Credit Suisse Celebrates

Review  What made the world go round – in 1856, the founding year
Info section  The global network of Credit Suisse
Highlight  Christo and Jeanne-Claude in Zurich
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Anniversaries Are In Vogue. Last year we celebrated Einstein and Schiller. And 2006 – the Mozart anniversary year – also happens to be the year in which Credit Suisse marks its 150th birthday.

But why look back? Doesn’t that mean standing still? At a time when it is all too easy to lose touch with tradition, there is hardly a risk of that happening. Taking a constructive approach to our heritage helps to give us a sense of identity and cements our collective memory. Without a memory, we do not have any experience – and experience is vital for drawing the right conclusions from history.

Hence this anniversary issue of the Credit Suisse Bulletin. We are taking the opportunity to recall our founder, Alfred Escher, and the age in which he lived. For Switzerland it was an age of change and upheaval. Alfred Escher was an exceptional person, and his birth a stroke of good fortune for Switzerland. He was much more than just the man who, in 1856, founded Schweizerische Kreditanstalt, today’s Credit Suisse. He understood Switzerland’s basic infrastructure requirements, spearheaded railroad construction, advocated the founding of the Federal Institute of Technology (ETH), and created a life insurance company – Schweizerische Rentenanstalt (now known as Swiss Life). The Gotthard railway through the Alps was his crowning achievement.

It is with great respect that we guard the heritage of this man who, 150 years ago, founded what was to become Credit Suisse and to whom we owe our long tradition. Like Alfred Escher, we try to identify future market changes and use them to our company’s advantage. And like him, we try to gain the loyalty of the keenest minds. So we understand tradition as a living thing: we are passing on the flame, not the ashes.

We see change primarily as an opportunity rather than a threat. True, it takes courage to sweep away the status quo – courage to innovate. But we need this courage if our long tradition is to continue into the future.

I wish you a fascinating read!

Oswald J. Grübel, CEO Credit Suisse Group
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1 Alfred Escher (1819–1882)  2 The memorial to Alfred Escher in front of Zurich’s main station, unveiled in 1889  3 View inside the banking hall at Credit Suisse  4 The Federal Polytechnic in Zurich (now the Federal Institute of Technology/ETH Zurich), founded in 1854  5 Credit Suisse, founded 1856; the illustration shows the new building on Paradeplatz as it was in 1876.  6 The new main railway station in Zurich, designed by architect Jakob Friedrich Wanner, was inaugurated in 1871.  7 The Gotthard Railway with its major tunnel, which came into operation in 1882 shortly before Alfred Escher’s death, became the main artery of modern Switzerland.
The Founder of Modern Switzerland

Alfred Escher (1819–1882) recognized that the only way for Switzerland to avoid economic and cultural isolation was to build an extensive railroad network complete with a route traversing the Alps. The monument in front of Zurich’s main station bears witness to the successful completion of his life’s work, which paved the way for modern-day Switzerland.

Switzerland is truly the land of railways. On average, each inhabitant travelled 1,751 kilometers by rail in 2003. No other country comes near this figure. In neighboring France, the average is 1,203 kilometers, while in Austria it is 1,008, in Germany 842 and in Italy 811.

Switzerland is also the land of tunnels and bridges: it has a total of 671 tunnels and over 6,000 bridges. The railway network extends to more than 5,000 kilometers. This means that Switzerland also has the densest network. Has this always been the case?

There is a tendency not to look far enough into the past. In fact we have to go back only 150 years to see that Switzerland’s transport systems lagged behind for decades, and that in the middle of the nineteenth century the country, which was then traditionally a land of emigration rather than immigration, narrowly escaped economic catastrophe. It’s true that the line known as the “Spanish Bread Train” opened in 1847, covering the 23.3 kilometers between Baden and Zurich, while Basel had been linked to the Strasbourg line since 1844. Apart from that, however, there was much talk about building railways in Switzerland, but no action.

In 1847 Switzerland had managed to end the antagonism between Conservatives and Liberals in one of the shortest and least bloody civil wars in the history of the world, but the country’s economy was in a bad way, and poor harvests only served to aggravate the situation. No improvement could be expected, however, until internal customs duties were abolished, a common currency introduced and a railway network built, particularly for goods transport.

An ambitious young citizen of Zurich recognized this: Alfred Escher. Just as he had rather abruptly switched from natural sciences to law as a student, he now abandoned his academic career and decided to become a politician and entrepreneur, at the very moment that a strong federal state was being founded.

Of course, Escher had been involved in politics for some time by then. He had already ventured onto the political scene almost overnight, inspired by debates at the Zofingia student association and by the example of his admired cousin Ludwig Ferdinand Keller, a professor of law and political leader of the Radical Liberal party. In 1844 Escher was elected to the Cantonal Parliament of Zurich, and he was appointed to the Education Council one year later, while also serving as a member of the Federal Council of Cantonal Representatives. While others might have seen all this as a fulfilling career in itself, Escher was just getting started.
It was not until 1848 that Escher revealed his true political powers: the citizens of Zurich elected him to the Cantonal Government, the Church Council and the Federal Council. At the same time he served as Federal Commissioner for Ticino, alongside all his other offices. In 1849 – now President of the National Council as well as the Cantonal Government and Education Council of Zurich – Alfred Escher began to take up appointments in the most important commissions: the Customs Commission, the Monetary Commission and the Railway Commission, of which he was Chairman.

1852: Decision to Build Private Railways

In late 1852 a momentous decision was made by the National Council, urged on by Escher: the railroads were to be built by the private sector rather than the state. Not only did this accord with Escher’s liberal outlook, but it also allayed his fears that Zurich would be sidelined by its rival, the capital city, if a centralized solution were sought.

Who better to implement this decision than Escher himself? His friend Johann Jakob Blumer, a citizen of Glarus, backed him up in this: “In the circumstances I could only support you in your idea of dedicating all your time and all your energy to the railway, as I, like you, am convinced that without your active participation Zurich would be left standing while Basel swept the board.”

Basel was indeed already taking active steps, having founded the Swiss Central Railway company which opened the short Basel–Liestal line at the end of 1854. Alfred Escher had acted in time, then. Moreover, the politician had turned into an entrepreneur: he founded the Zurich–Lake Constance Railway Company and then merged it with the Swiss Northern Railway (the Spanish Bread Train) to form the Northeastern Railway, which opened the Oerlikon–Winterthur–Romanshorn route in 1855. Five years later the private railroad network already covered over 1,000 kilometers, with continuous track right through from Lake Constance to Geneva.

A Reputation for Tenacity

Escher had demanded too much of himself. In 1839 he fell dangerously ill, as he had done in 1843 when he was a student in Berlin, so he had to give up the post of President of the National Council and stand down from the offices which were now of least use to him – the Church Council, Education Council and Cantonal Government of Zurich. He controlled the far-reaching “Escher System,” which still went right up to the executive, from the legislature and the other important economic mandates he held.

What was the secret of Escher’s success? Federal Councillor Jakob Dubs described him thus: “He is not a great creative thinker, and the products of his own imagination are of minor significance. However, once he has been seized by an idea he holds on to it like a bulldog and does not rest until he has brought it into being. Anything imprecise, tenuous or equivocal is repugnant to him; he always seeks to look deeply into a matter before he commits himself to it. He is a realist through and through.”

The wish to restore the family reputation was no doubt one of the factors that drove him. The Eschers had been one of the most prominent families in Zurich for centuries. The Glas branch alone produced 5 mayors, 45 members of the lower house, 82 of the upper house, 2 town clerks, 34 magistrates and 29 public advocates. However, Alfred’s great-grandfather, Hans Caspar Escher-Werdmüller, fathered an illegitimate child and ran off with a maid,
thus propelling himself and his descendants into a downward spiral of emigration and bankruptcy. Alfred’s father Heinrich did indeed make a new fortune in the United States, but he was unable to make his way back into Zurich society when he returned there in 1814. Even Alfred Escher’s merits failed to restore happiness to the family: one of his two daughters, Hedwig, died at the age of two, and the other, Lydia, who married Emil Wettl (the son of a Federal Councillor) committed suicide in 1891 in the wake of an unhappy love affair with the artist Karl Stauffer, leaving no children.

Whereas others would have slowed down following a serious illness, in 1856 Escher increased his workload still further. Now the Managing Director of the Northeastern Railway Company, as well as President of the National Council, Escher founded Schweizerische Kreditanstalt (later known as Credit Suisse) in order to obtain further financing for railroad construction, and as Chairman of the bank’s Board for over 20 years he had a considerable say in its activities. One year later he founded Schweizerische Rentenanstalt (now Swiss Life).

Transalpine railway lines were opening relatively rapidly in Austria (Semmering 1854, Brenner 1867) and France (Mont Cenis 1871), so Switzerland was again threatened with economic isolation. A tunnel through the Alps was urgently needed, and time was running short. At that point Escher changed his position for strategic reasons and no longer supported construction at the Lukmanier Pass – instead, from 1863 onwards, he energetically promoted the Gotthard Tunnel.

Meanwhile, however, the political opposition had rallied. In 1868 the liberal “Escher System” was brought to an end after 20 years as the Democrats came to power in the Canton of Zurich. When the Gotthard Tunnel construction project overran its budget and schedule by amounts that would hardly seem momentous in today’s terms, an important man’s head had to roll – that of either Federal Councillor Wettl or “Federal Baron” Escher. Alfred Escher’s resignation as Managing Director provided a way out that did not require major cuts in the visionary project. The fact that he was not even invited to the opening ceremony of the Gotthard Railway shows just how much envy he had aroused. The memorial which stands in front of Zurich’s main station nevertheless shows that his services were recognized at their full value shortly afterwards. Or were they? Don’t we tend to amble heedlessly past the gentleman in the fountain without a backward glance? It hardly matters – his real memorial is the Gotthard Tunnel itself.

A man of vision and energy

Joseph Jung, Credit Suisse’s Chief Historian, has thoroughly researched the life and work of Alfred Escher. His four-volume biography represents a new standard work on the history of Switzerland in the nineteenth century.

Bulletin: Can you give a brief summary of Alfred Escher’s achievements?

Joseph Jung: Alfred Escher recognized that infrastructure was absolutely crucial for Switzerland. This particularly included the railroad and the financial center. In terms of transport, Switzerland risked being sidelined, and in terms of finance it was dominated by other countries. Escher’s visionary abilities were revealed less by his own individual actions than by his ability to recognize the way the whole picture fitted together. He was bitterly disappointed that Zurich was not chosen to host a national university, but instead for resigning himself to this, he fought all the more strongly for the Polytechnic. He immediately grasped the overwhelming importance of scientific and technical education for the future of the country.

Escher was as powerful as a king.

He served on various influential political committees, all at the same time. He was also Chairman or Managing Director of several major companies. Escher cleverly exploited what turned out to be the only period of real economic liberalism in Switzerland, from 1848 to the end of the 1850s. He built up a far-reaching economic system, and colleagues with liberal views occupied all the most important appointments. His uncompromising attitude was never used for personal gain, however, but always for the good of Switzerland and the Canton of Zurich. He sat on countless committees and took an informed interest in all the areas for which he had responsibility. All this was possible because Alfred Escher worked himself to the point of exhaustion, day after day.

What role did Credit Suisse play?

The bank not only assisted in the construction of the railroad network, but also gave financial support to the whole of the Swiss economy. Credit Suisse was Switzerland’s first “investment bank.” This allowed Escher to repel foreign influence. By setting up this and other companies, including Swiss Life, Swiss Re and Zurich Insurance, Escher ensured that Zurich would be at the heart of Switzerland’s modern financial center.

And the Gotthard?

Without Escher there would be no Gotthard Tunnel, and without the tunnel Switzerland would not be the modern, economically sound country it is today. Contemporaries saw the building of the Gotthard Tunnel as on a par with the Suez Canal. And they were right.
1856: Alfred Escher founds what will later become Credit Suisse.
1856: Scientists make groundbreaking discoveries.
1856: Wars are ended, pictures painted, poems written, theaters built. Read what made the world what it was in 1856.

Text: Ruth Hafen & Rebecca Schraner
The yellow spine with the blue L is familiar from many a bookshelf in the German-speaking world. It was Carl Langenscheidt, the second-generation head of the publishing family, who came up with the idea of using the first letter of the company’s name as a logo. The Gustav Langenscheidt publishing house is established in 1856 – a year after its German founder, travelling in Europe, had trouble with French, a language whose spelling is far from being phonetic. To overcome linguistic barriers he creates his own phonetic alphabet, in which words are written down exactly as they are pronounced. With his so-called “Teach Yourself” letters he develops a new form of language learning. Failing to find a publisher, he simply creates his own publishing company.

Here in Switzerland, Sergei Ivanovich Taneyev (1856–1915) is hardly a household name. In Russia, however, many a concert hall is named after him. Born in Vladimir, Russia, he enters the Moscow Conservatoire at the age of ten to study piano. Later his studies expand to include composition, orchestration and the theory of musical form. His most famous teacher is Peter Ilich Tschaikovsky.

Taneyev soon becomes professor of piano and composition at the Moscow Conservatoire, and ultimately its Director. Even though he is very interested in Western music and closely studies its masterworks, he nonetheless commits himself to the Russian national movement. Frivolous drawing-room music has no appeal for him, and he composes precious little for his instrument, the piano – his passions are vocal and chamber music. He advises his pupils, who include Sergei Rachmaninov and Alexander Scriabin, to compose not preludes but fugues. His life as a highly decorated member of society comes to an abrupt end. In the spring of 1915 he attends the burial of his pupil Scriabin, who succumbed to blood poisoning caused by an abscess on his upper lip. Taneyev dies weeks later of pneumonia after catching a chill at his pupil’s graveside.

German engineer Werner von Siemens develops the shuttle wound ("T-anchor") form of armature, which greatly enhances the efficiency of generators and electric motors.

Helene von Druskowitz (1856–1918) is the first Austrian woman and the second woman of any nationality to receive the degree of Doctor of Philosophy from Zurich University. By contemporary standards her biography is unusual in several respects.

After receiving her doctorate, Druskowitz lectures on literary history at various universities. She later publishes a number of plays under male pseudonyms, but without success. In 1884 she makes the acquaintance of Friedrich Nietzsche, but her initial enthusiasm fails to survive a close study of his writings. Between 1858 and 1864 several succeed in making it back to their old home. In 2006, 47 of them are said to be still living there, on Norfolk Island, but they are all still called Pitcairn Islanders. Apart from English they also speak Pitcairn or Norfolk English, a Creole language.

What do you do if your house gets too small for your family? Move, obviously. Queen Victoria of England proves that whole peoples can be moved en masse. A few of her remote subjects in the South Pacific find that they are running short of space on their little island. The Pitcairn Islanders, descendants of the legendary Bounty mutineers and their Tahitian wives, have problems of space and supply: the isle on which the mutineers settled in 1790 has an area of just 4.5 square kilometers. So its 194 inhabitants are summarily and forcibly moved to Norfolk Island, 6,000 kilometers away. But this former penal colony of the British Crown, known as the "island of fear," will not entirely suit all these reluctant settlers. Between 1858 and 1864 several succeed in making it back to their old home. In 2006, 47 of them are said to be still living there, on Norfolk Island, but they are all still called Pitcairn Islanders. Apart from English they also speak Pitcairn or Norfolk English, a Creole language.

Under the same conditions of temperature and pressure, equal volumes of different gases contain the same number of molecules – $6.022 \times 10^{23}$ per mol. This discovery will earn Amedeo Avogadro (1778–1856) a place in the chemistry books and immortalize his name.

“I dreamt I had drowned in the Rhine,” German composer Robert Schumann (1810–1856) writes in his diary at the age of 19. Just 25 years later, in 1854, his nightmare will very nearly come true: in a deep depression, he throws himself off the Old Rhine Bridge in Düsseldorf – but is rescued at the last moment. This musical genius dies alone in the Endenich mental institution near Bonn on July 29. One of the most important composers of the Romantic era, Schumann leaves behind him a number of significant works for piano (the "Album for the Young" op. 68, for example) and lieder (songs for solo voice and piano). In his late choral and orchestral compositions he breaks much new musical ground, but gains no recognition for this during his lifetime. He is himself responsible for putting an end to his career as a pianist: he invents a device that he hopes will strengthen his fingers, but it actually causes the intermittent paralysis of his right hand – ruining his performing career. His wife Clara, with whom he has eight children, champions his music, achieving fame throughout Europe as a great pianist.
On March 30 the Crimean War, which began in 1853, comes officially to an end. The belligerents (Russia on one side, the Ottoman Empire, France, Great Britain and Sardinia-Piedmont on the other) sign the Treaty of Paris. The eighth Russo-Turkish war, which began for religious reasons, was given its name because the longest and decisive battles took place on the Crimean peninsula (the battle of Sevastopol). Politically and militarily this war is very important. After the Congress of Vienna in 1815, the Treaty of Paris is a further turning point in the power politics of the 19th century. In terms of military technology it stands out because it was the first modern war in the history of the world: steam-powered gunboats and modern artillery with explosive shells make their début, and the telegraph and the railway are also used for the first time.
Even though he is to become a universally popular pedagogue, **Johann Gregor Mendel** (1822–1884) will never obtain his license to teach. This year he fails his teaching certificate for the second time, adding to the list of celebrities who flunked school. The foundation stone of his scientific fame will be the “pisum sativum,” the humble garden pea. Back in 1854, on the advice of his professor, this Augustinian monk began planting peas in the garden of the monastery at Brünn. Between 1856 and 1863 he cultivates an estimated 28,000 pea plants. His experiments will ultimately lead to the Mendelian laws, the foundations of genetics. But for the present the connection between inheritance and chromosomes is not recognized, and his ground-breaking findings are ignored by other researchers. In 1868 Mendel becomes abbot, and has no more time for experiments. Not until 1900, 16 years after his death, will biologists rediscover and confirm his theory, after which it will spread throughout the world.

On 6 March the foundation stone is laid for the **Teatro de la Zarzuela** in Madrid. At last this extremely popular musical style has its own home in the heart of the capital. The theatre opens on schedule on 10 October, the birthday of Queen Isabel II (1830–1904).

On 20 March **Frederick Winslow Taylor** is born in Germantown, Pennsylvania. Trained as a machinist, he takes correspondence courses and qualifies as an engineer. Ultimately he establishes the doctrine of scientific management that will later be named after him as Taylorism. He basically believed that workers obeyed similar laws to the parts of a machine.

**Heinrich Heine** (1797–1856)
Book of Songs: Youthful Sorrows

**Traumbilder (Dream Images)**
Once, I had dreams of wild and glowing love
Of comely locks, myrtle and mignonette
Of lips so sweet and talk so bitter
Of somber melodies and somber songs
Long since are faded, gone those dreams
Gone with them love’s fondest image
And now I have only that which
Once, all aglow, I put in tender verse
My orphaned song, you’re all that’s left
Now you, too, leave and seek my vanished dream
And, when you find it, say I send
An empty breath to greet an empty shadow.
The theories of **Sigmund Freud** (1856–1939) are highly controversial today, but nobody disputes that the founder of psychoanalysis was one of the best-known, most influential thinkers of the 20th century: we need only think of expressions like the Oedipus complex, the Unconscious and the Freudian slip. According to Freud the human psyche is driven by urges, the most powerful being the libido. Later he also speaks of a death or destruction wish. To investigate and treat disorders of the human psyche, Sigmund Freud employs first hypnosis, then the interpretation of dreams and free association. Born in Freiberg (Moravia), Sigismund Schlomo Freud will emigrate to London in 1938 and die there the following year.
Gottfried Keller publishes the first volume of his novella cycle “The People of Seldwyla,” which first brings him fame as a writer.

In mid-August, quarry workers near Mettmann in North Rhine Westphalia make a memorable find, which they give to naturalist Johann Carl Fuhlrott for closer examination. He recognizes the skeletal remains found in the Neander Valley (Neanderthal) near Düsseldorf as a forerunner of modern man: *homo neanderthalensis*. Later this find will be dated: it is 42,000 years old. Fuhlrott immediately attributes the special features of the bones handed to him to an individual “from the prehistoric age.” When he puts this interpretation to an 1857 gathering of naturalists for discussion, they do not take him seriously. He is so discouraged by this reaction that he remarks at the end of his first written report that he would be happy to make no attempt to publicize his belief.

In Berne the foundation stone is laid for the present-day Bärengraben (“Bear Pit”). But the presence of Berne’s heraldic beast in Switzerland’s capital city goes back much further: Records from 1480 state that bears were occasionally kept in the city’s defensive ditches. The first actual bear pit was opened on the Bärenplatz (“Bear Square”) in 1513. And how did Bern get its name? Apparently Duke Berchtold once gave orders for the city to be named after the first animal he shot in its vicinity — and this, the story goes, turned out to be a bear.

George Bernard Shaw (1856 – 1950) apparently once said: “I wanted to be a Shakespeare, but I became a Shaw.” Though never quite as famous as Shakespeare, he is not short of success as a writer. Born in Dublin, he moves to London at the age of 20. His first five novels are rejected by various publishers, though he achieves success as a music critic. He makes his literary breakthrough with the publication of his melodrama The “Devil’s Disciple.” In 1925 he is awarded the Nobel Prize for Literature. Nine years later he receives the medal of the Irish Academy of Letters. Offered the Order of Merit and a peerage, however, he turns them down. Throughout his life, Shaw will complain about how “difficult” English spelling is — because, he says, the pronunciation of a word gives insufficient information about how to write it down. Eight years after his death the so-called Shavian alphabet is created, which accurately reflects pronunciation. But the only book ever to appear in this alphabet is Shaw’s comedy “Androcles and the Lion.”
Der Touareg ist die begeisternde Vereinigung eines kraftvollen Offroaders mit einer komfortablen Oberklassen-Limousine. Wie kein anderer bringt er Onroad-Spitzen-technologie mit anspruchsvoller Geländegängigkeit unter einen Hut, sorgt für prickelndes Fahrerlebnis bei einfachstem Handling. Genauso vielseitig wie sein Charakter ist seine Motorenpalette: Ob als Benziner oder als Diesel mit Partikelfilter, immer wird Sie seine Kraft verblüffen und seine Sparsamkeit erstaunen. Steigen Sie ein, und geniessen Sie das Gefühl, sicher, bequem und aussergewöhnlich stilvoll unterwegs zu sein. Der neue Touareg ab Fr. 58 880.– (empfohlener Verkaufspreis inkl. MwSt.).
“Escher would be astonished that ‘liberal’ is a term of abuse for many people”

Interview: Daniel Huber

Credit Suisse Chairman Walter Kielholz on his first visit to a bank, the keys to the success of the Swiss banking sector, and the major trends in the financial world of the future.

Bulletin: Can you still remember the first time you ever went to a bank?
Walter Kielholz: It was as a small boy, with my father.

Were you paying money in or taking it out?
Paying it in of course! I had to start with nothing like everyone else. We did what everyone did back then and went to the bank to open a savings book for me.

In the film Mary Poppins, the cries of the small boy who doesn’t want to hand his penny over to the manager start a near-riot. Did you understand as a child what the bank would do with your money?
No. But it is really difficult – if not completely impossible – for a child to understand that. And yet there was this unshakeable trust in an institution that was housed in such a venerable building.

Imagine you had to explain the banking business to a first-grader. What would you tell them?
On one side, you have people who have money they don’t need right now, and on the other side, you have people who have an idea but don’t have the money to make it come true. Along comes the bank and gives the one with the idea the money they need – the money that the other person, who doesn’t need it, had given to the bank to look after. The bank charges a certain fee for doing this and then shares some of this fee with the person who owns the money.

And another “how-do-I-explain-it-to-my-children” question: What is money?
I can exchange anything – or at least any material goods – against money, and vice-versa. Someone gives me a David Beckham football sticker, in return I give him a piece of chewing gum. But I could also have paid for the sticker with money and the seller could then have used the money to buy gum. Money is a universal means of exchange. Instead of spending money, I can also keep it – which makes it one way of storing value.

Let’s switch roles: Today, you are the head of an international financial services group. Do you never have nightmares that – like in Mary Poppins – nervous customers might storm Credit Suisse’s Paradeplatz headquarters?
There have, indeed, been many such riots, although small boys haven’t been the trigger. But nowadays, the Swiss banking system and the way that it is financed are so heavily regulated and...
supervised that the probability of that kind of incident has become fairly small.

That said, trust in the bank as an institution is still hugely important. Once upon a time, this trust was engendered by thick walls and marble-clad halls. Now, trust is a product of a bank’s public image and the way it is perceived by its clients – its reputation, in other words.

Yet like other banks, Credit Suisse still has its thick walls – and behind them tangible assets such as gold. That’s true, but the value of gold, specifically, isn’t nearly as rock-solid as many people think. If nobody is buying gold any more, it too becomes worth less and less. I’ll admit, though, that gold is something of a special case when it comes to sustainable value.

Why is that?

There are a variety of reasons for the special status of the gold price. This is partly because, in addition to its use for jewelry and as a store of value, gold is also processed industrially. That keeps demand more stable than if it were exposed to purely speculative forces. Meanwhile, its supply is limited – as is the number of suppliers – and so it is always somewhat scarce. Added to that, gold still has something of a mystical aura about it. This is particularly evident in crisis situations.

What have been the most important changes in the banking business since Credit Suisse was founded 150 years ago?

150 years ago, the banks were needed primarily to turn major projects into reality and for trading. Ordinary people had very little money to spare. If they came into money, they would put it right back into tangible assets and buy themselves another cow. Today, we have a much broader base of prosperity and almost everyone has dealings with a bank. IT developments and globalization, too, have certainly brought enormous change to the banking business. Our function as an intermediary in financial transactions has almost become more important than the traditional lending business or securities trading. And over the last 20 years we have seen the range of available financial products just explode. The pace of the business has become much faster, generally. There’s no doubt that people worked swiftly and efficiently in the past, also, but nowadays we have access to completely different types of technology.

Why have Swiss banks, in particular, been so successful?

We were fortunate that we were not involved in the two great wars of the twentieth century, and that we hadn’t had any revolutions for a very long time, either. That gave great stability and legal certainty not only to the country as a whole but also to the Swiss franc – that’s a particularly important factor and one that often gets forgotten today. All of this really helped to boost business for Swiss banks, without them having to do anything themselves. It was an historic stroke of good fortune. Another positive factor was the Calvinist approach to business. It is interesting that banking grew most strongly in the Protestant-Calvinist cities of Geneva, Basel and Zurich, making them major business locations. At the same time, the international nature of our small, multilingual country, and its location at the heart of Europe, have also been key.

And banking confidentiality?

Banking confidentiality came as a result of the banks’ success – it wasn’t the reason for it. The interests of clients in politically unstable countries must be protected against the lack of legal certainty in those countries by a discretion that is enshrined in law.

How much of the entrepreneurial spirit of its founder, Alfred Escher, still lingers at today’s Credit Suisse?

In Escher’s time, banks were set up primarily as a means of financing major projects. They meant that money from a large number of individual investors could be collected and channeled effectively. Somebody – the bank – had to underwrite the risk. That is something we are still doing, although we will never again have the enormous cluster risk that Escher faced when financing the Gotthard tunnel. In fact, Credit Suisse was founded for the sole purpose of financing this gigantic project and similar initiatives in the energy sector. It was so expensive that the government of what was then still a young federal state refused to commit public funds to its construction. The money didn’t come only from within Switzerland, either, but from all over Europe. Credit Suisse was active internationally right from the start.

Yet Escher did more than found a bank and push forward the development of the railways; he was also committed to establishing universities. If Escher were alive today, what would he be doing for Switzerland’s future?

If Escher were alive today, I am sure that he would be astonished that the term “liberal” has become a term of abuse to many. He would probably also be shocked that our lives are subject to rules and regulations down to the smallest detail, and that a large section of modern society entrusts too much to the state, expecting it to spoon-feed them from the cradle to the grave. I am certain that he would still want to support education. A project such as the Federal Institute of Technology, the ETH, would still be very important to him and he would fight to ensure that support for it was not diluted. He would also be a powerful advocate of very active links between Switzerland and the international community – at both economic and intellectual levels. Let’s not forget that the majority of the first professors at the ETH Zurich were foreigners.

Let’s look to the future. Where is banking heading – perhaps not in the next 150 years, but in the next 50?

It would be very bold indeed to start predicting what will happen 50 years hence. Think back just 15 years – the banking business has changed almost beyond recognition in this short time alone.

Let’s talk about trends: What direction could things take?

I believe that the trends in IT and telecommunications, which are leading to greater and faster globalization, will continue to shape the banking sector. The globalization of the financial services industry is unstoppable. With unlimited facilities for communication and information, this business can no longer be restricted to national markets. Furthermore, the pressure on margins will grow because the competition will become ever faster at copying new products and offering them more cheaply. In fact, the whole business will become much faster-paced. I think, too, that we will tend to see more of a move toward direct business relationships – for example between investors and companies – without financial intermediaries having any great part to play.

Will the client be able to keep up with this faster pace?

You mustn’t underestimate the client. Thanks to the Internet and other modern communications tools, today’s banking clients are much better informed than they were even a few years ago.

Will we have to rethink the traditional image of the friendly and trusted client adviser?

Not at all. The relationship still has to be a partnership. After all, good service depends primarily on trust – and that is something
built up with personal contact. That said, the knowledge that client advisers need – and therefore also their training – must be broader and more diverse. All members of staff who have contact with clients have to be refreshing their knowledge all the time. It is generally true to say that this cycle has accelerated in recent years.

That brings us to Bill Gates’s oft-quoted statement that we need banking, but not banks. When will the last bank counter close?

I can still remember exactly when I heard that statement from Bill Gates personally. It was at the WEF in Davos in 1999, when Internet euphoria was at its height. Essentially, he didn’t mean banks as institutions, but banks as physical buildings. And he was right, of course. When was the last time you went to a bank counter?

About three months ago, to change some euros.

You see. And even that you could have done at an ATM. More and more people are banking from home via the Internet and by phone, or they send an e-mail and get the paperwork in the post. Otherwise it is true that we need banks – in the sense of the buildings – less and less.

In reality, will we still be banking at the counter in 50 years’ time?

That depends a lot on whether we will actually still be using cash in 50 years’ time. But I think so – for the simple reason that money is a very efficient means of exchange. What’s more, the principle is easy for everyone to understand and it is also very secure. At the same time, recent years have seen a huge increase in cashless payments, be they electronic or by card.

What sort of change will there be in the role that global companies such as Credit Suisse have to play in society?

As the society of the future becomes more and more global, major companies will become an element in the balance of power between different groups of forces, such as governments, NGOs, regional and supranational institutions, the media and the unions. They will be only one power among many, however; an important power, but not the all-determining one. But then that is already the case today.

So there won’t be much change at all?

What we will see is a shift beyond national borders. After all, NGOs and unions too have become more global. What’s more, states have joined together at the regional level. Another factor is that, today, ideas and intellectual and artistic trends spread very quickly around the world. Everything has become much more global, even though the players involved have themselves not really changed.

Finally, some advice to the next generation but one: What career path would you advise your grandson to take?

That is a very difficult question. I would advise him to get as broad a basic education as possible. If possible, he should also take his time and not set off immediately on what might appear to be the best career option. If you have a broad foundation of education, you can continue to build on it for life. As a young person, it is important not to specialize more than absolutely necessary. There is time for that later on, and there will always be something new that you have to learn five years down the line. In today’s fast-moving world, young people need to be as highly and broadly educated as possible, with the flexibility to move on to new things.

54-year-old Walter Kielholz graduated from the University of St. Gallen in 1976 with a degree in business administration. He began his career with the General Reinsurance Corporation. In 1986, he joined Credit Suisse, where he took over responsibility for major insurance clients. 1989 saw Walter Kielholz move to Swiss Re, where he was promoted first to the Executive Board, in 1992, and ultimately to the position of CEO, in 1997. He has headed Credit Suisse Group as its Chairman since January 1, 2003. Walter Kielholz is married and lives in Zurich.

Gier nach Gold
Der neue Goldrausch im neuen Jahrtausend
The World of Credit Suisse

Just in time for its 150th anniversary, Credit Suisse has taken on a new identity: the various units have been brought together under one roof and share a new logo. In this contribution, we look at the international network of this global financial services group and at the historic milestones and key personalities that have shaped it. Pictured here: the head office building at Paradeplatz, Zurich.
Who’s Who at Credit Suisse Group

Walter B. Kielholz
Chairman of the Board of Directors of Credit Suisse Group

Hans-Ulrich Doerig
Vice Chairman of the Board of Directors and Chairman of the Risk Committee

Oswald J. Grübel
Chief Executive Officer of Credit Suisse Group and of Credit Suisse

Brady W. Dougan
Chief Executive Officer Investment Banking and Credit Suisse Americas

Walter Berchtold
Chief Executive Officer Private Banking

David Blumer
Chief Executive Officer Asset Management

Leonhard H. Fischer
Chief Executive Officer Winterthur

Urs Rohner
General Counsel of Credit Suisse Group, Chief Operating Officer and General Counsel of Credit Suisse

Renato Fassbind
Chief Financial Officer of Credit Suisse Group and of Credit Suisse

Tobias Guldemann
Chief Risk Officer Credit Suisse Group

Wilson D. Ervin
Chief Risk Officer Credit Suisse

Tom Sanzone
Chief Information Officer Credit Suisse

Paul Calello
Chief Executive Officer Credit Suisse Asia Pacific

Ulrich Körner
Chief Executive Officer Credit Suisse Switzerland

Michael Philipp
Chief Executive Officer Credit Suisse Europe, Middle East and Africa (EMEA)

Rainer E. Gut
Honorary Chairman of the Board of Directors of Credit Suisse Group
As a true Swiss Private Bank we offer what everyone wants: to preserve and grow assets.

We prove that everyday with competent advice, innovative financial products and comprehensive service. That is rock solid banking.

Clariden is a mountain in the midst of the Swiss alps and gives us our name. 3 267 meters high, the rock stands with its immensity for our claim: Reliability. Day in, day out.
Meet, Dine and Relax.

Mövenpick Meet & Dine stands for professional Event Management with competence and know-how, so that your business event will be a big success. Your dedicated contact person will take care of the organisation, provide top service and offer you a wide culinary choice. So relax and concentrate on your business – we do the rest.

Your host in Bahrain, Czech Republic, Egypt, France, Germany, Italy, Jordan, Kuwait, Lebanon, Mauritius, Morocco, Netherlands, Qatar, Saudi Arabia, Switzerland, Tanzania, Turkey, United Arab Emirates and Yemen.

Also new on Mauritius.

In All Four Corners of the World

Skyscrapers in London, New York and Hong Kong, and a venerable head office building in Zurich – innovation and tradition epitomized by architecture. These four buildings represent the four key regions in which the global Credit Suisse Group operates: America, Asia Pacific, EMEA (Europe, Middle East, Africa), and Switzerland.
Credit Suisse Takes its Social Responsibilities Seriously

The Credit Suisse Jubilee Foundation is supporting over one hundred cultural and social welfare projects in all parts of Switzerland during the anniversary year 2006.

“Credit Suisse has been committed to social issues ever since it was founded. On the occasion of our last jubilee in 1981, a generously-endowed Jubilee Foundation was set up. Through this foundation, we promote culture and social welfare in Switzerland,” says Walter B. Kielholz, Chairman of the Jubilee Foundation’s Board of Trustees.

High-quality projects that combine innovation, sustainability and a carefully targeted impact are at the center of the Foundation’s activities. One particular focus is on helping teenagers and young adults. Since the year 2000, the Foundation has presented the “Credit Suisse Young Artist Award” and the “Prix Credit Suisse Jeunes Solistes.” These awards support talented soloists who have the potential for international careers, assisting them at decisive stages of their musical development; the Jubilee Foundation is also the main sponsor of the Swiss Young Musicians’ Competition. These commitments underline the importance that the Foundation attaches to giving equal encouragement to elite performers and budding talent. For some years now it has also been sponsoring Plusport, the Swiss organization that promotes sports for people with disabilities.

The 150th anniversary of Credit Suisse gives the Jubilee Foundation an opportunity to expand its long-term commitment to social welfare by supporting selected activities and contributing to a large number of projects, big and small. The spectrum is wide in terms of both content and geographical area. Help is being given to over 100 organizations.

Projects include a “Snoezelenraum” in Scharans (Graubünden) offering rich multi-sensory experiences to people with severe disabilities, numerous local cultural initiatives in Greater Zurich, and a meeting venue with wheelchair access for the Association des Vieux-Grenadiers in Geneva. Thanks to the support of the Jubilee Foundation, the jobless persons’ boat “Yellow” will be brought back into service on Lake Zug, and selected rooms in the Château de Mézières, which has a collection of historical wall coverings, will be restored. In addition, Lugano in the Italian-speaking part of Switzerland will be presented with a sculpture by Arnaldo Pomodoro.

In the summer, the Foundation will set up 150 benches along the River Aare from the Grimselsee to Koblenz, where the river flows into the Rhine. An accompanying map for walkers and cyclists will be published. This summer will also see the publication of “150 Jahre Schweizer Kunst” (“150 Years of Swiss Art”) by the Swiss Institute for Art Research. This volume gives a straightforward, lucid account of the development of all aspects of Swiss art since the mid-19th century.

The Jubilee Foundation is also providing the Symphasis Foundation with a substantial sum to be used for projects to combat youth unemployment in Switzerland. <

Further information can be found at www.credit-suisse.com/foundation. More detailed descriptions of individual projects will be posted on the Jubilee website at www.credit-suisse.com/150 during the course of the year.

A New Credit Suisse Award and a New Foundation

“By launching the ‘Credit Suisse Award for Best Teaching,’ we wish to collaborate directly with universities and technical colleges to enhance the quality of higher education, thus giving a boost to Switzerland as a center for science and research,” says Hans-Ulrich Doerig, a Member of the Board of Trustees of the Jubilee Foundation, referring to a special project.

Additionally, the Alfred Escher Foundation is being set up to raise public and scholarly awareness of Alfred Escher’s huge significance for the City of Zurich and Switzerland as a whole. The Foundation will begin by bringing out an edition of selected letters written by or to Escher. Joseph Jung’s recently published biography (see p. 6 ff.) gives an insight into the breadth and quality of Escher’s surviving correspondence and papers, which provide a unique source for the study of Swiss 19th century history. The Foundation will promote research on Alfred Escher as well as on economic liberalism and the cultural history of Switzerland generally.
Events, publications, exhibitions – Credit Suisse 150 Years presents a range of opportunities to interact with people, thoughts, memories, and prospects. The anniversary motto, “Tradition to Innovate,” integrates past, present, and future to form a harmonious whole that strengthens Credit Suisse’s culture and reinforces its reputation. Responsibility for planning and implementing the anniversary activities has been assigned to an interdisciplinary project team headed by Daniele Isenegger.
The search for the epicenter of the anniversary activities of Credit Suisse 150 Years leads to a bustling project office on Zurich’s former defensive moat system, the Schanzengraben. “In a figurative sense, the bridges over the city’s historic moat link tradition with innovation,” says Daniele Isenegger, head of the Credit Suisse 150 Years project. While gazing out at the Schanzengraben, he steers our discussion straight to the central theme of the anniversary. “Those who managed to survive outside of the urban traditions were both innovative and creative. For they lacked protection, structures, and organizing institutions. The city in turn was heavily dependent on what came from outside: ideas, food, and resources. The bridges over the moat linked the new with the old, tradition with innovation.” After completing the conception and planning phase last summer, the project team moved into top gear and set about organizing global gala...
Exclusive Contest

Readers of the Credit Suisse Bulletin have a chance to win one of ten copies of the exclusive volume of photographs on the topic of innovation. The contest is being held in “emagazine,” Credit Suisse’s online magazine. To take part, please visit: www.credit-suisse.com/emagazine (heading: Contest).

Horsepower Parade

From horse and carriage to high-performance Formula One racing cars: On August 19, Credit Suisse will organize a cavalcade featuring 150 years of cultural and transport history in downtown Zurich. This very special parade – routed along Limmatquai and Bahnhofstrasse in the heart of Zurich – will culminate in a drive-past by one of the BMW Sauber F1 racing cars. Numerous other attractions are being organized to accompany the spectacle.
to produce yet another chronicle on innovation, let alone a historical reference book. Our aim is simply to illustrate the influence of innovations on the world and thinking at Credit Suisse over the past 150 or so years. It is hoped that the volume, which makes no claim to completeness, will serve as an archive that energizes innovation in the present and the future.

A Birthday Present for Zurich

Another core element of the anniversary activities is a “birthday present” to Zurich, Credit Suisse’s home town, to Switzerland and to all art lovers: an exclusive exhibition of work by the artists Christo and Jeanne-Claude. “For this major event we have specially created a museum pavilion on the Sechseläutenwiese in Zurich that will be open to the public from March 18 to April 2.” This space is designed to show the works of the artist couple to their best advantage. The show will present their most recent work of art, “The Gates, Central Park, New York City, 1979–2005, A Documentation Exhibition” as well as “Over The River, Project For The Arkansas River, State of Colorado, A Work in Progress.” For this project Credit Suisse has provided a credit at standard market conditions. Asked “But why Christo?” Daniele Isenegger has a ready answer: “The couple builds a durable bridge between two seemingly irreconcilable worlds: they are both artists and entrepreneurs. Like Credit Suisse, their entrepreneurship has a clear purpose: it helps make available the resources needed to realize a vision. In Christo and Jeanne-Claude’s case, the vision is an artistic vision. In our case, the vision is also clear: to continue to offer our clients genuine added value on the basis of an innovative mindset.”<
Structured Innovation

The development of structured products goes to show that, even in 2006, the tradition of innovation at Credit Suisse is as strong as ever.

Text: Olivia Schiffmann

Claude Baer works at Credit Suisse as a professional inventor. An investment banker at Equities and Structured Products, his job is to develop equity-based structured products. Baer’s inventive quest starts with a conversation to clarify the client’s needs: “Some clients seek fixed interest payments, others capital protection or at least a degree of capital protection, and others again would like a product linked to specific equities or indices.” Claude Baer explains: “Our framework is set by client’s wishes; the other limits are set by the market. We must take a variety of factors into account, e.g. whether interest rates are high or low and whether the market is very volatile or not.” Only after these points have been clarified does Baer turn to the actual process of finding and inventing. People in this field have to be fascinated with and passionate about their work: “In our team we are preoccupied with structured products all day long. Often a team member comes up with an interesting combination for a new product on the way home or in the shower. The idea is immediately tested the next day.”

You Cannot Have Your Cake and Eat It

In the financial world you cannot have your cake and eat it. In other words, you cannot have capital protection, a regular income, and capital gains on a soaring market all at the same time. The challenge, therefore, is to find the “trick” that enables us to offer a product with the most attractive conditions at the best possible price. To do this, the team sometimes takes up old products and concepts that for some reason the market failed to respond to in the past and looks for novel ways to combine them. We play around with an idea until we have a new product with convincing conditions. The product is then vetted by at least five departments, from the legal department, through risk management, to accounting. “For this reason, we often develop variations of existing products, as this saves us the effort of starting the whole procedure from scratch each time. On average, only two or three products a year are completely new.” Structured derivatives are interesting for retail as well as private clients. On the one hand, as little as 1,000 Swiss francs can be sufficient for an initial investment. On the other hand, Claude Baer will sometimes grant a client’s request for a customized structured product. Such products are exclusively tailored for the client down to the last detail. In such cases, though, the client must be prepared to invest a minimum of about five million Swiss francs.

In the Interest of Customer-Friendly Service

“Unlike, for instance, the pharmaceutical industry, we cannot patent our products or avail ourselves of other legal protections,” Claude Baer points out. This helps to explain the occasional accusation that structured products lack transparency: “The more complex our product, the more difficult it is for our competitors to copy it. Nevertheless, the fact that other providers launch similar products on the market within a short time shows that our products are not all that opaque.” Baer does concede that this may involve a very real disadvantage for clients. Clients could gain the impression that there are an enormous number of structured products, as each bank gives its own name to its version of the same product. “We should like to find a solution to this problem – in the interests of customer-friendly service. The client should be able to recognize what type of product it is at a glance and thus be in a position to compare conditions.” In other words, innovators need to ignore Voltaire’s saying: “better” is not the enemy of “good”; rather, from their point of view, improvement is a constant incentive and challenge. <

What are Structured Products?

“Structured products” is the generic term for both structured investments that need to be actively managed and are therefore dynamic (e.g. hedge funds), and structured derivatives that do not require active management and hence are static. Structured derivatives are instruments based on underlying assets such as equities, indices, interest rates, or commodities. A derivative is a pure option with rights and obligations that are derived from the underlying. Some structured products, for instance, offer capital protection to maturity as well as fixed interest payments, and can thus be equated with fixed-income investments such as money market paper or bonds. By forgoing part of the fixed interest payment, investors can make the most of particular market situations and thereby reap the potential for higher returns.
Congratulations on your company’s anniversary.

From business partner to business partner: As a company rich in tradition, you have met the demands of the time for 150 years. With success. We offer our congratulations on this achievement. And pass along our best wishes for the future.

www.rail.ch/business.
The preparations for "The Gates, Central Park, New York City, 1979–2005," took 26 years. Between February 12 and February 28, 2005 about four million people walked in amazement through the 7503 saffron-colored gates, and billions shared their pleasure via the media. Now, for the first time, a comprehensive exhibition is devoted to the realization of this project, which cost Christo and Jeanne-Claude some 21 million dollars. In 2005, Bank Leu – a member of Credit Suisse Group – funded an exhibition about the early period of this artwork. The curator Josy Kraft and the photographer Wolfgang Volz, long-standing friends of the artists, played a decisive role.

Is there anything more exciting than watching "a work in progress?" This is precisely the case in "Over the River, Project For The Arkansas River, State of Colorado." Christo and Jeanne-Claude conceived the idea of horizontally suspended free-floating fabric panels high above the Arkansas River in 1992. Assuming a favorable outcome of the environmental report and the permitting process, the work could be realized for a period of 14 days in July–August 2009 at the earliest.
Transience That Endures

Christo and Jeanne-Claude are coming to Zurich: from March 18 to April 2, 2006 they are presenting the world premiere of the complete documentation of their latest work, “The Gates – Central Park, New York City, 1979–2005,” as well as collages and drawings for “Over The River – Project For The Arkansas River, State of Colorado.”

Text: Andreas Schiendorfer

We close our eyes and see the wrapped trees at the Fondation Beyeler and Berower Park in Riehen (Switzerland), see the blue umbrellas in Ibaraki (Japan), and the yellow umbrellas in California, see the pink-surrounded islands in Biscayne Bay, Miami, and see the wall of 13,000 oil barrels in Oberhausen. And of course the 7,503 saffron-colored gates in Central Park in New York: “The Gates.”

Christo and Jeanne-Claude are a phenomenon. Their visual forms of expression probably enjoy a greater degree of recognition than any other work in the history of modern art. Even people who have never seen, for example, “Running Fence” in California or “Valley Curtain” in Colorado will unerringly identify them as works of Christo and Jeanne-Claude. Although the works themselves exist only for a very short time, they remain in people’s memories forever.

Yet, many art lovers continue to ask the question “Why:” Why did the Gates for which Christo and Jeanne-Claude spent no less than 26 years fighting stay up for only sixteen days? And why will it not be any different with their next project, “Over The River?”

The Feeling of “Having to be Seen”

“The transient quality of the projects is an esthetic decision to endow the works of art with the feeling of having to be seen. Such feelings are usually reserved for other things, such as childhood or our own lives. These are valued because we know that they will not last,” explain Christo and Jeanne-Claude, the artists who since 1994 have conducted all their major outdoor projects only under this joint name. Christo and Jeanne-Claude want to impart “these feelings of love and tenderness” to their projects “as an added dimension, as a new esthetic quality.”

Informative Website Corrects “Common Errors”

The above quotation can be found on the pair’s official informative website, www.christojeanneclaude.net. The most visited section of the website is probably the one under the heading “Common Errors.” Christo and Jeanne-Claude are absolutely precise down to the smallest detail, which is not surprising considering that they have spent decades in shared preoccupation with their projects. A major warning to any journalist who has not prepared himself properly. Christo and Jeanne-Claude’s answer “ Completely wrong” will soon force him or her to be accurate too.

Christo and Jeanne-Claude are particularly annoyed by the term “wrapping artists.” Only a limited part of their oeuvre has involved wrapping. The concept of wrapping goes back to 1958; they had the idea of applying it to a building in 1961. Their last concept for a wrapping project dates back to 1975. No one wants to do without such projects, yet it would take another ten years before the Pont-Neuf in Paris was finally wrapped. The time span between the initiation and realization of the wrapping of the Reichstag in Berlin was even longer (1971–1995). People who fail to take these long gestation periods into account run the risk of incorrectly interpreting the works. For instance, the wrapping of the Reichstag has

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The exhibition in the museum pavilion on the “Sechseläutenwiese” in Zurich is open daily from 08:00–10:00 from March 18 to April 2, 2006; admission is free. However, it is advisable to order tickets at www.credit-suisse.com/thegates. For further information on Christo and Jeanne-Claude, please visit the “150 Year Anniversary” page at www.credit-suisse.com/150, at www.mdam.ch, and at the official website.

The common denominator of Christo and Jeanne-Claude’s works is the materials used in them. Apart from the oil barrels, these are cloth, textile, and fabric — fragile, sensual, and temporary materials which mirror the temporary nature of the works of art. In the final analysis, Christo and Jeanne-Claude are fabric artists through and through.

Another aspect that people are reluctant to accept initially is the artists’ pronounced environmental awareness. Although initially their works of art may appear to be an enormous waste of material, in fact everything is recycled, and the sites are restored to their original condition. With one exception, as the “cleanest” artists in the world explain: Before they could realize their “Surrounded Islands” project in Florida in 1983, they removed no less than 40 tons of garbage from the 11 islands (one of which was actually called “beer cans island”).

For readers who would like to learn more about Christo and Jeanne-Claude’s oeuvre and lives — garlic, for instance, plays a crucial role for them as a staple food — we strongly recommend visiting the retrospective in the Museo d’Arte Moderna in Lugano, which runs from March 12 to June 18. As part of its long-term partnership with the Museo, Credit Suisse is lead sponsor for this exhibition.

**Zurich Opens its Doors to Christo and Jeanne-Claude**

The anniversary exhibition in Zurich, however, focuses exclusively on Christo and Jeanne-Claude’s most recent work, “The Gates, Central Park, New York City, 1979–2005, A Documentation Exhibition,” and on their next project, currently in the process of realization, “Over The River, Project For The Arkansas River, State of Colorado, A Work In Progress.” The comprehensive documentation of these two works will be shown from March 18 to April 2 in approx. 1,500 square meters of exhibition space in a two-story museum pavilion erected expressly for this purpose on the “Sechseläutenwiese” at Bellevue.

Ever since moving to New York with their young son Cyril in 1964 and settling in a fourth-floor loft in SoHo, which even today can only be reached by climbing 95 stairs, Christo and Jeanne-Claude had planned to realize a grand project in their new homeland.

One part of the exhibition shows these early proposals developed between 1964 and 1968. The concept of “The Gates,” on the other hand, originated in 1979. This involved an obstacle course through the official channels, adorned by attractive pictures all along the way. It took a new mayor — Michael Bloomberg, an art lover — to finally clear their path. The whole episode reads like a detective story. In fact, the two artists refer to the 230-page “No” from Parks Commissioner Gordon J. Davis as “abstract poetry.”

Walter B. Kielholz, Chairman of the Board of Directors of Credit Suisse, elaborates: “Only people who, like Christo and Jeanne-Claude, know their own traditions, who can draw on great moments and the appropriate contexts, can rely on their own innovative potential to build on the new. Therefore, it is crucially important for our society that we care for the ‘archive’ of large and small, of moving and touching moments. This awareness is also firmly anchored in Credit Suisse, in its 150-year history, and its proven ability to innovate. We take great pleasure in presenting to all people interested in art — and in particular the city of Zurich — this world premiere of the documentation of Christo and Jeanne-Claude’s New York Project.”

Environmentally Minded Fabric Artists — Not Wrapping Artists

If the label “wrapping artists” does not fit, what are Christo and Jeanne-Claude then? They also firmly resist the label “conceptual artists”, and rightly so. A concept on paper is not their idea of art, although it would be much simpler and cheaper. They want to see their projects because they are convinced that they will be works of joy and beauty. And the only way to see them is to build them.

Photo: Wolfgang Volz

Credit Suisse Bulletin Special 150 Years
"We need total freedom"

Money is important to them – but only so that they can realize their projects. Christo and Jeanne-Claude are an exceptional artist couple who know where they stand, as our interview makes clear.

Bulletin: In 2005, Credit Suisse celebrates the 150th anniversary of its founding. On June 13, 2010, Christo and Jeanne-Claude together will be 150 years old. Will they celebrate this with the opening of "Over The River?"

Christo and Jeanne-Claude: From the timeline of the project, that can’t be ruled out. As preparation stands at present, "Over The River, Project For the Arkansas River, State of Colorado" will be realized "in summer 2009 at the earliest" though of course there is always a possibility of delays. But this has nothing to do with our birthdays, which mean nothing to us at all. We have only ever once celebrated our birthday: a friend insisted on being allowed to invite us to dinner for our 50th birthday. Normally, we just stay at home and work. We do the same at Christmas and on all other national holidays. Nor do we need vacations; we work every day, I, Jeanne-Claude, 15 hours and I, Christo, 17 hours.

Anybody who works that much also earns a lot. But you don’t give the impression that money means a lot to you. How do you relate to money?

Money is extremely important to us, because without money we couldn’t realize our projects, we wouldn’t be able to pay our co-workers or the insurance, and we wouldn’t be able to buy any materials. Money is indispensable. Despite that, we like to speak disdainfully of money. For us money is only there to be spent. It means nothing to us. Sure, we do not live in poverty, but we don’t splurge in luxuries, either. All our money goes into our projects.

You don’t accept sponsorship, nor do you accept any donations or public funding.

That is out of the question for us: it is an aesthetic decision. We want to be able to work in total freedom. Because we accept no funding, we can do what we want how we want where we want. But we’re not always free when it comes to “when”...

So how do you finance your projects?

We sell project-related drawings, collages, and scale models as well as earlier works. The smallest work for “The Gates” cost 30,000 dollars, the largest 600,000. In this way we were able to earn the necessary 21 million dollars.

Have you been able to realize all your projects?

We have realized a total of 19 major projects. It took 25 years to realize “Wrapped Reichstag” in Berlin in 1995, and 26 years for “The Gates,” or 31 if you count the first project proposals for New York City. Perhaps we would be able to realize all projects if we have the patience. But in truth, 37 have disappeared into the drawer.

What project comes after “Over The River”? There’s a rumor that it will be the Rhine Falls.

We have already realized two big projects in Switzerland: the “Wrapped Kunsthalle” in Berne in 1968 and the “Wrapped Trees” in Riehen in 1998. Nothing else is planned. We had planned some projects for Geneva, but never one for the Rhine Falls. The only project that we want to realize at a later date at all costs is one in the United Arab Emirates. It is called Mastaba of Abu Dhabi and is a “hill” made of 400,000 oil barrels. But we don’t really want to talk about it at present. We are completely focused on “Over The River.”
Victor Korchnoi (left), grandmaster and former Vice World Champion, having a friendly game with William Wirth (right), former Member of our Executive Board and organizer of major chess tournaments for Credit Suisse. They will both be 75 in March. Taken together, therefore, they are exactly the same age as the bank, which – at least in Switzerland – has done more for chess than any other company.
Banking and Chess: A Perfect Match

Text: Andreas Schiendorfer

Chess players are managers – they take enormously far-reaching decisions under time pressure, surprising the opponent with their creative ideas. At the same time they are able to react flexibly to new situations. Chess has tradition, chess is innovative. The Lichthof Chess Champions' Day will be held at Paradeplatz in Zurich on August 22, 2006.

What did Irish writer George Bernard Shaw, Austrian psychoanalyst Sigmund Freud, Russian mathematician Andrei Markov and Russian composer Sergei Ivanovich Taneyev have in common? Easy: They played chess – passionately and expertly.

“Expertly” may not exactly apply in Shaw’s case, but he incorporated chess images into his works. In “Constancy Unrewarded,” for example, he reflects: “The world is a chess board, and we are merely pawns in the hands of fate.”

Chess Player Tolstoy Missed Guard Duty

The list of celebrities who were obsessed by the game can be extended almost at will. Taneyev’s chess partner Leo Tolstoy (1828–1910), for example, played for up to four hours a day. Even when he was in the army: he once missed guard duty, resulting in his arrest and the loss of a decoration for valor that he had been promised. But this is of no importance compared to the words dictated to him, as it were, by chess. “You are happy with your day as I am with mine,” says Sergey Ivanovich in “Anna Karenina” to his brother Konstantin Levin. “I solved two chess problems – one of them was wonderful, I must show you.”

Wonderful. Another writer with a deep affinity for chess was Heinrich Heine, whom we have to thank for the poem “The poet Firdusi”. And indeed, Abu al-Qasim Mansur (934–1020), known as Firdausi, also brings us close to the origins of the royal game. In his heroic epic “Shahnameh” Firdausi not only relates the history of Persia, he also tells of the origins of chess in India – which, however, have not been definitively proven. In this connection we should mention the unpronounceable and ultimately unimaginable number 18,446,744,073,709,551,615. This is the number of grains of wheat “modestly” requested as a reward for inventing the game by Sissa ibn Dahir (Sessa): all he wanted was one grain for the first square on the board, two for the next, four for the next – and so on up to square 64, doubling each time.

And what about the year when Credit Suisse was founded? Was 1856 particularly noteworthy in chess? There were naturally chess players who were born in that year: the Czech Vincenz Hruby or the Hungarian Josef Noa, for example – but they are little more than nameless pawns on the chess board of history. It is entirely possible, after advancing the king’s pawn as one’s opening move, to bring the knight into play immediately. But not many people know that this variation (1. e2-e4 e7-e5, 2. N-e2) is called the Alapin opening. And it was in 1856 that this same Simon Zinovievich Alapin came into the world, in St. Petersburg – like many above-average chess players after him. One of these was Victor Korchnoi, born exactly 75 years later.

Bank Managers are Passionate Chess Players

“Banking and chess are a perfect match,” explains Richard Forster, a chess historian who is currently working on a history of the oldest chess clubs in the world that are still active. “The Zurich Chess Society, founded in 1809, had three bank directors in succession as its president – not in 1856, however, but starting in 1863.” Old membership lists include such names as patron of the arts Heinrich Schultess-von Meiss of Bank Leu, and Alfred Hirs of Swiss Volksbank, who after the Second World War negotiated the delicate...
Lichthof Chess Champions’ Day
On August 22, four of the world’s best chess players will play each other at speed chess at the Lichthof in Zurich’s Paradeplatz, followed by a simultaneous display. For further information see: http://150.credit-suisse.com

Garry Kasparov (b. 1963) has led the world of chess for twenty years. His Elo rating is 2812. Shortly after retiring from competitive chess, this world champion (FIDE 1985–1993, PCA 1993–2000) has lost none of his strength.

Judit Polgar (b. 1976): Her sister Zsuzsa was ladies’ World Champion for three years. Judit, the strongest woman player in the world, prefers playing men. And it works: this Hungarian lady has rarely been out of the Top Ten since 2004 (Elo rating: 2711).

Anatoly Karpov (b. 1951): The FIDE World Champion (1975–1985 and 1993–1999) has been involved in gripping matches with Korchnoi and Kasparov. A strong positional player, he is still the world no. 29 (Elo rating: 2672).

Victor Kortschnoi (b. 1931): No chess player has remained at the top of the chess world for longer than this 75-year-old Swiss national. His current Elo rating of 2608 is only slightly lower than it was when he played Karpov for the world championship.

Credit Suisse and chess also go together. Lucas Brunner, the first native Swiss chess grandmaster, is a senior manager in the Credit Suisse trading department, and CEO Oswald Grübel is also an amateur exponent of this strategy game.

Chess Players are Innovative and Good Decision-Makers
Chess is undoubtedly an education for life. The chess player practices what the bank manager applies to profitable effect: serious preparation for a contest, the construction of a game strategy with creative, innovative moves that will surprise the opponent, thinking oneself into the opponent’s mindset, the rapid analysis of complex positions under time and mental pressure, a self-critical attitude towards one’s own plan, and the flexibility – where necessary – to abandon or radically revise the whole plan in the space of minutes. Chess is consistency, concentration, stamina.

Pioneers of Sport Sponsorship
William Wirth, Member of the Executive Board of Credit Suisse from 1968 to 1994, transformed the promotion of chess from straightforward patronage into modern sponsorship. Bitten by the chess bug at the 1982 Chess Olympiad in Lucerne, he hasn’t been able to shake it off since. The Credit Suisse Masters in Horgen, organized by Wirth, was won by Garry Kasparov in 1994 and by Vladimir Kramnik in 1995 – and these were the absolute top events in categories 16 and 17. This was the first time since 1934 that a reigning world champion had been attracted to a tournament in Switzerland. Since good chess games are forever young, the Credit Suisse Masters event still has a presence in chess circles. Back in 1994, incidentally, Peter Leko of Hungary competed in this tournament. Then fourteen years old, he was the child prodigy of the age, the “Mozart of chess” – as Magnus Carlsen of Norway is called today. Although if we take playing style as our yardstick, then Cuban chess virtuoso José Raúl Capablanca, world champion from 1921 to 1927, truly deserves that more.

Accentus Foundation Fosters Chess Champions of Tomorrow
“In the Swiss world of chess,” says Richard Forster, who played in the 1995 Horgen grandmaster tournament, “the word sponsorship is still associated with Credit Suisse today.” Now the chess correspondent of the “Neue Zürcher Zeitung,” he points out that Credit Suisse had always fostered the top players of tomorrow, as well as today.

“We supported about 40 tournaments a year,” William Wirth confirms, “and although many of them may not have hit the headlines, they were all important in fostering talent. On a smaller scale, Bank Hofmann – which belongs to Credit Suisse – is currently active in chess sponsorship.”

Wirth himself established the “Schach Schweiz” (Swiss Chess) fund within the Accentus charitable foundation, which made it possible to hold two top-quality ladies’ tournaments as part of the Biel International Chess Festival. But the main objective of “Schach Schweiz” is to foster future generations of domestic players.

May Switzerland produce as many chess “kings” as possible in the years to come!
“Second-best isn’t good enough”

Garry Kasparov will play Victor Korchnoi, Anatoly Karpov and Judit Polgár on August 22 at Paradeplatz, Zurich. In a brief interview, this extraordinary strategist draws a comparison between managers and chess players, stressing that both of them must constantly innovate.

Bulletin: It’s remarkable how many politicians and business people play chess. What do managers and chess players have in common?

Garry Kasparov: Where successful managers and chess players are concerned, we could talk about skill sets: qualities like calculation, competitive drive, work ethic and imagination. But it goes beyond skills and talent and into the realm of combining and synthesizing. Both groups also have to be able to see the big picture, to recognize strengths and weaknesses instantly, and to learn quickly from their mistakes.

Would it make sense for chess theory to become an obligatory element of management training courses?

In chess vernacular we use the word “theory” to refer to specific opening variations. It certainly wouldn’t hurt a businessman to be an expert on the Najdorf Sicilian – my old favorite defense – but it probably wouldn’t help much either.

But if you mean the rules of chess itself and the logic and thought patterns it can teach, managers could definitely do worse than to study chess. First there is the sheer satisfaction of the game, both in terms of competition and the game’s beauty. Chess also teaches us, or reminds us, of the power of planning and disciplined thinking. Chess players learn to fuse creativity, strategy, and logic – every executive could benefit from learning to do that better.

Chess players are seen as introverted and reclusive. However, champions are often in the spotlight. How do you deal with that?

This myth of the introverted chess player has a fine pedigree, but it’s a myth nonetheless. Great authors like Nabokov and Zweig created misanthropic chess masters that stay in our memory thanks to the skill of their creators. Bits and pieces may have come from reality, but only the most depressing and extreme exceptions receive attention. The vast majority of chess players are sociable and friendly, and no more likely to jump out of a window than a stock broker or salesman. I certainly consider myself a member of that majority: I have no interest in perpetuating the myth of the “reclusive chess genius”. I’ve never met one; but I was just nine years old when Bobby Fischer left serious chess.

You’re making a keynote speech after the chess tournament. What will it be about?

I think it will be appropriate to talk about the importance of innovation and moving forward. Staying on top, staying at the cutting edge, is more difficult than getting there. I managed to keep the number one spot in the chess world for twenty years, and the only way I did this was by finding new challenges for myself. This is just as critical for corporations as for individuals.

Resting on our laurels, looking back at past successes or settling for being second-best almost always leads to disaster. If you aren’t right at the cusp of the curve of change and innovation, you can’t see what’s coming. All the glory will remain in the past if we don’t continue to innovate.
“If you don’t grow, you die!”

John Naisbitt, the world’s most famous futurologist, analyzes the past and the present in order to draw conclusions about the future. His most important mindset: It’s a tremendous strength not having to be right.

Bulletin: You’re writing a new book. What’s it about?
For years people have been asking me: “How do you arrive at the forecasts that you make?” It was a conversation with a friend that really got me thinking about this question. And things eventually led on from there to a book entitled “Mindset.”

Can you give us a specific example of what you call “mindset”, which I suppose to most people would mean something like “way of thinking” or “mental attitude”? One of my key mindsets is: “It’s a tremendous strength not having to be right.” If you don’t always have to be right, you gain a great deal more freedom. There are so many married couples whose arguments revolve more and more around who is right and who isn’t, until in the end they can’t even remember any more what it was they were originally arguing about.

Can you tell us another of your mindsets? Another would be: “Don’t run so far ahead of the parade that people can’t tell any more that you’re part of it.” That is quite important for people in leadership positions. People must be able to follow them. But the same also applies to predictions of the future. There’s no point in my writing about what might happen in 50 or 150 years. What is much more important and easier to understand is what might happen in the near future. In both parts of my book I link the most important of the mindsets that guide me to the conclusions to which they lead me. In the second part, which offers a view of the major changes in the first half of the century that has just started, the reader is meant to be able to understand which mindsets have helped me to identify them.

I assume that the rise of China will also be one of the subjects covered. Most certainly. However, it won’t be as meteoric as many experts would have us believe. All this hype about China is just crazy. You’d think the Chinese would be conquering the USA next Tuesday morning. But on sober reflection, it will take another 30 to 40 years before the catch-up race can really begin. Obviously China is becoming more and more of a production site for the rest of the world, and the Chinese will soon have a leading role in design or even research. But we should never lose sight of the actual state of the game, the facts. Which would bring us to another mindset. If I read in the newspaper that Arsenal won 3-2, then I’m pretty confident that that is in fact the case. That’s also why I like reading the sports pages so much. The reports there are the most reliable in the whole newspaper. In principle, there would also be quite reliable facts in the political pages, but they’re not so immediately obvious. For instance, when Schröder was in office he was speaking of a prospering economy even when the sobering facts were revealing growth of only 0.1 percent.

Of course, sports journalists also report on missed chances and adverse conditions, but at the end of the day the only thing we’re interested in is the result. Translating that into terms of China: although the size of its economy, with a gross domestic product of just under 2 trillion US dollars, is already considerable, that of the USA is still six times bigger.
If you don't foresee an economic takeover by China, what other major changes do you expect by the middle of the century?

Nothing major will happen in the very near future. If we look back into the past, we see that revolutionary innovations appear in clusters. We saw the last proliferation at the end of the last century, which was when all the big breakthroughs in information technology and biotechnology occurred. Now we'll spend the next fifty to a hundred years further developing and perfecting these innovations. That takes time. Take the example of measuring time. From the first water-clock in China to the Swatch watch took around three thousand years of further development. Even the aeroplane was invented more than a hundred years ago now, and we're still flying in accordance with the same principle. The jet airplane was only one step in aircraft development, not a genuine innovation.

One the one hand we've got people in the western world living longer and longer, while the eastern world, with its large population of children, is becoming increasingly stronger economically. Will we soon be a bit pushed for space on Earth?

Not at all. As general prosperity grows, so the average birth rate contracts to the same extent. In Europe a woman gives birth to an average of less than 1.4 children. But we would need 2.1 just to replace ourselves. People like to talk of the sustainable use of natural resources; but we ignore our own sustainability completely and are also still very choosy about immigrants. If things carry on this way in Europe, in two generations the population will be only half the size it is today. That is an enormous problem, which hardly anybody talks about.

What other problems do you still see in store for Europe?

Earlier, I used to believe Europe had an identity crisis. Having lived here for the last six years, I'm talking nervous breakdown. It has no proper leadership, instead it's just got all the more rules and regulations that Brussels wants to impose from the top down. And something else that is utterly ridiculous is that Constitution that runs to more than 800 pages, which the French and the Dutch quite understandably rejected. Nobody knows what's in it. Depending on the paper size, the US Constitution is eight to twelve pages long and everybody can make something of those principles.

Is the idea of a united Europe doomed to failure then?

Europe will never become a federation. Despite all the regulations, it functions very well as a free trade area. But the move to a federation with a common foreign policy will never happen. What we have is 25 states with 25 different mindsets.

So the USA's economic and political world domination will still last a while longer, then?

America is a world empire just as the Roman Empire once was. And it doesn't look as though that is likely to change in the very near future. And I wouldn't even want to qualify that either. For me, what count are the facts, the state of the game. America has by far the strongest economy. In second place comes Japan, but only by a very wide margin. And the Japanese economy has been standing still for so many years it's as good as dead. Ultimately, there is only one serious contender on the horizon. And that

We wish to congratulate Credit Suisse on reaching this impressive milestone, and thank the bank for its partnership over many years.

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will most definitely not be the EU, which can’t even ensure order militarily in its own backyard.

Which brings us back to China. Right. But the USA’s not standing still either. Admittedly it’s showing growth of only four percent compared to ten percent in China, but the US economy is six times bigger.

Now there are more and more experts in Switzerland as well who think this constant striving for growth is absurd. Well, you tell these people: “If you don’t grow, you die!” That applies equally to people, trees, companies or economies. If Europe doesn’t manage to crank up its growth, sometime or other it will become an historic open-air museum with a high standard of living for rich Asians and Americans. That is not a bad thing in itself. After all, I live here, too, and I think it’s great. But that can hardly be the EU’s ultimate objective, can it?

On the other hand, I don’t find the idea of unrestrained global growth, bringing us millions of new stinking exhaust-pipes in Asia year after year, exactly alluring either. That’s a problem for which I don’t have a solution to hand.

But I’m still keen to hear what you think. Basically, the Chinese think we’ve got a nerve, wanting to give them any advice on protection of the environment, let alone making demands. After all, the West has done exactly the same thing itself. Hence my proposal now for each additional car that appears on the street in China we take one out of circulation here. Of course no-one here will find that so very funny. For that reason we have to find cleaner alternatives to today’s carbon-fuelled engine. We can’t withhold from others what we don’t want to do without ourselves.

What will be the clean energy of the future? Ultimately, there will probably be no getting around nuclear energy. In terms of waste gas emissions, it is still the cleanest solution.

Do you see any crucial changes in the financial system ahead of us? One of my biggest hobby-horses of all is the privatization of national currencies. We >
The trend-setter

John Naisbitt is the most famous futurologist in the world and one of the great pioneers in this field. He it was, also, who 25 years ago first coined the expression “globalization” as a new and important constant of our society. He established his international reputation with “Megatrends,” published in 1982, which topped the US best-seller list for a whole year and has since gone on to sell more than nine million copies in 57 countries. Naisbitt was born in a small village near Salt Lake City, Utah. He studied political science and after several years in private industry was appointed Deputy Secretary of Education under John F. Kennedy and Special Assistant to Lyndon B. Johnson. Following a position with IBM, he became an independent businessman by founding the Urban Research Corporation, which analyzed the major radical changes in America at that time. John Naisbitt is the father of five children and has been married to the Austrian publicist and former head of the Signum publishing house Doris Dinklage for six years. For most of the time the couple live in Vienna.

are just not aware of how much money we are losing year after year through this monopoly position of governments. In principle, there is nothing new in private currencies either. Once upon a time we had seven or eight banks with their own currencies in the USA. Currencies are commodities or goods just like potatoes or refrigerators. Why should a government have a monopoly on them?

25 years ago you were the first person to coin the term “globalization”. How is this trend progressing?

I speak today of a globalization of talents. Sport has already gone a long way down this road. When Real Madrid, just a couple of years ago, was indisputably the best football team in the world, there were only two Spaniards playing in the team. Today there are over a hundred Brazilians under contract in the football leagues of Europe, and most of them are earning huge amounts of money. But unlike the managers, this does not appear to bother anybody as far as the footballers are concerned. Another example: the new CEO of Sony, one of the rocks on which the Japanese economic miracle was founded, is the American Howard Springer, who does not speak Japanese and does not have his office in Tokyo but in New York.

But this sort of globalization is limited merely to talents in top positions. What about less well-qualified jobs?

Basically, we will increasingly shift production to cheaper locations. A short while ago Hyundai opened a new billion dollar factory in Mississippi. Although these cars are produced by a South Korean company, at the end of the day they increase America’s GDP. What’s so bad about that? It’s not about globalizing states but economic activities. Competition and opportunities – both are increasing. Alongside this increasingly strong cross-border dimension in which the economy operates, people’s own cultural identity is becoming increasingly important to them.

You’re making a very optimistic impression on me. Am I mistaken in that?

Years ago, as I made my entrance, I was announced with the following words: “Naisbitt is so optimistic, for him even the San Andreas fault in California is the San Andreas opportunity.” Yes, I am a great optimist.

Is that a prerequisite for your work?

Cynicism and pessimism are mindsets that cannot contribute much to good. My mindset is: The history of civilization shows that things get better. Just look at how well we live today. <

John Naisbitt’s new book “Mindset – Reset your Thinking and See the Future” will be published by HarperCollins on October 1, 2006.
Since 1996 we have focused on bringing new perspectives to our client Credit Suisse in the area of e-business. Many thanks for the excellent cooperation, it is a pleasure to work with you. We wish Credit Suisse great success and passion for the future and a happy 150th birthday!

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Congratulations to Credit Suisse on its 150th birthday.

Our professionals in audit, tax and advisory are delighted to extend their best wishes to Credit Suisse, not only on its anniversary, but all year round. May the next 150 years be as successful for one of our most valued and prestigious clients.