

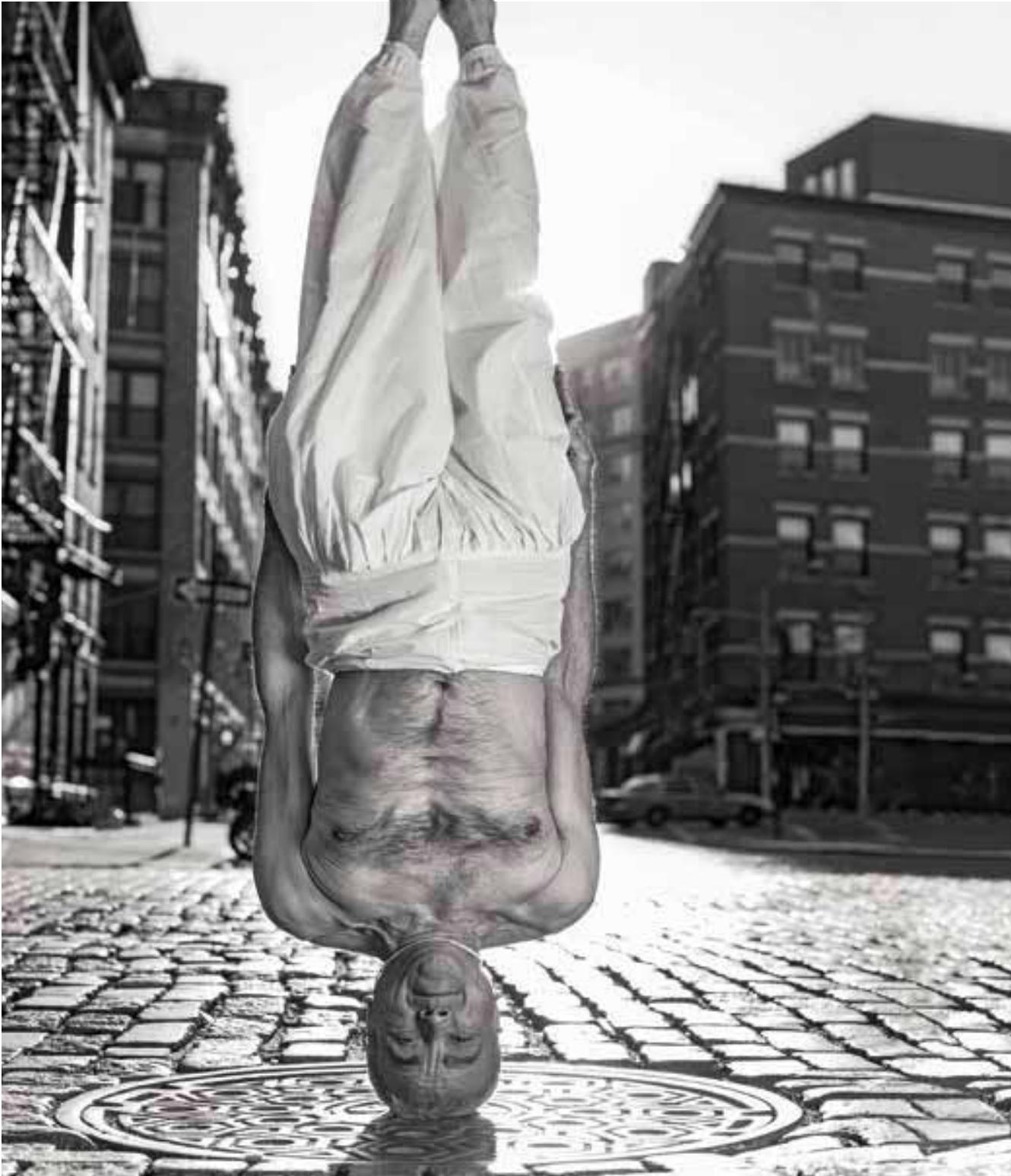
CREDIT SUISSE

40 Years
of Worry Barometer

Bulletin

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Stability
What Keeps the World in Balance

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Contributors to this issue:

1 – Peter Langer

Peter Langer, a Berlin-based photographer, specializes in images of objects. His work has been published in Zeit Magazine for many years. Among his subjects: clothing, shoes, a strangely disorienting close-up of a piece of jewelry and – as in this issue – unusual kinds of fabrics and materials. *Page 16*

2 – Beatrice Schlag

Beatrice Schlag is one of the great names in Swiss journalism. For decades she has reported on the inner workings of human existence for such publications as NZZ Folio, Das Magazin and Die Weltwoche. In this issue, she looks at why some people are particularly resilient in dealing with traumatic experiences. *Page 30*

3 – Herbert Cerutti

Herbert Cerutti, an experimental physicist, has won numerous awards for his work as a journalist. As science editor for the newspaper NZZ, Cerutti developed a special interest in the secrets of the animal kingdom. In this issue, he describes how creatures large and small cope with difficult situations. *Page 38*

4 – René P. Buholzer

René P. Buholzer is head of the Public Policy unit at Credit Suisse (Schweiz) AG and is responsible for global sustainability issues. He holds a PhD in political science. In this issue he looks at the mood of Switzerland's citizens as reflected in the results of the Worry Barometer, a Credit Suisse survey that has been conducted since 1976. *Page 50*

The Greatest Good?

We live in a time of turbulence and uncertainty. But it is also a time of enormous opportunity. And it is a time when we are yearning for familiar values, for security, permanence – in a word, for stability.

But what does “stability” – a concept invoked in nearly every speech given by a politician or CEO – actually mean? Stability doesn’t exist in isolation; it’s always relative: A country is stable (not in crisis). A company’s sales are stable (not dependent on exchange rates). Aluminum is stable (it doesn’t rust).

This issue of Bulletin explores various types of stability. Thomas Gottstein, CEO of the new Credit Suisse (Switzerland) Ltd., explains why an uncertain global climate may offer advantages for Switzerland – and how participating in elite sports has made him, personally, more resilient. He says, “We want to be the best bank in Switzerland” (page 6).

An in-depth story in this issue examines how some people are able to overcome serious challenges and traumatic experiences, such as a plane crash, a cancer diagnosis or being driven from their homeland (page 30) – and why others cannot. In our interview, Annemarie Huber-Hotz, president of the Swiss Red Cross, affirms Switzerland’s current policy on refugees and tells us what it takes, in her view, for a local population and newcomers to live together in harmony – in other words, how a society can maintain its equilibrium (page 24).

And finally, a milestone: Credit Suisse’s Worry Barometer, one of the oldest and largest surveys of the Swiss population, is celebrating its 40th birthday. To mark this occasion, we show how the worries of Switzerland’s citizens have changed over the years, from 1976 to the present day (page 49). A striking feature of this year’s results is that no single concern seems to be more urgent than the others, and that the country is optimistic about the future. “Security and peace” are what define Switzerland, according to survey respondents. And that means stability.

Your editorial team



**“She has so much of me.
And one day she will
also have the assets.”**

No matter what comes your way.

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Contents

- 4 **World Stability Map**
What Barbados, Singapore and Uruguay have in common.
- 
- 6 “We want to be more Swiss again”
Thomas Gottstein, CEO of the new Credit Suisse (Switzerland) Ltd., in an in-depth interview.
- 12 **Wanted: Anchors**
The Swiss National Bank and the pitfalls of the independent franc.
- 15 **Instability: Yes, but ...**
Uncertainty is not the end of economic growth.



- 16 **Eternal Values**
A picture puzzle of industrial production.
- 24 “Solidarity doesn’t depend on prosperity”
Swiss Red Cross President Annemarie Huber-Hotz on the role of humanity.
- 28 **Till the End of Time ...**
What scientists have learned about the recipe for lasting love.
- 30 **The Astonishing Power of the Soul**
The phenomenon of resilience.
- 38 **Natural-Born Grippers**
Why goats can climb trees and geckos never lose their grip.

- 40 “Globalization has a bitter aftertaste”
A gloomy conversation with historian Harold James – and a glimmer of hope.
- 46 **An Out-of-Kilter Survival Artist**
The Leaning Tower of Pisa and the importance of a solid foundation.
- 48 **Letters to the Editor / Publishing Information**



The leaning tower is now safe for the next three hundred years – at least according to the engineers. – p. 46

Credit Suisse — Worry Barometer

40 Years of Worry Barometer

50 Looking Back

Analysis 2016

- 60 What the Swiss Are Worried About
63 A Voice from the Business Community: Peter Grünenfelder
64 A Voice from the Political Arena: Jürg Stahl
66 The Essence of Switzerland

Future

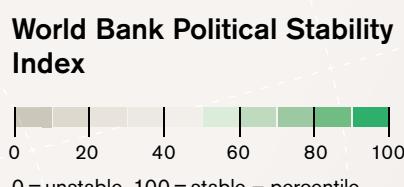
- 69 What Will Preoccupy Us
70 How We Will Work
72 The Last Page: A Happy and Satisfied Country

World Stability Map

A glance at the world map shows that stability and prosperity are mutually dependent. Countries with a high degree of legal certainty, the right of ownership and good governance tend to prosper – regardless of the continent on which they are located. It's also striking that according to the World Bank's Political Stability Index, the stable countries of the world tend to be the smaller nations – New Zealand, Liechtenstein, Switzerland, Uruguay,

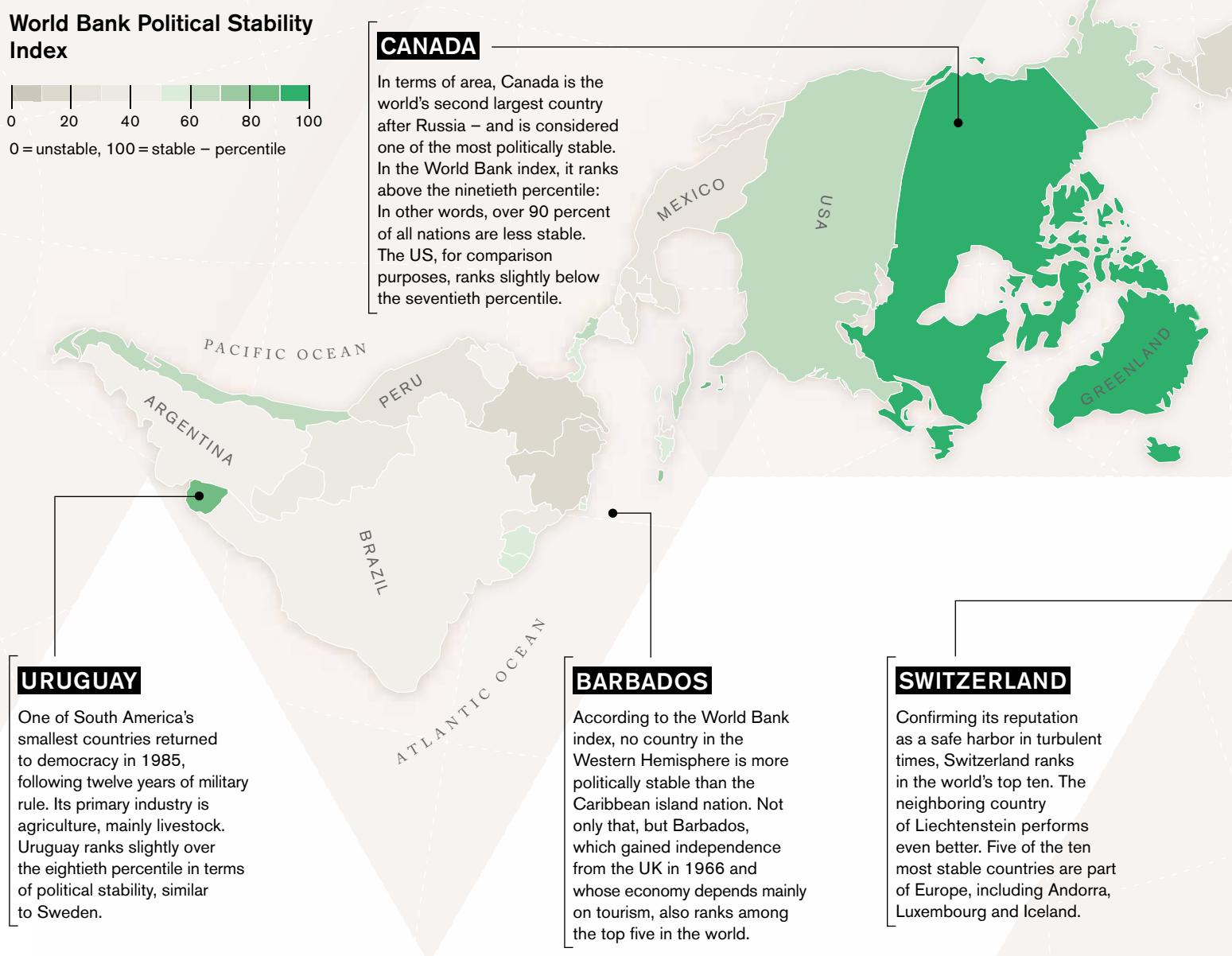
Singapore, Bhutan and Barbados, for example. The World Bank index is based on data sourced from international organizations, non-governmental organizations and the private sector. It considers over twenty indicators ranging from orderly transfers of power following elections through unrest to government stability. The scale is from 0 (not stable at all) to 100 (extremely stable).

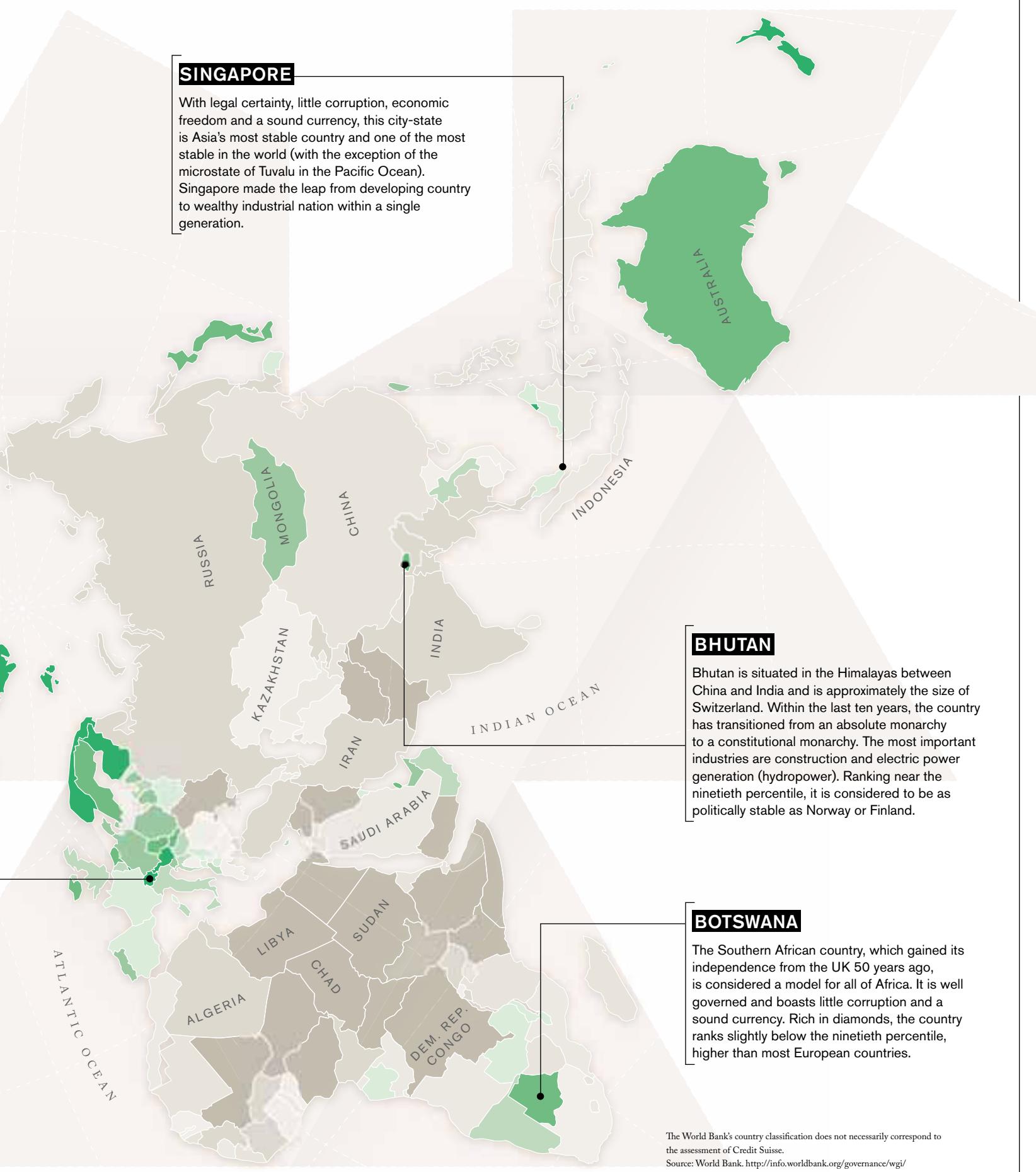
By Daniel Ammann and Nicolas Rapp (map)



CANADA

In terms of area, Canada is the world's second largest country after Russia – and is considered one of the most politically stable. In the World Bank index, it ranks above the ninetieth percentile: In other words, over 90 percent of all nations are less stable. The US, for comparison purposes, ranks slightly below the seventieth percentile.







"Victories and defeats – both can be difficult"; Thomas Gottstein.

“We want to be more Swiss again”

Switzerland's stability is an ever more important asset in a turbulent world, says the head of the new Credit Suisse (Switzerland) Ltd. Thomas Gottstein on the art of a successful IPO, the best bank in the country and a night watching television.

By Daniel Ammann and Simon Brunner (interview) and Helmut Wachter (photos)

Mr. Gottstein, we're meeting the morning after Stan Wawrinka beat Novak Djokovic in the US Open. How long did you watch last night? Truthfully? I put the kids to bed, and I was only planning to watch the first set. But I stayed up for the whole thing, and when I looked up at the clock, it was 2:46 am. A fantastic match. Wawrinka is a perfect example of Swiss values in the world – just like Roger Federer, but in his own unique way. Nevertheless, my alarm went off at six this morning, so please bear with me.

You're familiar with the world of elite sports; you played golf on the Swiss national team. What are the most important character traits for success? Of course, you need talent. But you can't have long-term success without discipline, even if you are extremely talented. In sports and life in general, it's important to set clear goals.

How did you prepare for an important tournament?

I would go through the course and every single swing in my head the evening before. Over and over. I played many rounds mentally. In every situation, having a clear plan helps to deal with pressure and changing circumstances.

How would you describe yourself as a person?

I'm basically a positive person. I like competition. I enjoy seeing how I measure up to others and winning fair and square. Or – somewhat less enjoyably – losing gracefully. Another life lesson that comes from sports is handling victories and defeats. Both can be difficult.

Clearly, you are exceedingly loyal. You've worked for CS for 17 years.

I've always been lucky to have had good mentors who believed in me – including Marco Illy, Hans-Ulrich Doerig and James Leigh-Pemberton, just to >

name three. I've also always had colleagues whom I could trust and who trusted me. That inspires loyalty and appreciation, which are very important values to me.

It's often said that when money is involved, loyalty isn't worth much.

What a tired cliché. In the end, people are everything. The members of my management team have worked 20 years for Credit Suisse on average. They know the business, they know what they're talking about, and they have years of experience working as a team.

Credit Suisse (Switzerland) Ltd. has just started operating. There's a buzz of excitement around the new company.

I feel it too. We have founded Credit Suisse (Switzerland) Ltd., and we're planning a partial initial public offering next year. That's brought us together as a team. Plus, with the new Switzerland-based unit we'll have someone on the Executive Board who has only one thing in mind when he gets up in the morning and when he goes to bed at night: Switzerland.

In three sentences, what is your vision for Credit Suisse (Switzerland) Ltd?

I only need one sentence. We want to be the best bank in Switzerland. Period.

How will you achieve that?

We want to offer the best service. We're the only bank that can say we concentrate entirely on Switzerland. The other large banks all still have an offshore business. In addition, we can combine our focus on Switzerland with Credit Suisse Group's global network and full range of services. That's important for our clients – for example, with the takeover of a foreign business by a Swiss company, with a merger that crosses borders, or with alternative investments.

A return to your roots?

Yes, we've renewed our emphasis on Switzerland. In the last five to ten years, we sometimes invested too little in Switzerland – and in innovations, too.

Loyalty and appreciation are very important values to me.

We're now changing this. Switzerland is our home market – our heart, so to speak. Switzerland is the most important pillar of the Group's earnings, and a stable one, too.

You want to position CS even more strongly as a bank for entrepreneurs. Other financial institutions want the same.

What will you do differently?

Swiss entrepreneurship is part of our DNA; it's been that way since 1856. Our advantage over most other banks – particularly the purely private banks – is that we've mastered not only the asset management business, but also commercial banking. We can therefore advise entrepreneurs holistically, as private individuals and as corporate clients. We've created special desks in all regions to do precisely this. In the past, we've been governed too strongly by a silo mentality. In a complex world, we have to be simpler and more pragmatic. We want to be more Swiss again.

You know this world through personal experience. Your father was an entrepreneur.

My father owned a company that manufactured coil winding machines, particularly for the electronics industry. I've experienced what it means to be an entrepreneur – creating jobs, struggling with bureaucracy, keeping a level head in good times and bad, taking on risks and investing in innovations.

You've mentioned that Credit Suisse will also be investing more in innovations.

That includes digitalization, the hot topic of the banking sector. Precisely because everyone is talking about it, however, it can be hard to see the big picture.

In our view, these are the main points, very briefly stated: Digitalization can't be stopped. It is a tremendous opportunity that brings our clients great advantages. Bank transactions are becoming simpler, there is more transparency, customer experience is better and services are available around the clock.

At the same time, there is more competition; new FinTech firms are springing up everywhere.

We're following the model of "frenemies." Young upstarts are working together with traditional institutions like ourselves. Two other things are important with respect to digitalization. Thanks to modern data analysis – the key concepts here are big data and artificial intelligence – it's easier for us to grasp complex processes quickly, recognize patterns in market developments and present them to our clients. And the automation that accompanies digitalization brings many cost savings.

What does Switzerland mean to you personally – not as a banker, but as a citizen?

Switzerland is my home. I was born and raised here. I'm proud of Switzerland. The country is a model of economic, political and social success. Despite our small size, we've been able to maintain our independence and participate actively



"We're orienting ourselves to Switzerland's model of success": Gottstein at Credit Suisse headquarters.

within the global community. As a bank, we've oriented ourselves in many ways to this model of success.

What should Switzerland do or not do, to remain successful in the future?

We have to uphold the favorable conditions of a liberal economic order with moderate state intervention. Our primary resource is our highly qualified workforce, some of whom we train ourselves and some of whom we have to attract

from abroad. In Switzerland, for example, Credit Suisse has around 17,000 employees, and it offers around 1,350 positions for interns and trainees. In implementing the referendum against mass immigration, we need to make sure that we remain attractive for highly skilled workers.

In the era after banking secrecy, how do you see Switzerland's future as a financial center?

Unfortunately, in Switzerland we're tending to deny ourselves these advantages.

Most observers believe that the asset management business in Switzerland will grow between two and three percent each year. I'm convinced that Switzerland will become even more attractive for companies and private clients. Just think about the growing uncertainty in Europe and around the world. Think about our political and social stability, the stability of our currency and our attractive tax policy. Switzerland is attractive and dependable. That's why companies, private banking clients and family offices will continue to come to Switzerland in the future. Unfortunately, in Switzerland we tend to deny ourselves these advantages.

Do you mean bank regulation?

Don't get me wrong – I think that heightening requirements for banking institutions after the financial crisis were absolutely correct; CS actively supported this. But now the issue is for Switzerland not to introduce more stringent regulations before everyone else, and not to change these regulations constantly. There ought to be a few, simple rules that everyone can understand – otherwise, the banks will be less successful in conducting their business, and they will pay fewer taxes and create fewer jobs. That isn't what anyone wants.

As an investment banker, you've participated in dozens of IPOs, some as large as for the natural resource company Glencore, worth more than 10 billion Swiss francs. In general, what are the most important points for a company that wants to go public successfully?

You have to be able to explain your equity story – your argument for issuing new stock – to investors in ten or fifteen minutes. You have to keep things simple, but be able to go into details when asked. You have to be able to convince the investors that a good management team is at the helm. The equity story can be about growth or dividends. Investors usually want a company to be in the top three of its sector. And you >

Of course, our goal is ambitious, but that's how goals should be.

need to be transparent and open about opportunities and risks.

You're planning for a partial initial public offering next year with Credit Suisse (Switzerland) Ltd. Unfortunately, we don't have time here for a 15-minute answer. In three minutes, how would you convince us to buy the stock?

You're tougher than all the analysts! So here it is: We are a rock-solid bank, in one of the wealthiest and most stable countries in the world. We're in the top three of all our business lines, we pay a good dividend, we still have room to grow and our management is excellent. Those are the five most important points in two sentences.

Why are you even working towards a partial IPO?

There are essentially three reasons. First, the bank as a whole is currently undervalued. With the IPO, we can demonstrate the value of the Swiss business. We'll compel investors and analysts to evaluate the individual business areas. Second, we can raise more capital for the parent company; we're counting on 2 to 4 billion Swiss francs. Third, we've already talked about the positive buzz. Being able to demonstrate our success as a Swiss team, and seeing this directly in the price of stock, is motivating and bringing us even closer together.

But there is also criticism of the IPO. It's been said that a sheer lack of capital is the reason for going public.

First, the Group is better capitalized today than ever before, having steadily increased its hard-core capital ratio

[by 1.8 percentage points between the third quarter of 2015 and the third quarter of 2016, to 12 percent – editor's note]. Second, by reinvesting profits CS Switzerland can generate growth capital that is invested exclusively in Switzerland.

Another speculation is that the international part of the business could be sold or merged more profitably after the IPO.

There isn't a speculation that I haven't already heard. That doesn't mean it's accurate. We'll continue to be a group with international competency. That's important for our Swiss business, too.

With the capital that you raise by going public, you'll have greater financial power. Is taking over Swiss private banks part of CS Switzerland's medium-term strategy?

There are different ways that we might participate in the consolidation of the financial center. Each year, 10 banks disappear in Switzerland. Interesting job profiles come onto the market, and we're an attractive partner. We also expect that certain institutions will become external asset managers, which we can support. And yes, after the initial public offering, acquisitions will be on the table.

By 2018, Credit Suisse (Switzerland) Ltd. wants to bring in a pre-tax income of 2.3 billion Swiss francs. Is that realistic?

In 2014, we had a pre-tax income of 1.5 billion Swiss francs. In 2015, it was 1.6 billion. We earned 930 million in the first six months of 2016 – an increase of eight percent. And that

happened in a very difficult phase – despite Brexit, despite negative interest, despite high organizational costs for the new Swiss legal entity. We are on the right track.

Some competitors think your growth targets in the home market are much too ambitious.

Of course, our goal is ambitious, but that's how goals should be. The plan is for us to grow by two percent and reduce costs by three percent. My first observation is that we are on the right track. Second, I find it striking that our competitors are commenting on our business plan at all. I would never do this. In my interpretation, they're getting nervous.

One final speculation. Who will merge together first – FCZ and GC (Zurich's top soccer clubs), or CS and UBS?

Both are highly improbable, although the first would make more sense, as long as the new club is called FCZ (laughs). □

Thomas P. Gottstein, 52, is CEO of Credit Suisse (Switzerland) Ltd. He has held various positions at the bank over the past 17 years, including Head of Premium Clients Switzerland, Head of Investment Banking Switzerland and Co-Head of Equity Capital Markets EMEA. Originally from Rüschlikon near Zurich, Gottstein holds a doctorate in finance and accounting from the University of Zurich. He lives in the Zurich area with his wife and two children.

The interview was conducted on September 12, 2016.



Our Commitment to Lower Youth Unemployment.

Through the initiative to tackle youth unemployment, Credit Suisse has been committed to improving the opportunities for career starters in Switzerland since 2010. More than 8,800 young adults have already received assistance from our partner organizations and from the bank. Since April 1, 2015, these services have been supported by the legally autonomous "Check Your Chance" association and managed sustainably by the partner organizations.

credit-suisse.com/youthunemployment



Refuge of Stability: Swiss National Bank at Berne's Bundesplatz.

Wanted: Anchors

The Swiss National Bank has seen its greatest success at times when it was able to peg the Swiss franc to the currency of its major trade partners. Implementing an independent monetary policy was much more difficult. Switzerland must therefore hope for the survival of the euro.

By Oliver Adler and Maxime Botteron

The Swiss franc is the strongest currency in the world. Since the transition to flexible exchange rates was accomplished in 1973, the purchasing power of the Swiss franc has “only” declined by a mere 60 percent, while that of the US dollar has fallen by almost 85 percent and that of the British pound by more than 90 percent.

The Swiss National Bank (SNB) and its policy of maintaining currency value are mainly to thank for this trend, followed by the Swiss export sector’s above-average gains in competitiveness.

Not least, the strong Swiss franc is the result of the national bank’s political independence. Throughout the years, the SNB has been able to fend off attempts to pressure it into utilizing its monetary monopoly for special interests, whether funding for cantons or protections for industries with weak infrastructures. There is no doubt that this independence usually made its job easier.

Time and time again, though, the SNB has found itself facing major challenges related to monetary policy, even today. These challenges are triggered by the instability of the world, something it is impossible for Switzerland to avoid. This small economy has exposed itself to international capital flows with practically no barriers, ultimately because this is a key element of international asset management. For this reason, it finds itself potentially facing significant fluctuations in the value of its currency, fluctuations which could trigger massive disruptions within its economy.

Turbulent Decades

In order to minimize these fluctuations and to ensure economic stability, the SNB has sought monetary anchors many times over the course of its history. This was the case even in those early years after it was founded in 1906. At that time, the SNB focused its policies on stabilizing the franc by participating in the international gold standard. A bit of background: In the decades following its introduction in 1850, the Swiss franc was one of the weaker currencies compared to the major currencies such as the British pound or the French franc.

This first anchor was soon lost, however. At the onset of the First World War, the SNB was forced to break from the gold standard along with the leading national economies. And yet in 1924–25, it was one of the first central banks to reintroduce parity with gold. Despite the global economic crisis, it was one of the last to devalue its currency against gold in 1936.

In retrospect, it seems that gold was a poor choice of anchor. It is true that this focus on – or rather, obsession with – gold made it possible to quell inflation rapidly following the First World War, but in the

facto basis in the new currency system resolved at the Bretton Woods Conference in 1944. The United States committed to convertibility of their currency to gold at a fixed rate, while other countries (including Switzerland) introduced fixed exchange rates to the US dollar (which in the case of major imbalances, however, was to be adjusted). Involvement such as this suited the philosophy of the SNB to the extent that it, in turn, represented gold parity – albeit indirectly. Under the Bretton Woods System, the global economy (and Switzerland) experienced rapid growth interrupted only by a few, brief periods of recession.

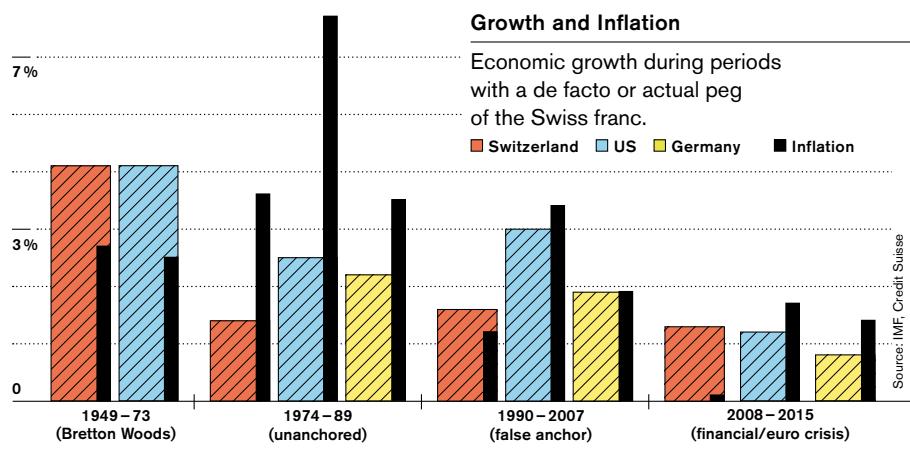
Especially in Europe, the strong growth was doubtlessly attributable primarily to the effects of the post-war recovery, substantial population growth and rapid technological advances. But linking the leading currencies strongly to the US dollar and the resulting monetary stability also contributed significantly to the boom.

The Bretton Woods System collapsed in the early 1970s because, in order to finance the Vietnam War and their burgeoning social programs, the US had implemented an increasingly inflationary economic policy and had lost gold reserves. An era of flexible exchange rates followed, bringing a powerful boost in appreciation to the Swiss franc. The SNB felt obligated to implement an independent monetary policy during the subsequent “unanchored” period. >

Naturally, it is impossible for Switzerland to avoid the instability of the world.

1930s, this highly restrictive monetary policy set off a deep recession, until the Swiss franc’s devaluation in 1936.

After the Second World War, Switzerland declined to join the United Nations and its economic organizations (International Monetary Fund and World Bank), not least because of the strong influence they exerted on the monetary and currency policies of their member countries. They did, however, take part on a de



Among other things, the national bank experimented with a variety of money supply targets during this time. Measured according to the mix of growth and inflation, the results were varied. In the period from 1974 to 1990, for instance, economic growth was significantly slower than in Germany, and inflation was almost the same or just slightly lower, as was the case in other comparative periods. Compared to the US, growth was also noticeably slower, but inflation was lower, too.

Upward Pressure on the Franc

The unanchored condition persisted throughout the 1980s and early 1990s, not least because the various attempts to stabilize the currency situation in Europe (such as the European Monetary System launched in 1979) initially met with little success. Gradually, however, a new potential external anchor began to take shape. Although the euro was not officially launched until 1999, it is clear from the back-calculated trend in the ratio of euros to francs that Switzerland's currency relationships began to stabilize several years before that. Another contributing factor was that inflation declined significantly around the world during this time.

After the euro was physically launched in 2001, Switzerland finally enjoyed a distinct reprieve on its currency front. The new anchor – apparently – grew stronger. For this reason, among others, this period was characterized by robust growth in Switzerland. The second growth driver was increasing immigration to Switzerland after the bilateral agreements had taken effect. Unlike other European countries, the SNB never considered formally pegging its currency to the euro. External stability seemed to be sufficient to provide stability to its own currency and economy.

The global financial crisis and the euro crisis that followed dealt a severe blow to hopes for external stability. Above all, the European Central Bank (ECB), in contrast to the SNB and the US Federal Reserve Bank, lacks the tools and the political legitimacy to push any rapid restructuring measures through the fragile banking system. The costs of failure were and still remain high. As in past crises, the



Bretton Woods conference, 1944.

Swiss franc came under intense pressure to revalue because, in monetary terms, Switzerland was considered a safe harbor. Attempts to withstand this pressure by implementing foreign exchange interventions and then an exchange rate floor (in other words, dropping an emergency anchor) failed.

The shock from currency revaluation severely affected the export industry. Thanks to the highly robust condition of

The SNB embraced the monetary policy of the ECB.

the domestic markets bolstered by high levels of immigration and extremely low interest rates, the recessionary effects on the Swiss national economy were even milder than those experienced after the collapse of Bretton Woods.

Since the abandonment of the euro floor and the subsequent major exchange rate adjustments, the currency front has been relatively calm. For several months now, the euro/franc exchange rate has remained within a narrow corridor. Yet this is

only because the SNB has lowered interest rates into the negative realm and, since that time, the exchange rate has been shored up by interventions on the foreign exchange markets. As a result, the SNB's total assets are trending parallel to those of the ECB. The SNB has embraced the ECB's monetary policy on a de facto basis and continues to peg itself to the euro, if less strictly than before.

Once again, it demonstrates that in order to preserve stability the SNB has repeatedly tried to rely on external anchors, even when the outlook for this anchor currency remains unclear. If the economic situation mainly in the euro zone's southern countries continues to improve and policymakers do not turn their backs on the euro, Switzerland stands to gain a great deal from this stabilization. In contrast, a breakup of the euro would represent another major challenge for Switzerland and its central bank. □

Oliver Adler is Head of Economic Research and **Maxime Botteron** is Senior Economist at Credit Suisse.

Instability: Yes, but ...

Political and economic uncertainty is less of a concern than one would assume.

By Lukas Gehrig

A stable economic environment benefits lending, investment and consumption. Stability, however, is not so easily quantified and depends heavily on how it is measured or subjectively perceived. The Global Economic Policy Uncertainty index represents an objective measure for assessing stability. To create this index, a group of economists counts the number of articles published each month in a country's major media outlets where the terms "uncertainty"/"uncertain" and "economic"/"economy" appear in combination with at least one term from a political context, such as "initiative," "congress," "parliament" or "national bank."

Using this same logic, Credit Suisse has prepared an economic policy uncertainty index for the German- and French-speaking media in Switzerland (see upper chart). Two things can be observed here. First, the number of reports on economic policy uncertainty published each month has increased drastically over the last five years. Second, political events triggering uncertainty have occurred almost every year since 2011. The last three major events of this type, namely the approval of the Mass Immigration Initiative (MEI), the Swiss National Bank's removal of the exchange rate floor and the Brexit referendum in the UK, served to unleash veritable floods of articles addressing uncertainty and the Swiss economy.

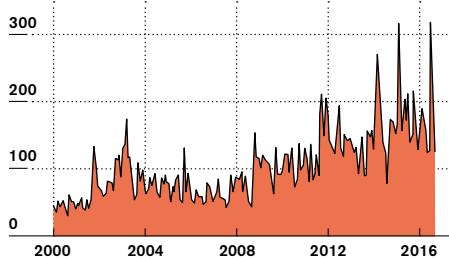
Uncertain Repercussions

Sentiment among financial analysts, consumers and companies reflects these uncertainties. The lower chart shows the forecast for Switzerland's economy in the short term as seen by financial analysts. As the chart makes clear, confidence was weighed down considerably by the adoption of MEI. It was unclear just how the initiative would be implemented when it was approved.

Significantly More Reports

Number of newspaper articles on economic policy uncertainty

— Uncertainty index



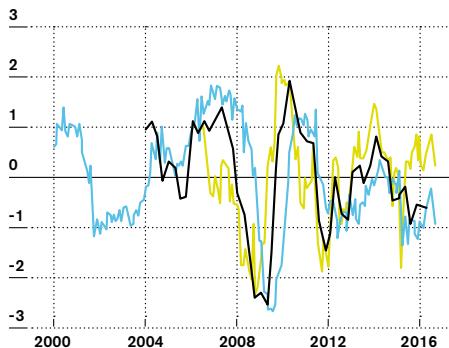
Fluctuations in Mood on the Market

Sentiment indicators, standardized values

— Financial market alignment

— Business climate

— Consumer sentiment on the economy



Source: policyuncertainty.com, Factiva, ZEW, KOF, SECO, Credit Suisse

These expectations are collected only quarterly in the State Secretariat for Economic Affairs (SECO) consumer sentiment survey, yet this is not the sole reason for the smaller fluctuations in confidence. Consumer mood is simply rooted less in the assessment of a future economic situation than in personal job security.

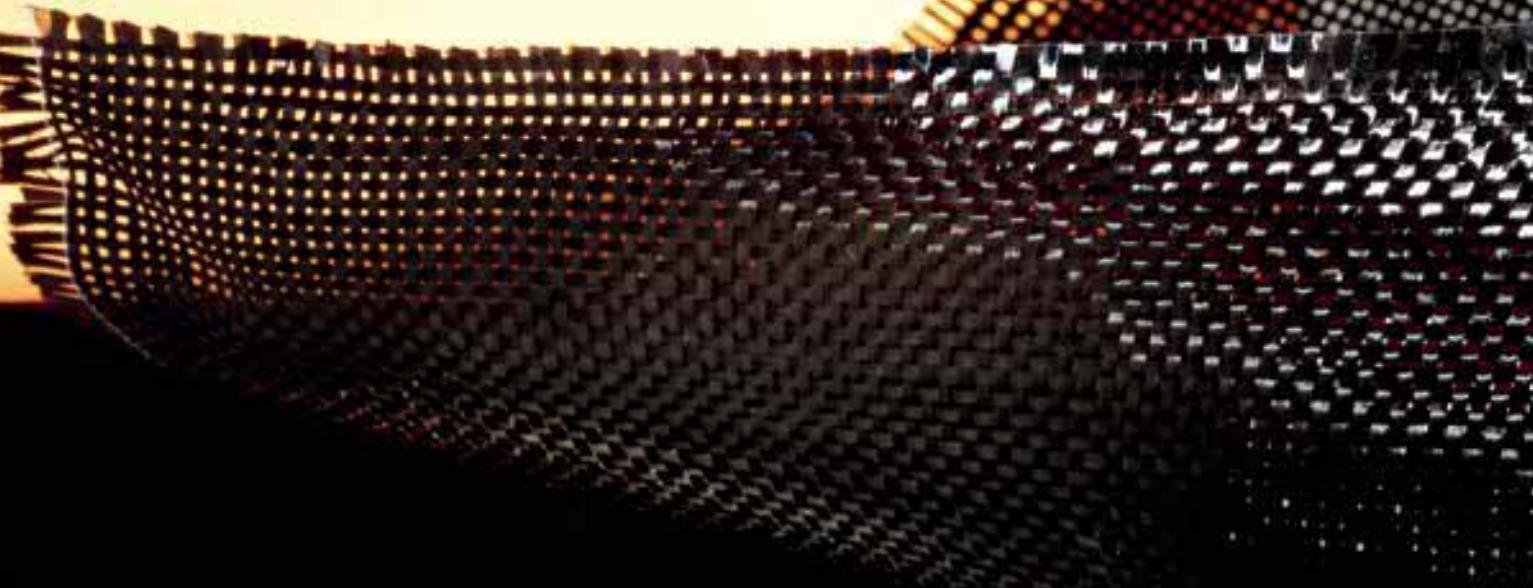
We can see that uncertainty in an economic policy context heavily influences the mood in boardrooms and in the markets. The actual effects of major uncertainty, however, can only be seen in the financial markets. The Brexit decision, for instance, caused a temporary drop in Swiss stock prices.

In the case of many decisions affecting real economic situations, other effects are the more significant ones. One example is corporate investment. Despite major uncertainty in relation to the implementation of MEI, there was no collapse in investment. Similarly, despite the gloomy mood, households did not forego making major purchases in 2015, even buying more cars thanks to the strong Swiss franc. In summary, when it comes to the economy, hard facts are still more important than "perceived uncertainty." □

The mood among companies is also affected by events with no direct connection to the Swiss economy or ones with largely ambiguous impacts on the Swiss economy. This is evidenced by the peak in the KOF Business Situation Indicator prepared by the Swiss Institute for Business Cycle Research in Zurich following the Brexit vote in the UK.

The lower chart also depicts private households' expectations for the future.

Lukas Gehrig is a research analyst in Swiss Macroeconomic Research at Credit Suisse.



1. Carbon fibers

Carbon fibers are extraordinarily strong and rigid. What we make out of them is listed on page 23.

Eternal Values

A picture puzzle of industrial manufacturing.
The highly sturdy materials on these pages
are characterized by extraordinary properties.

By Pierangelo Gröning (selection) and Peter Langer (photo)



2. Ceramic
Not the material used to
make clay pots – we mean
high-performance ceramic.

3. Diamond

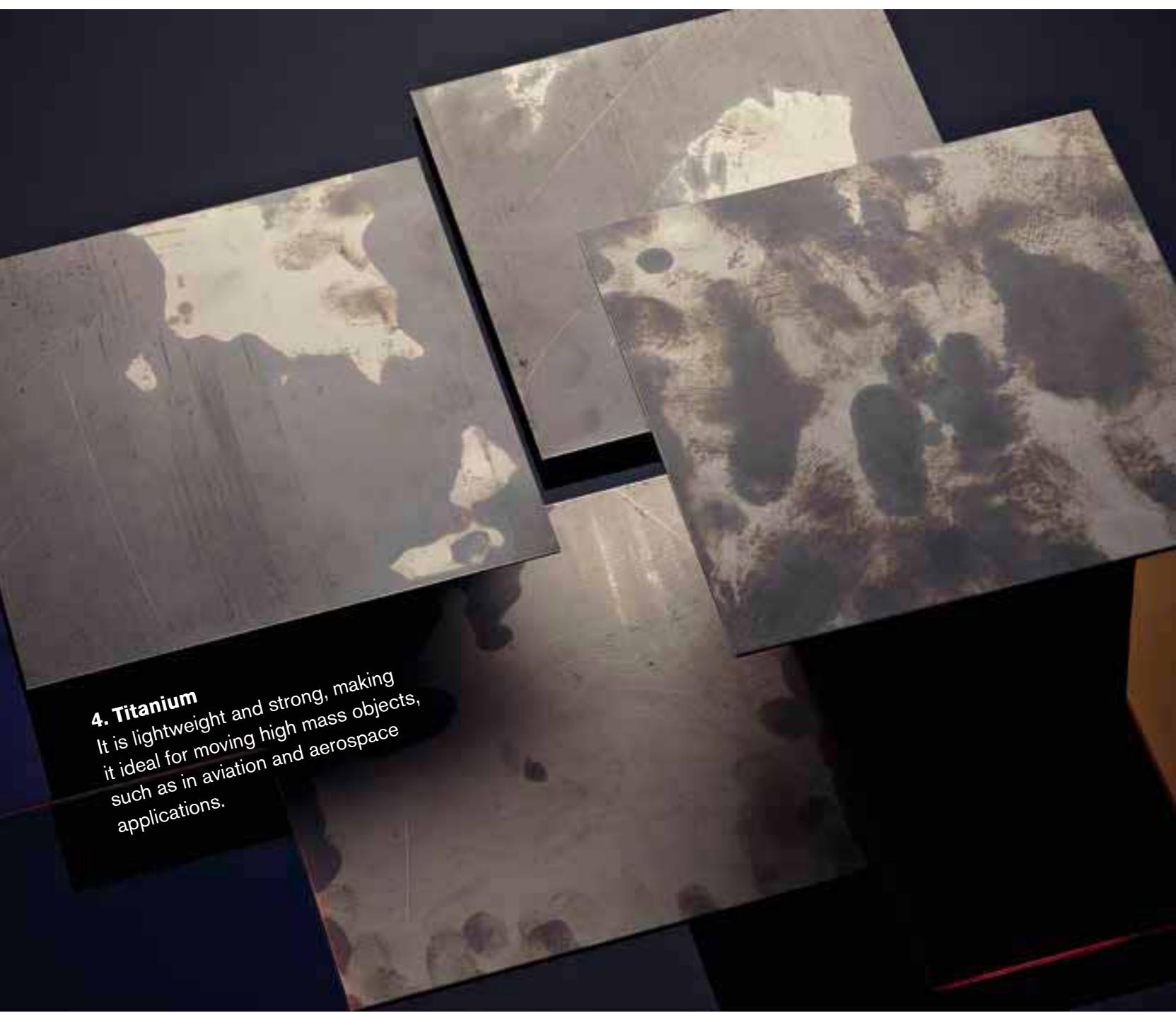
3. Diamond

A girl's best friend (according to Marilyn Monroe) and the world's hardest material.



4. Titanium

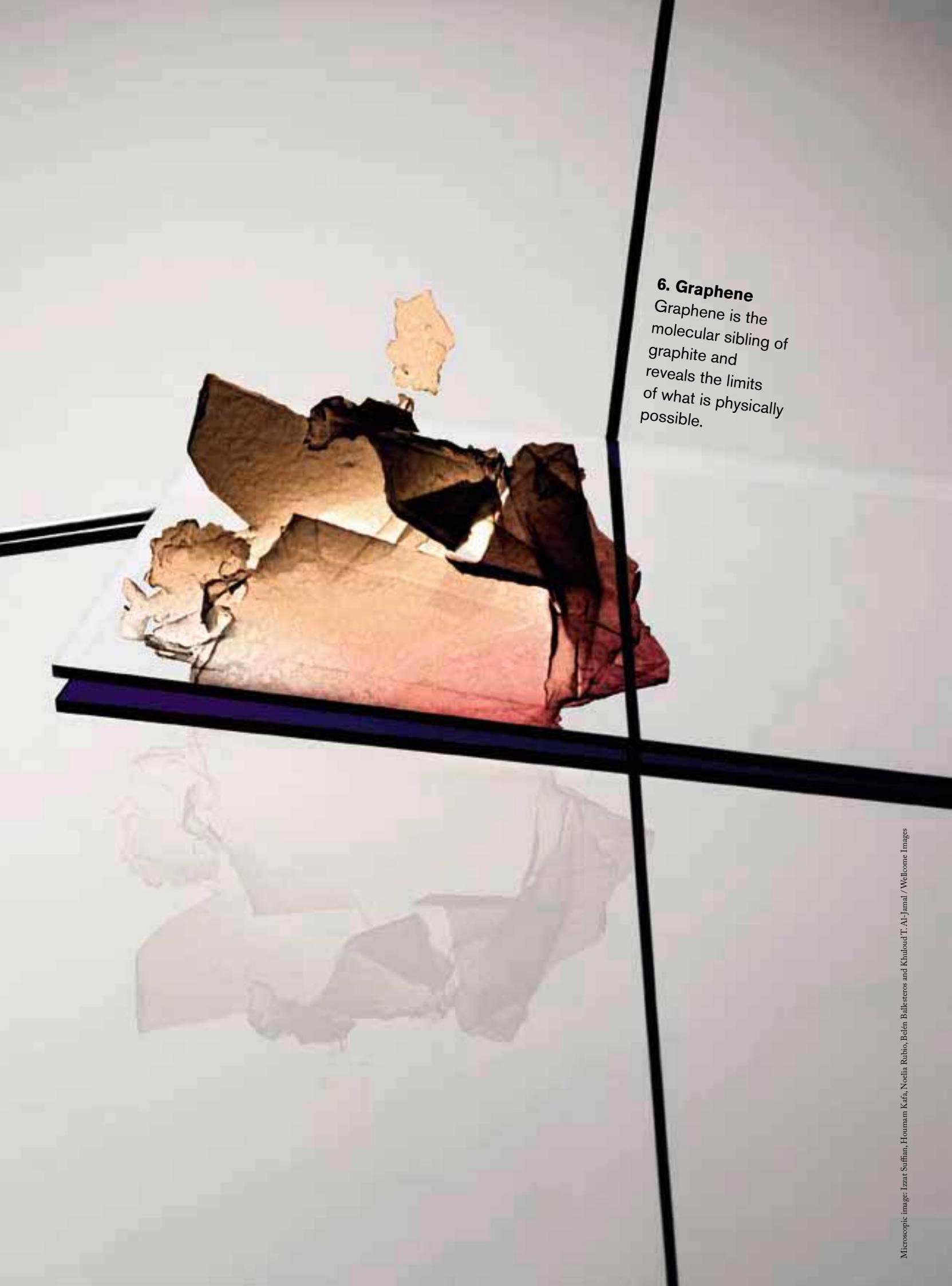
It is lightweight and strong, making it ideal for moving high mass objects, such as in aviation and aerospace applications.





5. Graphite

After diamonds, the second-hardest natural form of carbon: an excellent conductor of electricity and extremely heat-resistant.



6. Graphene

Graphene is the molecular sibling of graphite and reveals the limits of what is physically possible.

Hard Stuff

Lighter, faster, stronger: Cutting-edge materials and composites make it possible to build machines and structures that last longer and have improved performance. However, the world's hardest material is millions of years old.



1. Carbon fibers

Properties: Carbon fiber composites (CFC) possess a high degree of mechanical stability at a very low density (weight). A carbon fiber is ten times thinner than a human hair.

Use: aircraft, engine components, automobiles, bicycles, yachts, tow ropes. Utility poles sheathed in CFC weigh approximately half as much as steel poles and are easier to erect.



2. Ceramics

Properties: Silicon carbide (SiC) and silicon nitride (Si_3N_4) are high-performance ceramics that exhibit little mechanical wear, even at high temperatures. Moreover, the material is lightweight and scarcely expands when exposed to heat.

Use: brake pads and discs in (sports) cars, cutting tools, silicon carbide for high-performance transistors and

mirrors in telescopes like the "Gregor," which is being used on the island of Tenerife to study the sun's structures.



3. Diamond

Properties: Diamond is the world's hardest material and the one with the best heat conduction properties. Furthermore, it is a material with history: Even younger diamonds are several hundred million years old, while the oldest stone discovered in Australia is estimated to be 4.25 billion years old.

Use: as jewelry, as a cutting tool (a diamond scalpel is the sharpest blade in the world), as a coating for tools such as drill bits.



4. Titanium

Properties: Titanium is very lightweight as well as extremely strong and stable. It is used everywhere that high-mass objects need to be moved. Titanium has a natural

protective TiO_2 coating, which prevents corrosion (rust). TiO_2 is biocompatible, which enables titanium to be used for implants (splints, screws, etc.).

Use: in automotive, aircraft and ship construction, as well as in the production of golf club heads, clock housings and steam turbines.



5. Graphite

Properties: As one of the softest materials, carbon in the form of graphite can be considered the opposite of the diamond. Graphite is an excellent conductor of electricity. And graphite also remains stable when exposed to high heat, up to far above 1000 degrees depending on the application.

Use: as a coating in ovens, as filler material to improve mechanical or electrical properties.



6. Graphene

Properties: Graphene is the "molecular" sibling of graphite – just one atomic layer thicker. Its thermal and electrical conductivity and mechanical stability are unique, and it has a wide range of applications. Apart from its use in electronic components, graphene is always used in small amounts as an additive (filler) to improve the properties of the base material. Small amount, big effect. The discovery of graphene was recognized in 2010 with the Nobel Prize in Physics.

Use: As a filler, graphene improves the already excellent properties of carbon fiber composite materials (e.g., tennis rackets). Due to its unique electronic properties, graphene will also be used in electronic components in the future.



“Solidarity doesn’t depend on prosperity”

Annemarie Huber-Hotz, president of the Swiss Red Cross (SRK), talks about the 150-year history of this humanitarian organization, refugees and the importance of humanity in an unstable world.

By Simon Brunner and Michael Krobath

The International Red Cross and Red Crescent movement has over 80 million members and more than 17 million volunteers worldwide. What do these people have in common?

All of them are committed to the same ethical principles and to international humanitarian law. It is impressive to see them following the example of Henry Dunant and the motto “*Tutti fratelli*” [“All are brothers”] as they dedicate themselves to protecting the lives and dignity of every human being.

+
Altogether, 72,000 volunteers work for the SRK. The Swiss Federal Statistical Office has reported a decline in “informal volunteer work”; while 23.2 percent of the Swiss population were volunteers in 2000, that share has since dropped to 18.6 percent. Have you noticed a difference?

Yes, it’s noticeable in certain service areas – fewer volunteers are working with the elderly, for example – but particularly when it comes to time-intensive or longer-term assignments. However, people are still eager to volunteer for some kinds of work, such as providing support for refugees. Corporate volunteering programs like that of Credit Suisse [see box] are able to

offset some of the drop in the number of volunteers, and that is cause for optimism.

+
People often say that the younger generation is preoccupied with its own concerns. Are you finding it increasingly difficult to recruit younger volunteers?

No, we’re seeing growing numbers of very active young people. But volunteer organizations like the Swiss Red Cross need to provide the right conditions for volunteers – to appreciate them, and

The face of poverty and need has changed over the past 150 years.

to involve them in developing and implementing new ideas. They need opportunities for training, for taking responsibility and for working in teams. They also need support.

+
The SRK is celebrating its 150th birthday in 2016. How has the organization changed over the years?

Nothing has changed in its fundamental values and commitment to helping those in need, no matter who they are.



But we have adjusted to changing times by introducing new kinds of services in the areas of health care, social services, integration and rescue operations. The face of poverty and need has changed over the past 150 years. Today our efforts focus on the disadvantaged, the lonely and those in precarious health, as well as their families. But we also work with families, children and adolescents, asylum seekers, refugees and the undocumented.

+
Initiatives in foreign countries have taken on a more prominent role – why is that? Mainly because many countries struggle with poverty and poor health care. There are enormous needs. It is also because of cooperation within the Red



Profile

Annemarie Huber-Hotz, 68, has been president of the Swiss Red Cross (SRK) since 2011. She is a member of the FDP and served as federal chancellor of Switzerland from 2000 to 2007, the first woman to hold that office. She is married and has three children.
Pictured: SRK President Huber-Hotz with Syrian refugee children in Lebanon in 2015.

Cross and Red Crescent movement, as well as our solidarity with sister organizations in developing countries.

How important are Switzerland's stability and neutrality for SRK's success?

Both are important for Switzerland. The more stable the country, the better it is for a national Red Cross organization. For the SRK, however, the most important factor is the generosity of the Swiss people, and the solidarity they show toward people who need help.

In your speech marking the 150th anniversary of the Swiss Red Cross, you quoted the English poet William Blake to the effect that we are all doomed until humanity

awakens within us. What did you mean by that?

Everyone needs community and a humane environment. But we also need to do our part – beyond what the law requires. Through our involvement, we experience the happiness, satisfaction and meaning that can be derived from showing compassion for others.

Is it easier to be compassionate in times of prosperity? Would an economic crisis make us less willing to show solidarity?

No, not at all. Solidarity depends not on prosperity, but on a society's culture and a recognition that we all need to help

one another. Even in difficult economic times, the Swiss people have always been very supportive of the SRK.

The number of relief organizations in Switzerland has grown over the past 50 years.

How has this changed the work of the SRK?
You're right, there are now relief organizations and charitable foundations for every conceivable purpose, and fundraising is a particular problem.

The more stable the country, the better it is for a national Red Cross organization.

I believe, however, that there is room for all of us and that by working together in an intelligent way, we will be able to achieve our goals.

The SRK is supported by private individuals and foundations as well as cantons and communities. What role does cooperation with companies play?

We have to work together to address social challenges. Accordingly, we attach great importance to partnering with the business community – not just because of the financial support companies provide, but also because of the opportunities they offer for knowledge sharing and the commitment of their employees. We are grateful to be able to engage in such fruitful cooperation. Together we can do more!

You also have contact with politicians. Given the tense international situation, have you experienced more attempts to exert political influence?

Independence and neutrality are essential if the work of the Red Cross is to be accepted by all parties, even when we are engaged in very delicate missions. Only then will we be able to fulfill our humanitarian role of aiding the world's most vulnerable people. That



Swiss Red Cross

The Swiss Red Cross (SRK) is Switzerland's largest and oldest humanitarian organization. Founded in 1866, it has worked in Switzerland and abroad to help people in need for the past 150 years. Its efforts focus on health care, rescue operations and the integration of society's weakest members: the elderly, the disabled, the needy, families and migrants.

Pictured: Thousands of volunteers and members of the SRK gather on the Bundesplatz in Switzerland's capital city of Berne to celebrate the 150th birthday of the Red Cross (April 2, 2016).

also holds true for our work in Switzerland, for example helping refugees and the undocumented. The government and administrative authorities respect that.

From the perspective of the SRK, is the world more or less safe than it was 20 years ago?

Worldwide, conflicts have declined – with the exception of the past two or three years. The media, however, create the

Worldwide, conflicts have declined – with the exception of the past two or three years.

impression that violence is everywhere. This causes anxiety for many people, and it plays into the hands of nationalist parties that are trying to convince us that we are under constant threat and exploiting fears for their own ends.

More people are fleeing their homelands than at any time since World War II. Is this

the greatest challenge the SRK has ever faced?

The SRK has always come to the aid of refugees. But the fact that refugees are now arriving from other cultures represents a new challenge. Another new element is that the SRK is now aiding refugees in other countries, for example Syrian refugees in Lebanon.

Can you understand the anxiety many people in Switzerland feel about the flow of refugees? They are worried about losing their own culture. They fear the economic consequences of integration and are concerned about a threat to the welfare state.

Yes, I understand their anxiety. They will be less fearful if they get to know refugees and their reasons for fleeing their homelands. I should also note that Switzerland has a good, albeit strict, asylum policy. The people who are seeking asylum, a small fraction relative to the size of the Swiss population, do not really pose a threat to our culture or our welfare state.

The SRK was very much involved in the establishment of the Swiss health care

system. Given demographic change, will care for the elderly be a future focus of the SRK's efforts?

Providing support for older people and the family members who care for them will remain one of our focus areas. But we will also be devoting more attention to families and the ill, as well as to the integration of those on the fringes of society.

It was once your dream to become Secretary General of the United Nations. What are your dreams today?

I wasn't serious! Today I dream of a more just world in which more people have the resources and opportunities they need to live a life in dignity. To that end, we need more solidarity, respect and willingness to compromise in the political arena – even in Switzerland. □

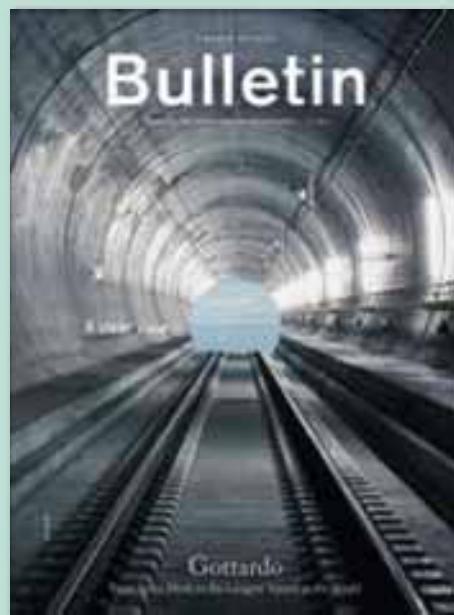
Credit Suisse supports the Swiss Red Cross (SRK)

The SRK is Credit Suisse's most important strategic partner for the bank's charitable work in Switzerland. Credit Suisse provides financial support and expertise to the SRK through a variety of corporate citizenship initiatives. In addition, under the company's corporate volunteering program, employees participate in blood drives, the "2 x Christmas" campaign to collect gifts for the needy, the SRK car service, exercises conducted by the Swiss Disaster Dog Association (REDOG) and the integration project "Mittten unter uns" (In Our Midst).

Credit Suisse allows employees to take up to four days off per year to participate in its corporate volunteering program, encouraging them to give back to society and to further their own personal and professional development. Some 2,000 employees volunteer with the SRK each year.

In addition, the Swiss clients and employees of Credit Suisse have the option of making so-called micro-donations by rounding up amounts charged on their credit or Maestro cards to a specified level and donating the difference, or by donating interest earned on their accounts. Those donations go to selected partner organizations, one of which is the SRK.

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Till the End of Time ...

What scientists have learned about
the recipe for lasting love.

Compiled by Christian Heinrich and
Friederike Hantel (illustration)

1 — Being There for Each Other – Especially in Good Times

What happens when your partner comes home with good news? According to a study by psychologists at the University of California, Santa Barbara, an “active-constructive” response to such news significantly improves a couple’s perceptions of the quality of their relationship. So what does this mean? Celebrate the good times! In fact, the study suggests that an active-constructive response to good news has a much greater impact on the quality of

the relationship than active-constructive sympathy in response to bad news and unhappy events.

2 — $2 + 2 = 5$

Couples who are friends with one or more other couples and engage in regular activities with them have happier relationships or marriages than couples without close friendships. This was the conclusion reached by social psychologists Geoffrey Greif and Kathleen Holtz Deal after conducting extensive interviews with 123 couples for their book “Two Plus Two: Couples and Their Couple Friendships.”

3 — A Formula for Stability

Five to one: This is the formula for a stable marriage that psychologist John Gottman arrived at after 40 years of award-winning research. What it means is this: A relationship is stable when the partners engage in five times as many positive as negative interactions.



4 — High Expectations

There is a common belief that we shouldn’t expect too much of marriage, since we’re bound to be disappointed. But in his 20 years of providing talk therapy for couples, American therapist Lee Baucom found that people with high standards and ideals who expect to get along well with their partners and to experience romance and passion in their marriages are more likely to have their expectations fulfilled, relative to people who content themselves with a “second-class” relationship.



5 — Happiness Is Found within Ourselves

Whether it’s getting married, winning the lottery or rising to the top of a company’s hierarchy – all of these things can be wonderful for a time, but people’s satisfaction with

their lives usually returns to its original level within a few months, as numerous studies have shown. The potential for happiness ultimately lies within each of us – so it's unfair to expect our partners to make us happier over the long term, writes New York Times journalist Tara Parker-Pope in her book "For Better: How the Surprising Science of Happy Couples Can Help Your Marriage Succeed."

6 — More Novelty, More Excitement

Researchers at Stony Brook University divided 53 married couples into three groups. One was told to spend 90 minutes per week together doing something relaxing (having dinner, going to a movie); the second group was told to try something exciting and new that they wouldn't ordinarily have done (sports, dancing); the third group received no specific instructions. After 10 weeks, the couples in the "new and exciting" group reported a much greater increase in satisfaction with their marriages than the two other groups.

7 — Expanding Your Social Horizons

To study relationship stability, computer scientist and researcher Jon

Kleinberg of Cornell University analyzed data from 1.3 million Facebook users. When users indicated that they were in a relationship with a specific individual, he was able to determine the duration of the relationship. Just having a lot of friends in common was not enough to sustain a fairly stable relationship. Something else was striking about those who stayed together longer than average: Their friends were relatively unlikely to be friends with one another. This suggests that these couples were members of many different social groups, and that they had their own separate groups of friends to introduce to one another.

8 — The Importance of Sex

Nearly every study of sex and relationships has reached the same conclusion: Sex is essential to satisfaction in a marriage. Couples who have sex once a week are particularly satisfied with their relationships, according to a study of 25,000 people published in the journal Social Psychological and Personality Science in 2015 – and this holds true regardless of age and the duration of the marriage. The study notes while that more frequent sex is by no means a bad thing (approximately 30 percent of couples have sex two or three times a week), many studies

have shown that greater frequency does not significantly increase satisfaction.

9 — The Age-Old Topic of Money

Arguments about money are closely correlated with a subsequent separation, says Sonya Britt of Kansas State University. The solution? Financial harmony – which means knowing and respecting your partner's views and attitudes about money and spending. That, in turn, assumes that you talk to each other often – including about money.

10 — Children: Neither a Solution nor a Problem

Studies have shown for years that having children initially reduces the perceived quality of a marriage. That doesn't mean that they pose a threat to the stability of a relationship, however; indeed, couples with children are less likely to divorce. Studies at the University of Nebraska have found that couples with children continue to be just as happy with their partners. □

Christian Heinrich is a medical doctor and works as a freelance journalist. He is a regular contributor to *Die Zeit* newspaper and *Geo* magazine.



Dr. Rafie Ghaffarzadegan lost his brother because of a fatwa in Iran: "My goal was to keep my brother's memory alive by refusing to be silent."

The Astonishing Power of the Soul

Why do some people survive and overcome events that shatter others? The phenomenon of resilience, our psychological ability to endure and bounce back.

By Beatrice Schlag (author) and Christian Grund (photos)

Peter Hogenkamp never once thought the word “crash” when the Crossair plane began to lurch shortly before it was supposed to land in Zurich – and when after shaking violently for several seconds, it slammed into a snowy wooded area. He did not see the flames in the rows ahead of him that the woman seated next to him, Jacqueline Badran, who was his business partner at the time and would later become a member of the Swiss National Council, most certainly noticed. He first realized that the plane was completely on its side on the ground when he unfastened his seatbelt and fell through the air across the aisle, smashing into the window on the other side. Badran fell on top of him seconds later. They climbed out through the back of the plane, which had been torn off, and stumbled through the snow away from the aircraft as quickly as possible. The first clear thought Hogenkamp remembers having is that airplanes can explode. And in fact, they heard several detonations shortly afterward. “People are dying right now,” said Badran in horror. That was when Hogenkamp slowly began to realize what had happened. “Before that I would not have been surprised if all of the passengers had met up in the woods unscathed. The word ‘crash’ only popped into my mind when I called my parents.”

Of the 33 passengers and crew who were on board flight 3597 on November 24, 2001, only the nine people who had been in the rear of the plane at the time of the crash survived. Before taking off in Berlin, Hogenkamp and Badran had switched to seats in the back because they

were tired and the people around them were noisy. Two people in the row directly in front of their original assigned seats survived with very serious injuries, but no one in front of that.

Three days later, Peter Hogenkamp and Jacqueline Badran were back in the office. “It still hadn’t hit me hard yet, the way I expected it to,” says Hogenkamp fifteen years later. He does though experience a certain fear of flying to this day. Since everyone warned him about possible consequences like nightmares, anxiety or panic attacks, he and Badran sought out a psychologist six months after the crash. “He said that we had instinctively done everything right to avoid a trauma. We left the site of the accident immediately and didn’t look back at what was happening there. When a seriously injured man whose burned skin hung in tatters from his hands came to the place where we had met the police and first responders, we got up and left. And then we returned to our normal everyday lives right away.”

Hogenkamp knows another surviving passenger who took sick leave immediately and still suffered from anxiety months later. The only surviving flight attendant gave up flying right after the crash. One businessman said he would fly again as soon as possible, otherwise he would have to change jobs. Other than

*“The word
‘crash’
only popped into
my mind
when I called
my parents.”*

that, he refused to talk about the accident. “I had the impression he wanted to completely block out what had happened,” says Hogenkamp. “Jacqueline and I didn’t do that. We talked with victims’ family members, gave interviews, and talked about it to each other and our friends a great deal. That helped me.” However, looking back he thinks it was even more crucial “that I wasn’t injured and never feared for my life, or at least not that I can remember. That was a gift.” Moreover, he is convinced that his feeling of being needed at the newly founded company and that he owed it to his colleagues and customers to do his work was part of the reason that the emotional “hammer” never hit him as hard as he expected.

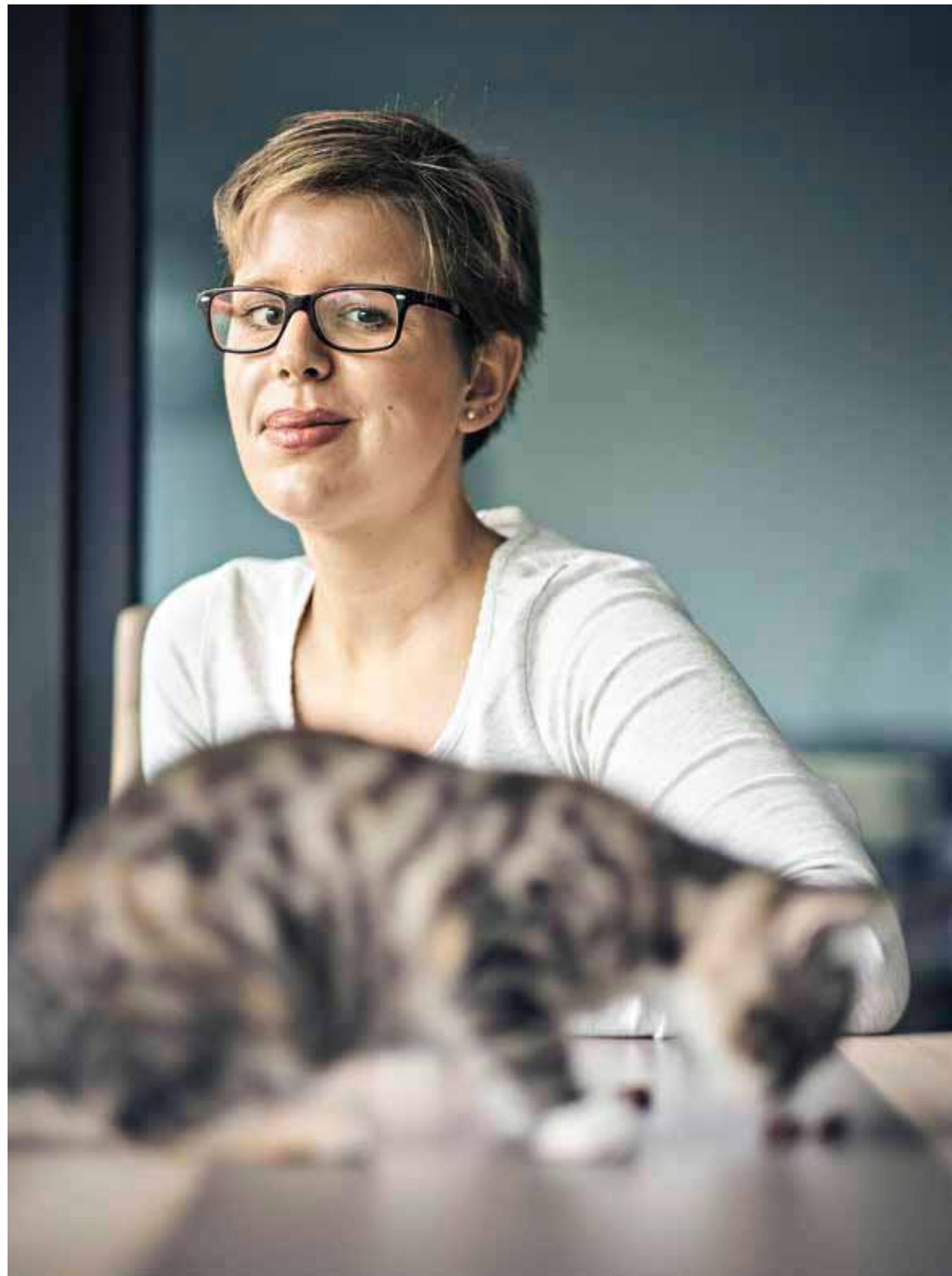
— Can Survival Be Learned? —

Resilience research supports his conclusions. What researchers call “self-efficacy,” a feeling of competence and the ability to meet life’s challenges, is a personality characteristic found in resilient people. However, resilience research is only a few decades old and the term “resilience” is being expanded significantly. Initially people, especially children, were only called resilient if they remained psychologically unaffected despite poverty, severe illness, natural disasters or wartime catastrophes. These days the attribute of resilience is being applied to organizational structures, ecological systems and people who confidently master challenges posed by the professional world despite stress. There are offerings available for building emotional resilience and resilience training for managers. According to their ads, resilience can be learned.

Dr. Matthias Schick, Chief Resident at the outpatient clinic for victims of torture and war at Zurich University Hospital’s Clinic for Psychiatry and Psychotherapy, doubts that people can build resilience through training: “I believe that you can make organizations less susceptible to disruptions from outside attacks through a healthy corporate environment, through respect. But to claim that a person who was not resilient before will be resilient after a dozen sessions? I consider that unrealistic. At any rate, there is far too little >



Peter Hogenkamp was in a plane crash: "The emotional 'hammer' that I was expecting never came."



Simona Caldarelli survived a tumor removal operation with severe complications: "I understand crises."

research data to support that conclusion.” Anyway, he sees resilience – much like trauma – more like a model of a scale that can tip to one side or the other. “Tragic events are followed by negative factors as well as protective ones. When the negative factors weigh heavier, a trauma results. If the protective factors outweigh them, resilience. That is very simple as a metaphor and very complex in reality, because so many different things play a role: genes, epigenetics, experience, upbringing, environment, current life situation.” One thing is certain: Stress is one of the greatest risk factors for developing posttraumatic stress disorders, regardless of whether at home or at work. Stress diminishes coping resources. After a traumatic experience, social embeddedness is key – family and friends who make a person feel secure.

When one of *Simona Caldarelli's* eyes began to wander, her mother Sylvia was alarmed: A healthy two-year-old does not simply turn cross-eyed suddenly! The eye doctor prescribed glasses and attempted to soothe her fears, saying: “Only one in 100,000 children with a lazy eye has a brain tumor.” The mother insisted on an MRI, which revealed a tumor between the cerebrum and cerebellum. Simona was rushed to the children’s hospital and admitted. “What happens if we don’t operate?” her mother asked the surgeon. “Then your daughter will be dead in five weeks,” he answered. The operation lasted eight hours. When Silvia Caldarelli saw her child again, Simona could neither move nor speak. The right half of her face was completely distorted. That would subside, the doctors said, but the right side of her face would be paralyzed because they had had to cut the nerve during the operation. Despite successfully removing the malignant tumor, doctors predicted the young girl would survive for only a few months. The two-year-old started chemotherapy a week after surgery. “It was pure torture,” said her mother, “all my child could do was whimper.” During that time, Silvia Cal-

darelli was at the hospital almost every day to give her daughter a feeling of familiar normalcy.

Today the 26-year-old home care nurse and medic cannot remember any of that. She only knows from being told how often her mother was with her. But she says without hesitation: “You have to depend on a reliable environment.” After finishing chemotherapy, the then four-and-a-half-year-old girl immediately started public kindergarten. Chemotherapy had made her hard of hearing, and she had major difficulties with balance and concentration. The facial paralysis made articulation more difficult for her. After a year of speech therapy kindergarten, she started elementary school. Did she feel different than the other kids? “Not at first. I didn’t get teased about my face until I changed schools.”

Other surgeries followed soon after she was released from the hospital. One operation on her lower abdomen after a fall. Eye surgery to make her lazy eye less severe. As a teenager, she underwent three painful and largely unsuccessful facial operations to improve the paralysis and reactivate the left facial nerve. “Nevertheless,” she says, “I can whistle again and eat and drink better. But sometimes I was very miserable.” She lost a huge amount of weight at 18, and doctors diagnosed her

“I often see healthy people and think they have far less energy than I have.”

with type 1 diabetes. She took the news almost calmly: “I was relieved it wasn’t anorexia.” Her body had gotten accustomed to having to work harder than other people and explore things more intensively. Having to give herself insulin shots, she says, improved her coordination and her attention to healthy nutrition. The only thing her friends sometimes find fault with is her lack of patience when other people complain.

The self-confident young woman who says that she has “the best life” does not grumble about the fact that she was the one in 100,000. The cancer did not return, as follow-up exams have shown. When someone asks why her face looks the way it does, “I actually like to tell them what happened to me,” she says, “because it helps me influence a great deal at work, too. I know many things firsthand that other caregivers only know about in theory. I understand crises.”

She was not familiar with the term resilience, but nodded immediately when she heard about it. Like many young victims of serious accidents or illnesses, she is convinced that such a fate only happens to born fighters who are strong enough to overcome such a radical limitation in their lives. “I don’t think my sister would have survived it. I often see healthy people and think they have far less energy than I have. Maybe it’s because I can handle a lot of commonplace things. Or maybe I’m just someone who can deal with a lot.” She thinks not talking about her cancer would be wrong: “You can’t just lock away the topic for yourself, it can’t be shut off. You can suppress it, but I’m convinced that it will come back as a disorder later.”

— *The Ability to Get Back Up Again*

Research confirms Simona’s speculations. Resilience is decisively different from the ability to simply push away tragedy. “Suppression and avoidance are coping mechanisms that are inherent in all of us,” says psychiatrist Matthis Schick. “There is nothing wrong with using them if they work. People attempt to avoid things that trigger memories in order to protect themselves. But it comes at a price. Nothing gets processed and nothing changes >



Dr. Matthias Schick

has been Chief Resident at the outpatient clinic for victims of torture and war at Zurich University Hospital's Clinic for Psychiatry and Psychotherapy since 2010. He specializes in the traumas of refugees and victims of torture, and conducts research on the topic of neurobiological aspects of disorders resulting from trauma.

inside." Stress or professional difficulties can bring the repressed suffering to the surface in a completely different manifestation, such as sleep disorders or relationship problems. Germany's rubble women, whose work to clear away the remains of bombed-out buildings after World War II was taken as a symbol of resilience after traumatic events, developed symptoms of posttraumatic stress disorders in old age at a disproportionate rate. Once they were no longer needed, the past caught up with them.

Modern researchers know that resilience is not necessarily a lifelong force – it can decline with age. When children leave home, friends die, the body gets weaker and people are thrown back on themselves, the ability to counter stressful experiences with positive perspectives seems to decline. Schick notes that with war refugees, they often manage quite well in the beginning and find their way in the new, safe country. "They have escaped and they manage to bounce back. Then at 50 they have a little accident on the construction site, get back pain, are put on sick leave, lose their job. Then the house of cards

comes falling down, and people develop posttraumatic stress disorders 20 years after their escape because they no longer have the power to cope." Resilience does not mean being immune to low points when the pressure is too much. People are called resilient when they have the ability to get back up again afterwards.

Dr. Rafie Ghaffarzadegan (photo: page 30) was born in Iran. In 1986, he was studying laboratory medicine when his brother was arrested because of a fatwa issued by Ayatollah Khomeini and executed along with hundreds of others. Rafie, the youngest, had known for years that the regime disapproved of the critical stance he and his siblings had taken. But the shock of his brother's killing was enormous: "We didn't want to believe it, but officials showed us his glasses and wristwatch. His death gave rise to powerful feelings of guilt. Your brother was executed, and you are not allowed to talk about it. You have to act like nothing has happened." When government agencies denied his diploma application, Ghaffarzadegan traveled to Azerbaijan in 1992 with an

official authorization to continue his studies there. He had earned the money for it with literary translations and by writing books: "Translating Kafka or Kundera was a way for me to express criticism and still survive."

Ghaffarzadegan also became politically active in turbulent Azerbaijan. He had the time for it since his university studies were not recognized, and he had to study medicine all over again. He became an advisor for Doctors without Borders, wrote about HIV – which was largely unknown at that time – and about traumatized refugee children who came into the country from Nagorno-Karabakh. Government agencies observed the quiet Iranian, and intelligence organizations attempted to recruit him to no avail. "Anyone who grew up in Iran learned survival strategies as a child," says the doctor. "People knew early on how to present a different face to the world than their real one. But you also learn how to not give up your true self. And you learn that you have to have goals and keep on living. Dying is the easy way out."

In 1999, Ghaffarzadegan went underground at a stopover in Kloten after taking a summer course at the University of Malta. His asylum process was lengthy, but three years later he was able to begin studying psychiatry in Zurich. These days he is married to a Swiss woman and treats many refugees as a specialist in psychiatry and psychotherapy. "I attempt to find out where my patients' resources are, where their resilience lies. Immigrants have to start their lives over from square one here. Almost no one is interested in their story. I want to give meaning to their stories and goals by talking to them about them, because people who don't have goals turn themselves into the goal and make themselves sick. My goal was to keep my brother's memory alive by refusing to be silent." □

*You learn
that you have
to have
goals and keep
on living.
Dying is the easy
way out."*

Beatrice Schlag is a freelance journalist in Zurich and Los Angeles.



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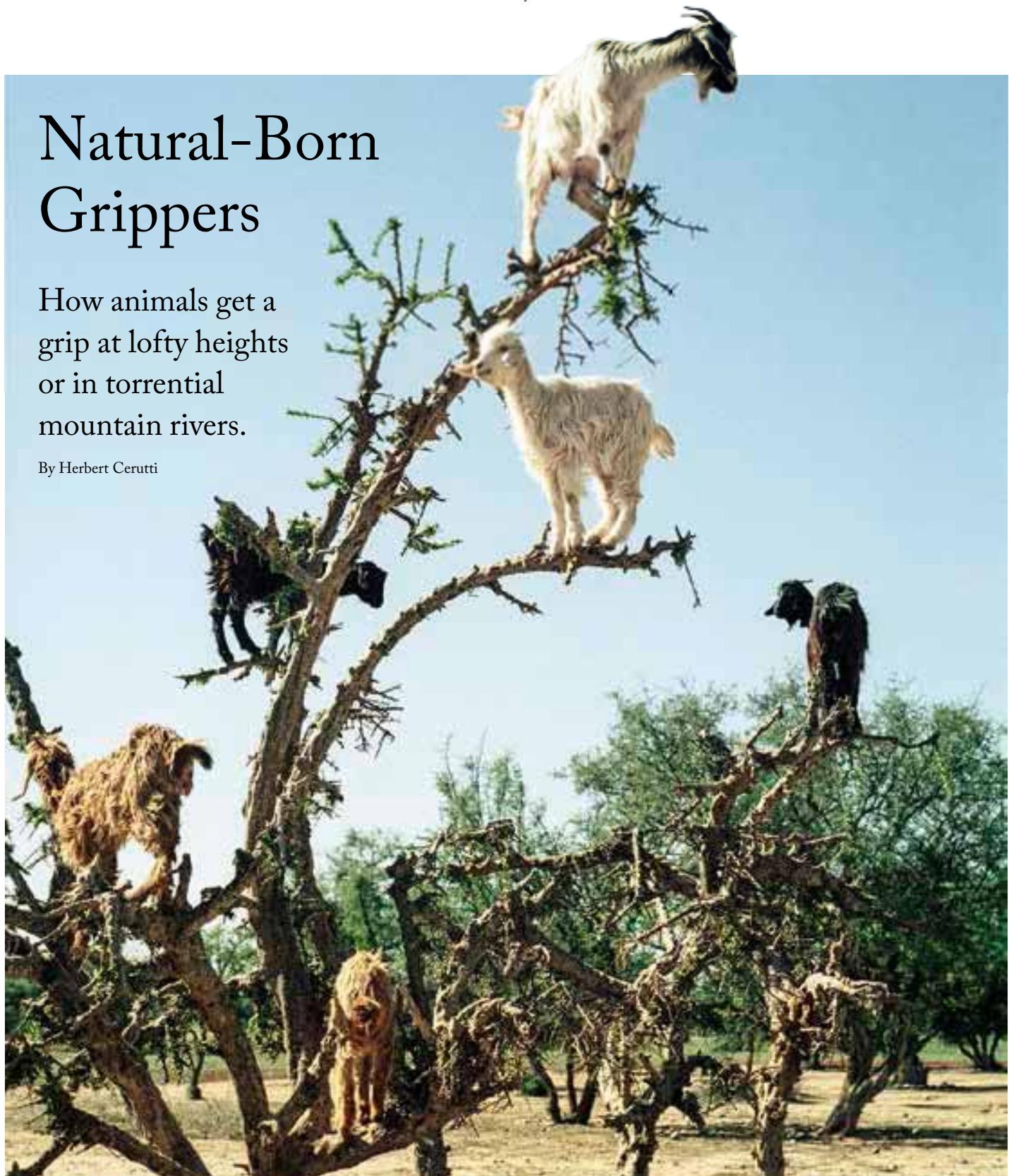
150 years providing greater humanity

150

Natural-Born Grippers

How animals get a grip at lofty heights or in torrential mountain rivers.

By Herbert Cerutti



Goats perched atop argan trees are a common sight in southwestern Morocco. Thanks to their cloven hooves, they are able to maintain perfect balance.

Have you ever wondered how flies, insects and small reptiles effortlessly scale walls and maintain their grip, even on vertical glass surfaces? They have their sticky feet to thank for these acrobatic moves – feet that developed this capability over millions of years. Their toes feature oval adhesive pads covered with countless fine hairs, like the bristles of a brush,

can hook onto the tiniest unevenness in the surface. Take the gecko, for example. Its ability to stick to smooth surfaces allows it to reach great heights. While these small tropical reptiles are certainly much heavier than flies, they are still able to scurry along roof ceilings upside down in search of insects. They can even dangle from the ceiling by a single toe. The adhe-

sive pads on their toes have a lamella-like structure covered with millions of tiny hairs. Each of these hairs divides into thousands of split ends, turning them into a microscopic adhesive brush. In this way, contact areas only a few hundred nanometers (millionth of a millimeter) in size are established between the foot and the surface.



Geckos can stick it out thanks to microscopic contact surfaces.

In such dimensions, interactive forces between molecules are already working to firmly stick the gecko to the surface. A thin liquid film on the bottom of each foot reinforces its grip even more. For the foot to smoothly detach from the surface after each step, the gecko diagonally rolls the bottom of its foot forward so that the angle of the sticky hair attached to the surface changes and the molecular bond is released.

Why Birds Don't Fall From Trees

When the reed warbler clings to a slender reed or the red kite sits atop a tree on the lookout for potential prey, we wonder how these birds keep their balance and manage not to grow tired and lose their grip.



Reed warblers have a good grip thanks to a special tendon.

Since it would be too hard for a bird to use pure muscle to continuously grip a branch with its claws, nature created a particularly clever solution. When a bird settles down on a tree branch after landing, a tendon running along its leg to the foot automatically tightens – triggered by the bird's weight. This causes the bird's toes and claws to draw in tightly, thus gripping the branch and keeping the bird secure. This gripping reflex also enables birds to sleep high in trees, although often only one half of the brain sleeps at a time, while the other half keeps a watchful eye out for enemies, such as tree-climbing cats.

When a bird wants to fly off, it releases the tightened leg tendon by flapping its wings a few times. This allows the toes to move freely again.

We are rarely surprised to see birds, cats and bears up in trees. But visitors to Morocco may be treated to a truly astonishing sight: around a dozen goats perched



Red kites are able to sleep even at great heights.

high atop the branches of argan trees. The argan tree is an ancient species that grows only in the semidesert areas of southwest Morocco. In this barren landscape, goats have learned that even during major periods of drought, there are succulent leaves and yellow plum-like fruit growing high in the branches of these trees. To reach the alluring fruits and leaves, these distant tree-climbing relatives of the ibex use their natural-born sure-footedness.

Their cloven hooves enable them to stay perfectly balanced. While the bottom part of the hoof is soft, flexible and can easily adapt to any uneven terrain, the hard part of the hoof, which protrudes somewhat, is much harder and helps the goat to firmly grab onto small protuberances. Not only that, each half of the cloven hoof is able to shift against the other so that even on very steep slopes, the goat always has sufficient contact for a firm grip.

Strolling Through Rushing Water

Where the mountain stream crashes down from the cliffs and foams and dances over boulders toward the valley below lives another natural-born gripper: the millimeters-long larvae of the *hapalothrix lugubris*. This species of the neuroptera insect family seems to make its way effortlessly through the rushing water on river rocks made slippery by algae. Where every other mobile insect would be washed away, the larvae graze on these algae fields like tiny cows out to pasture. Large bright spots in the brown-green algae growth are sure signs that these mountain stream residents have been chowing down.

Their secret to navigating in wild mountain waters is the row of suction cup-like pads that stretches along the six sections of their underside. Each suction pad acts as a bio-physical vacuum pump to help them grip the slippery rock surfaces. Once the suction pad is positioned, muscles in the firm shaft tube made of chitin pull a plunger upwards, creating a vacuum in the tube. This allows the ring-shaped adhesive disk on the end of the shaft to firmly stick to the surface without slipping.

In order to quickly release each individual suction pad from the surface, a tiny notch in the edge of the adhesive disk opens like a mouth just prior to the end



Neuroptera insect larvae have adhesive disks that enable them to stick to slippery surfaces.

of the adhesive phase. The notch acts as a valve that floods the vacuum chamber within fractions of a second, quickly ending the adhesion. Why all this effort to stay in the rushing mountain stream when quieter waters are usually just a few meters away? By remaining in extremely strong river currents, the larvae have found an ecological niche where they are safe from predators and food rivals.

And humans? When humans first stood on two legs back in prehistoric times, they may have given up their own firm, four-legged grip, but, over time, they replaced their front paws with busy hands. They have allowed us to "grasp" the world better, and thanks to our bigger brains, we have conquered every corner of the earth, and even made it to the moon. □

Herbert Cerutti is an experimental physicist and has received numerous awards for his work as a science writer. He lives in Maseltrangen in the canton of St.Gallen.

“Globalization has acquired a bitter aftertaste”

The world stands at a turning point, says historian Harold James.

We live in dangerous times, and the outcome is uncertain. A gloomy discussion, with a spark of hope at the end.

by Daniel Ammann, Simon Brunner (interview) and George Butler (illustrations)

Professor James, are we living in a more stable or more unstable world than twenty or thirty years ago?

Since 2008 the world has become much more unstable than it was in the late 20th century. Historically speaking, it has often been the case that major financial crises had a destabilizing impact on politics and international relations, as the last one has had.

Where is that discernible?

There are so many indications! Emerging markets, which were growing quickly until recently, are having problems; examples include China and, to a greater extent, Brazil and Turkey. In industrialized countries, there are now many governments that are no longer able to explain their policies and win majority support

for them. Brexit is a good example. Why did the British vote for it? It was partially a protest against the European Union, of course, but it was also a protest against a government that was incapable of providing a convincing explanation as to why globalization and migration are basically good for the British economy.

You see rising skepticism toward migration as an indication that broad swaths of the population have had enough of globalization?

Definitely. By the way, that is also a constant throughout history. Since Aristotle's time, we have seen resentment against products, influence and people who come from afar. The American Revolution in the 18th century started with the Boston Tea Party, a protest against the import of luxury goods from India and Great Britain by the East India Company. And during the period between the world wars in the early 20th century, there was a kind of wave of anti-globalization that targeted foreign products.

What is different today?

It's not so clearly about opposition to foreign products anymore; people are used to cheap T-shirts and Asian electronics and wouldn't want to go without them. Protest today is aimed more at cash flows,

at banks, especially foreign banks, and at foreign creditors and lenders. It expresses itself in vague fears, for example fear of genetic engineering – and most especially fear of migration. This is often in areas where migration is not a problem at all, like in Mecklenburg-West Pomerania, Poland or Slovakia, where there are no large waves of migration.

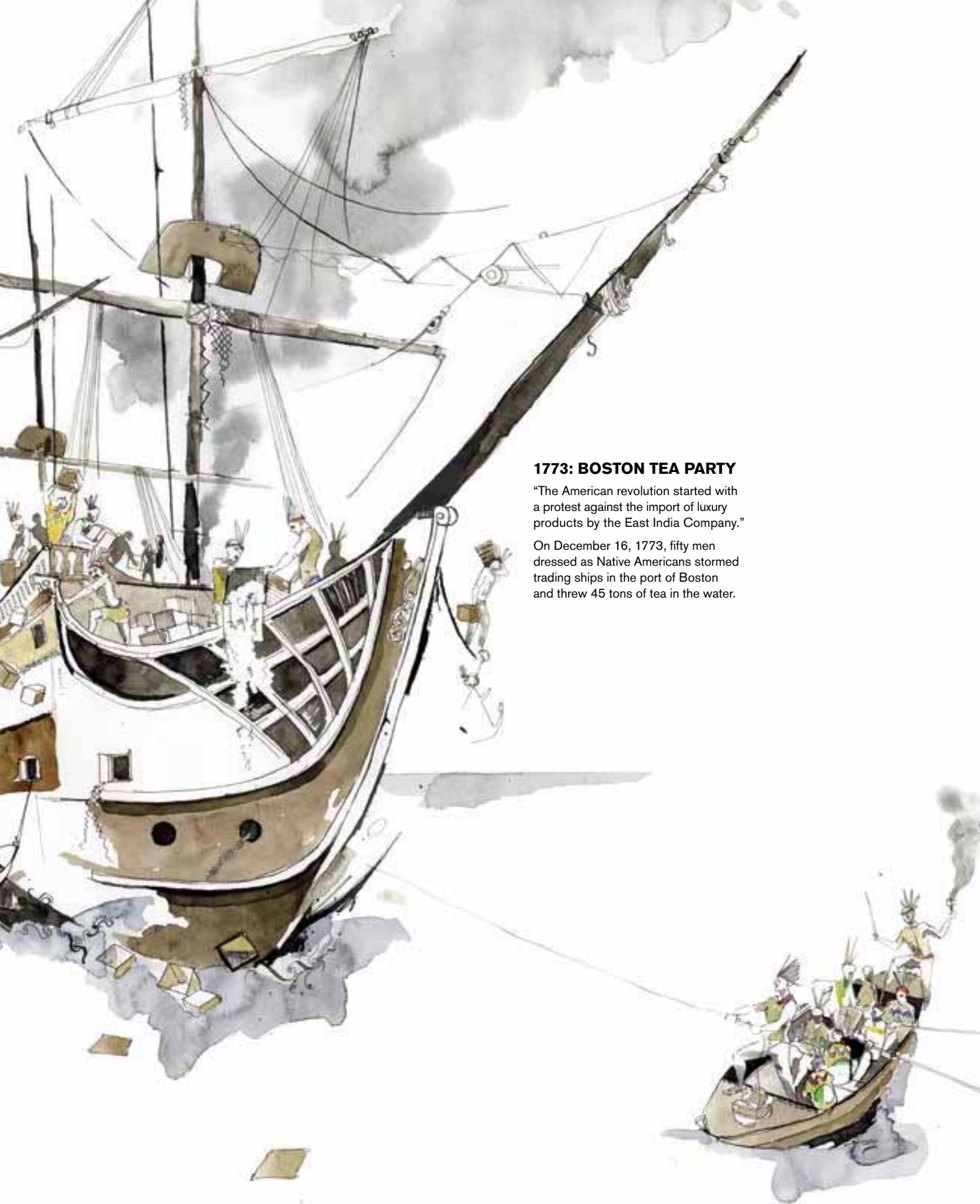
What is at the bottom of this rejection of foreigners? A lower standard of living, higher unemployment? >



Harold James, 60, teaches history at Princeton University and international politics at the Woodrow Wilson School of Public & International Affairs. The Briton specializes in European economic history.

He was a member of the commission of experts on Switzerland – the Second World War (The Bergier Commission). His most recent book, “The Euro and the Battle of Ideas,” was published recently.

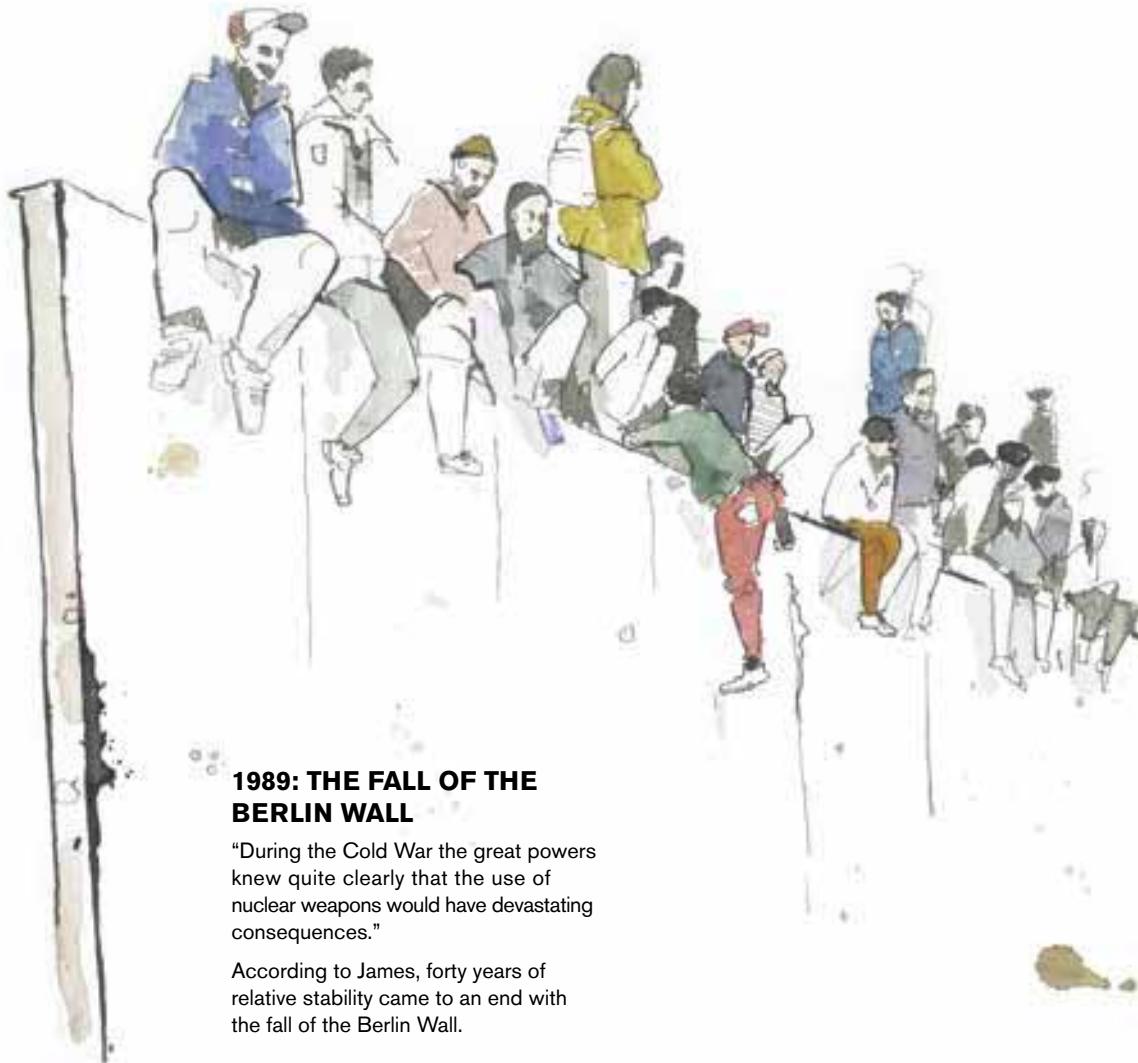




1773: BOSTON TEA PARTY

"The American revolution started with a protest against the import of luxury products by the East India Company."

On December 16, 1773, fifty men dressed as Native Americans stormed trading ships in the port of Boston and threw 45 tons of tea in the water.



1989: THE FALL OF THE BERLIN WALL

"During the Cold War the great powers knew quite clearly that the use of nuclear weapons would have devastating consequences."

According to James, forty years of relative stability came to an end with the fall of the Berlin Wall.

I don't believe that it has to do with a lower standard of living. It is more the result of a changed environment. People's expectations of stability are frustrated.

How so?

During the second half of the 20th century, that unique period of economic prosperity, people could assume that they would work for just one employer. That has changed completely. Only those of us in academia still enjoy that luxury. Everyone else must adapt to changing jobs more frequently. This loss of security, this not knowing what the future will bring, has a very destabilizing effect. Globalization has acquired a bitter aftertaste.

Could it possibly be reversed?

Yes, quite clearly, we know that from history. The wheel of globalization has already been turned back from time to time – and today there is a lot of pull in that direction. Globalization is in much greater danger today than it was in

the second half of the 20th century and the beginning of the 21st century.

You come to the conclusion in your work that many eras of globalization collapsed in the end due to military conflict. Do you see that risk today as well?

Unfortunately, yes. People tend to forget that the period from 1949 to the fall of the Berlin Wall was relatively stable, that war is an absolute disaster.

The Cold War as a time of stability?

You'll have to explain that.

During the Cold War, people knew quite clearly that the use of nuclear weapons would have devastating consequences. A Soviet missile strike on Frankfurt or Paris would have led immediately to a counter-strike. The great powers knew that they would be bombing their way to the end of civilization. Today there are many more smaller conflicts where the combatants have already said that the use of tactical nuclear weapons is no longer absolutely taboo. It's no longer

possible to assess exactly whether that would elicit a reaction. That makes their deployment easier. That is a huge source of instability. We live in dangerous times.

Where do you see the unstable regions that could threaten escalation?

You can't reduce it to a single area. There is an arc of conflict that stretches from the South China Sea through Central Asia to the Middle East and North Africa. It's like a tectonic stress field.

Which era would you be most likely to compare to our current time?

I see many parallels to the time before the First World War. In 1914 many people assumed, by the way, that the world was so closely interconnected – by trade or by new means of communication – that a war was no longer conceivable. Many people thought at the time that it would only be a short, not very destructive war.

History does not have to repeat itself.

Of course, history never repeats itself



exactly. But there are these general tendencies: an era of greater insulation and retreat follows an epoch of greater international cooperation and connectivity.

But humanity has developed since then.
Technologies develop, humanity does not.

Humanity's civilizing and economic progress doesn't count?

I see no signs whatsoever that people have become better, more intelligent or more peaceful. There's that famous book by evolutionary psychologist Steven Pinker, "The Better Angels of Our Nature," which argues that humanity has generally become more peaceful. Unfortunately, I do not share that opinion. There are sources of conflict that are inherent in human nature. Aristotle would be able to describe our current world just as well as a 21st-century philosopher.

What comes after globalization?

There will be a trend toward states becoming more insular, toward more

self-contained economies, toward a society that is more restrictive when it comes to migration, the exchange of goods and capital flows. The call for a strong man will only grow louder. And there are historical precedents for this. Italian and German fascism and Stalinism were also anti-globalization models. On a completely different, much less radical level, we can already observe such autocratic

Democracy developed in a more stable direction in Switzerland than in most other European countries.

tendencies again today in Russia, in Turkey, in Eastern Europe. These tendencies are drawing more and more followers in Western Europe.

Isn't that paradoxical? We always assumed that the globalization of the last thirty or forty years would lead to more prosperity and less poverty in the world.

That is correct. Poverty has been greatly reduced in many countries, which is one of the major achievements of globalization. But as I already said, at the same time globalization has also increased instability and uncertainty.

Particularly smaller states like Switzerland, Luxembourg or Singapore have profited from globalization. This anti-globalization trend, these tendencies to retreat: What do they mean for these successful, well-to-do small states?

You bring up an important point. You could truly call those small states the winners of globalization. In addition to those you mentioned, they also include New Zealand, Ireland and for a time, even Lebanon and Kuwait. People tend to forget that the latter two countries were also stable and successful, until they fell victim to their dangerous surroundings.

Paraphrasing Schiller, even the most industrious cannot live in prosperity when their surroundings take a turn for the worse.

That is currently a real risk facing Singapore and Switzerland. It would be foolish to believe that Switzerland could be unaffected by a more unstable Europe. When collapse and radicalization are occurring beyond your borders, there will of course be blowback in Switzerland too. But can I return briefly to your previous question about the winners of globalization?

Please.

If you had asked me during the 1990s who would profit most from globalization, I would have said the small states that are particularly dependent on international exchange. Since the terrorist attacks of September 11, 2001, and even more so since the financial crisis of 2008, however, we have observed a new version of globalization, one that is bound up with political and military power. Today it's more China and the US that appear to be the winners of globalization.

You know Switzerland well. It is extremely stable politically and economically, as well as socially successful. What do you, as an economic historian, see as the reasons for that?

It's interesting that there are several forces at work in Switzerland that are in principle centrifugal: multi-lingualism, the city/country divide, religious differences – the minor civil war in the 19th century, the Sonderbund War, that was also a religious conflict. How did Switzerland get a grip on these centrifugal forces? With good institutions. With political responsibility. With representative government on all political levels: municipal, cantonal, national. Democracy in Switzerland developed in a more stable direction than in most other European countries.

In what way?

In Europe outside of Switzerland, people had been long accustomed to changing >

from center right to center left and back again. When they were not satisfied with the government, they simply voted for the other party. The parties of the center became more and more alike. In Germany, for example, there are almost no differences anymore between the SPD and the CDU. So voters are turning to more radical options at both ends of the political spectrum.

What do anti-globalization tendencies mean for the future of Switzerland as a financial center?

The country's extraordinary political stability is surely positive, along with the traditional stability of the Swiss franc. For generations now, it has been one of the most solid currencies in the world. The greater the fear of a big collapse, the more that Russian, Chinese and citizens of other countries want to put their money in safe countries like Switzerland. It will not be easy for Switzerland as a financial center, however. With every previous wave of anti-globalization, capital flows were nationalized as much as possible so that the citizens couldn't take their money to another country.

Are these low interest rates an historical rarity?

There have been real negative interest rates fairly often in the last sixty, seventy years. In the 1970s, for instance, after the oil crisis, nominal interest rates were rather high. But inflation rates were so high that in many countries, real interest rates

were negative. Negative nominal interest rates, however, like we have today in Europe and Japan, are unique. Only Switzerland imposed them once, in 1978. That of course unleashes great fear.

How do we get out of this situation now? It won't be easy. With each attempt by the US central bank to increase interest rates, you very quickly see the negative effects on emerging countries. It's like taking a powerful medicine and being

If you cannot trust
the state,
who do you trust?
Your relatives.

unable to stop because you've become addicted; the consequences of stopping would be painful and unbearable. Low interest rates are also a debt trap for governments. They make themselves increasingly vulnerable if or when an end comes.

What do you think leaders will try in order to kick this "addiction"?

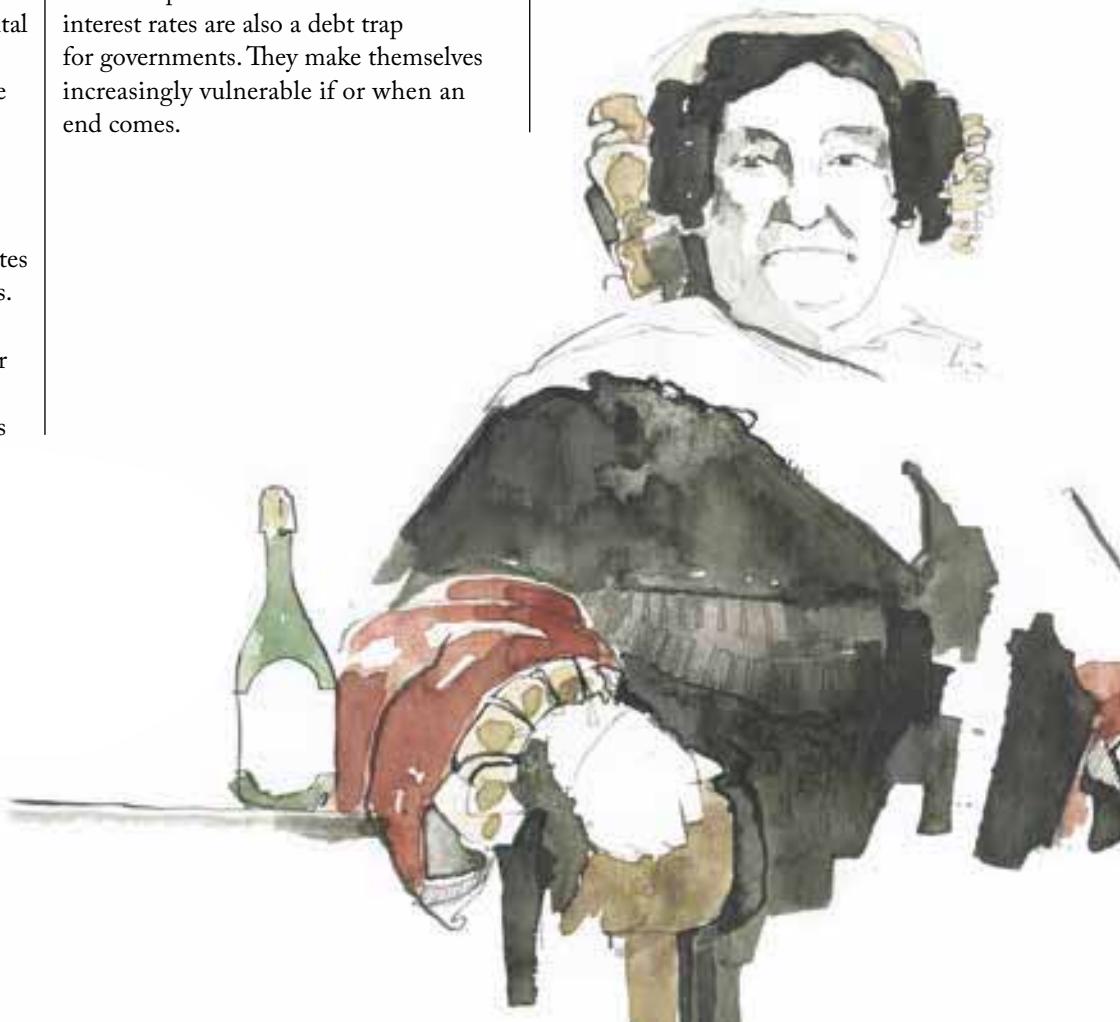
Perhaps the 1950s and 1960s can be taken as a guide. It was a very successful time economically, although the capital markets were very insular. It might seem attractive to introduce strict capital controls on a global level in order to stabilize the international market. That would make it much easier to service each country's own public expenditures and debts within the national context.

Do you regard that as probable?

There is a certain logic to it. And there are few alternatives.

Is that an ominous scenario?

Certainly. It would further reverse globalization and continue to dissolve international cooperation.



In your research, you conclude that in times of crisis, family-owned companies have a stabilizing impact. Can you expand on that?

I started by asking why family capitalism developed so much more fully in Continental Europe than in Great Britain or the US in the 18th and 19th centuries. I attributed that to prolonged political instability in Europe. If you cannot trust the state, who do you trust? Your relatives. It is a good solution for certain services and industrial products that are based on longevity and sustainability.

In your book "Family Capitalism" you show that women played an enormously important role in the economy during that period.

Many European industrial enterprises were directed by women at that time.

The French and German iron industries would have been inconceivable without them.

How did that happen?

They were almost all widows who took over the family enterprise after the death of their husbands and managed them very successfully. In Germany, for example, Therese Krupp or Aletta Haniel; in France, Joséphine de Fischer de Dicourt of the De-Wendel dynasty and of course Barbe-Nicole Clicquot-Ponsardin, whose Veuve Clicquot champagne is still world-famous today. The women guaranteed continuity across generations. During times of crisis, these "DNA chains," as I call them, held not only those family companies together, but the capitalist economic system itself.

Women did not play such a significant role in those companies later. What happened?

The corporation. The corporation, by the middle/end of the 19th century, provided an institution that could legally ensure a company's continuity. Women weren't needed any longer. They were virtually excluded from what became a man's world.

You have a gloomy view of the world situation. Do you see any positive elements?

I see hope, for example, in the medical field. Radical innovations are possible there. There is already talk of the possibility of effectively fighting Alzheimer's. That would be an enormous breakthrough. □

The interview was conducted on September 5, 2016.

19TH CENTURY THE TIME OF THE WIDOWS

"These DNA chains held family companies together through periods of crisis."

Many European industrial enterprises were successfully managed by widows.
World-famous today thanks to her champagne:
Barbe-Nicole Clicquot-Ponsardin.



The photos on this page
were all taken by tourists in
Pisa. They were found on
the photo platform Flickr.

An Out-of-Kilter Survival Artist

The Leaning Tower of Pisa has been a miracle of stability
for 831 years now. Its secret: a solid foundation.

By Mathias Plüss



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It tilts and leans and still it stands. For 831 years, the Leaning Tower of Pisa has had to withstand the tension generated by its own tilted situation. The top of the tower has gradually shifted more than four meters from perpendicular. Earthquakes have shaken it, bombs and lightning have struck it. The tower stoically shrugs off these challenges, with only the fissures in its marble facade giving witness to the strength they have cost it.

Why did its nearly 15,000 tons of weight not simply collapse long ago? Because the tower is stabilized by a massive pedestal that is embedded in its foundation. The people who built it knew what they were doing. But that was not enough. The sandy clay soil under that foundation was unstable. Twelve years after construction began in 1173, the tower started to tilt for the first time, giving it a slight inclination. The work was then put aside for a hundred years, during which time the soil settled. Subsequent floors were intentionally built at a slight angle in an attempt to correct its vertical axis. But history repeated itself. Once again the substrate gave way. Another hundred years later, a belfry was added to the tower. It had now reached its final height of 55 meters – the original plan had called for a hundred.

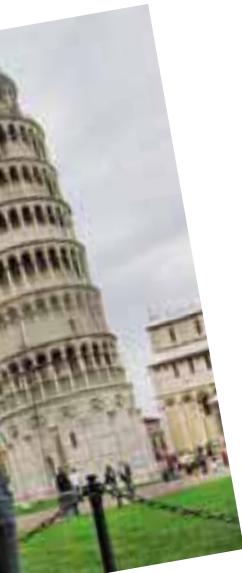
It is not without irony that Galileo Galilei did an experiment involving the effect of gravity at just this place, which seemingly defies the very forces of gravity. That is, at least according to a well-known anecdote. In 1590, before a gathering of scholars from the University of Pisa, he is said to have dropped two balls of different

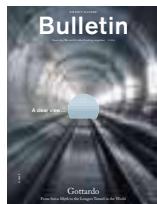
weights from the tower. They hit the ground at the same time, which proved that the speed of their fall did not depend on their weight. But as correct as the law of falling bodies is, historians still argue over whether Galilei ever actually performed this experiment. Most likely, it happened only in his mind.

Luckily, some other plans were likewise never realized, including by the Mafia and most recently by Tunisian jihadists to attack the tower. In contrast, a much greater danger has been posed by engineers with the best of intentions. Almost all of the numerous attempts to stabilize the tower have been counterproductive. For instance, in 1995 there was a plan to pour a ring of concrete around the foundation, so first underground water was pumped out for that purpose. Unfortunately, no one realized that the ground above, which had been temporarily frozen to provide stability, would collapse once it thawed. Again, the building sagged. Only nine hundred tons of lead ingots kept it from keeling over.

The next idea finally provided some relief for this artist of survival, for the first time in its long history. About thirty tons of earth were carefully removed on the north side, which resulted in the tower tilting about forty centimeters – in the right direction this time! The city was finally able to re-open the tower to tourists after eleven years in 2001. Supposedly, the leaning tower is now safe for the next three hundred years – at least according to the engineers! □

Mathias Plüss is a freelance science journalist.





Comments

Bulletin "Digital/Analog," 3/2016

A Unique Voice

Credit Suisse Bulletin is a wonderful magazine. I myself have worked in the media and I live in New York, where there is no lack of publications. But Bulletin has a unique voice. Financial institutions are changing like never before, and Bulletin is a good way for Credit Suisse to set itself apart.

Falguni Desai, New York, USA

I Never Miss an Issue

I wouldn't miss an issue of your magazine for anything in the world; I love it.

Jocelyne Chapuis, Gland

Swiss Outlook with a Global Perspective

I am a Swiss attorney working in Italy. I appreciate the Swiss outlook you bring to your topics, while never losing sight of the global perspective. Hats off to you and keep up the good work!

Andrea Angeletti, Venice, Italy

Interesting!

I came across a copy of Bulletin at Zurich airport while waiting for my flight to Malta. As a former banker and an English teacher, I think your magazine is very interesting.

Albert Dimech, Sliema, Malta

Comments

Bulletin "Gottardo," 2/2016

Easy to Understand

I really enjoyed the last issue. The description of the construction of the first and second Gotthard tunnels was very detailed, well written and easy to understand.

J. F., Germany

Much Needed

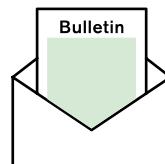
I'd like to thank you once again for your very interesting magazine. We all read every issue with great interest and feel it fills a much-needed niche.
J. Abplanalp, Stiftung Kinder im Glück (Children's Foundation), Zurich

First-Class Issue

A first-class issue of this magazine! As an engineer, I was particularly impressed by the article "Two Tracks, a Lot of Concrete and Even More Technology." The SBB project manager, Peter Jedelhauser, beautifully explained why the project was so successful. I wish Credit Suisse continued success on its path for Switzerland and – for Bulletin readers so inclined – many more such extremely interesting issues.

Rolf Molls, Weinfelden

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One of the largest and oldest popular surveys in Switzerland is celebrating its 40th anniversary.

A sweeping review of four decades of the country's concerns, the current results and a look ahead to see what the future might bring.

CONTENTS

**40 Years
of Worry Barometer**

50 Review

Analysis 2016

60 What the Swiss Worry About

63 Voice of Business:

Peter Grünenfelder

64 Voice of Politics:

Jürg Stahl

66 The Essence of Switzerland

Future

69 What Will Preoccupy Us

70 How We Will Work

72 The Last Page:

A Happy and Satisfied

Country

2016 Worry Barometer

The Credit Suisse Worry Barometer has been taking the people's temperature since 1976. The launch of the survey was groundbreaking, and its uninterrupted longevity offers unique insights into the changes in what has been on Switzerland's mind over the years.

The History of Swiss Sensitivity

By René P. Buholzer



René P. Buholzer is head of the Public Policy unit at Credit Suisse (Schweiz) AG and is responsible for global sustainability issues. He holds a PhD in political science and teaches at the University of St. Gallen – Graduate School of Business, Economics, Law and Social Science.

Editorial assistants:
Simon Brunner, Lukas Golder,
Oliver Heer.

In 1976, the father of a nation, Mao Zedong, died in office. Helmut Schmidt won the election for Federal Chancellor over Helmut Kohl in Germany; Jimmy Carter prevailed over the incumbent president, Gerald Ford, in the US. Czechoslovakia won the European Football Championship. Steve Jobs and Steve Wozniak founded Apple. Milton Friedman received the Nobel Prize in Economics.

And in Switzerland? Lugano had over 2,046 hours of sunlight, and ABBA dominated the hit parade with "Fernando." In 1976, around 6.3 million people lived here, foreigners accounting for 15.6 percent.

Rudolf Gnägi (BGB/SVP) became President of the Swiss Confederation once again after first being elected to that office in 1971. Yet the mood was somber in the late '70s. Oil prices had yet to recover following the first oil crisis (1973), and RAF terrorism had now reached Switzerland. There were initiatives against "foreign penetration" and unemployment was on the rise.

Credit Suisse (Schweizerische Kreditanstalt at the time) commissioned the public opinion research firm Isopublic to conduct a survey with "a scientific method" "among all segments of the population." The objective: To find out what worries the Swiss. The catchy "Worry Barometer" was chosen as its title – even if it is more like a "worry thermometer." The purpose of the survey was to measure the public's temperature.

"The idea of introducing the Worry Barometer was visionary," says political scientist Lukas Golder, co-director of gfs.bern, the company that has conducted the study since 1995. "At that time, public opinion research was slowly emerging and was dominated by market and consumer research. Another reason it was visionary is that they collected representative opinions of the populace, and in this way, the survey did not follow the rhythm of a vote," says Golder. "The results were provided to the public. Up until that time, the preconception prevailed that direct democracy provided enough information about public opinion."

Today, in 2016, there are several public opinion polls in Switzerland. But despite the competition, the Worry Barometer has managed to maintain its extraordinary standing. Whenever the latest edition is published, just in time for the opening of the winter session of the Swiss parliament, many politicians can be seen with their copy under their arm as they walk through the lobby of the parliament building. And many (political) initiatives begin with "X percent of Swiss citizens are very concerned about...", using a figure from the Barometer.

The basic structure of the survey's methodology has not changed throughout the years. Around 1,000 respondents are selected and interviewed in person.

They are shown cards with the instructions "On these cards, you will see some themes that have been discussed and written about a lot recently: Please take a look at the cards, and pick out the five cards that you personally feel are Switzerland's greatest problems."

This year, the Credit Suisse Worry Barometer is celebrating its 40th birthday. One of the oldest and largest political opinion polls thus covers some of the most interesting and turbulent years of Switzerland's history. What does it reveal?

The Anniversary in 11 Chapters

1 The Crisis Triggers Fear

FIRST ISSUE IN 1976

The first issue of the Worry Barometer appeared in Bulletin, the world's oldest banking magazine (since 1895). The title of the survey is a rather pedestrian one (and is phrased using only the German masculine form): "What concerns the Swiss?" Unemployment (75 percent) topped the list of worries even then, above environmental protection (73 percent) and retirement provision (64 percent).

The topics in the next spots are also familiar ones: the tax burden (51 percent), inflation (48 percent) and education (42 percent). In terms of the economy, 1976 was a tense year, something that is noticeable throughout the entire survey. Interestingly, the strong Swiss franc was a problem then just as it is today. The mention of "inflation" as a major issue went hand in hand with strong agreement (81 percent) with the state- >

Camping on the A1 highway on a car-free Sunday during the oil crisis.



ment that there is an urgent or a very urgent need to fight inflation. The study's author interpreted this to represent the "healthy sense of stability and solidarity among our people."

Not surprisingly, the author was happy that 88 percent of those surveyed opposed higher taxes. Even then, the standardization of the school system was a current concern, 92 percent considered it to be urgent. Building new universities was rejected – perhaps considered too expensive? – yet subsidies for vocational schools (83 percent agreement) were supported – because this would also be a way to combat unemployment.

Not least, the 1976 Worry Barometer focused on questions about the financial center, which did very well in general. Only 27 percent were against banking confidentiality, and only 20 percent considered the banks to hold too much power, something viewed as an "exaggerated problem."

The biggest concerns in 1976:

- 1 Unemployment
- 2 Environmental protection
- 3 Retirement provision
- 4 Tax burden
- 5 Inflation
- 6 Education
- 7 Economic policy
- 8 Foreign workers
- 9 Residential construction
- 10 Bank power

...and in 2016

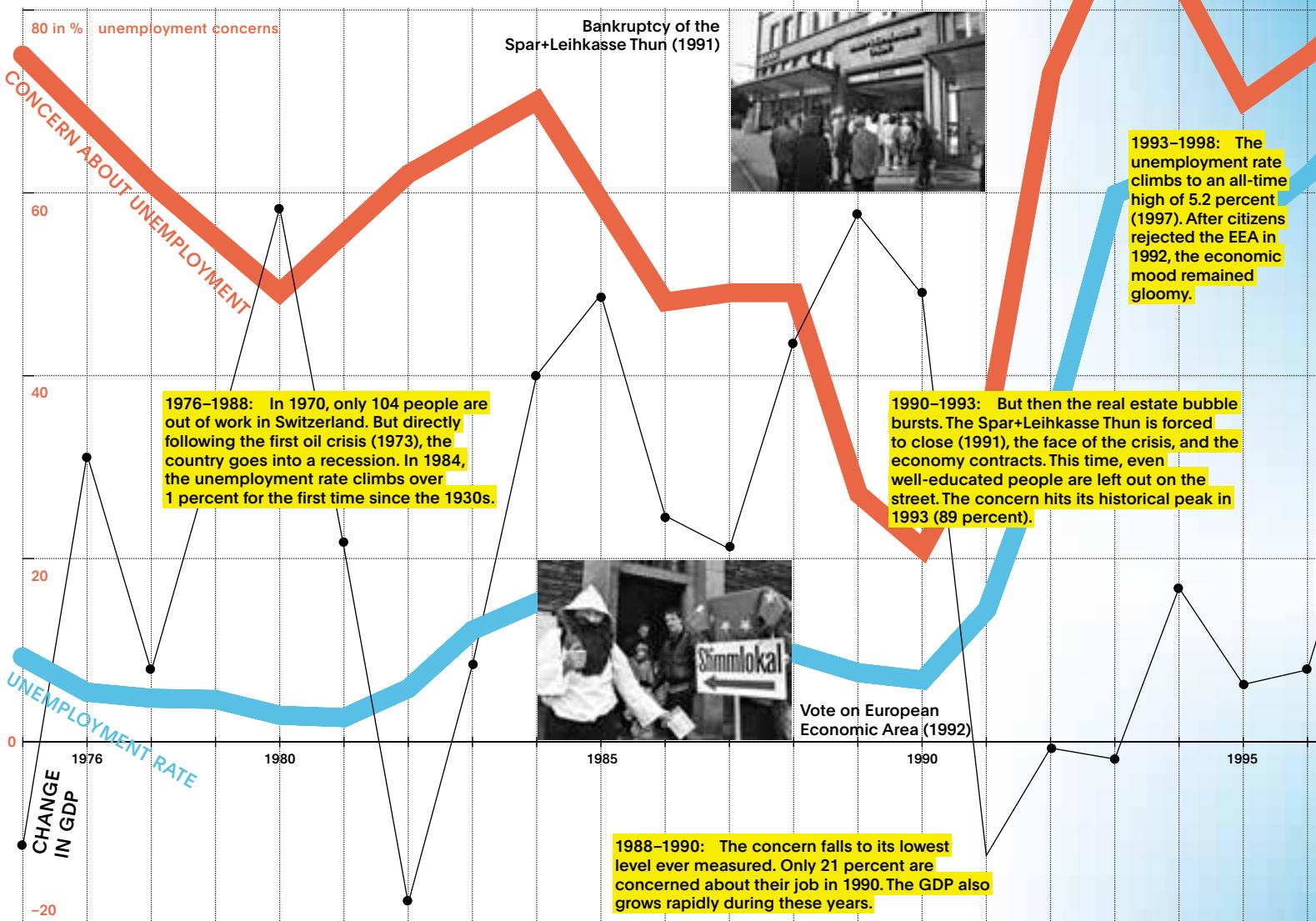
- 1 Unemployment
- 2 Foreigners
- 3 Retirement provision
- 4 Refugees/asylum seekers
- 5 EU/bilateral agreements
- 6 Health
- 7 Euro crisis/euro exchange rate
- 8 New poverty
- 9 Traffic
- 10 Personal safety

2 Part of the Swiss Identity

TOP-RANKED CONCERN: UNEMPLOYMENT

From an international perspective, unemployment in Switzerland has never been high, although it has frequently been the most-mentioned problem among those surveyed throughout the 40 years of

Concern about Unemployment and Unemployment Rates



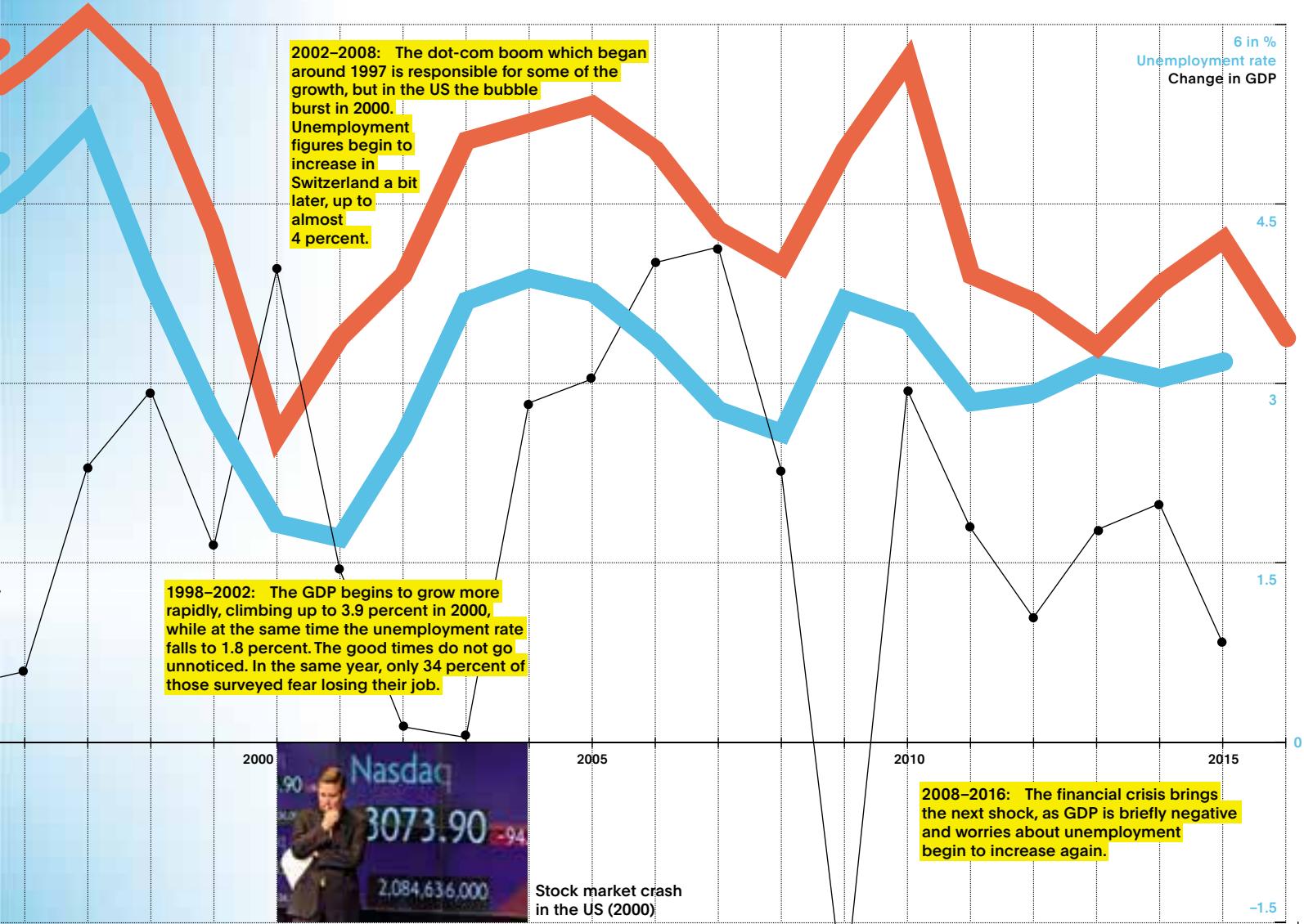
the Worry Barometer. It has topped the list of worries in each of the last 10 years. Why?

"The fear of unemployment is symptomatic of the decline of the middle class, whose members are anxious about their financial independence and social status," writes Jean Christophe Schwaab, member of the National Council representing the Social Democratic Party and former General Secretary of the Swiss Federation of Trade Unions in the last issue of Compass for Switzerland, a special Credit Suisse publication on the topic. Valentin Vogt, president of the Confederation of Swiss Employers, agrees with him to the extent that the strong significance of unemployment is anything but phantom pain. "In Switzerland in particular, an individual's work and career are a vital part of his or her identity." The data support this statement. Throughout the years, those surveyed have observed the changes in the labor market very carefully. Real peaks in the unemployment rate and in gross domestic product (GDP) are directly reflected in the Worry Barometer.

3 Status Quo Too Good for Reforms

TOP-RANKED CONCERN: FEDERAL OLD AGE AND SURVIVORS' INSURANCE (AHV)

In the last ten years, over 40 percent of the Swiss consider retirement provision/AHV to be Switzerland's biggest problem; in 1976, it was 63 percent. At the same time, AHV also has a history of failed reforms. The last successful reform was 21 years ago, and the public has routinely rejected any proposals introduced since then. 2004: The 11th AHV amendment and value added tax increase for AHV/Federal Disability Insurance; 2010: Adjustment of the minimum conversion rate in the occupational pension provision. How do these things go together? >



One explanation could be that, in principle, everyone can agree that something has to be done, which is why the issue ranks near the top in the Worry Barometer. Since AHV was introduced in 1948, life expectancy at birth has increased by 14.3 years (for men) and 14.0 years (for women). At the same time, the birthrate has declined from 2.40 to 1.54 (2.08 children per woman would be necessary to maintain the population balance). The population pyramid is growing less and less favorable for a contribution system like AHV. The problem has been identified, but for the majority, a "solution" is less desirable than the status quo. Older people would have to work longer or give up part of their pension. According to a study conducted by Avenir Suisse, the average age of eligible voters will be 60 by the year 2021. In other words, decisions on proposals will be made by the over-60 age group almost entirely alone. The term "pension theft" is so firmly entrenched in the collective conscience that any pension reduction is immediately considered to be a political impossibility.

The younger generation is aware of the problem, which always ranks among the topmost of Switzerland's biggest problems in the Credit Suisse Youth Barometer. But young people alone cannot sway the vote and seem ultimately to also want to benefit from a strong first pillar. Furthermore, the AHV seems to have become part of Switzerland's success story and the Swiss identity. Finally, every 20-year-old may not be aware that he or she is among the losers under the current system – the younger age groups meanwhile are not only funding the AHV but also the overly high conversion rate in the second pillar, currently at 6.8 percent (mandatory part, planned in 2018: 6.6 percent). According to Avenir Suisse, only 5.4 percent is financeable. The status quo is also attractive because the overall principle of the pension provision made up of three pillars (federal, occupational and private pension provision) is becoming more and more effective. Those retiring after a longer period of gainful employment generally receive money from two or three sources.

Poverty in old age is on the decline, and today's poor are helped by supplementary benefits. In addition, there is health insurance, which represents a solution based on solidarity for the health issues which are a major problem with increasing age. Under the health insurance, younger people pay more than the costs that they incur, while older people pay less.

Around 1,000 seasonal workers arrive at Buchs train station in St. Gallen from the former Yugoslavia on March 14, 1978.

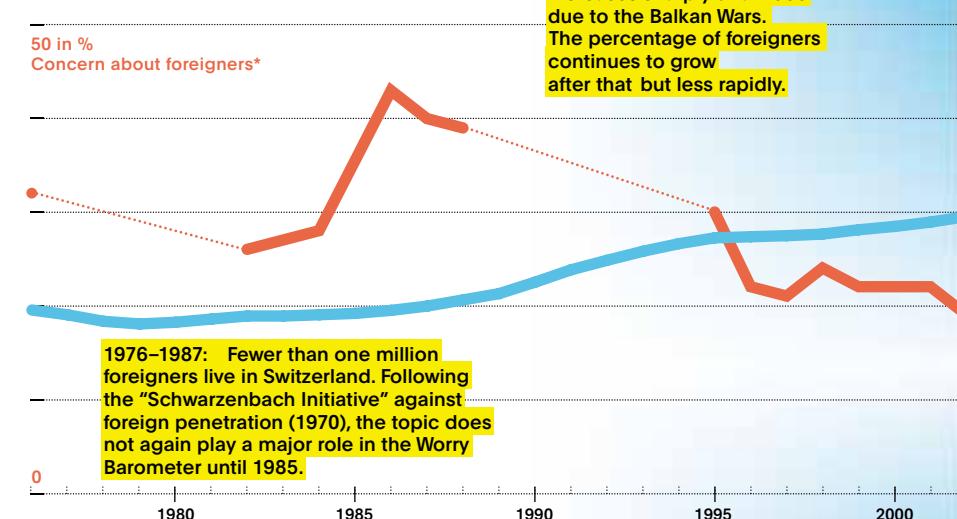


4 How to Coexist?

**TOP-RANKED CONCERN:
FOREIGNERS / IMMIGRATION**

Coexisting with the foreign population is a consistently important theme in the Worry Barometer. In 1976, people were worried about foreign

Concerns about Foreigners and the Number of Foreigners in Switzerland



*This concern was not recorded from 1977 to 1981 or from 1989 to 1994.



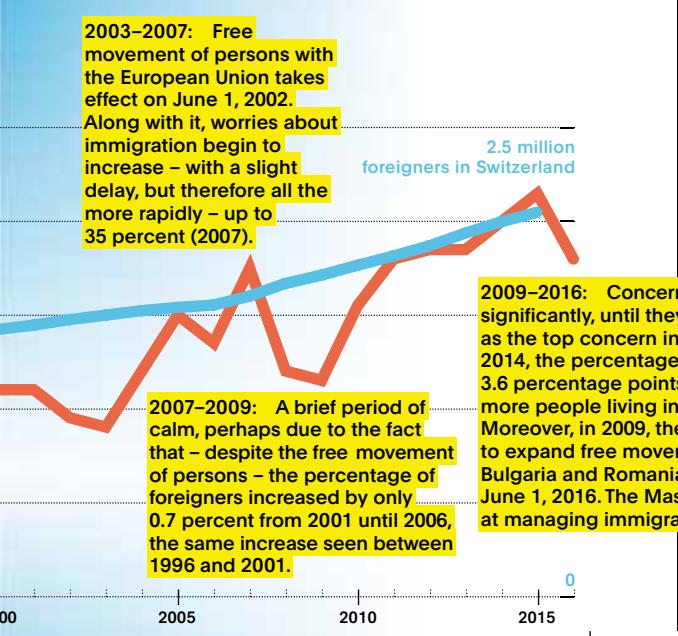
5 Differentiated Viewpoint

REFUGEES / ASYLUM ISSUES

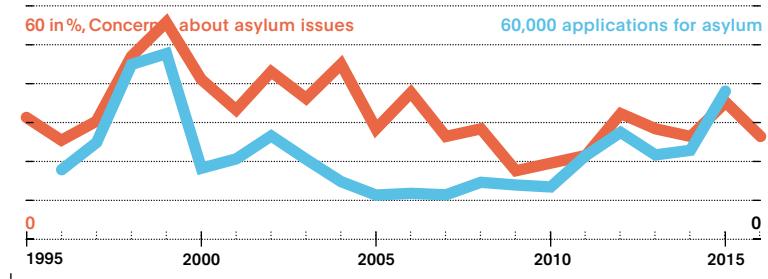
This concern is also correlated with a statistical indicator in Switzerland: the number of applications for asylum submitted. After the unemployment rate, the number of applications for asylum seems to be the number perceived most strongly and the one that elicits a direct consequence of political reaction. Accordingly, a series of restrictions on the right of asylum have been introduced over the last twenty years. But the result of this year's Worry Barometer seems to indicate that the Swiss are now more satisfied than in past years. The concern decreased – despite the many headlines on the topic of refugees – from 35 percent to 26 percent.

workers (32 percent, ranked 8th), then talk was of “foreign penetration”; later, one category is created for “Foreigners/free movement of persons/immigration” and a second for “Refugees/asylum issues.” Although this differentiation is sometimes disregarded in the public debate, it is highly prevalent among respondents, even though the correlation between these two concerns is weak.

Nevertheless, there is one interdependency – but with a different indicator rooted in political realities: When the number of foreigners in Switzerland increases, worries about coexistence also grow. In addition, the respondents are highly attuned to (global) political changes influencing immigration.



Concerns about asylum issues, asylum applications



6 Bilateral Agreements

EU / BILATERAL AGREEMENTS

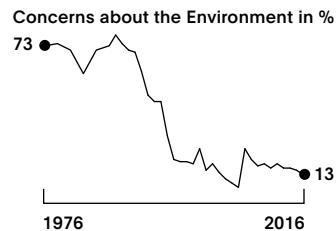
Switzerland's relationship with the EU has dominated political discussions for years, and this concern was reflected in respondents' answers. But this year, “EU/bilateral agreements” ranked only sixth (22 percent). Why? Bilateral agreements are the only option capable of attaining majority support. In the Worry Barometer, 67 percent of respondents stated that it was preferable to continue this course. Most will not support a unilateral decision, much less joining the EU.

7 Bark Beetles, etc.

ENVIRONMENTAL PROTECTION

From 1976 to 1991, environmental protection was always among the top three concerns, but it has since become less pressing. In 2007, the issue was mentioned by only 7 percent of those surveyed. Has the problem been solved, like the drug issue? No. This trend tells another story.

The magazine *Der Spiegel* sounded the alarm in the fall of 1981. A cover illustrated by billowing smokestacks, clouds of gas and bare trees declared "Acid Rain over Germany – The Forests Are Dying." In 1983, Federal Councillor Alphons Egli paid a visit to the Baan National Forest near Zofingen where representatives of the Federal Forestry Office were learning about new symptoms of disease. Trees that would hardly be noticed by a layperson were considered by the foresters to be "at the brink of death." This example from the newspaper *NZZ* shows that the issue had several different aspects. First of all, environmental protection was a non-partisan issue. Egli was a Federal Councillor of the Christian Democratic People's Party, the *NZZ* was considered mainstream and *Der Spiegel* as social democratic. Secondly, the situation was being dramatized.



Swiss Federal Councillor Alphons Egli (left), Head Cantonal Forester August Studer (middle) and Member of the Cantonal Council Kurt Lareida assess the diseased forests at the national forest in Zofingen.

Many of the problems turned out to be less serious than originally thought. Yet the goal had been achieved. People were concerned about the environment, as the Worry Barometer showed, and this concern could be used to achieve political ends, including discussing speed limits on highways and implementing car-free Sundays.

Switzerland's Green Party was founded (1983) in this climate, and the party soon reached a 6.1 percent share of the votes and 14 seats in the National Council in 1991. After a low point in the subsequent election year, the Green Party garnered 7.4 percent of the vote (13 seats) in 2003 – although environmental issues had lost ground by this time. But at least the Green Party emancipated itself somewhat from the eco-alarmism of dying forests and the like. They transformed into the left alternative party to the Social Democrats. In turn, another group of environmentalists later found their new home in the Green Liberal Party, as concerns about the environment shot upwards again, from 7 percent (2006) to 25 percent (2007). One reason could be that Europe was affected by an unusual abundance of natural disasters that year, and the Green Party had a record election year (9.6 percent, 20 seats). In contrast, after the disaster at the nuclear power plant in Fukushima in 2011, concerns about the environment did not peak – even the worry about "energy issues/nuclear energy/security of supply" increased by a mere four percentage points.





8 Detox Successful!

DRUG USE / ALCOHOL ABUSE

Between 1978 and 1994, 65 percent of respondents considered drugs to be a major problem in Switzerland. Yet this fell to only 15 percent on average from 1995 to 2016. What happened?

Hard drugs were already widespread during the unrest in the 1980s. In 1987, the public drug scene took root in Zurich. Up to 3,000 drug addicts lived in Platzspitz park near the Swiss National Museum in Zurich, an area that gained international notoriety as Needle Park. One percent of the then 24- to 25-year-old Swiss became addicted to heroin, and nearly everyone had an addict in their close family or circle of friends.

The drug scene at Zurich's Platzspitz in June 1990.

In 1991, 21 people died from drug use in Platzspitz park; another 3,600 were resuscitated after overdosing. In the following year, there were 419 drug fatalities in all of Switzerland, most of those dying from heroin use. The government reacted: The first package of measures aimed at alleviating the drug problem was introduced in 1991. Platzspitz was cleared in 1992, followed by the closure of the abandoned Letten train station – and, in effect, Zurich's last public drug scene – in 1995. A record number of political measures on drug policy were introduced in the Swiss Federal and State Councils in 1994, after which the number dwindled rapidly.

The drug problem was ultimately solved through a traditionally Swiss compromise consisting of four pillars: prevention, therapy, damage mitigation, and law enforcement and market controls. The radical part of this approach was the controlled dispensation of hard drugs, which made headlines around the world. The number of drug fatalities was cut by half by 1999, and the concern nearly disappeared from the Worry Barometer (2016: 10 percent).

And among today's young people, drugs are a minor issue. In the Credit Suisse Youth Barometer, which analyzes the state of 16- to 25-year-olds, the majority of respondents (53 percent) considered drugs to be "out," and they did not use them – the only thing less popular than drug use was a "cell phone without internet" (81 percent).

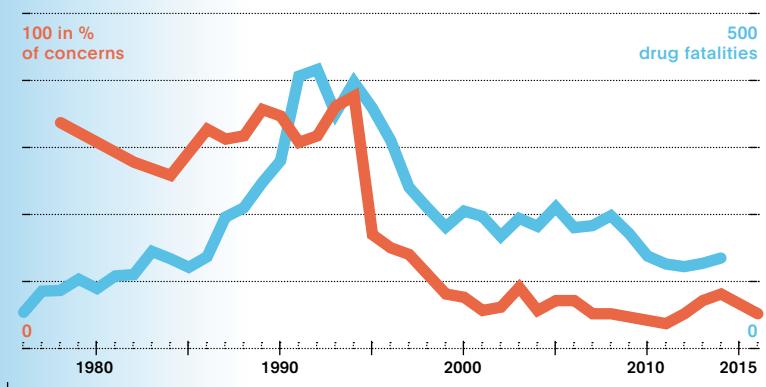
9 No Longer a Problem?

TAX BURDEN

In the first Worry Barometer from 1976, the tax burden was a major topic, with 51 percent worried about it, which placed it fourth among top concerns. And in a supplementary question, 88 percent rejected tax increases. In the years that follow, the topic became less important. A good 25 percent of respondents mentioned the tax burden in the 1980s, around 20 percent in the 1990s and early 2000s, and from 2009 onwards, only approximately 10 percent.

Today, as well, the tax situation concerns 9 percent of those surveyed. Yet there is a >

Concerns about Drugs and Drug Fatalities



growing focus on other government-imposed payments, especially on the annually increasing health insurance premiums. Those concerns even reached 64 percent (2001). That figure paralleled the annual increases in the premiums – here, too, the electorate was highly sensitive to changes in the relevant indicator.

The fact that taxes are no longer among the top ten concerns likely has something to do with no party or movement fully embracing the issue. Slogans referencing “taxes” were rare during last year’s national elections, while they were frequently seen in the 1970s and 1980s.

Finally, the public has seldom been as unified at the ballot box as they were in the vote on the debt brake: 85 percent were in favor of requiring Switzerland to balance revenue and spending through the business cycle – a measure intended to prevent overly expansive government actions. In addition, this fiscal policy has become an international ideal and a top export.



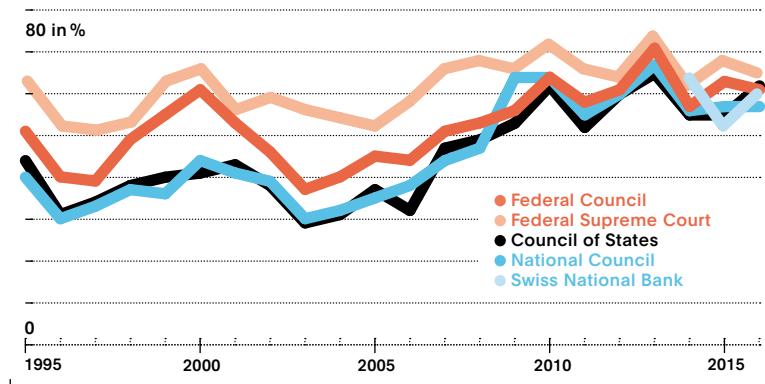
Federal Palace, fall session of the federal parliament, Wednesday, September 21, 2016

10 Institutions of the Heart

TRUST

The Worry Barometer includes not only questions about the problems of the Swiss, but also how much trust they have in the country's institutions. And when it comes to politics, this trust is very strong: 62 percent trust the Council of States, 61 percent the Federal Council, and 57 percent the

Trust in Institutions



National Council. Trust has increased by around ten percentage points in all three of these categories since 2010. How do these results line up internationally? For the OECD countries, the average trust in government is at 42 percent.

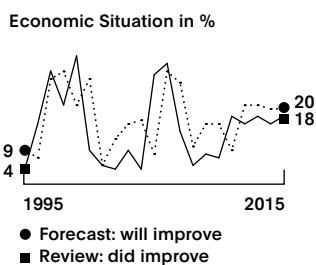
The most obvious explanation for the good results of Swiss politicians is that trust is built by including all relevant decision-makers. Switzerland has a well-functioning semi-professional parliament, which is among the most cost effective in Europe. This country's democracy fosters compromises that can be upheld and laws that are observed. In addition, people in Switzerland are prospering and feel secure – especially in an international comparison.

Trust in politicians is at an all-time high, while the main concerns are declining at the same time. It would seem that the public is very satisfied with the government in Berne, particularly compared to the other countries in Europe.

11 A Good Crystal Ball

FORECASTING ABILITY

Respondents have demonstrated a highly rational view of Switzerland. The various chapters illustrate that the problems mentioned in the Worry Barometer have been closely linked to actual events. So now the question: How is the forecasting ability of the Swiss? Every year they are asked to evaluate the upcoming twelve months. Will



the economy get better or worse? At the same time, they are asked to describe how they felt about the last twelve months.

When these two curves are laid on top of each other and shifted by one year to superimpose the same year's forecast and review, the respondents do indeed have a very good sense of economic trends. The good news: for 2017, 22 percent of those surveyed predicted improvement (63 percent: no change; 14 percent: deterioration; 1 percent: don't know). □

Conclusion:

Over the Worry Barometer's 40 years, two factors have been decisive for how people perceive problems.

1. *Urgency*: How virulent is an issue, and how intensely is it discussed in the media? Many concerns relate directly to actual events. The issue of drugs/drug use/alcohol abuse became more significant as drug fatalities increased in Switzerland. The same was the case for acid rain and environmental protection.

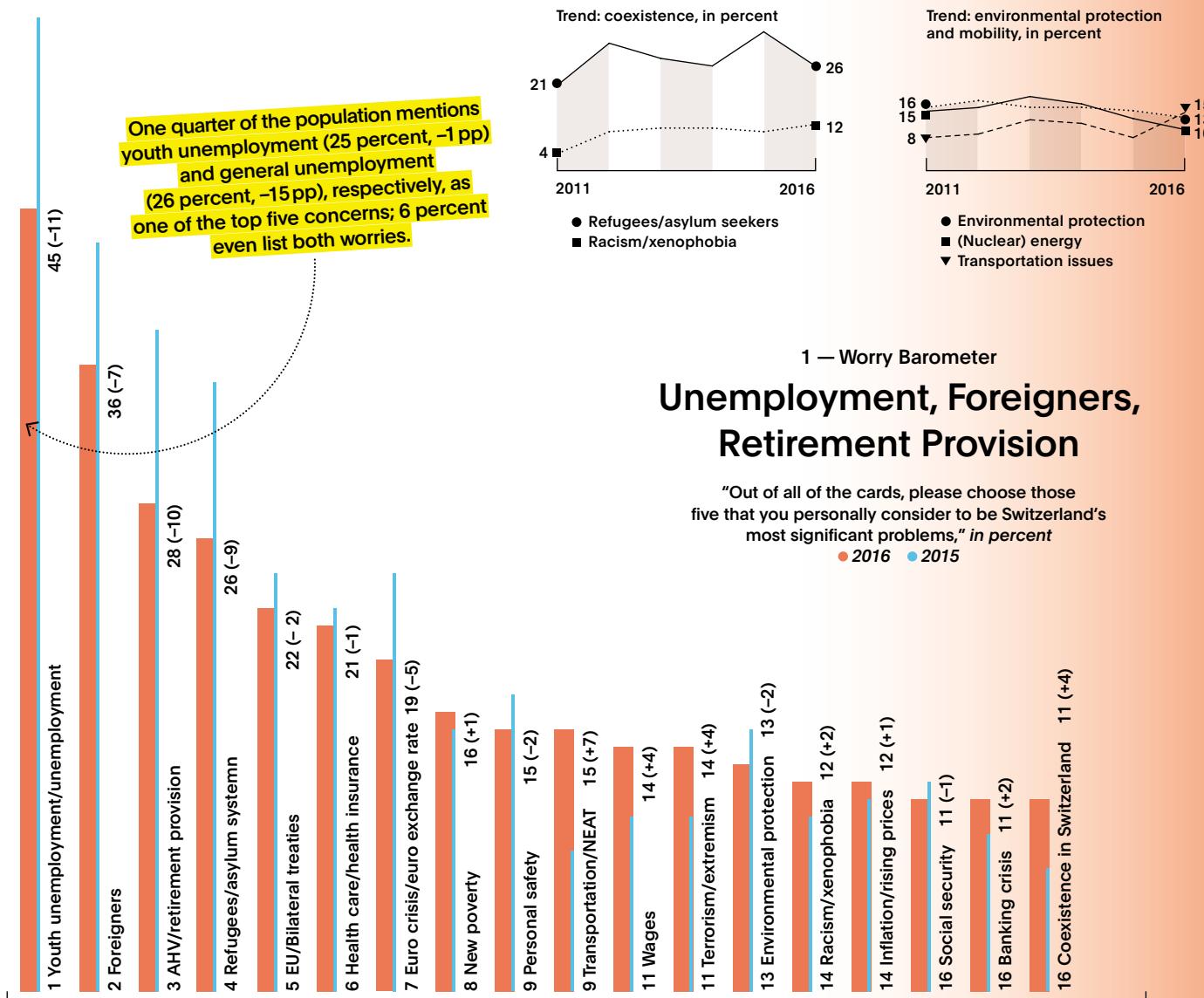
2. *Relevance*: How important is a problem for the respondent's personal situation? Unemployment affects us deeply, and correspondingly, it ranks relatively highly even in times of a strong economy. Relevance determines a sort of basic meaning for an issue. Drugs and environmental protection, for example, are fundamentally less relevant issues. A great deal has to happen in these areas for them to rank at the top of the list.

In addition, we can observe that the concerns have become more heterogeneous over the years. Previously, there would be two or three main problems mentioned by the majority

of respondents. Today, the popularity of these "main concerns" has dwindled, and many "minor" worries have been added instead. One reason for this kind of fragmentation could be the decreasing significance of the mass and leading media. There were times when the main edition of the daily news program Tagesschau reached around one million people each day. Only 600,000 viewers watch the program now – although the population has also grown during that time.

What will the next 40 years bring? Highly *relevant* issues will certainly be of concern in the future, too. They will be joined by other (new) issues with acute need for political action (trending topics): The educational system? Transportation?

After the Worry Barometer's first 40 years, it can be said that the original goal has more than been achieved. The survey has come to be seen as the barometer for the political sensitivities of Swiss citizens, and we can no longer do without it – not even in the lobby in Berne.



Switzerland Is Confident

Analysis 2016 — The main concerns seem less threatening, confidence in institutions has increased and the economic situation is considered positive. The Worry Barometer of Credit Suisse shows that optimism is growing in Switzerland.

Unemployment, foreigners, retirement provision – the top three concerns of the Swiss have stayed the same in recent years. And yet, the trend has changed somewhat. Those three concerns seem to have lost some of their threatening character (see Figure 1). In 2003, 63 percent of those surveyed saw unemployment as a major problem. Last year it was 56 percent, and now the number is at just 45 percent. The same trend applies to retirement provision. That issue worried 59 percent of the population in 2003. Last year it declined to 38 percent, and has dropped to 28 percent today.

By contrast, concerns about foreigners have risen almost continuously since 2003 from 18 percent to 43 percent last year. Now results are showing a significant decline by 7 percentage points (pp). At the same time, the number of respondents citing refugees

and asylum-seekers as a top concern has declined by 9 pp to 26 percent. This development was not necessarily expected. On the one hand, this can be interpreted as praise for the political system and the institutions involved; on the other hand, the number of asylum applications is expected to be declined compared to 2015 – however, not in comparison to previous years.

The decline of these top concerns makes room for other worries, but no single problem has leapt up the scale. We would most likely have expected this effect with terrorism concerns due to the numerous attacks in neighboring countries. But at 14 percent (+4 pp), this number is far below the level in 2001 (27 percent). Transportation-related problems have increased somewhat more significantly (15 percent, +7 pp). Perhaps the festive opening of the Gotthard Base Tunnel called greater public attention to other transportation issues. Wages have crept back into the spotlight somewhat (14 percent, +4 pp), while the very slight increase in concerns surrounding new poverty (16 percent, +1 pp) may have to do with the overall positive impression of the economic situation. Concerns about coexistence in Switzerland have also increased (11 percent, +4 pp).

Promoting Education and Solidarity

How should politicians react to the broad range of worries? What should they focus on? The familiar main concerns also rise to the top when it comes to naming the most urgent problem that should be resolved first. Old age and survivors' insurance (AHV), immigration issues and unemployment were cited as the number one problem by 8 percent of voters, while 6 percent choose asylum and refugee problems as well as youth unemployment as the top issue.

However, if you ask people how they rate certain current political objectives, other topics also take on great importance. This applies in particular to promoting education (93 percent call this very or somewhat important) as well as reducing greenhouse gas emissions (86 percent say this is very or somewhat important).

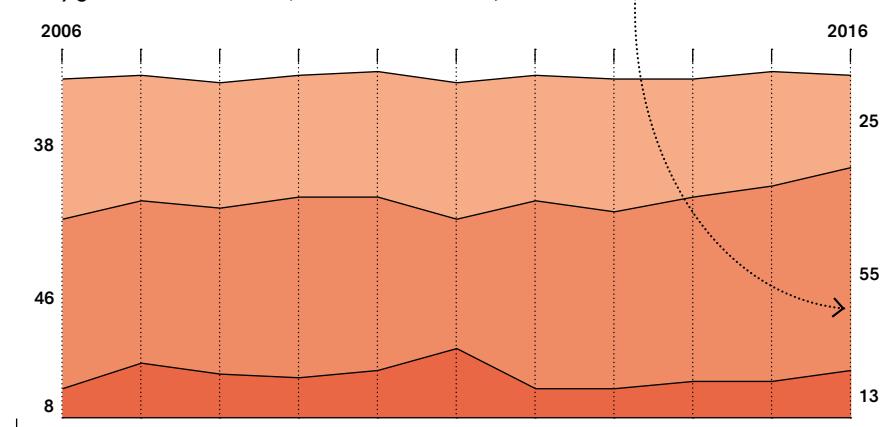
The Government and Economy Rarely Fail
People in Switzerland have great confidence in their institutions. The country's strong political and economic stability may be the reason. Other arguments include

2 — Economic circumstances

Things Are Better Than Ever

"How would you describe your personal economic circumstances at the moment? Are they...," in percent

● Very good ● Good ● Fair (other values excluded)



Switzerland in 10 Years' Time

What will Switzerland's biggest problems be in 10 years' time?

- 1 Unemployment
- 2 AHV/retirement provision
- 3 Foreigners
- 4 Refugees
- 5 EU/bilateral agreements
- 6 Euro crisis/euro exchange rate
- 7 Personal safety
- 8 New poverty
- 9 Terrorism/extremism
- 10 Health care/health insurance

Switzerland is a stronghold of stability, even with regard to its problems. Ten years from now, people will still have to deal with the same top concerns: unemployment, retirement provision, issues with foreigners. Those surveyed believe that personal safety will be more of a concern than it is now, and a significantly higher number of voters than in previous years anticipate problems with terrorism and extremism to worsen. With regard to Switzerland's future relationship with the European Union, 81 percent of voters now support promoting bilateral agreements as a top or second priority (+21 pp), while only 19 percent believe they should be terminated. 10 percent could imagine joining the EU, while exactly 50 percent could contemplate joining the EEA. Many Swiss people (40 percent) chose not to answer or could not decide on an option.

minimal corruption, a functioning administration and comparisons with other countries where things do not run as well.

A clear majority of voters (60 percent) attest that both the government and economy rarely fail in key areas. These two numbers have never been so high. In 2003, almost the same number of people believed that the government (53 percent) and the economy (57 percent) failed often. Institutions that the Swiss previously viewed with skepticism primarily benefited from the increased confidence, such as political parties (55 percent, +9 pp), which a mere 29 percent of the population on average expressed confidence in over the last 20 years. This has led to a general coalescing at a very high level (see Figure 3). Within one year, the difference between the first and last place in the confidence ranking declined from 30 to 12 percentage points.

The top group of institutions trusted by 60 percent of the Swiss population includes the Federal Supreme Court and police as well as the Federal Council and Council of States, as has been the case for years. The Swiss National Bank (SNB) and non-governmental organizations (NGO) have joined those ranks, although two years ago the latter of those only earned the confidence of 47 percent of people surveyed. Employee and employer organizations >

are also enjoying significant confidence growth (61 percent, +14 pp and 53 percent, +15 pp respectively). Their assessments varied widely in recent years, and now the trend is moving upward again. The European Union joins the winners as well (54 percent, +12 pp, see also the box on page 61).

Have People Digested the Franc Shock?

Swiss people have never before assessed their own economic situation as positively as this year. More than two thirds of the population rate it as good or even very good (see Figure 2), and optimism for the future is running high, while 92 percent (+6 pp) assume that they will be equally well off next year or in even better circumstances.

The general economic situation receives a similar evaluation. The Swiss franc shock appears to be in the past, as 81 percent (+10 pp) of those surveyed believe that the economy has stayed the same or improved over the last twelve months, while 63 percent (+11 pp) assume that the economic situation in the coming year will remain more or less constant, and 22 percent (+2 pp) expect an economic improvement. The majority of Swiss people have a positive view of the future. (*schi*) □

3 – Confidence in institutions

What We Believe In

*"How much personal confidence do you have in the following institutions?"
(Confidence: minimum 5 points on a scale of 1 to 7, in percent)*

● 2016 ● 2015



THE SURVEY

On behalf of and in cooperation with Credit Suisse, the research institute gfs.bern conducted a representative survey among 1010 eligible voters in Switzerland from July 4 to July 23, 2016. The statistical sampling error is ±3.2 percentage points. The scientific evaluation in the two studies "Wachsender Optimismus – grösste Sorgen weniger virulent" ("Growing Optimism – Large Concerns Are Less Virulent," Credit Suisse Worry Barometer 2016) and "Eine optimistische Schweiz dank Sicherheit und Freiheit" ("An Optimistic Switzerland, Thanks to Security and Freedom," Credit Suisse Identity Barometer 2016) was conducted by a project team from gfs.bern.

The findings were written up for Bulletin by Andreas Schiendorfer (*schi*). Illustrations by Alexandra Compain-Tissier.



The full survey and other articles are available for download at:
www.credit-suisse.com/worrybarometer

"Baden-Württemberg is just as important to us as China is"

A voice from the business community — The people of Switzerland are right to attach highest priority to economic growth, says Peter Grünenfelder, director of Avenir Suisse.

Interview: Simon Brunner

For many years, respondents to the Credit Suisse Worry Barometer survey have cited unemployment as their top concern.

Why is that?

The Swiss have a strong work ethic. This is evident from the number of hours they work each year – in Switzerland, people work 220 hours more than in Germany and 110 more than in France. Their work ethic is also reflected in their clear rejection of a 2012 initiative calling for six weeks of vacation. So the overwhelming majority of people attach great importance to avoiding unemployment, for both financial and social reasons. However, since an increasing share of unemployment is due to structural factors and tends to be unrelated to the overall economy, joblessness is a topic of constant concern in Swiss society.

When respondents were asked to name the country's top priority, "economic growth" was mentioned most often, followed by "Old Age and Survivors' Insurance (AHV)" and "family/jobs." How do you explain those responses?

Economic growth is a major factor in ensuring and increasing everyone's prosperity. It also helps achieve other political goals, such as funding AHV and combating (youth) unemployment. The global economic situation is in flux, not least because of Brexit as well as uncertainty about the future direction of US monetary policy. In Switzerland, too, it is not yet clear how political decisions will affect the economy; the implementation of the mass immigration initiative will be one factor in this context. I therefore agree that economic



Peter Grünenfelder, 49, was named director of the think tank Avenir Suisse in April 2016. Prior to that time, he served as government chancellor for the canton of Aargau. He holds a PhD in economics from the Graduate School of Business, Economics, Law and Social Sciences at the University of St. Gallen and is a member of the FDP.

growth should be our highest priority. We need to focus particularly on boosting the productivity of the domestic economy, which is relatively weak.

Sixty-eight percent of Swiss people – more than ever before – describe their own economic situations as very good or good. How is this possible at a time when the key economic indicators are less than ideal?

The OECD and SECO are predicting growth of 1.7 and 1.8 percent, respectively, for 2017, which is in the average range for the past twenty years. Moreover, real wages have increased, thanks to low and even negative rates of inflation in recent years. So Swiss households can afford to purchase

more, or they have more money left over at the end of the month.

When asked to describe Switzerland's economy, relative to those of other countries, more people than ever before chose the response "quite good" or even "very good." Is there a danger that the Swiss fail to recognize how dependent our economy is on the countries around us? The prosperity of each Swiss citizen depends in large measure on our economic ties to other countries – 70 centimes of every Swiss franc we earn can be attributed to those ties. It is crucial to remember that. In terms of trade volume, Baden-Württemberg is as important to us as China is, and Tyrol is as important as Canada. We must do everything in our power to prevent the erection of new borders – political as well as mental – because they would jeopardize our economic welfare.

Asked to name Switzerland's strengths, since 2010 people have been mentioning the financial center more and more often. Seventy-seven percent say that they are very or quite proud of it. Has the reputation of the banks and insurance companies recovered from the financial crisis? Switzerland's financial industry is a flagship sector and exemplifies the international approach needed for our country's continued success and expansion as a business location. I should also note that certain difficult and complex issues, such as our tax dispute with the United States, have been resolved in a professional way, and this has once again boosted confidence in the industry.

>

Where do you see the greatest threat to the successful Swiss model?

I worry about a trend toward isolation and “growth fatigue.” Switzerland is dependent on sound economic relations with other countries. This applies not only to the exchange of goods, but also to the movements of workers. If we jeopardize our positive relationships with the EU, by far our most important economic partner, this will have a direct impact on our country’s prosperity. Since the bilateral agreements took effect, per-capita income in Switzerland has increased each year by between 0.5 and 1 percent. That adds up to 50,000 francs in additional income for each individual since 2002. In other words, the earnings of every Swiss citizen have grown by nearly four-fifths of a typical annual salary. With regard to growth fatigue: With all of the criticism of economic growth, we often forget how essential growth is to the functioning of our economic system and our society. We need growth to finance our social welfare systems. Technological advances also generate growth – and surely few of us would want to do without such advances, however we may feel about economic growth in general. We therefore need to continue to remind people of certain economic truths. □

“I’m a member of the Swiss People’s Party (SVP), but I’m also a European”

A voice from the political arena — Jürg Stahl, soon to be the highest-ranking Swiss official, talks about his worries, Switzerland’s relationship with Europe and his wish for his year as president of the National Council: “We should all calm down.”

Interview: Simon Brunner and Oliver Heer

The Swiss people are worried about unemployment, foreigners and the pension system. What do you, personally, see as the country’s most pressing problems?
I would rank them in the same order. The fact that unemployment is at the top of the list tells me that people recognize the importance of a strong, stable economy in driving Switzerland’s prosperity. Personally, I view pension reform as our greatest challenge.

Worries about foreigners, as well as about refugees and the issue of asylum, seem to have declined — has the situation stabilized?

If these two topics were combined into one, it would rank at the top, even adjusting for the fact that many respondents mentioned both. But that decline in concern is obviously a good thing. It means that politicians are taking this issue more seriously. In general, the feeling seems to be that Berne isn’t doing such a bad job; in most areas, people are less worried than they were. Trust in the Federal Council, the National Council and the Council of States is very high.

Particularly in rural areas, a large share of respondents (41 percent) still say that the issue of foreigners is a major concern, far more than in the cities (33 percent) and densely populated areas (35 percent). Why is that?



Jürg Stahl, 48, has been a member of the National Council (SVP, Zurich) since 1999 and will assume its presidency in 2016/2017. Trained as a druggist, he operated his own business in Winterthur. Since 2004, he has been a member of the Executive Board of the insurance company Groupe Mutuel. He holds the military rank of major. Stahl lives with his wife and daughter in Brütten in the canton of Zurich.

I lived in a city, Winterthur, for 40 years. In my elementary school class, there were ten Italians, two Turks and a girl from the former Yugoslavia, along with just seven Swiss children. Foreign cultures are nothing unusual for me. For the past eight years I have been living in a very rural area, in Brütten, a village of 1,900 people in the canton of Zurich. If we have five asylum seekers, it is noticed

immediately. People respond differently than in the cities. We are shaped by our immediate environments – that's just how people are.

There has been talk recently of "two Switzerland" – one rural, the other urban. Is that how you see it?

Depending on the phase of the moon, there might be a Rösti gap, a polenta gap, a gap between rich and poor, men and women, city and country – I think these are just passing fads. Of course, we all identify with our own patch of land and sometimes get angry with other people, or envy them. But competition is healthy; diversity is what Switzerland is all about. And when our national team wins, all of us are happy.

Contrary to expectations, only 14 percent of respondents named terrorism as one of their major concerns. How do you explain that?

After the 9/11 terror attacks, the share of respondents who expressed concern about terrorism jumped from 1 to 27 percent. I don't want to minimize the problem, but I would say that people seem to feel more secure in Switzerland.

When asked what kind of relationship Switzerland should have with the EU in the future, 65 percent of respondents said that they would like to see the bilateral agreements continue. Last year it was only 47 percent. What do you think that means?

What I notice most of all is that only 2 percent name joining the EU as a top priority. And I'm very happy about that! Right now there is a lot of talk about whether the mass immigration initiative is compatible with our bilateral agreements – but although I'm a member of the Swiss People's Party, I'm also a European. We need to clarify our relationships with our neighbors, no question. This is how I interpret these responses: People want politicians to overcome their differences and get to work on this issue. I think that's a good thing.

The survey shows over and over again how much the respondents value Switzerland, how proud they are of it, and that they believe that it is better than other countries. Are the people of Switzerland entirely too enamored with themselves?

That was my first thought when I looked at the results. But the respondents are right:

Our economy is doing well. We are world champions when it comes to innovation. The bottom line is that none of the countries around us exudes such a sense of security. And this state of affairs wasn't just handed to us on a platter; we had to work for it.

To what extent is "Swissness" a fad?

When I was in school, we used to attach stickers from Bravo magazine to our denim jackets. Today it's Swiss pins – and that's no doubt a fad as well. As a sports fan, I'm convinced that right now the idea of "Swissness" also has something to do with the national football team. My generation had to wait for 26 years before the national team qualified for a major tournament. People just identify more closely with a team that is playing in an international tournament. Many of my childhood friends eventually became fans of Holland, Argentina or Italy.

You're known to be a football expert – do you still keep albums with stickers of football players?

I've filled every single Panini album since the 1974 World Cup. This year, at the time of the European Championships, I decided that sticker albums weren't a fitting pastime for a vice president, let alone the president, of the Swiss National Council. So for the first time I refrained from buying one.

One last question: What are your plans for 2017, when you take office as president of the National Council, becoming the highest-ranking Swiss official?

I'm one of those "unspectacular politicians" and proud of it. When my alarm rings in the morning, I get up and set out to do a good job. Next year will be no different. I would say two things: First, life needs to be simpler again. There are too many laws and regulations. Second, we're moving from being a trusting society to one plagued by suspicion – I don't like that. I would advise the people of Switzerland to start trusting one another again. And we should all calm down. □



Football fan Jürg Stahl: "I've filled every single Panini album since the 1974 World Cup." (National team member Behrami, May 26, 2016, in Lugano.)

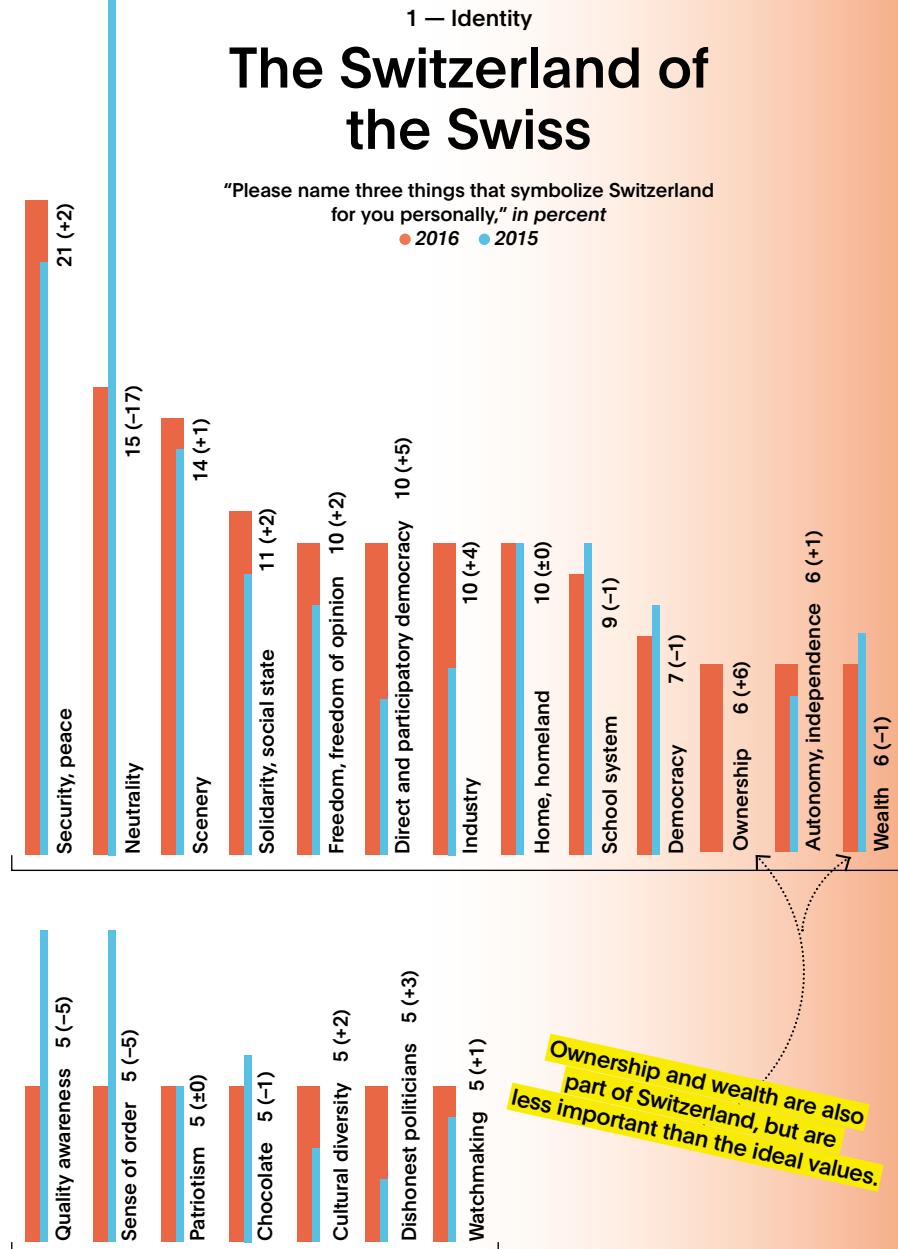
Secure, Peaceful, Neutral

Analysis 2016 – A high level of satisfaction with the country, a great deal of national pride and optimism – is everything going well in Switzerland?

Swiss people are extraordinarily satisfied with their country. Currently, 89 percent of voters are very proud, or at least somewhat proud, of the Confederation. Although that is five percentage points (pp) lower than the record set in 2015, it reflects the average of the last five years and should therefore be weighted higher because there are no significant differences between sympathizers of different parties or residents of the country's different regions.

National pride is not the only area of agreement for many of those surveyed. There was also a broad consensus on the openly formulated question of which three things define Switzerland (see Figure 1). Without being given a list of options to choose from, in recent years Swiss people almost always listed "Security and peace," "Neutrality" and "Scenery" as the main characteristics of Switzerland. This time 21 percent (+2 pp) of the population chose security and peace as Switzerland's top characteristic, 15 percent (-17 pp) chose neutrality, which was the topic of intense discussion during the anniversary year of the Battle of Marignano, while 14 percent (+1 pp) chose the country's scenery. All of these aspects are fundamental for the understanding of Switzerland as "Home" (10 percent), a term that those surveyed obviously prefer using compared to "Patriotism" (5 percent).

As symbols of an intact economy, the "Social state" (11 percent), based on solidarity, as well as "Industry" (10 percent) contribute to preserving domestic security and

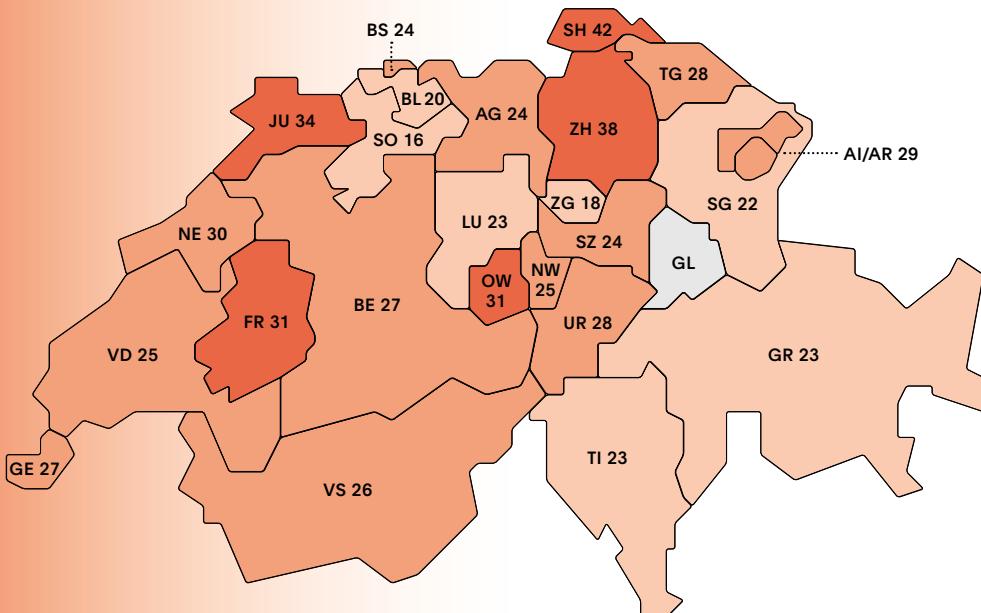


2 — Belonging

Who the Country Is Especially Important To

"Which geographic units do you feel you primarily belong to (first and second), Switzerland, language region, the canton of residence, community, Europe or the world?" (Figure: Switzerland, 1st choice, average 2006–2016), in percent

● more than 30 percent ● 24–30 percent ● less than 24 percent ● no response



3 — Switzerland's strengths: a comparison over time

We Are Neutral

"Out of all of the cards, please choose those five that you personally consider to be Switzerland's most significant strengths," in percent

2016

Neutrality	36
Swiss quality	33
Education	30
Order and cleanliness	24
Participatory democracy	24
Health care	24
Pharmaceutical industry	24
Strong economy	24
Peace	23
Stability*	22

*not asked in 2006

2006

Neutrality	45
Swiss quality	42
Coexistence of cultures	36
Participatory democracy	35
Peace	35
Financial center	28
Order and cleanliness	25
Education	23
Personal freedoms	23
Leisure time/tourism	22

peace. "Freedom of opinion" and the "Participatory democracy" (10 percent) are equally important to the Swiss. However, these two are not mentioned as often, in either short or long-term comparisons, possibly because they serve very personal fulfillment objectives as well as the country's interests. By contrast, Switzerland's various "cliché characteristics" such as "Wealth," "Precision," "Chocolate" and "Watchmaking" only receive 5 percent to 6 percent of the vote as a chief characteristic of the country.

Three Cardinal Strengths

There is a broad consensus among voters regarding Switzerland's greatest strengths. In recent years, "Neutrality" (36 percent), "Swiss quality" (33 percent) and "Education" (30 percent) received the most mentions as one of the top five strengths. While neutrality has seen a degree of fluctuation at a high level, peaking in 2008 (50 percent), the trends of the other top two strengths were more linear. After a constant increase to record levels in 2013 (46 percent), education now ranks third because fewer people have cited it as a strength for the past three years in a row. Perhaps that is why 93 percent of Swiss people consider promoting education an important political objective (see page 61). "Quality" was also mentioned less often in the years 2012 through 2014. However, although this has changed recently, the results are still far below the peak seen in the years 2011/2012 (50 percent).

Agreement remains consistently high on the strengths "Order and cleanliness" (24 percent), "Participatory democracy" (24 percent) and "Peace" (23 percent), with the latter two experiencing a slight downward trend (each scored 35 percent in 2006). The negative trend in "Coexistence of cultures" is even more pronounced – numbers here have decreased by half from 36 percent to 18 percent over the same period. By contrast, the "Pharmaceutical industry" (from 12 percent to 24 percent) and "Health care" (from 15 percent to 24 percent) enjoyed positive trends. Switzerland as a "Financial center" reached 21 percent, after falling below 20 percent between 2009 and 2014.

One key question in Credit Suisse's Worry Barometer is which geographic unit respondents feel that they belong to, first and foremost. It appears that things are leveling off in this regard nationwide, >

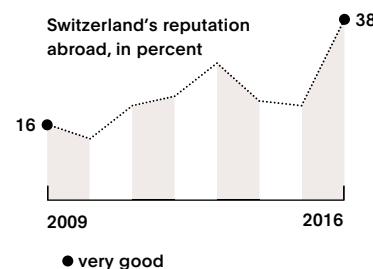
since up until 2011 "Community" was the clear leader, with Switzerland as a whole taking the lead after that time. Now, for the first time, the canton of residence has taken the lead (28 percent, +4 pp), but only slightly ahead of Switzerland (25 percent, -1 pp), the community (22 percent, +3 pp) and the language region (18 percent, -6 pp). The number of Swiss people who primarily identify themselves with Europe or the world – after peaking in 2013 (12 percent) – has declined again to 7 percent (0 pp). Despite the leveling off that was determined across Switzerland as a whole, there are large regional differences (see Figure 2).

Egotism and New Poverty

The fundamentally optimistic attitude expressed in this year's survey in many areas is also reflected in the outlook for the future (see Figure 4). Regarding the question on whether the situation will improve in selected areas, the numbers have doubled over the last ten years in some cases. Optimism is especially high with "Coexistence of cultures," which only one-eighth of the population currently considers a strength, with more than three-quarters of voters expecting a more or less distinct improvement.

Highly Regarded by Other Countries

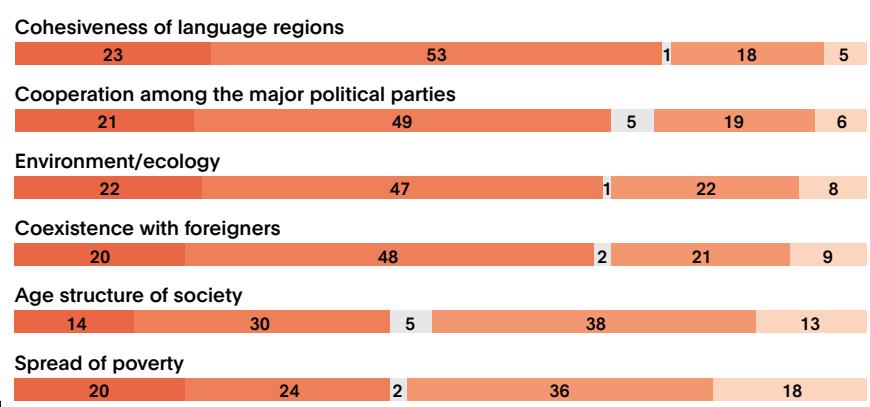
52 percent (+12 pp) of Swiss people believe that Switzerland's reputation abroad has improved over the last 12 months. Accordingly, more voters than ever before are convinced that Switzerland's international image is very good, or at least fairly good (92 percent, +19 pp). This self-confidence may be based on the economic comparison in which 97 percent (+4 pp) see advantages for Switzerland in contrast to other countries. Although 44 percent (+/-0) of voters believe that Swiss politicians' demeanor abroad is fairly or very aggressive, 23 percent (+5 pp) think they should be much more aggressive in the future. Another 48 percent (+2 pp) would like to see fairly aggressive behavior at least. These percentages are higher than in 2015, but not as high as the record levels of 2014, when almost 80 percent of those surveyed wanted to see a more aggressive demeanor.



4 – Switzerland in 10 years

Cohesiveness Will Improve

"When you think about Switzerland in 10 years: Do you think Switzerland will be doing much better, somewhat better, somewhat worse or much worse in the following areas?", in percent
● much better ● better ● don't know/no answer ● somewhat worse ● worse



Well over two-thirds also anticipate improvement in cooperation among the major parties and progress on environmental issues as well.

Estimations of the spread of poverty among those surveyed are noteworthy. A majority here fear that the situation is worsening. This should be taken seriously, all the more so since when asked about threats to Switzerland's identity, 65 percent of voters answered egotism, which is almost as many as cited problems with the EU (68 percent) and immigration (77 percent). In other words, optimism is fine, but resting on our laurels is not an option. (sch) □

A majority fears that the age structure will continue to worsen and the spread of poverty will increase.

The Concerns of Tomorrow

The next 40 years — What will shape our lives?

A futurologist ventures a prediction

By Georges T. Roos

When I, in my role as a futurologist, outline the concerns of tomorrow, people might get the impression that the future is gloomy. This is neither my intention nor my expectation. I do not see myself as either an optimist or a pessimist, but rather as a “possibilist” who recognizes challenges, along with the opportunities and risks that they represent. There will be crises in the future. But crises represent a crossroads, similar to what we see over the course of an illness. The illness can accelerate, or it can turn around and begin to heal. If the Swiss actually tackle the following issues, the country will, in the best case scenario, find the solutions to its future challenges.

In the Next 10 Years

We live in an unusual time: Savers are punished, while those who go into debt reap benefits. Central banks have been trying to use negative interest rates to induce banks and investors to lend more, which they would do if they found the risks justifiable. Over the next 10 years, central banks will look for a way out of this paradoxical situation. Will this result in the collapse of the euro? Will the Swiss franc go through the roof? Will there be high inflation? Experts today have become lost in a thicket of technical details. Hardly anyone is asking the obvious questions, but they will need to be answered.

Every day, thousands of people cross the Mediterranean in unseaworthy boats, fleeing war, poverty, despotism and a sense of hopelessness. They are seeking asylum in a Europe that is at a loss as to what it should do. And I see no signs of this crisis resolving itself. Taking in and integrating hundreds of thousands of people into our social systems and labor markets will shape the next several years.



Georges T. Roos, 53, is an independent futurologist in Lucerne. For nearly 20 years, he has analyzed the relevant megatrends, developed future scenarios, and helped companies implement early detection processes.

In 10 to 20 Years

In the pension system, we have still to face the real challenges. In a little more than a decade, the last members of the Baby Boom generation will reach the age of retirement and begin collecting AHV pension payments. The ratio of pension recipients to workers has become perilously high. There is now one retired person for every two working-age adults (in 1960, the ratio was 1:6). It might be possible to finance everything. But that does not mean the solution is always fair.

The plague – the “Black Death” – ravaged Europe in the 14th century, killing a third of the population. Today, we have antibiotics that can cure the plague, which has still not been eradicated entirely, provided they are applied early enough. But what will happen in the future if a virus comes along that is resistant to antibiotics? Experts are

already warning of this threat. In a globally connected world, pandemics have become more likely.

In 20 to 30 Years

On the whole, however, I do not expect more diseases in the future, but rather significantly better medicine. Scientists managed to sequence the human genome several years ago. Now we need to understand our genes better. It is like having a dictionary with the definitions missing. Things will be different in 20 to 30 years. Much more efficient treatments will be possible, with personalized medicines and the ability to grow body parts in a bioreactor using our own genetic material. Some visionaries already claim that they will soon be able to heal the “disease of age.” But what should be permitted? What should be financed through the combined community of health insurance plans? Should we have two classes of medicine? Health care will likely become more important in the Worry Barometer not in spite of, but rather precisely because of the expected progress in medicine.

Medical progress goes hand in hand with the development of artificial intelligence. Machines capable of learning will shake up the workplace over the next several years, in what is being called the fourth Industrial Revolution. This process of automation will likely reach deep into the service sector. Intelligent machines will serve as the accountants, clerks, controllers and land surveyors of the future. Collaborative robots will work with nursing staff to care for the elderly and the sick. If the prediction in an Oxford University study is correct – that nearly 50 percent of all jobs today will be automated in 20 years – then concerns about unemployment are more justified >

now than they have been for 40 years (for more on the future of work, see the following article).

In 30 to 40 Years

At some point, artificial intelligence will be more intelligent than people, or even more intelligent than humanity as a whole. Technology guru and futurist Ray Kurzweil talks about singularity: This will be achieved when intelligent machines are able to build even more intelligent machines – without the involvement of human beings in any way. Will these super-intelligent beings conduct an analysis

If Africa manages to find its footing, it will be a force to be reckoned with.

of the situation and conclude that the biggest problem facing the planet is humanity? I do not believe that this will occur – but I do believe it is humanity's responsibility to understand how and to what extent it should rely on artificial intelligence systems.

The future structure of globalization could also once again become increasingly important in the Worry Barometer – albeit in a surprising form. It is conceivable that in 30 or 40 years Africa will supplant Asia and the US as the engine of the global economy. Of all the continents, Africa has the most favorable demographic structure for the future. Not only does it have a high percentage of young people, they are also increasingly well educated. And it has natural resources. If Africa manages to find its footing, it will be a force to be reckoned with. □

Playing Our Cards Right

The future of the workplace — An aging society is burdening our social welfare system, digitalization is continuing, a lack of skilled workers is becoming the new normal: The world of work is undergoing radical changes. But Switzerland is in a favorable position.

By Nicole Burth Tschudi

There is no denying that Switzerland's labor market is experiencing a period of upheaval that exceeds anything we have seen in generations. Economic conditions have rarely been more challenging. A strong Swiss franc is causing headaches for the export sector. Historically low interest rates are endangering retirement capital. With the acceptance of the mass immigration initiative, an already difficult situation has become even more challenging. Even more than the strong franc, restrictions on hiring qualified foreign workers represent a serious long-term problem for Switzerland's most important industries.

Without foreign workers, the Swiss economy will contract – something that is happening in any event, owing to demographic trends. Switzerland's baby boomers will reach retirement age between 2020 and 2035. The share of over-65-year-olds will increase by 84 percent. According to the Swiss Federal Statistical Office (SFSO), 2.7 million people over age 65 will be living in Switzerland in 2045. That figure was only 1.5 million at the end of 2014.

Beginning in 2017, more people will retire each year than reach working age. According to a study conducted by the University of Basel, by 2030 an additional 500,000 workers will be needed to maintain our current two-percent level of economic growth. By 2060, we will have a gap of between 800,000 and 1.4 million workers. Given these demographic trends, economists believe that meeting the demand for labor domestically will be impossible, even if the labor force participation rate were to increase



Nicole Burth Tschudi, 44, is the CEO of Adecco Switzerland. She studied economics at the University of Zurich and is a Chartered Financial Analyst (CFA).

dramatically. For the past ten years, it has still been possible to compensate for a lack of skilled workers in Switzerland by recruiting workers abroad. However, the supply of workers from Germany – Switzerland's preferred source – is gradually running dry. By 2017, more people are expected to be returning to Germany than will be immigrating to Switzerland. So Switzerland will have to attract more qualified workers outside of the German-speaking countries and even outside of the EU.

Fundamentally Rethinking Our Approach
The fact is that we need a business-friendly immigration policy. We need to take an unbureaucratic approach to implementing the mass immigration initiative. It won't

be helpful to impose industry-specific limitations; instead, we should focus on certain occupational groups. The IT sector is not the only one looking for computer scientists, for example; banks and insurance companies need them as well. It is rarely possible to hire highly qualified job candidates immediately – the process of recruiting them takes time and money. And when a company lures a worker away from a competitor, that creates a vacancy elsewhere.

Entrepreneurs, too, need to rethink their approach. They need to attract, support and retain women, career changers, older employees and talented young people – by offering innovative and flexible workplace models like job sharing, home office work, so-called “career arc” programs that allow older workers to gradually relinquish some of their responsibilities, and part-time positions for mothers and fathers. They need to develop and implement further training programs. Companies should be diverse in terms of age, gender, and geographic and cultural background.

The Corporate Tax Reform III program was designed to stimulate the economy. Switzerland is attracting high-tech companies in the pharmaceutical, medtech and biotech industries that employ experts from all over the world. They are accustomed to putting together international project teams, and they are in constant search of talent. For the third time, Switzerland has been ranked first in the Adecco Group's Global Talent Competitiveness Index, and it is well positioned to compete for the finest minds. Talent migration is one of Switzerland's key advantages.

What needs to be done?

Switzerland's lack of skilled workers is concentrated primarily in the STEM fields (science, technology, engineering and mathematics) and the health care sector. By 2022, there will be a deficit of roughly 87,000 qualified workers in the field of information and communication technology. According to the latest estimates from the University of Basel, new graduates will be able to fill approximately 34,000 of those positions. If immigration rates remain at their present level, there will still be a deficit of 13,800 skilled workers in this sector in 2022. The situation is even more serious

in the field of health care. Each year, we fall short by approximately 4,600 in training the people who will be needed to meet the demand in 2020.

What to do? It is important to encourage interest in mathematics and technology, as well as to promote language skills, when children are still in elementary school or even preschool. Professional development and retraining opportunities should be expanded. These should be targeted particularly at low-skilled workers (roughly one-fifth of Switzerland's working population), only a third of whom pursue further

Sixty percent of young people will have a job that doesn't even exist today.

training. In the education and health care sectors, women should be encouraged to enter the workforce as part-time workers or to increase their work hours.

Over the next few years, companies will undergo profound changes. Jobs that require few skills, such as operating machinery, will be eliminated. High-skilled jobs, for example in 3D printing, are the wave of the future. Well-known business consultant Roland Berger points out that while traditional industrial jobs will be lost, up to 10 million new jobs will be created in Western Europe – particularly in the service and IT sectors.

Digitalization and the fourth industrial revolution refer to the use of internet technologies for communications between human beings, machines and products. Industry 4.0 technologies will spread rapidly over the next few years. Digitalization will be an important tool for easing the effects of demographic change, and this represents an opportunity for Switzerland.

Work-Life Balance Increasingly Important

Job loss and the threat of unemployment will take on a new significance in the coming decades. Job security will be redefined, and work-life balance will become more important; people need to be able to recon-

cile the demands of their career and family, job and personal life. There will no longer be such a thing as a job for life – in contrast to the baby-boom era. Sixty percent of the young people who will enter the workplace in 2025 will have a job that doesn't even exist today. By 2030, according to futurologist Horst Opaschowski, one in two employees will no longer have a full-time position. There will be fewer permanent jobs. Rather than hiring regular employees, more companies will be contracting online with workers all over the world who happen to have time and are able to provide the best performance at the best price.

Day-to-day experience with computers, smartphones and the internet has a substantial impact on digital skills. According to the consulting firm Accenture, such skills are particularly useful for women, as they permit them to use their time more efficiently and to be more productive. Digitalization makes work more flexible, so that it no longer has to be performed at a specific time or place. Twenty-five percent of jobs benefit from “hyperconnectivity,” or unlimited data traffic: It no longer matters when or where you do your work.

A Key Factor: Digital Skills

Landing a permanent position requires independent thinking, social skills, persuasiveness, creativity, flexibility, an entrepreneurial spirit, openness to lifelong learning and the ability to adjust to new things. In the coming years, digital skills will be a crucial career factor. According to Accenture, 44 percent of rapidly growing companies are relying on temporary teams, and 86 percent are taking advantage of increased cooperation within the company to improve performance. This results in better feedback, more ideas and innovations at every level. Companies will need to put such ideas into practice in order to attract, support and retain women, older employees and talented young people, for example by offering further training programs and innovative job models.

Switzerland's labor market is facing major challenges. But the country is in a good position to safeguard its prosperity in a digitalized world. We need to play our cards right, however, if our labor market is to maintain its attractiveness and succeed in competing for the best minds. □

A Happy and Satisfied Country

The survey respondents are extremely proud of Switzerland, the evaluation of their own financial situation has never been better, and their confidence in Swiss institutions remains high.

Illustration: Berto Martinez



Berto Martinez is an international
illustrator from Barcelona.

INVESTING IN EDUCATION

In Latin America, Africa and Asia, 675,000 children can now access a quality education thanks to Credit Suisse's support of Opportunity's EduFinance initiatives. Our partnership plays a formative role in empowering parents to send their children to school and enabling teachers to develop low-cost, high-quality learning environments. By supporting access to critical financial services and training, Credit Suisse helps school owners like Regina Githinji, pictured below, give children a chance to break the cycle of poverty by obtaining a good education.

Regina founded the Revelation Ushindi School in the slums of Kenya with just three students. Over the last nine years, she has used a series of Opportunity loans and training to install clean running water, purchase textbooks and food for the children, pay teacher's salaries and maintain her rent payments on the now-large school property that serves 80 students. Regina is one of 14 million Opportunity clients who are working their way out of poverty and, in doing so, are transforming their lives and the communities around them.

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