temperature, the more lively the snake and the more rapid its rattle. Thus, as the ground squirrel evolved, it identified the precise aspect of the rattlesnake's behavior that reliably signals whether to attack or flee. □

disappears into its hole as fast as it can. But unconditional respect for a foe is not always the rule.

### The Squirrel and the Rattlesnake

In Camp Ohlone, California, formerly a walnut grove, a vast maze of burrows is home to a large colony of California ground squirrels, a relative of the groundhog. Young ground squirrels are a favorite food of the prairie rattlesnake. In May and June, when the pups emerge from the burrow into the spring sunshine, swarms of snakes lurk in the nearby undergrowth. Over the course of ten million years, the two species have genetically adapted to each other. The blood of ground squirrels now contains protein molecules that attach to the molecules of the snake venom, largely neutralizing it.

As a result, the ground squirrel can survive a rattlesnake bite. However, because the venom weakens the ground squirrel, making it more vulnerable to other ene-

**Herbert Cerutti**, a physicist, has received many awards for science journalism. He lives in Maseltrangen in the canton of St. Gallen.



# Unintended Consequences

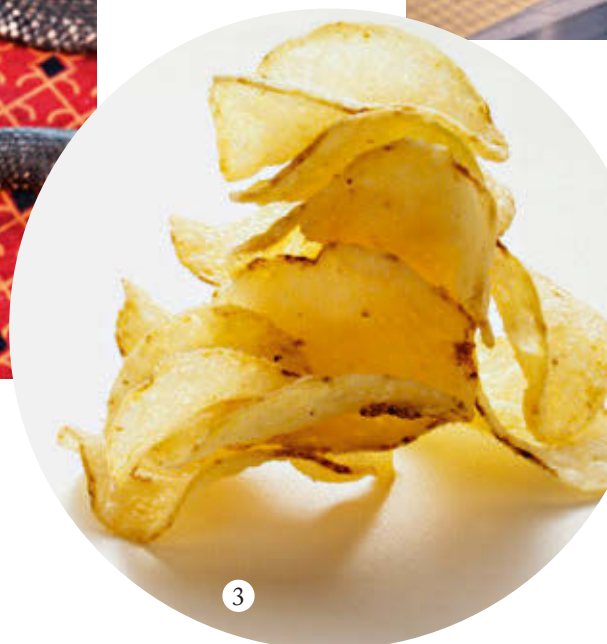
Many decisions lead to very different results than planned. Here are six examples.

By Mathias Plüss

## 1 — *Feminine Storms*

### How the hurricane got its name

Until the late 1970s, all hurricanes in the United States bore female names. Because this was increasingly considered unfair, the decision was made to alternate between female and male names. But nobody expected gender to have an influence on how people respond. According to a study by scientists at the University of Illinois, people tend to perceive storms named after men as dangerous. When a storm bears a female name, they do not take the same precautions. As a result, on average three times as many people die during female-named hurricanes as during male-named hurricanes of equal intensity. Rather than doing away with gender stereotypes, changing the naming convention in fact showed that the stereotypes were much more deeply rooted than previously thought. According to this logic, it would be better for the population if all hurricanes bore masculine names.





## 2 — *The Cobra Effect*

### Many dead snakes

In colonial times, the British government in India set a bounty on cobras. The people of India did in fact turn in many dead cobras – but not because they had captured them. Instead, people had begun to breed cobras. When the premium was finally terminated, the breeders released their stock. In the end, the total number of cobras in India was higher, not lower, than before. The French colonial rulers in Vietnam had a similar experience with a bounty on rats. The cobra effect is considered a classic example of the potentially counterproductive outcomes that government incentives can have.



## 3 — *Potato Chips*

### He invented them

They are the coincidental invention of an affronted cook. As the story goes, in 1853 a guest at a restaurant in Saratoga Springs, New York, repeatedly complained that his fried potatoes were too thick. At last, the irate cook sliced the potatoes as thin as he possibly could and fried them until crisp. To his surprise, the guest was delighted with the result, and he was not the only enthusiast. Under the name “Saratoga Chips,” the product was soon widely distributed.



## 4 — *The Fall of the Berlin Wall*

### When the GDR met its end

Responding to its citizens' demands for more freedom, the East German government merely intended to ease its visa regime slightly. But in an already highly charged atmosphere, the decision triggered a chain reaction. On November 9, 1989, at a press conference in East Berlin, a poorly informed Politburo member named Günter Schabowski mistakenly stated that the relaxed regulations would take effect immediately, granting East Germans permission to travel abroad “without preconditions.” The media interpreted this as opening the border, East Germans swarmed the border crossings, and a short time later the Wall finally fell.



## 5 — *Chunky Shoes, Thin Science*

### Why more is often less

To boost shoe production, the Soviet Union created incentives for the shoe industry to use as much material as possible. But instead of producing more shoes, shoe manufacturers simply used more material in each shoe, turning out chunky footwear. Something similar is happening today in the university world. Researchers are judged by the number of papers they publish. This has not improved the quality of science. Instead, it has triggered an unbelievable flood of publications, many of them not particularly meaningful. Even experts find it increasingly difficult to identify the truly important work among the deluge.

## 6 — *Helmet Requirements*

### What clever heads do – and don't do

The person who wears a helmet is better protected. That much is certain. But it is far from certain that a general helmet requirement, such as for bicycle riders, has universally positive results. In 1991, helmet use became mandatory in parts of Australia. In the following years, the number of cyclists dropped significantly. Similar effects have been observed elsewhere. Experts estimate that the adverse health effects that result from not riding a bike are significantly greater than the benefit from the decrease in injuries. Another unplanned effect is that people often tend to drive less carefully when fewer bicycles are on the road.

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

“I have lost  
my fear of death.”



Mayor Tobu  
of Rikuzentakata,  
one year after  
the 2011 Tsunami



## Mayor Futoshi Toba had to decide in a heartbeat: Warn his wife of a deadly threat or do his duty?

By Sonja Blaschke



Three minutes by car. That's all the time it would take to drive home and warn his wife Kumi. The telephone system was overloaded so he would have to drive there himself. Futoshi Toba could be back at City Hall in barely ten minutes.

But what if something else happened while he was gone? They had just felt a massive earthquake. Now the weather bureau had issued a tsunami warning. Mayor Toba wrestled with his conscience. He had only a month earlier taken office in Rikuzentakata, a small city of 24,000 people on the east coast of Japan. His responsibility weighed on him. If he left now, no one would have the authority to make decisions. And besides, he'd hear about it later. Others at City Hall were probably going through the same thing, he thought to himself, and they were all staying here. He tried to remain calm. In the end, he did not get in his car.

More than three weeks later, on April 5, Toba's phone rang: A female body that looked like his wife had been found. Unlike the other survivors, in all that time Toba had never gone through the rows of the dead piling up in the provisional morgue. Instead, he

“Maybe I was a good mayor,  
but what kind  
of husband was I?”

had thrown himself into his work, slept next to his desk in the improvised command center, and tried to take care of the needs of other survivors in that devastated city. One out of every ten residents was dead or missing. “Maybe I was a good mayor, but what kind of husband was I?” he asked himself.

### **A Wall of Water 16 Meters High**

He had last spoken to Kumi on the telephone in the early afternoon of March 11, 2011. They had talked about going out to a restaurant that evening with their sons. Then at 2:46 pm, earthquakes hitting 9.0 on the Richter scale shook large parts of Japan. Toba heard the tsunami warning on his car radio in the parking lot in front of City Hall. The tidal wave was expected to reach a height of three meters. That's high but the tsunami barrier wall was 5.5 meters. “We may get our feet wet but the water shouldn't get above our knees,” everyone thought at the time.

In fact, however, a wall of water that towered 16 meters high at the coast was already racing toward Rikuzentakata. >



One man at City Hall, who was on the roof watching the sea through binoculars, was the first one to scream: “The tsunami is coming over the wall!” Black waves flowed into the flatlands around the mouth of the river, heading inexorably toward the heart of the small city. They ripped down the protective forest of 70,000 pine trees, leaving only a few still standing, washed away houses like they were toys, and left a large rice wine factory in rubble. Waves of destruction spanning a width of eight kilometers drove into the interior of the countryside.

The disaster on the east coast of Japan took the lives of almost 18,000 people, and almost one in ten people in Rikuzentakata. That day, a few minutes or even seconds could mean life or death. Like for Futoshi Toba and his wife Kumi. He knew his sons Taiga and Kanato were safe at their elementary school that sat on a hill, but Kumi was home in their three-story house. She would probably

“But somewhere along the line  
I realized that, in the end,  
it was probably unavoidable.”

first help the elderly and children in the neighborhood like she had been trained to do in disaster relief exercises, Toba thought. First assemble, then take a head count, and then leave together. “I never stopped hoping that she had made it,” Toba says.

### Guidelines and Gut Feelings

Mayor Toba himself barely survived. Just at the last minute he managed to get to the roof of the four-story City Hall. The building was old but it was built of reinforced concrete. “When I looked around for our house, I saw that all the houses there had just been smashed,” Toba says.

“My gut feeling then was that I should have protected my family. The fact that I didn’t has haunted me,” Toba says. “But somewhere along the line I realized that, in the end, it was probably unavoidable.”

In fact, he should have called an emergency meeting right after the earthquake, like the disaster guidelines call for. But given the approaching tsunami, Toba went with his intuition and ignored the well-meaning advice of a colleague, saving lives by doing so. “The lesson we have drawn from this is that, while it’s important to have guidelines, you always have to listen to what you’re feeling at the moment too. It is certainly important to consider other opinions, but not too much. Otherwise, you’ll kill your own gut feeling.”

The young mayor quickly made a name for himself as someone who was not afraid to call a spade a spade. While some praised Toba’s

willingness to make decisions and his ideas for reconstruction, others criticized what they viewed as his unilateral style. “If I don’t make decisions, this city will never move forward,” Toba says. He was recently reelected.

### Decisive Politician – Hesitant Family Man

The family man Futoshi Toba has little in common with that decisive politician. He even quarreled with himself for weeks about when and how to tell his sons that their mother had died. He tried as long as he could to postpone the inevitable. It was only after the cremation, the evening before the funeral on May 21, 2011, that Toba took aside his eldest son. Twelve-year-old Taiga reacted calmly. “But I didn’t know how to tell his younger brother, Kanato,” Toba recalls. “So I didn’t say anything at all, not the next morning either.” As they got into the car, the ten-year-old asked again and again: “Where are we going?” Toba was silent. When they arrived shortly thereafter, Kanato saw the urn and the picture of his mother. He cried for three days.

The three moved into a new home in May 2012. “It is high up on the mountain,” Toba says. “Sometimes bears come out of the woods there.” Each morning he gets up at five o’clock to prepare “bento,” lunch for school, for the oldest son. “It’s hard to always think of something for his lunch,” Toba says with a laugh. The boys are now full of life again.

“I have lost my fear of death since the tsunami,” Toba says. He does worry, though, that his sons would be orphaned if anything should happen to him too. That’s why he is taking better care of himself and has quit smoking. “We have only one life,” Toba says. “You never know what will happen.” □

**Sonja Blaschke** is an independent East Asian correspondent and television producer for German language media. She has lived in Japan since 2005.

# If Only I Had ...



A doctor specializing in palliative medicine often sees people who are dealing with final decisions – as well as what they have failed to do and their mistakes. What do patients regret the most in their final hours?

By Roland Kunz, Chief Physician

Today, about ninety percent of the time death comes at the end of a long incurable disease that has stretched out over many months or even years. Most people look back critically at their life as it comes to a close, asking themselves if they always took the right fork in the road all those years.

They start with the most recent past. Over the course of an incurable disease, patients are constantly making important deci-

sions – about more treatment, another operation, or another round of chemotherapy. When they know that they are going to die despite all the treatments, many people would prefer to use this time differently. At the beginning, the hope that degeneration can be halted is powerful. They put a lot of effort and energy into it. Looking back, most wish that they had taken the time to live life more consciously instead. >

When people reflect back on their entire lives, they think especially about wrong decisions they made in their personal lives or what they failed to do. That may be a broken marriage or the ending of relationships with children. And sometimes it's financial or inheritance decisions that have torn a family apart. When someone realizes that time to renew contact or mend the breaks is running out, it can make parting and death all the more difficult.

Some people in the face of death think mostly of everything that they have missed out on. They see only that the glass is half empty. So when I talk with the dying, I try to search out what was important to them in life, what they are proud of, what they want their relatives to remember. Very few regret having taken risks, even if they failed at times. But those who lived their lives in their thoughts, always putting off their plans and dreams to sometime in the future, these are often the ones with regrets.

### Learn from the Dying

The living could learn a few things from the dying. Today I don't put things off anymore. Instead I make it a point to take time out for my wife, and I enjoy the time I spend with my children and grandchildren. We're taking the trips I've dreamed about now, not waiting until I'm retired. A serious accident two years ago taught me that old age is not guaranteed.

What I can recommend: You should think more about what is positive in your life and not just take it for granted. When I leave the hospital, I'm grateful that I am not on my death bed, that I am alive today and that I can still plan for the future.

In the end, I want to be able to look back at a life that made some sense, that wasn't just about vanity and ego. My work as a doc-

Many experience the dogma of self-determination more as pressure than as freedom.

tor specializing in palliative care and assisting the dying has changed me. I hope that the fact that I am at peace with my life will help me approach my own death with a good attitude. And of course I want good palliative care as well.

In other words, relief of symptoms and respect for my needs and desires. Of course my family also understands this. It's important that they know what I want.

Terminally ill people have to make important decisions. With the exception of people suffering dementia, who usually formulate their wishes ahead of time in a living will, most patients can be part of deciding what should happen up until the end. But to do that, they must be well informed and they must want to take responsibility for themselves.

Probably the most important decision involves the option of setting their own limits. Given all that is available in modern medicine, this often involves questions about continuing or ending life

support, or where one wants to die, or whether relief from pain should be sought even if consciousness may be impaired.

### Suicide Is a Difficult Decision

People who are seriously ill have a right to comprehensive information that can help them with end-of-life decisions. But the decisions are still difficult. Another decision that I don't even want to comment on whether it's easy or difficult is assisted suicide. That wish is often based on fear of protracted dying. Especially in our society, the thought of no longer being active and becoming dependent on others is seen as a negative scenario. We want to be able to make decisions for ourselves, even at the end.

In my experience, however, many people experience the dogma of self-determination more as pressure than as freedom. What's more, other people have to live with the consequences of

Some people in the face of death think mostly of everything that they have missed out on.

such a decision. Self-determination does not rule out the possibility of a natural death and palliative care can greatly reduce suffering. There is still great potential for improving professional support for seriously ill people, however.

What I can say though: Security takes away the fear of dying. Anyone who trusts their doctor and knows that he or she will respond immediately if pain increases and will implement the patient's decisions, that person will want to live their final days consciously and not just yearn for a quick end. □



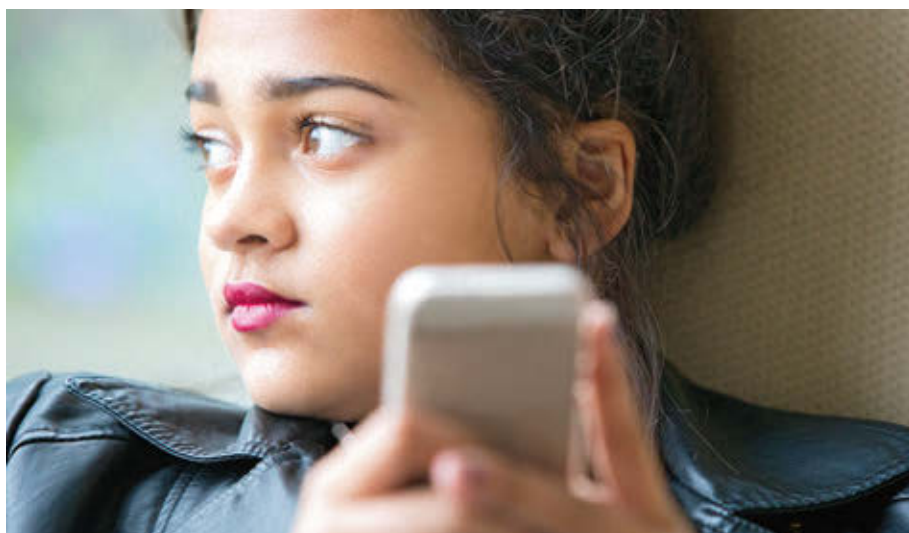
**Roland Kunz**, 59, is Chief Doctor for Palliative Care and Geriatrics at Spital Affoltern am Albis. Kunz is married and the father of three children. Until 2012 he was the President of the Swiss Society for Palliative Medicine, Care and Assistance (Schweizerische Gesellschaft für Palliative Medizin, Pflege und Begleitung).

By **Franziska K. Müller**



# #juba15

**63%** of respondents from Brazil spend two or more hours online every day.



**72%** of young people in Switzerland and **67%** in Singapore believe that the demographic situation poses a problem.



**76%** of young people in the US have owning their own home as a goal in life.



Only in Switzerland is hanging out with friends “in.” Digital trends dominate in the other countries.



A major survey targeting the US, Brazil, Singapore and Switzerland.

Follow the discussion  
of the Youth Barometer  
and join in at  
#juba15.

# No Need to Fear Young People

“You are terrified of your own children, since they are natives in a world where you will always be immigrants.” Legend has it that the term “digital natives” was first used at the 1996 World Economic Forum in Davos. The speaker, an internet activist, issued a passionate plea for a free internet, claiming that parents – he called them “digital immigrants” – were calling for its regulation simply because they knew nothing about it.

Today, nearly 20 years after this much-cited term was coined, we have conducted a scientific study of the species known as “digital natives” – young adults born after 1980. In Credit Suisse’s sixth Youth Barometer study, they tell us about their lives, values, goals and work. So what is life like in the digital universe? The answers are surprisingly diverse. For digital immigrants, the good news is this: Young people between the ages of 16 and 25 don’t automatically dismiss everything that is offline as “out.”

Your editorial team

John Perry Barlow,  
“A Declaration of the  
Independence of  
Cyberspace,” Davos,  
February 8, 1996

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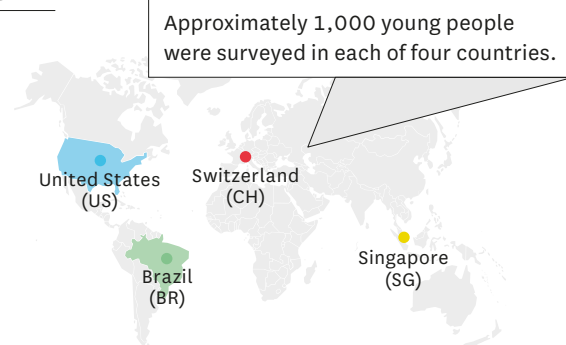
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## THE SURVEY



The 2015 Credit Suisse Youth Barometer surveyed some 1,000 young people between the ages of 16 and 25 in the United States, Brazil, Singapore and Switzerland. The gfs.bern research firm conducted the survey, primarily online, between April and June 2015. The Youth Barometer is commissioned by Credit Suisse and has been compiled annually since 2010. The editorial staff (Simon Brunner) analyzed the results for Bulletin.

This dossier contains the survey’s most important and interesting findings, as well as expert analysis. The complete study, including all of the questions and responses, can be found at

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

# 1 The Digital Universe

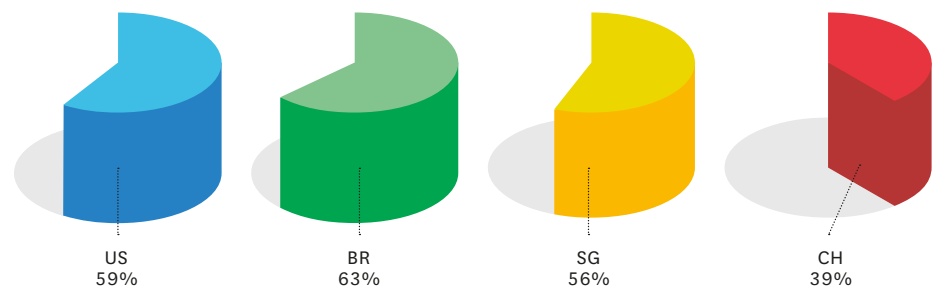
As of the late 1990s, high school students in Switzerland were still writing essays on the topic “Is the internet hopelessly overrated?” Today this question would be roughly as controversial as “Is the Earth round?” Over **85 percent** of young people in all four countries surveyed say that the internet plays an important or even essential role in their lives (► **Fact 1.2**). This is reflected in the amount of time they spend online. With the exception of the Swiss, a majority of the young respondents spend more than two hours per day on the internet – for their own personal purposes, in addition to time spent online for school or work (● **Fig. 1.1**).

However, although – or perhaps because – the members of this generation have no memory of life without the internet, they make clear distinctions based on the task at hand. Depending on that task, they decide whether or not to go online (● **Fig. 1.4, next page**): Young people like to make payments online, and they often use the internet for

## ● 1.1 / USE OF THE MEDIA

### Over two hours of web surfing

“On a typical day, do you spend more than two hours on the internet for personal reasons?”



social and political activities, hobbies and job searches. “Hobbies” includes all leisure-time pursuits, including gaming and chatting (online) as well as playing football or participating in scouting activities (offline). Among the activities that are more likely to take place offline are the following: flirting and dating, working, obtaining financial advice, shopping for clothes, spending time with friends and – with the exception of young people in Switzerland – comparing products.

These findings hold true in general, but even in our globalized world there are substantial regional differences. Young people in Brazil are extremely likely to choose the online option, while for the Swiss it depends on the specific situation. In Switzerland, offline is still preferred when it comes to voting, political and social engagement and hobbies – areas that are closely related to what is often called political culture. It is therefore not surprising that 60 percent of Switzerland’s young people describe themselves as members of a club or association; four years ago this was true of only 52 percent (► **Fact 1.3**). On the other hand, transactional activities such as a job search or a product comparison clearly belong to the digital realm in Switzerland.

It may come as a surprise that the attitude of “digital natives” toward the internet is not unreservedly positive. Between 72 percent (US) and 86 percent (Brazil) believe that they benefit personally from the internet (● **Fig. 1.5, next page**), but far fewer are convinced that our increasingly connected world is good for society (results range from 60 percent in the US to 83 percent in Brazil). The Swiss are more conscious than the respondents from other countries of the discrepancy between personal and social benefits (13 percent).

## ► 1.2 / IMPORTANCE OF THE INTERNET

**85 percent**

say that the internet plays an important or even indispensable role in their lives.



## ► 1.3

**60 percent** of young people in Switzerland say that they are members of a club or association; that figure was only **52 percent** in 2011.



To understand young people, it is important to examine how they communicate (●Fig. 1.8). The survey's findings: 1. Mobile telephones play a central role for this generation; landlines are relatively rare. 2. Here, too, countries differ substantially. For example, the messaging service WhatsApp is extremely popular in Brazil, Singapore and Switzerland, but almost unknown in the United States. Why? Sending text messages has always been free in the US, in most cases, so users never had a reason to switch to another messaging service. As a result, US respondents are the only ones who still regularly send SMS text messages. 3. The social network Facebook plays a central role in the digital landscape; indeed, more than half of the respondents are convinced that it is changing the world (►Fact 1.6). Surprisingly, however, Facebook is not very important as a means of communication (to find out why, see Chapter 2).

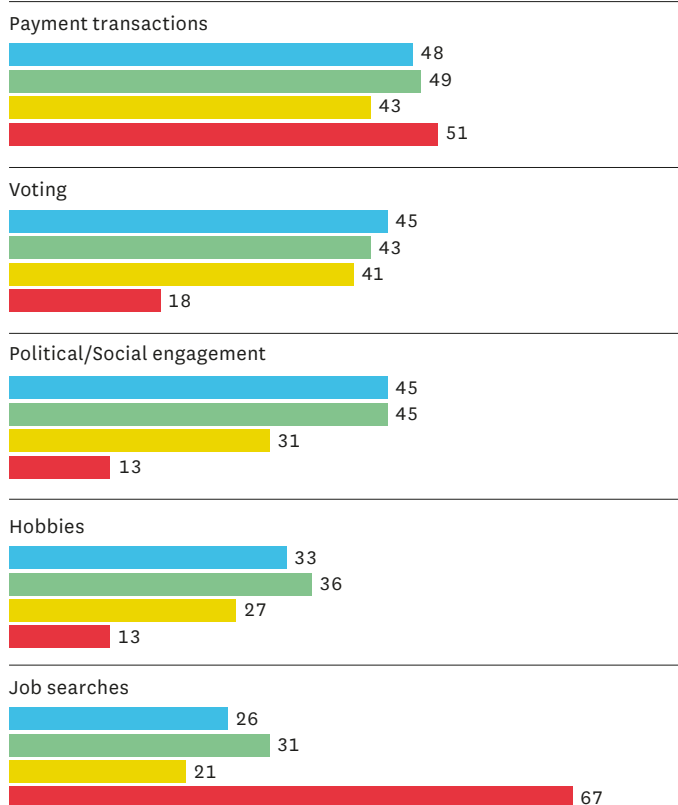
To end on a positive note: While parents may not always understand the world that their digitally socialized children inhabit, this doesn't mean that young people lack a sense of responsibility. Over 78 percent are conscious of the need to protect themselves on the internet (►Fact 1.7). And 69 percent would like the government to play a more important role in this regard. □

#### ● 1.4 / VIRTUAL VS. REAL

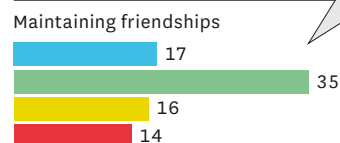
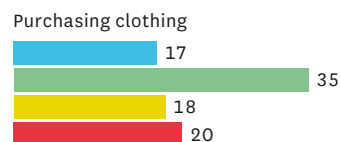
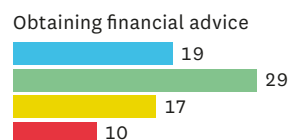
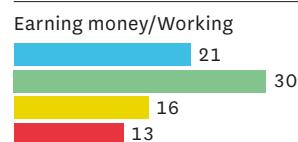
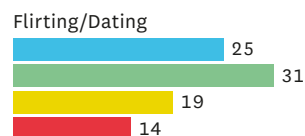
## Making Payments: Online Friendship: Offline

"To what extent do you use the internet in the areas of your life listed below? When do you prefer to remain offline?"

In percent, combining responses "completely online" and "usually online"



● US ● BR ● SG ● CH



**14 percent** of young people in Switzerland use the internet to maintain their friendships; this is true of **35 percent** of Brazilian youth.



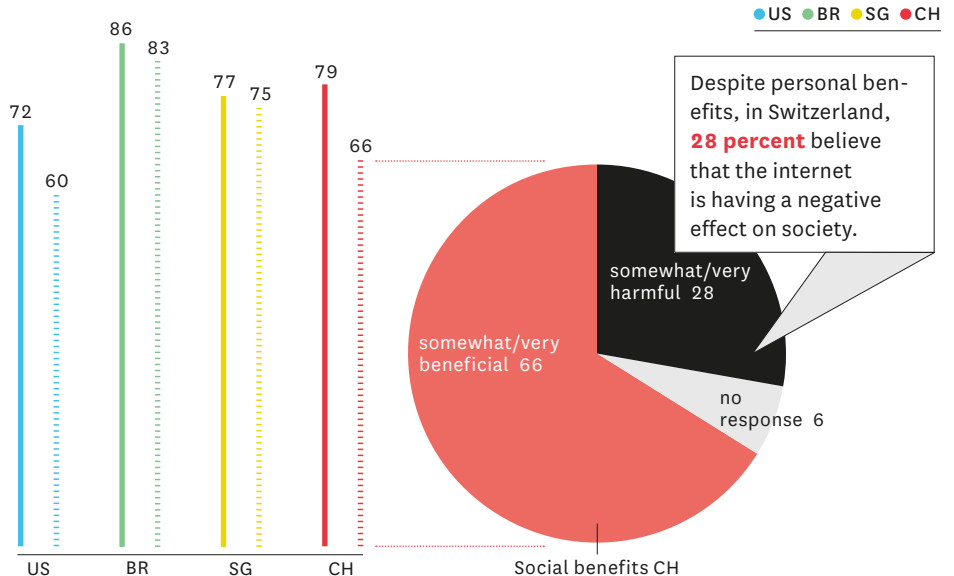
## 1.5 / BENEFITS OF DIGITALIZATION

## Being connected is good, but...

“Our lives are increasingly digitalized. Electronically connected data play an increasingly important role in every aspect of our lives. Do you see that as an advantage for you personally or for society?”

*In percent, combining responses “somewhat of an advantage” and “a big advantage”*

— For me personally  
..... For society



## 1.6 / COMMENTS ABOUT FACEBOOK

More than half of respondents are convinced that the social network Facebook is changing the world. In Singapore, as many as 73 percent share this view.



## 1.7 / SECURITY ON THE INTERNET

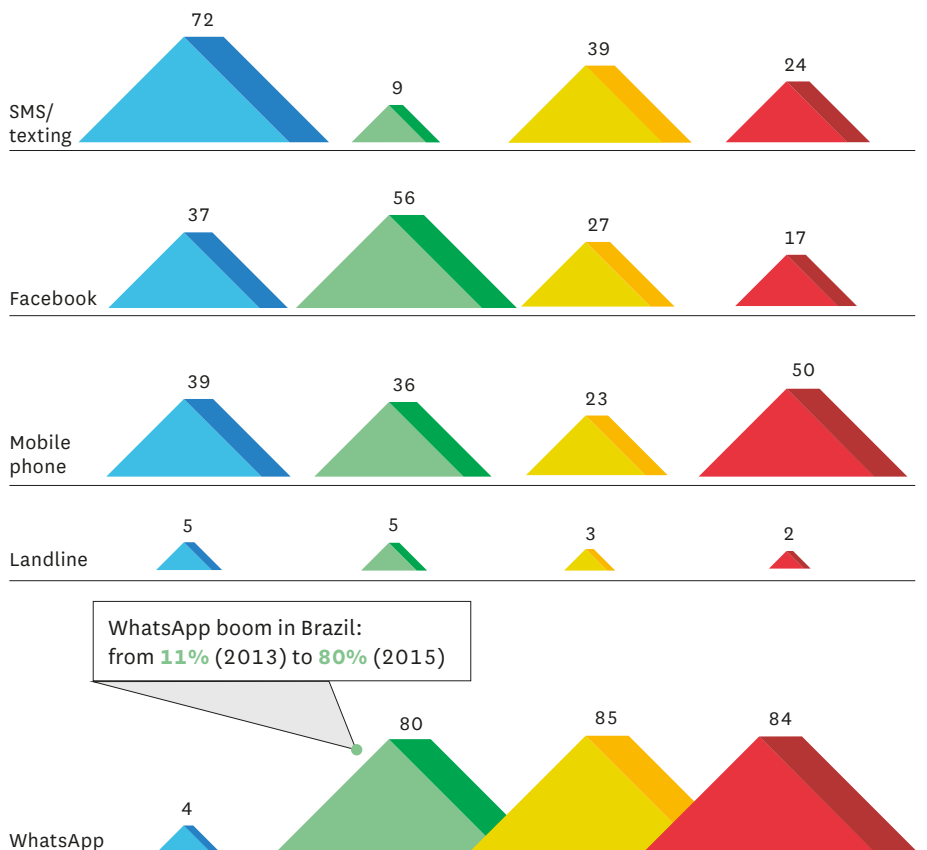
Over **78 percent** say that they, themselves, bear primary responsibility for protecting themselves online, and over **69 percent** think that the government should play an important role in this context.

## 1.8 / CONTACT WITH FRIENDS

## The WhatsApp World

“Which means of communication do you use to contact your friends?”


*In percent, combining responses for the most important and the second most important means of communication listed*



## On- or offline? — This is a question only adults are still asking; young people have moved on.

By Sandra Cortesi and Urs Gasser

*However, the risks of the commercial use of data on the internet remain a major blind spot. Young people are largely unaware of the potential for abuse in this area.*

**Sandra Cortesi** is a fellow at Harvard's Berkman Center and director of Youth and Media. A native of Switzerland who studied psychology at the University of Basel, she also oversees cooperation between the Berkman Center and UNICEF.  
 @SandraCortesi



For frequent flyers and world travelers, one of the main findings of the latest Credit Suisse Youth Barometer will come as no surprise. Whether you are in a subway in New York, in the Maracanã football stadium in Rio de Janeiro, in Singapore's shopping malls or in a swimming pool in Zurich: Everywhere you look, young people seem to be constantly on their mobile phones and digitally connected. Youth Barometer statistics confirm that 16- to 25-year-olds in the United States, Brazil, Singapore and Switzerland "have easy access to the internet," "generally every day and at any time, thanks to now-ubiquitous smartphones."

Although today, in 2015, only a minority of the world's population has access to digital technologies, we are witnessing the emergence of a global culture of "digital natives," at least in the four countries surveyed. In our research at Harvard University, we are reaching similar conclusions regarding the importance of the digital world for young people, and we can use focus groups to learn even more.


The Youth Barometer shows, for example, that YouTube is very popular among 16- to 25-year-olds. Conversations with young people can shed new light on this finding. If you ask why YouTube is so popular, it is quickly clear – perhaps contrary to expectations – that it is not just about watching music videos. YouTube is also an important source of information needed for school (students can gain a better understanding of percentage calculations, for example) and leisure-time pursuits (gaming rules, beauty tips, cooking instructions).

Systematic conversations with young people can also tell us more about the finding that young people handle their personal information responsibly. Young users have developed quite sophisticated mechanisms for handling privacy issues in a digital environment, from self-censorship to reputation-management techniques. However, the risks of the commercial use of data remain a major blind spot. Young people are largely unaware of the potential for abuse in this area.

It is also important to remember that the published data, and particularly the analyses of this data, reflect an adult's perspective (of course, this also holds true for this commentary!). This is evident, for example, in the report's clear distinction between "online" and "offline." As our focus groups show, such a distinction is no longer as meaningful to young people as it is to us as adults. Thanks to the widespread use of smartphones and to more affordable data plans, but also to an increase in the number of public WiFi hotspots and improved access to WiFi in schools, young people are able to be online more or less constantly. And this is increasingly blurring the distinction between on- and offline (and as the Internet of Things becomes a reality, such distinctions will probably become irrelevant for adults as well).

A closer look, finally, shows that it is not only the chosen perspective (of an adult or a young person) that plays an important role in analyzing the data. To fully comprehend the data and its significance, it is also important to have a solid understanding of the relevant social, economic and even legal framework conditions. This is particularly true when comparing different countries.

The Youth Barometer provides ample food for thought and suggests topics for further discussion. Most importantly, this report is an invitation to seek dialogue with young people, in an effort to gain a better understanding of how they deal with the digital world, and to consider together how best to shape a globally connected future. □

**Urs Gasser** is executive director of the Berkman Center for Internet & Society at Harvard and teaches at Keio University in Japan. An attorney, Gasser previously taught at the University of St. Gallen and at the Fudan University School of Management in China. He is the author of a number of books and co-author of the bestselling work "Born Digital."  
 @ugasser





## 2 Trends and Media

In keeping with the optimistic conclusion of the previous chapter are the following findings about media use: Between one-third and one-half of respondents check several times a day to see what is happening in the world (●Fig. 2.1). Over the past five years, these figures have increased especially in the United States (+14 percentage points) and Switzerland (+12 percentage points). The topics of particular interest to respondents (●Fact 2.2) span a surprisingly wide range. At the top of the list are music and weather, followed by “regional information,” then “culture” and “new products.”

Young people tend to have strong opinions about what is currently “in” or “out.” This year, an examination of trends (●Fig. 2.3, next page) – a characteristic feature of the Credit Suisse Youth Barometer – reveals the following: Young people are most interested in all things digital. Of the 20 things identified as “in” in the four surveyed countries, 17 are related to the

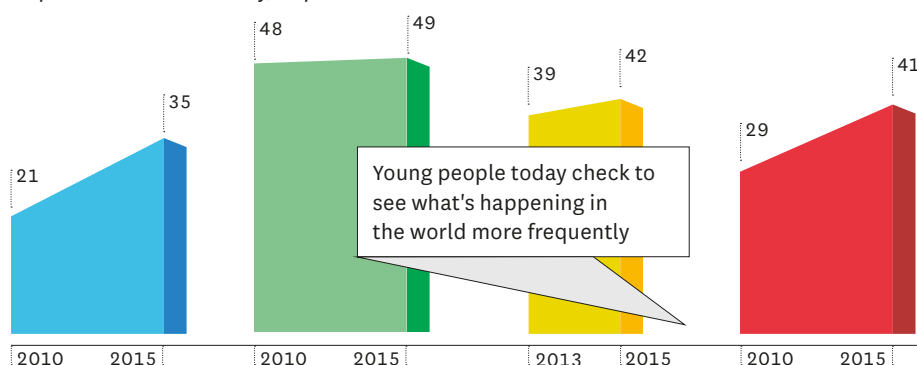
### 2.1 / CURRENT EVENTS

US BR SG CH

## Checking the news, several times a day

“How often do you use the media to keep up with current affairs?”

Response: “Several times a day,” in percent



digital world. Two of the three offline exceptions are mentioned by Swiss respondents: getting together with friends and vacationing abroad. Smartphones and YouTube (in all four countries) are frequently mentioned, as well as WhatsApp (in three of the four).

If we were to choose a symbol to represent today's youth, it would have to be the smartphone. This “mobile command center” ranks number one for increase in popularity in Singapore and Switzerland, number two in the US and number four in Brazil. A good example is its increased popularity in Switzerland (●Fig. 2.4, next page): In 2010, slightly less than half of respondents (47 percent) said that smartphones were “in”; today that share is 95 percent.

Early on, the Youth Barometer predicted a drop in the number of readers who pay for print media, and it is now apparent that television may suffer a similar fate. For the first time, television is no longer among the top three in terms of popularity, even in the United States, the land of TV (●Fig. 2.3, next page). And in Switzerland, its popularity has declined from 80 to 62 percent in only five years (●Fig. 2.4, next page). The video-sharing platform YouTube has experienced a surge in popularity over this same period. Interestingly, radio has

### 2.2 / NEWS

US, BR, SG and CH

## The Most Important Topics

“What subjects are you interested in?”

### 1 Music



### 2 Weather

### 3 Regional

### 4 Culture

### 5 New products

### 6 Computers

### 7 Politics

### 8 Parties

### 9 Sports

### 10 Business

### 11 VIPs

maintained its popularity, at least in Switzerland (●Fact 2.5, next page). It's no wonder that Apple has integrated a traditional radio station into its recently launched digital music service. Digital tools, too, can quickly lose their appeal for the young – this generation demonstrates little loyalty to products and services. Email now ranks among the top three in only one of the surveyed countries (last year in three). In Switzerland, electronic mail has declined in popularity from 88 to 71 percent (●Fig. 2.4). In all four countries, outdated internet platforms like Orkut (now defunct) and Myspace are now considered downright “out” (●Fig. 2.3). Also unpopular are drugs and smoking, as well as political parties and religion.

As for Facebook, some extol this social-media platform as the defining medium for this generation – while others predict its demise. Which view is correct? Neither. As noted above, more than 50 percent of respondents believe that Facebook is changing the world. However, it is rarely regarded as “in” (●Fig. 2.3), and its popularity has declined significantly, even in Switzerland (●Fig. 2.4). Facebook now has another, less “cool” function: 27 percent of respondents in Singapore, 22 percent in the US, 17 percent in Brazil and 5 percent in Switzerland say that it is their most important source of information. For this generation, Facebook is now a more important medium for accessing news than apps, radio, TV or newspapers. For communication, Facebook’s original function, respondents have come to prefer WhatsApp, a more private option for sending short messages (see Chapter 1). □

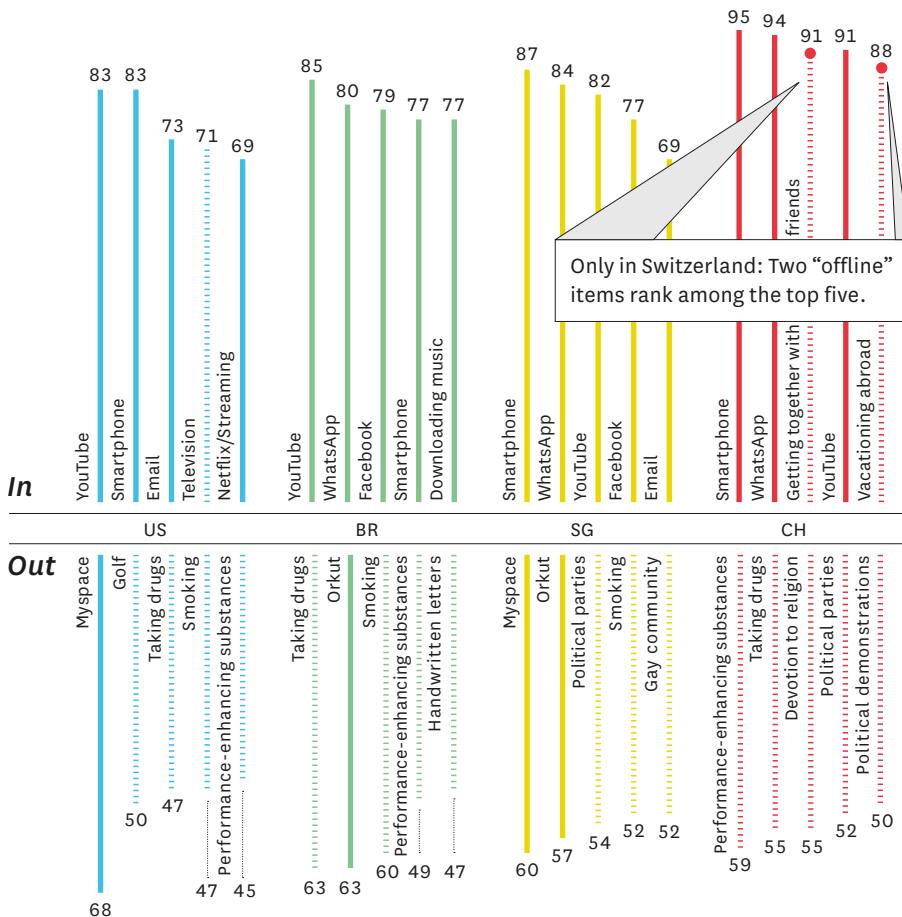
### 2.3 / INTERNATIONAL TRENDS

US BR SG CH

## Clickable content is “in,” smoking, drugs and parties are “out”

“Here is a list of a wide variety of things. Please tell us whether they are “in” or “out” for you and your friends, and also whether you use them.”

In percent — Online / ..... Offline



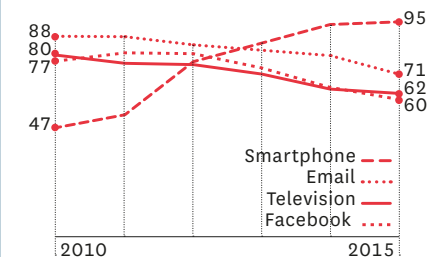
### 2.4 / TRENDS IN COMMUNICATION

CH

## The Decline of Email and TV

“Please tell us whether these things are “in” or “out” for you and your friends, and also whether you use them.”

In percent



### 2.5 / THE PHENOMENON OF RADIO

Despite strong competition, radio continues to be a source of information for **53 percent** of Swiss youth. The trend is slightly upward.





# “Immigration was already an important issue when I was young”

Economic Affairs Minister Johann N. Schneider-Ammann talks about what young people in Switzerland want, their attitudes toward foreigners and why he chose not to follow in his father's footsteps.

By Schirin Razavi

*Mr. Schneider-Ammann, how would you characterize young people in Switzerland?*

The overwhelming majority of Swiss youth are curious, interested in the world around them and willing to get involved and take on responsibility. In that respect, they don't differ fundamentally from previous generations. Today, however, social media and the rapid changes that are taking place in that arena pose additional challenges for young people. There is a greater need to set limits and define priorities.

*What are the most difficult issues facing today's 16- to 25-year-olds?*

There's no single answer to that question. It is clear, however, that an aging society, inadequate resources, climate change and security issues will present significant challenges.

*It is in our youth that we set the course for the future, for example by choosing a training program or a career. What youthful decisions had a particularly significant impact on your own life?*

I attended an academic high school, and my father, a veterinarian, would have liked me to take over his practice. But I quickly realized that this wasn't the right path for me, and decided instead to study electrical engineering at the Swiss Federal Institute of Technology in Zurich. Switzerland has an excellent education system, and – a particularly important point – it is much easier than in the past to change schools or courses of study. It is relatively easy for young people to shift gears without wasting too much time. Vocational training isn't a one-way street, nor is an academic education. But having a broader range of choices doesn't necessarily mean that it is easier to reach a decision.

Federal Councillor **Johann N. Schneider-Ammann** (FDP) is head of Switzerland's Federal Department of Economic Affairs, Education and Research (WBF). He previously served as president of the Ammann Group and was a member of the Board of Directors of Swatch Group and president of Swissmem, an association representing Switzerland's mechanical and electrical engineering industries. He studied at the Swiss Federal Institute of Technology Zurich and earned an MBA at Insead. Schneider-Ammann, 63, is married and has two grown children.

🐦 @\_BR\_JSA



*Once again, the Youth Barometer has shown that today's young people have little connection to the political sphere. Neither political parties nor youth organizations are particularly popular. How do you explain this?*

In the past, the main options for young people were scouting or athletic clubs, and later on university-based student organizations. Today there are far more activities to choose from, and people are less tied to a specific location. And even in the past, political parties were not exactly overrun with young people. But because there are so many opportunities, it has become even more difficult to motivate this age group to participate in political life.

*Swiss young people consider it very important to achieve a balance between their personal lives and their jobs. They attach less importance to climbing the career ladder or achieving a higher standard of living than their parents. Will this mindset affect the future of the Swiss economy?*

As I mentioned before, today there are far more leisure-time activities to choose from. Such activities are an opportunity to relax and recover from the stresses of working life. Clearly people are demanding a better balance between their jobs and their personal lives. But at the same time, I see large numbers of young people who are ambitious and determined to do well in their careers. Only a short time ago, some very bright students visited me in my office. What our economy will look like in the future – that depends on other factors too, not just on the willingness of young people to work hard.

*Switzerland's Old Age and Survivors' Insurance (AHV) is a perennial theme in the CS Worry Barometer. In the Youth Barometer, too, respondents mention retirement provision as one of the top three problems and one that is becoming increasingly pressing. How can we safeguard our retirement insurance system?*

The Altersvorsorge 2020 retirement provision package has been approved by the Federal Council, and parliamentary deliberations are now underway. The goal of this reform is to safeguard the current level of the first and second pillars of the system (Old Age and Survivors' Insurance and the mandatory pension fund), as well as to adjust benefits in accordance with changes in society's needs and to provide adequate funding. We have long recognized this problem, and it appears that we are closer to finding a solution. The proposals encompass a wide range of measures that, taken together, are designed to produce a balanced result.

*Young people also regard issues related to foreigners and asylum as an increasingly important problem. Relations with foreigners are tense. Many young people believe that racism and xenophobia are serious problems. What can be done to reduce these tensions?*

These are problems that concern not only our youth, but society as a whole – as evidenced by the vote in February 2014 in favor of the initiative to put a halt to mass immigration. Let me remind you, however, that immigration was also a major issue when I was young, a topic of discussion at local pubs, at work and in schools. So far, Switzerland has always been relatively successful at integrating refugees and immigrants into our society, despite repeated complaints that “the boat is full.” I hope that we will be able to maintain our open approach, while also drawing clear lines to prevent abuses.

*One of the biggest immediate challenges for Switzerland relates to our European policy; a majority of young people favor maintaining our bilateral agreements. Given the possible termination of the agreement on the free movement of persons, in the wake of the referendum on February 9, 2014, the question is what happens now.*

Various groups in our country believe that we are strong enough to go it alone, and they are constantly belittling the importance of our bilateral agreements with the EU. My response is clear: This view is irresponsible. We need free access to the European market if we want our companies to continue to produce their goods domestically and provide jobs. After all, one out of every two francs we earn comes from abroad, and two-thirds of our exports go to the EU. That's why I argue in favor of a differentiated kind of openness. This means regulating immigration here at home, while we maintain our bilateral agreements.

*Some groups believe that we are strong enough to go it alone, and they are constantly belittling the importance of our bilateral agreements with the EU. My response is clear: This view is irresponsible.*

Internet-based crime poses a challenge for authorities. It's a new kind of crime, with entirely new dimensions.

*Asked what measures they would like policymakers to take in connection with the internet, 77 percent of respondents say that they want protection against criminals accessing their digital information. Is the government doing too little in this regard?*

Internet-based crime poses a challenge for authorities. After all, this is a new kind of crime, with entirely new dimensions. The perpetrators are often working abroad, while we have a cantonal and national criminal prosecution system. These criminals also act very quickly, and they know how to disguise their identities. Swiss law has not yet determined who is responsible for prosecuting cybercrime – the cantons or the federal government.

*Swiss youth are not as “digitalized” as their peers in the United States, Brazil or Singapore – in particular, they prefer to engage in personal interactions offline. Are they simply behind the curve, or do they make a clearer distinction between on- and offline?*

Like you, I can only speculate. I'm obviously a member of a generation that uses digital tools, but not nearly to the same extent as young people do.

*It is interesting to note that in the US, unemployment is the most urgent problem for young people (50 percent), while it ranks ninth in Switzerland (22 percent). What accounts for this difference, in your view?*

It's about the numbers. The youth unemployment rate is much lower in Switzerland than in the United States. In June of 2015, the Swiss unemployment rate for 15- to 24-year-olds was 2.8 percent; in the US, that figure was over 10 percent. I'm very pleased that our rate is so low. Young people are our future. They need opportunities. I am doing everything in my power to ensure that every young person in Switzerland has access to training, a job and a future.

*When you think back to your own youth, where do you see the biggest differences compared with today's younger generation?*

The most striking change is undoubtedly the fast pace of life in the modern world. The digital age has transformed many aspects of our everyday lives. Just think: When I was a child, not every household owned a telephone, let alone a television set. And we still used typewriters. Today's young people have grown up in a digital environment, and they perceive the world very differently. Everything has become much “smaller,” and distances are much shorter. But that's not a value judgment. The world is simply changing. We need to look to the future.

*What were you like as a teenager?*

I imagine I was typical for the times, a person who was securely rooted in his environment and got along very well – a very ordinary teenager. □

Today's young people have grown up in a digital environment, and they perceive the world very differently. Everything has become much “smaller,” and distances are much shorter.

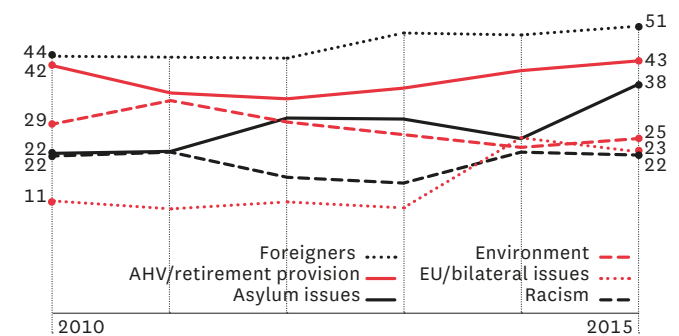
#### THE BIGGEST PROBLEMS

CH

### Issues relating to foreigners come top

“Please select from this list what you consider to be the five biggest problems facing Switzerland.”

In percent



## 3 Job, Finances and Career

If you have a son or daughter between the ages of 16 and 25, you may be less concerned with whether your child uses SMS or WhatsApp (Chapter 1) or how young people gather information about current events (Chapter 2) – and more interested in knowing the answer to this question: Is the (not so) little one going to do well in life?

### ► 3.1

“What do you think is important in an employer?” Over **91 percent** respond: “A good boss.”

Young people provide a very grown-up answer to the question “What do you think is important in an employer?” Over 91 percent respond: “A good boss” (► **Fact 3.1**). Somewhat surprisingly, when asked what industries they might want to work in (► **Fig. 3.6**), respondents in all surveyed countries put the media at the top of the list, although television and newspapers no longer play the role they did in the past (see Chapter 2). Perhaps they consider social media to be in this category; maybe they want to be stars on YouTube. After the media comes tourism, followed by education, telecommunications and healthcare, with banking in sixth place. At the bottom of the list are the insurance industry (14th) and construction (15th).

A worrisome finding: A large number of respondents in all four countries say that they have experienced discrimination against female workers (► **Fact 3.2**). This response is more common in Switzerland (57 percent) than anywhere else.

In keeping with this generation’s realistic view of the world, young people have accumulated less debt than one might think, based on reports in the media (► **Fig. 3.5**). Between 20 and 30 percent of young people in the United States and Brazil owe money, in many cases to their parents or relatives. The percentage is much lower in Singapore and even lower again in Switzerland (approximately 12 percent and 3 percent, respectively) – and the rate of indebtedness has remained consistently low for many years.

It is interesting to learn what young people in Switzerland would do if someone were to give them 10,000 Swiss francs (► **Fig. 3.4**). Their responses reflect the economic difficulties of recent years. Compared with responses in 2011, far more of that money would be “saved for a rainy day,” and less would be spent on vacations. Responses differ substantially by gender. In Switzerland, men would spend almost 400 francs less on vacations and save

### ► 3.2

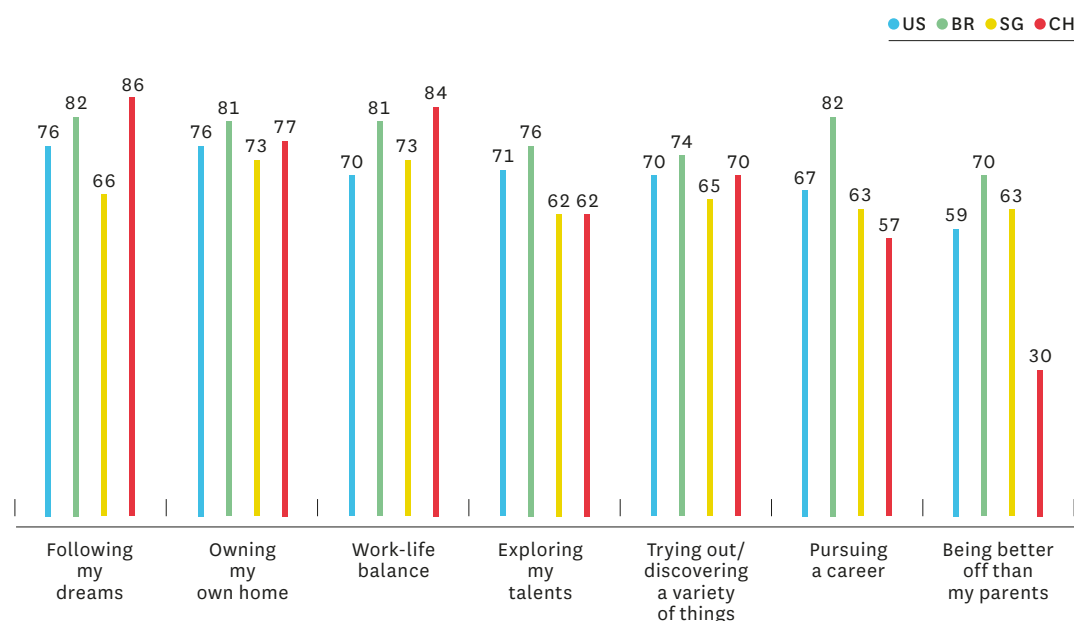
**57 percent** of respondents in Switzerland believe that women experience discrimination in the workplace. US and Brazil: **50 percent**; Singapore: **45 percent**.

### ● 3.3 / LIFE GOALS

## We Want Everything!

“Think about the goals you have in life: What do you hope to achieve?”

Combining responses “definitely want to achieve” and “tend to want to achieve,” in percent





almost 300 francs more than their female counterparts, who apparently take a rosier view of the economic situation.

What are the life goals of this generation? Here, too, it is clear that they have their feet planted firmly on the ground (●Fig. 3.3). They want to pursue their dreams, but they also want to buy a home. They want to achieve the right work-life balance, explore their own talents and try a variety of things. Only then come the goals that their fathers and mothers are perhaps more interested in hearing about: having a successful career and eventually being better off than their parents. Significantly, these last two objectives are mentioned most frequently in Brazil, the country with the lowest per-capita income. □

## ● 3.4 / MONEY

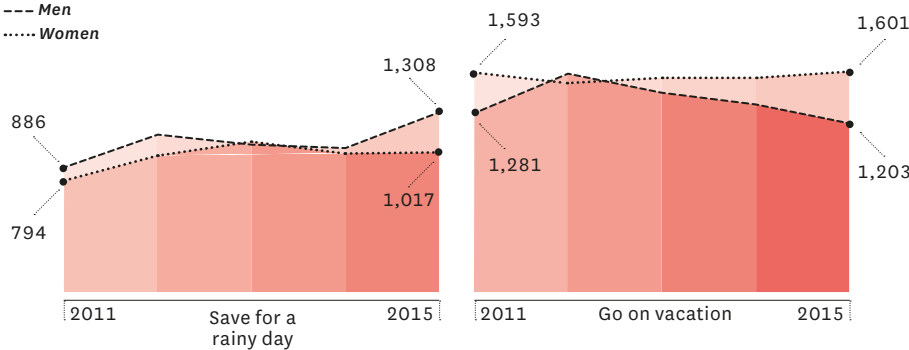
● CH

## Men Save Money, Women Go on Vacation

“Let’s say someone gives you 10,000 francs. What would you do with the money?”

Mean value, in CHF

--- Men  
..... Women



## ● 3.6 / PREFERRED JOBS

US, BR,  
SG and CH

## When I Grow Up...

“What sector would you like to work in?”

- 1 **Media**
- 2 **Tourism**
- 3 **Education**
- 4 **Telecom-**
- 5 **munications**
- 6 **Healthcare**
- 7 **Banking**
- 8 **Luxury goods**
- 9 **Show business**
- 10 **Food**
- 11 **Commerce**
- 12 **Fashion**
- 13 **Pharmaceuticals**
- 14 **Watchmaking**
- 15 **Insurance**
- 16 **Construction**

## ● 3.5 / DEBT

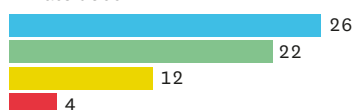
US BR SG CH

## The Swiss Are Almost Debt-Free

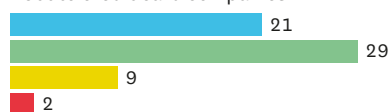
“Do you personally have any of the following liabilities?”

In percent

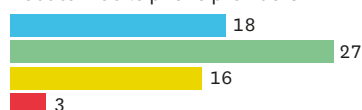
Private debt



Debt to credit card companies



Debt to mobile phone providers



# 29

 percent

More than one-quarter of Brazilian respondents have credit card debt. Such debts are less of a problem in the other countries.



# 4 Politics, Values and Society

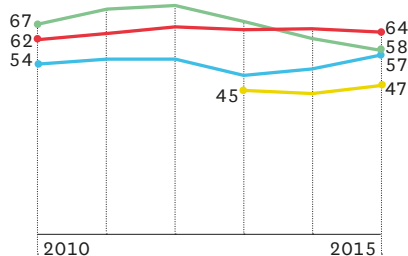
## ● 4.1 / OPTIMISM

● US ● BR ● SG ● CH

### The Future Looks Good!

“What do you think your future will look like?”

Response “reasonably confident,” in percent



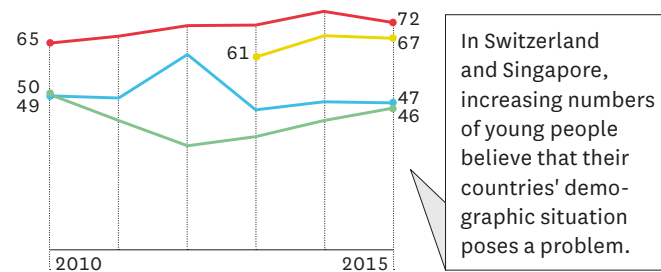
## ● 4.2 / LIVING TOGETHER

● US ● BR ● SG ● CH

### Generational Conflict

“In the foreseeable future, the number of older and retired people will increase, while there will be fewer and fewer young people. Do you see this as a problem?”

Combining responses “big problem” and “very big problem,” in percent



The young people surveyed for the Credit Suisse Youth Barometer – born between 1990 and 1999 – are optimistic about the future (●Fig. 4.1). In Switzerland, confidence has grown, year by year, since 2010. Today 64 percent of respondents believe that they have a bright future – a higher percentage than in any of the other countries. Brazilians have traditionally been very hopeful, but the difficult years of the recent past, coupled with dismal forecasts for the economy, have reduced the share of optimists to 58 percent (–15 percentage points since 2012). In the United States and Singapore, however, 16- to 25-year-olds are more confident about the future today than they were in any of the past two years. The fact that Brazilian respondents express more pessimism is closely related to the country's problems (●Fig. 4.4): Three out of four young people believe that there is too much corruption. This is the only question that elicits such unanimity, and only in Brazil. Unemployment, too, is once again causing heightened concern in Brazil – understandable, given that the unemployment rate is on the rise, following a steady decline until 2014.

Unemployment is a major issue in Singapore and the United States as well, although the situation has eased somewhat. In the US, the recent recovery has been helpful; in Singapore, the unemployment rate dropped between 2009 and 2014 despite a slowdown in the country's economic growth.

Unemployment is not an issue in Switzerland. However, in both Switzerland and Singapore there are signs that demographic change may be leading to generational conflict. Indeed, the aging of the Singaporean population, coupled with a low birthrate, is regarded as that country's most pressing problem; retirement provision ranks second in Switzerland. Asked directly whether they see an increasing percentage of older people as a problem, more and more respondents in Switzerland and Singapore are responding in the affirmative (●Fig. 4.2). There is no correlation between the results and the median age of the population. Switzerland is the country with the oldest population (50 percent are over the age of 42), but the

## ● 4.3 / POLITICS

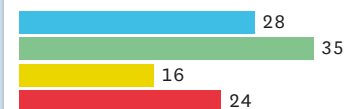
● US ● BR ● SG ● CH

### Youth Movement

Respondents' political involvement.

Combining responses “quite involved” and “very strongly involved”

Index combining various questions, in percent



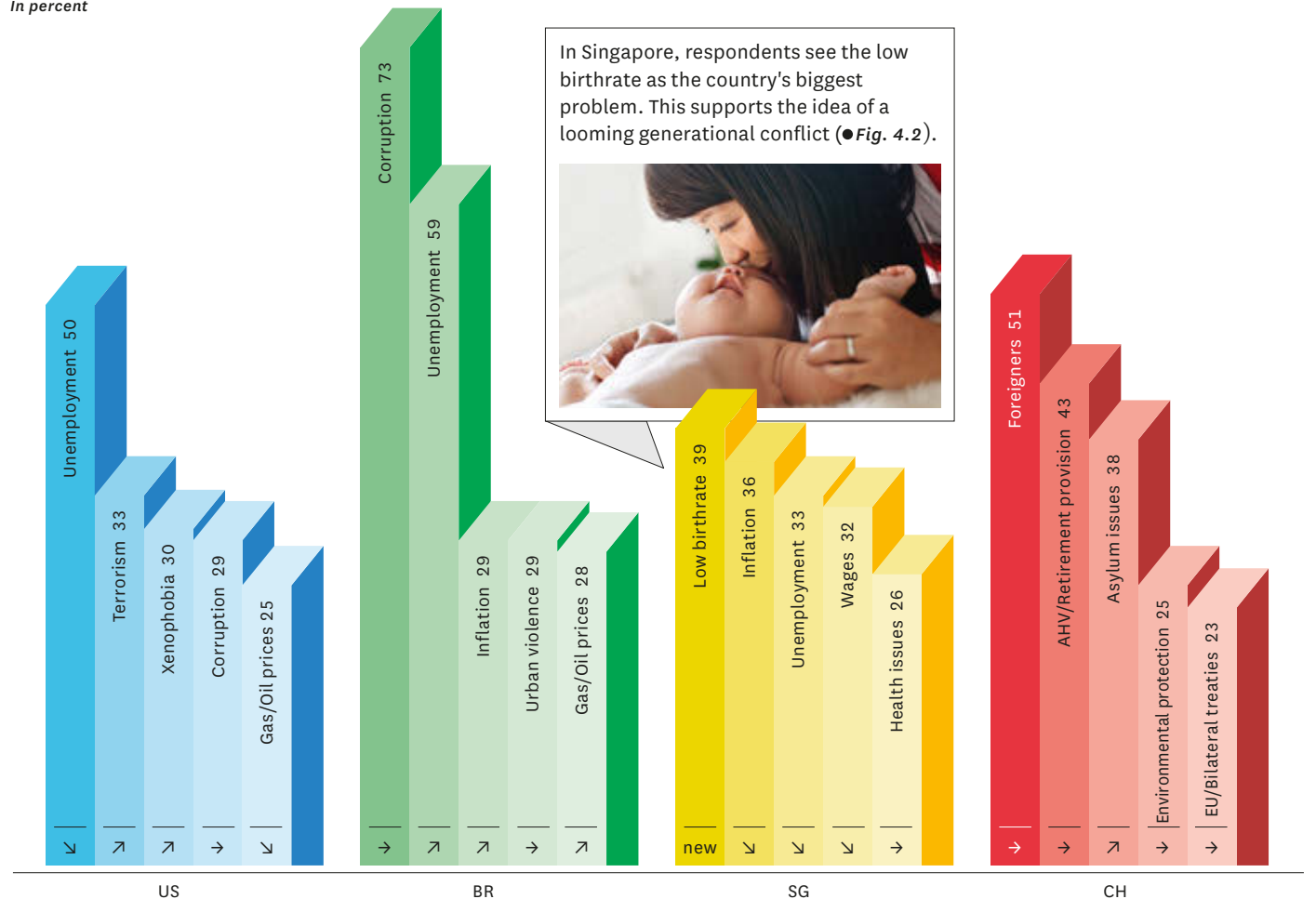
## ● 4.4 / THE BIGGEST PROBLEMS

● US ● BR ● SG ● CH

## Brazil's Young People Are Worried

"This list contains some topics that have recently received a great deal of attention. Please look at the whole list, then select the five issues that you personally see as the biggest problems in your country."

In percent



United States ranks second (50 percent over 38), and only then comes Singapore (50 percent over 34). Brazil's population is youngest (50 percent over 31). Perhaps the salient factor is country size. In the two small countries, where people live closer together, the composition of the population is more apparent.

Bolstering this theory are two observations. In Switzerland, concern about foreigners in general and refugees in particular has steadily increased over the past five years (for more on the challenges and problems facing Swiss youth, see the interview with Federal Councillor Johann N. Schneider-Ammann on page 65). And Singapore is, as yet, the only country in which a majority considers an increasing number of foreigners to be a somewhat big or very big problem.

Are the problems that young people identify motivating them to enter politics and try to bring about change in their countries? While they consider political parties to be "out" (see Chapter 2), there is no indication that they are generally disillusioned with politics. Especially when things are not going well, the young want to become actively involved (● Fig. 4.3). In Brazil, 35 percent of respondents describe themselves as politically engaged, four percent more than in the previous year.

The bottom line: Are young people lazy, spoiled and constantly distracted? Hardly! Today's 16- to 25-year-olds are thoughtful and realistic. Perhaps they spend too much time playing with their various electronic devices, but that's always been one of youth's privileges: having something of their own that their parents know nothing about. □



Young people are changing:  
Today smoking and drugs are  
considered “out.”



For the first time, television is no  
longer among the top three “in”  
things, even in the United States,  
the land of TV.



What topic do they find most interesting?  
Respondents agree: music.



In Switzerland, **60 percent** of respondents report  
that they belong to a club or association; that figure  
was only **52 percent** in 2011.



Swiss women are willing to spend  
**400 francs** more on vacations  
than their male counterparts.





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