

Credit Suisse Worry Barometer 2018

58 %

feel that self-centeredness is a risk to Swiss identity – they could also be referring to the decline in associations and clubs.

The BASEL VOLUNTEER FIRE DEPARTMENT was founded in 1845 and currently has 115 members. It provides support for the professional fire department and is deployed to help with fires and natural disasters, long-distance water transport, setting up and operating mobile medical aid stations, providing security services and much more.



Switzerland has 5,357,836 voters. What are their concerns? Whom do they trust? What values are important to them? The Worry Barometer checks the electorate's pulse.

SOLUTIONS NEEDED



Not only does the Worry Barometer provide guidance on how public opinion is formed, but also it has been a political fixture in Switzerland for more than 40 years. Every year it shows what

people in Switzerland are thinking and feeling, and it has likely led to some political advances. “The Worry Barometer,” according to Federal Councillor Ignazio Cassis, “is an important political tool for Switzerland. It shows developments and relationships over a longer period, which I prefer over the topical snapshot provided by a one-time survey” (starting on page 58).

Indeed, the principal result of this year’s survey can be classified only with a long-term view. In two-thirds of the 37 surveys conducted since 1976, unemployment was the biggest worry. This year it ranked sixth, with 22 percent of respondents selecting it as one of Switzerland’s biggest problems.

Jobs are considered safe. There is nevertheless a great deal still to be done in the supposed paradise of Switzerland. Major political decisions must be made, and the electorate is demanding solutions for Old Age and Survivors’ Insurance, health insurance and relations within Europe. We hope you enjoy reading this edition of the Worry Barometer.

Manuel Rybach

Global Head of Public Affairs and Policy

1 What worries the Swiss (p. 54)

Federal Councillor Ignazio Cassis
“There’s no insurance for prosperity.” (p. 58)

Special: Retirement provision (p. 60)

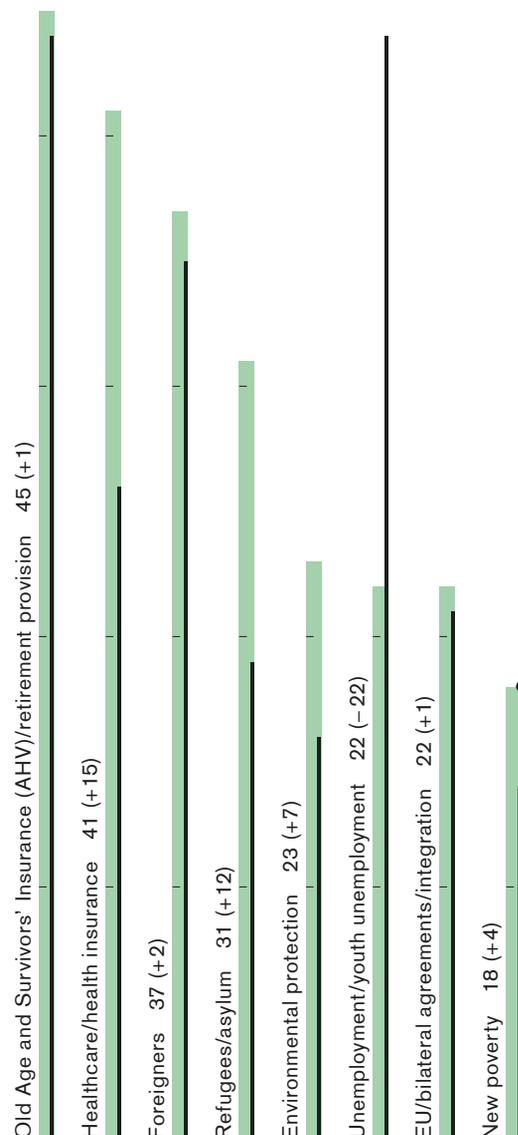
2 Trust and politics (p. 63)

3 The EU and abroad (p. 66)

Entrepreneur Franziska Tschudi Sauber
“I would like to see a little more optimism” (p. 68)

4 Identity under siege (p. 69)

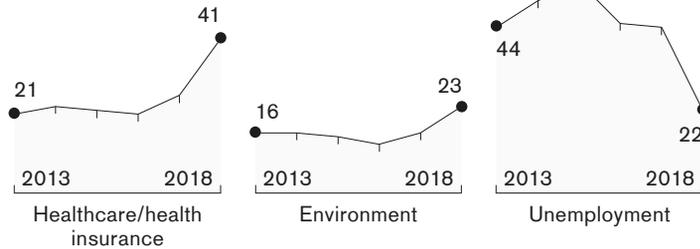
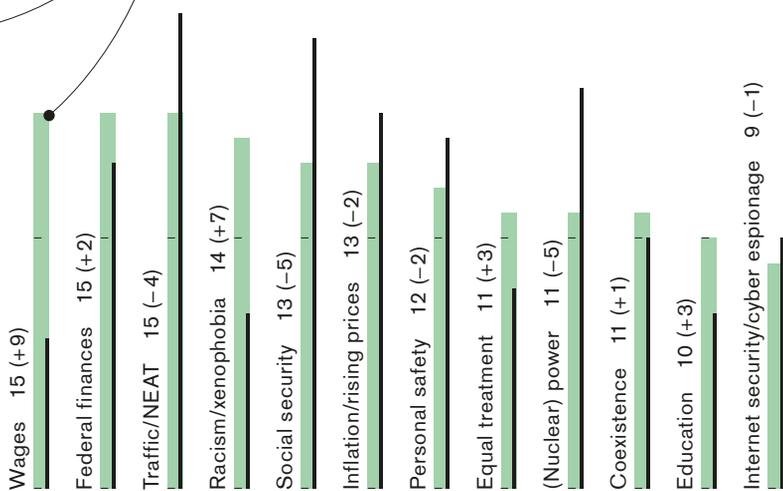
1



New priorities

Voters are less worried about unemployment (traditionally a top concern) and do not feel their jobs are threatened by digitalization. The most urgent issues are pensions, healthcare and migration.

One in six respondents worries about financial security.



1.1 Domestic policy tops the list

THE WORRY BAROMETER “Please choose the five topics that you personally consider to be the biggest problems facing Switzerland.”

■ 2018 ■ Previous year [in percent]

Ever since Credit Suisse conducted the first survey in 1976, the Worry Barometer has sought to identify Switzerland’s most pressing problems and give unique insight into the prevailing mood among Swiss voters. The most notable result of this year’s survey is illustrated in Figure 1.1: Unemployment, which has long topped the list, has slipped into sixth place.

But first, let’s look at the top five: 45 percent (+1 percentage point) of voters said their biggest worry was Old Age and Survivors’ Insurance (AHV) and retirement provision, citing these as their highest political priority (Figure 1.3). Current debate over the failed reform of the Old Age and Survivors’ Insurance was likely a major reason this issue ranked so highly (see our feature article on page 60 for more on this topic).

Ranking second on the worry list were healthcare and health insurance (41 percent, +15 percentage points). Like pensions, this topic has gained prominence in the last two years. It now ranks second among political priorities. It is interesting to note that these two issues have trended in parallel over the last 30 years, both gaining in importance from the

end of 1980 through 2000, rising to well over 50 percent. However, they were then overshadowed by the events of 9/11, the bursting of the tech bubble and increasing immigration. In 2016, fewer than 30 percent of voters thought retirement or healthcare was much of a problem.

Moving down the list, we see that retirement and health are followed by a number of topics relating to migration, namely foreigners (37 percent, +2 percentage points) and asylum matters (31 percent, +12 percentage points). This marks the first time in three years that these worries have gained importance – despite the fact that both immigration and the number of asylum seekers have decreased slightly.

The environment (23 percent, +7 percentage points) ranks fifth among Swiss voters’ greatest concerns. That is an increase from 2016 but still far below the numbers collected in the ’70s and ’80s, when it regularly topped the list with 70 percent of responses. “The unusually hot, dry summer this year may have raised environmental awareness,” says study director Lukas Golder of the gfs.bern research



18 %

are concerned about new poverty in Switzerland; in 2017 the figure was 14 percent.

The SWISS RED CROSS is a relief organization that supports disaster response and recovery, health and community care, integration and education. The Swiss Red Cross was founded in 1866. Its second-hand shops (pictured) give low-income individuals and families a place to buy clothing and other items at low cost.

institute. “Climate change has been in the news a lot.” But as mentioned at the start of this article, the most surprising result of this year’s survey is the drop of unemployment in the ranking. That is a historic change. The Worry Barometer was launched 42 years ago, and unemployment has figured as the top concern in 24 of the last 37 surveys (at the start, the survey was only conducted every two years). On average across all of those surveys, nearly 60 percent of voters have considered unemployment as Switzerland’s biggest problem. This year, it was named by only 22 percent of respondents (down 22 percentage points from the previous year). As a result, unemployment now ranks sixth among Swiss worries. In the history of the Worry Barometer, only once before has unemployment received this little attention. In the boom years following the fall of the Berlin Wall and the opening of Eastern Europe, the unemployment rate dropped to 0.5 percent and worries about it to 21 percent (1990). Today, too, the unemployment rate is relatively low (2.4 percent in August 2018), having dropped significantly over the past several years especially. As a result, it has also become less of a political priority (Figure 1.3).

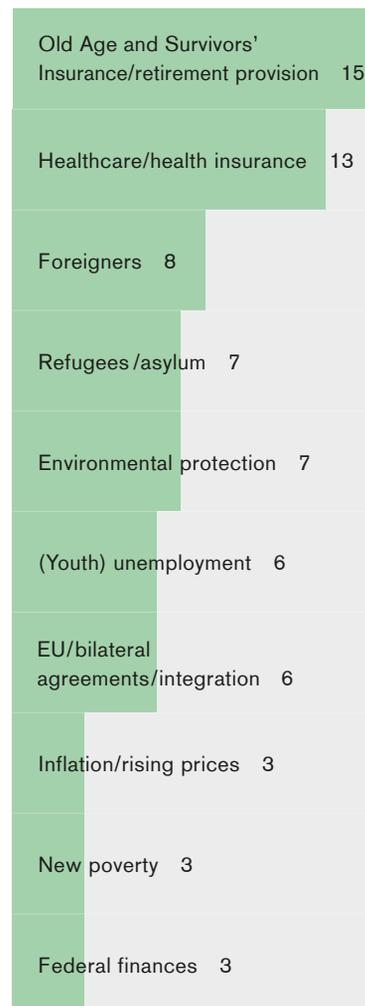
Survey respondents seem optimistic about the future. Despite increasing digitalization and the threat of technology eliminating jobs, 75 percent of respondents deem it unlikely that their jobs will be automated in the next 20 years. By contrast, people are more ambivalent about the impact of new technologies in general (Figure 1.2). Positive and negative statements both received high scores on the survey. At least 60 percent of respondents said they agreed with the following statements: “New technologies improve

our quality of life,” “...make it easier to navigate the labor market and improve opportunities” and “...make it easier for potential employers to find us.” At least as many, if not more, people also agreed with these statements: “New technologies make people complacent,” “...make it easier for the state to exert control,” “...make our society more vulnerable” and “...increase the risk of mental illness.”

So, jobs are secure and people are aware of the risks and opportunities of digitalization. Does that mean all is well on the Swiss labor market? Not quite. Concern about “new poverty” (18 percent, +4 percentage points) and wages (15 percent, +9 percentage points) has increased. One in six respondents worries about financial security. Study director Lukas Golder sees that as an “indication that inequality is increasing and the number of working poor is rising.” That may be related to the fact that real incomes have been slow to increase and, in fact, recently decreased despite the strong economy. ■

1.3 A lot to do

POLITICAL PRIORITIES “Which problems are the most urgent in Switzerland?” [in percent]



This year's survey showed that 75 percent think it is unlikely that their job will be automated by robots, new technologies or intelligent software within the next 20 years.

1.2 Opportunities and risks

DIGITALIZATION “What impact does technology have on your daily life and on the future of your work?”

■ agree / strongly agree ■ don't know / no response
 ■ disagree / strongly disagree [in percent]



“There’s no insurance for prosperity.”

Federal Councillor Ignazio Cassis is concerned about Switzerland's position as a business location, would like to cure the Swiss of their perfectionism and supports bilateral agreements.

Interview by Manuel Rybach



Ignazio Cassis (57) has headed the Federal Department of Foreign Affairs (EDA) since 2017. For the two years prior to his election to the Federal Council, Dr. Cassis, a physician, was president of the FDP. The Liberals parliamentary group, which he has been a member of since his election to the National Council in 2007.

This interview was conducted on September 12, 2018 [editor's note]

Councillor Cassis, Swiss voters view pensions, healthcare and health insurance, and migration as the nation's most pressing problems. What do you make of these concerns?

They are the classic worries of people living in rich countries. Migration, unemployment and retirement provision all relate to things our society holds dear: security, independence and ensuring our prosperity. What I find interesting is that healthcare and health insurance have become more of a hot-button issue even though the debate over rising health insurance premiums has been ongoing for several years at the same level of intensity.

Why do you think that is the case?

Clearly, it's a matter of perspective and context. In the last several years, people seem to have been more concerned with other issues like migration, refugees and unemployment than with health care. But migration has decreased and unemployment is now low.

What do you consider the country's most pressing problems?

I do worry about Switzerland's position as a business location. We can't simply assume that our prosperity is a divine right. We must understand that there's no insurance for prosperity. We are all responsible for maintaining it – each and every one of us.

What factors are most critical for Switzerland's future?

We need to keep three key points in mind. We need open markets. We need to expect and promote individual initiative. And we need innovation. That last point sounds easy but requires a real change in our thinking. Because of our prosperity, we Swiss suffer from perfectionism. On the other hand, innovation entails taking risks and making mistakes. So, we have to develop a culture that allows that – that allows people to take risks and make mistakes and learn and grow from them.

Europe ranks seventh on the Worry Barometer. While 40 percent of voters in the years between 1985 and 1990 were concerned about the EU, bilateral agreements and integration, only 22 percent are today. Are Swiss voters underestimating the importance of our relationships with the EU?

I don't think so. I get the sense that people are simply more relaxed about it. A year ago, in the run-up to the Federal Council elections, there was a great deal of commotion about “foreign judges” and the “death of direct democracy.” Since then, people have come to understand what it's really about – namely, regulating market

access and not killing democracy as some were claiming. Maybe the outreach efforts that business groups started this year in collaboration with policymakers are working.

The survey took place in the summer of 2018. When they were asked what kind of relationship Switzerland should have with the EU in the future, 65 percent of respondents said that they would like to keep the bilateral agreements. In addition, 82 percent consider the bilateral agreements important or even very important. How do you see Switzerland's future relationship with the EU? Let's consider what Switzerland wants to gain from the bilateral agreements. We want to obtain the best possible access to the EU's single market while giving up as little of our sovereignty as possible. That covers two fundamental objectives of our constitution: prosperity and independence. If we deem the bilateral agreements to be the right path forward in the future, we will also need the EU to be on board. It takes two to make a marriage work. We are currently working within the institutional framework to develop solutions – and, like the EU, we are trying to ensure that Switzerland gets the best deal possible.

More than half of the survey's respondents feel that strengthening trade ties with large countries like China or the US could be enough to make up for the loss should market access to the EU deteriorate for the Swiss economy. Is that realistic? That could theoretically be possible, but in actuality it would take a lot of time. Companies don't change their business models or their customers that quickly. Besides, I don't want to merely "make up" lost business – that isn't ambitious enough. I want us to grow our trade with the EU and with other countries. If we can do that, Switzerland will remain a leader. To accomplish that, we will need to maintain and cultivate the majority of our trade relations with the EU for the decades ahead. Especially those with our immediate neighbors. We have to be careful not to underestimate their importance.

In what way?

I'll give you three examples. Our trade with neighboring regions is almost

one-quarter more than with all of the BRICS countries (Brazil, Russia, India, China, and South Africa) combined. Our current trade volume with Baden-Württemberg and Bavaria alone is almost one-quarter larger than the volume with all of China. And we trade more with the Lombardy region of Italy than we do with Japan. Of course, we also want to grow in new markets. But it would be unrealistic to think that we could simply swap out our trade with the EU market for a different, faraway trading partner at the drop of a hat.

The survey showed that 69 percent of voters would like to see their government take a more aggressive stance toward other countries. What do you make of that?

I see it as an appeal to the Swiss government to be more assertive, to state more clearly that our sovereignty and our borders are important. We haven't seen that attitude among voters for quite some time but it is gradually becoming more mainstream again across Europe. It's important to have a certain level of self-confidence. But at the same time, we have to be wary of hubris. We are what we are. That is, we are 8.5 million people in the heart of Europe, surrounded by the EU. We are diplomatically and economically important but we are not a global military power. So, we need functioning, multilateral treaties.

You have been working on the Vision 2028 foreign policy. Where are we headed?

As I mentioned earlier, we're seeing the pendulum swing back from globalization towards more protectionism – and borders are becoming more important again. The result is a multipolar world with increased uncertainty and a variety of different players. For us, that means we have to be flexible and smart – in our negotiations with all countries and in offering our services as negotiators. Increased polarization means increased risk of tensions. And we Swiss are experts at resolving tensions. Increased polarization could also make travel more cumbersome again, requiring more passport checks, visas and such. That in turn would mean more work for our consulates – despite the benefits of digitalization. Each year, the Swiss log 12.5 million non-business trips outside

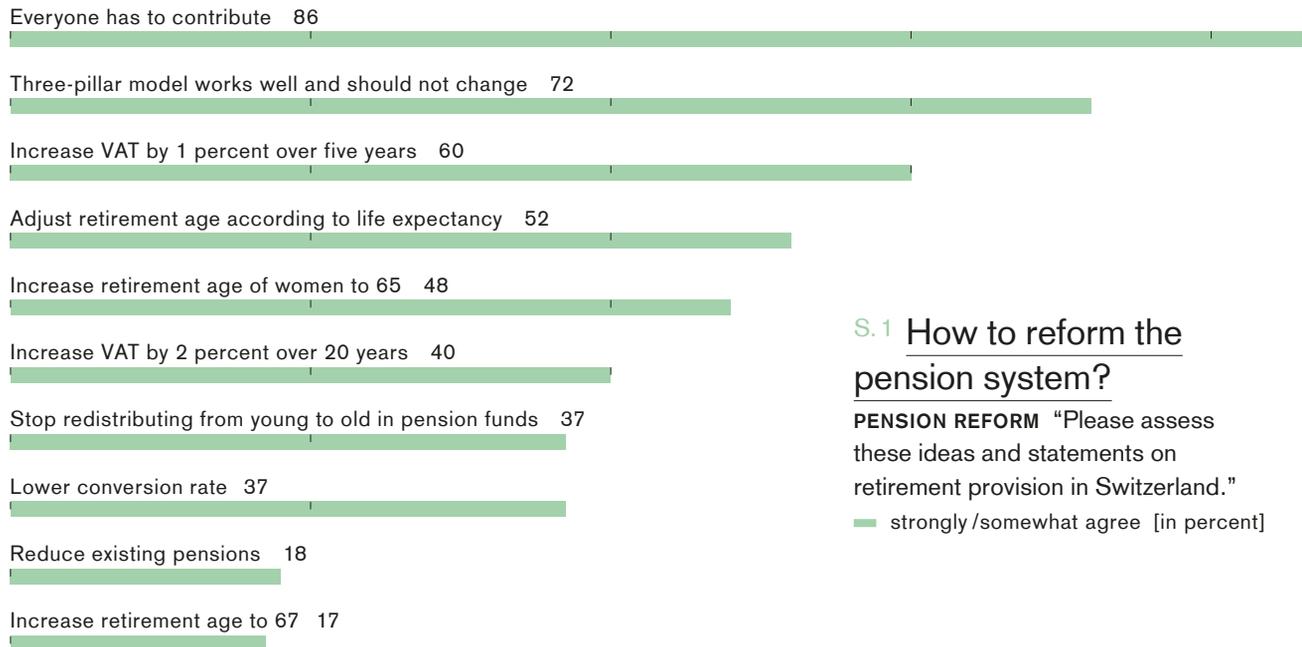
the country. And that is not counting the 800,000 or so Swiss citizens living abroad.

In terms of policy, survey participants are sending mixed signals. On the one hand, their confidence in political institutions is exceptionally high. On the other, there appears to be a general sense that policies and policymakers are failing us. In 2017, 24 percent felt that policies often fail, but 45 percent say so today.

I don't see that as contradictory. The institutions are the infrastructure, and policy is the output. Our mechanisms work well, even in times of crisis. But the results – the decisions that are made within those mechanisms – are increasingly driven by uncertainty. Stagnant prosperity, increasing global conflict and terror attacks in Europe are all issues that have arisen. They can give us a sense that policies have failed. We find ourselves in a difficult situation, feeling we have less control over our own destiny than we did twenty years ago.

The Swiss are generally very optimistic about the future. Only 7 percent feel that we will be worse off in a decade's time. Do you share this optimism? Yes, because it is justified. Our society and economy stand on a very sound footing. As a member of the government, I consider this the best news of all from the survey. It reflects Switzerland's stability and the strong general sense of trust that our people have in our country.

You went to medical school and then worked in internal medicine. What can medicine teach us about politics? The German pathologist and politician Rudolf Virchow once said, "Politics is nothing else but medicine on a large scale." And I think he is right. Medical scientists and politicians are very similar. Their work centers on people and all of their contradictions, hopes and fears. I find it more surprising that I am only the second physician to serve on the Federal Council. The first was Adolf Deucher, from Thurgau. He was elected in the late 19th century and remained in office for nearly 30 years. That's quite a standard to live up to (*laughs*). ■



S.1 How to reform the pension system?

PENSION REFORM "Please assess these ideas and statements on retirement provision in Switzerland."

— strongly /somewhat agree [in percent]

Grand disillusions

Old Age and Survivors' Insurance (AHV) is Switzerland's problem child. Even the planned reforms are inadequate – the country should and must aim for a master stroke.

Text Sara Carnazzi Weber and Oliver Adler

*Link: credit-suisse.com/youthbarometer

Concerns about retirement provision are growing among the Swiss population. According to the Worry Barometer, around 45 percent of respondents list this as the most important and urgent problem facing Switzerland. Retirement tops the list of the Youth Barometer* for the first time as well. Grand disillusions are spreading, especially among those who will only retire in the decades to come. And for good reason.

Old Age and Survivors' Insurance (AHV), the first pillar of the Swiss system of retirement provision, already spends more than it collects in contributions. Every scenario indicates that the current system will be unable to cover the additional financing required starting in 2020. New projections for AHV finances through 2045 show that the deficit will even reach 220 billion Swiss francs if there is no reform. And in employee benefits insurance, the second pillar, current active insured are subsidizing the generation of retirees to the tune of 5 billion francs every year due to excessive pension promises. Pension funds are increasingly exploiting any latitude open to them wherever their hands are not legally tied. Conversion rates are falling for extra-mandatory coverage. Future pension recipients must therefore expect to receive lower retirement benefits from the capital they have saved. It is not surprising that the third pillar – where there is no cross-funding – has the highest rate of satisfaction of the three [Figure S.2](#).

The underlying problem of retirement provision is a simple one and has been no secret for quite some time. We are living longer and longer and in better

45 %

consider retirement provision as Switzerland's biggest problem.

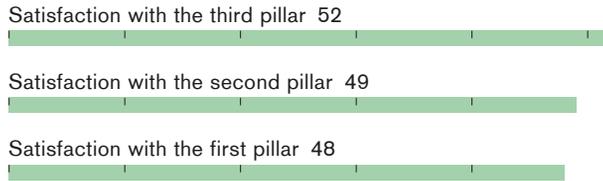
The FITAS 55PLUS HIKING CLUB from Zug organizes day hikes, hiking weeks and cultural days. Founded in 2002, the club currently has around 120 members. The hikers may not be the youngest any more, but Fitas emphasizes "We are a hiking club, so we sometimes tackle tougher routes."



S.2 Private is best

THREE-PILLAR MODEL “On a scale of 0 to 10, indicate how satisfied you are.”

■ Satisfied [Values above 6, in%]



health. However, the years spent in active employment – the time when money is saved for retirement – have remained the same or even shortened. Longer periods spent in training and education mean people are entering the workforce later, and early retirement means they are leaving it sooner. While there were more than six active insured for each pension recipient when the AHV system was introduced in 1948, today there are only about three, and there may only be two in 2045.

After the failure of the 2020 pension reform package last year, the Federal Council got right to work on developing a new bill. Measures to shore up AHV include plans to increase the retirement age of women to 65 and to raise VAT and payroll contributions. In addition, the first pillar will receive added annual income of two billion Swiss francs to compensate for lower corporate taxes under the planned tax bill. Such measures would provide AHV with a brief reprieve, though they will not secure funding in the long term. The shortfall by 2045 will still reach 55 billion Swiss francs. Equally important, the reform of employee benefits insurance has been put off until later.

It could be argued that the funding gap is not that big after all. However, considering the forecasted deficit of 220 billion Swiss francs without reform, the

average annual commitment to AHV by 2045 would be double the Confederation’s annual expenditures for education. These resources are not available for other services that promote Switzerland’s prosperity, and future generations will be the ones to foot the bill.

PREDESTINED FOR GREAT THINGS What is needed is a master stroke in terms of pension policy, visionary decisions that reflect not only the aging demographic by gradually increasing the retirement age, but also changes in how people live. The boundaries between the individual stages of life are blurring more and more. So are the lines between education and gainful employment – thanks to longer study programs and lifelong learning – and those between work and retirement, as a result of flexible retirement options. New forms of work are becoming more common, increasingly testing the viability of the system, particularly in employee benefits insurance. Furthermore, the traditional division of roles between men and women no longer represents the predominant social model.

When asked [Figure S.1](#), voters recognize that “everyone has to do their part” to achieve pension reform; they value the three-pillar model and appear open to different solutions. As a country with one of the highest life expectancies in the world as well as a strong service sector and only a small percentage of the workforce subject to hard, physical work, Switzerland would seem predestined for a major political master stroke. However, the fact is that, in an OECD comparison, Switzerland is among those countries with the lowest retirement ages and correspondingly the longest periods in which retirement benefits are paid out. The planned reform will not change this very much. ■

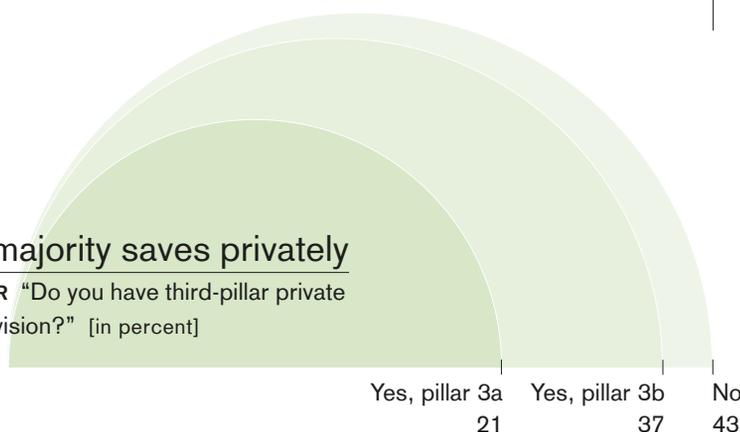
Sara Carnazzi Weber is Head of Swiss Sector and Regional Analysis, and Oliver Adler is Chief Economist Switzerland at Credit Suisse.

Further Studies “Swiss Financial Center 2018: from crisis to growth” May 2018 • “Occupational pensions: Lump sum or annuity?” 2018 • “Private retirement provision: 3a saving in Switzerland” 2018

Download at: [credit-suisse.com/publications](https://www.credit-suisse.com/publications) → Markets & trends → Swiss economy

S.3 The majority saves privately

THIRD PILLAR “Do you have third-pillar private pension provision?” [in percent]



Let's get to it!

Almost nowhere in the world do people have as much faith in their institutions as in Switzerland. The army and the police continued to gain trust while political parties lost some.

The quality of Swiss institutions has long been a cornerstone of Switzerland's success. The strong Swiss franc is a testament to international investors' confidence in Swiss stability. The Swiss themselves also have deep trust in their institutions. According to the OECD, no other country's citizens trust their government more than the Swiss do (80 percent, global average: 43 percent). According to the European Social Survey, the Swiss believe the police generally make fair, just

decisions – only four out of the 20 countries studied rate the police higher, and only slightly.

Swiss confidence in the nation's institutions is very broad. Topping the Worry Barometer's list (Figure 2.1) are the judiciary (Federal Supreme Court), followed by the various bodies of the executive branch (Federal Council, administration/public authorities, police and the army), and the legislative branch (National Council and Council of States).

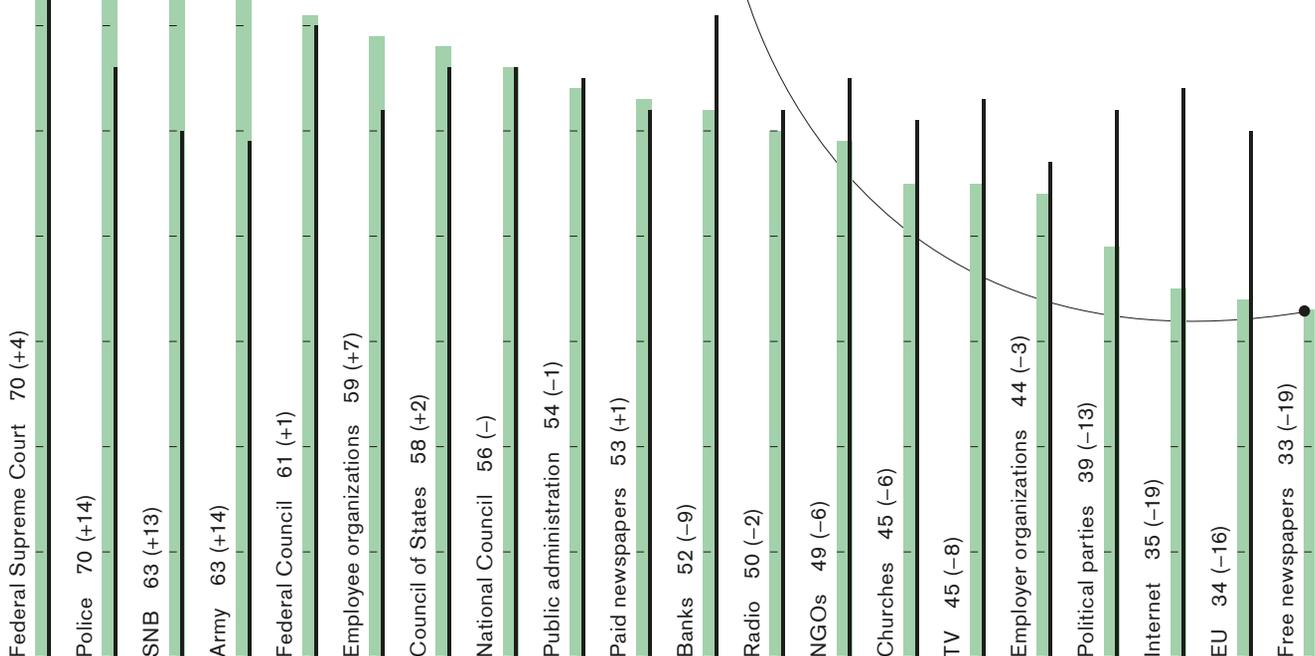
Most trustworthy:
The Federal Supreme Court in Lausanne.

The biggest losers: free newspapers, the internet, the EU and political parties.

2.1 What we believe in

TRUST "Based on this scale, tell me what your level of trust is in each of these institutions."

■ 2018 ■ Previous year [in percent]



70%

of Swiss citizens trust the police.

The ZÜRICH CITY POLICE BAND was established in 1902 and currently has 76 members. The amateur band plays light music and aims to foster good relations between the police and local residents and to “give members an alternative to the hectic pace of daily life.”



More than half of Swiss voters place their trust in the Swiss National Bank, employee organizations, paid newspapers and banks.

The biggest winners of this year were the police and the army (both +14 percentage points). Crime rates have been declining steadily for many years, a fact that may be attributed to the police's work. The army may have benefited from rising geopolitical uncertainties and has been steadily gaining trust since 2004, when the trust level was 31 percent (today it is 63 percent). A comparable survey ("Security 2018") conducted by the Swiss army and the ETH revealed that people's trust in both institutions has been growing for several years now.

The Swiss National Bank's trust rating also increased significantly (to 63 percent, +13 percentage points). However, it should be borne in mind that last year's figure was unusually low. The trust level has consistently been at or above 60 percent in previous years.

THE LOSERS While the level of trust in most media was more (paid newspapers) or less (radio and TV) consistent with last year, trust in free newspapers declined steeply (33 percent, -19 percentage points). That matches the results of the Credit Suisse Youth Barometer*, in which 16- to 25-year-olds indicated that they rely less on free papers for news. The internet also lost credibility at a similar rate (35 percent, -19 percentage points). Widespread discussion of fake news in the last 12 months may have been a factor in both of these cases. Swiss voters also expressed less trust in the European Union (34 percent, -16 percentage points).

Current voter feelings about Europe are ambivalent. For more on that, see our discussion of Switzerland's foreign relations beginning on page 66.

Finally, political parties seem to have gambled away a great deal of voters' trust (39 percent, -13 percentage points), which fits with the Worry Barometer (see page 54). These results indicate that the biggest problems and priorities from the perspective of Swiss voters are domestic issues like AHV (Old Age and Survivors' Insurance) and health insurers. One might conclude that respondents feel policymakers have not done their job. But it's not all bad news for politics: Interest in politics has never been so high (Figure 2.3), with 29 percent of respondents saying they are very interested and another 45 percent saying they are somewhat interested in political issues. Swiss citizens seem to be aware that there are important matters at hand and they are clearly willing to help work on finding solutions.

In keeping with the somewhat critical view of policymakers, pride in Switzerland (Figure 2.2) is down sharply (79 percent, -11 percentage points). The last time it was that low was in the wake of the financial crisis (2011). Survey respondents' expectations of political institutions could best be summed up with this statement: "There's a lot to be done. So let's get to it!"

*Link: credit-suisse.com/youthbarometer

Politics: Lost a lot of trust but interest is up sharply.

2.2 Less national pride

SWITZERLAND "Are you proud to be Swiss?"

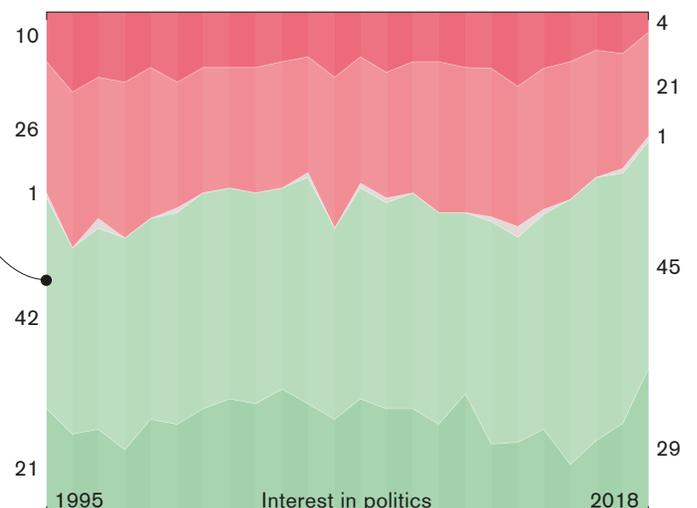
- Very proud
- Somewhat proud
- Don't know / no response
- Generally not proud
- Not proud at all [in percent]



2.3 Increased interest in politics

POLITICS "Generally speaking, how interested are you in political issues?"

- Very interested
- Somewhat interested
- Don't know / no response
- Not very interested
- Not at all interested [in percent]



Relationship status: It's complicated.

What kind of a relationship should Switzerland and the EU have going forward? The respondents signal that there are alternatives to the EU, although the bilateral agreements are beyond dispute.

One of the major public discussions of 2018 has been about globalization. While the main issue at the international level is the introduction of new tariffs, Switzerland is mainly dealing with the question of how to structure its relationship with the European Union (EU). Should there be a framework agreement? And if not, what does the future hold for the bilateral relationships?

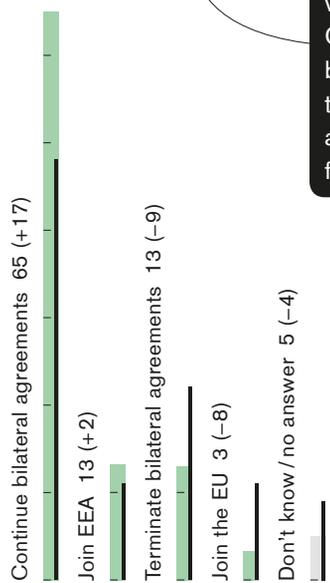
The result of the negotiations between Switzerland and the EU was still unknown as this issue went to press. However, it will be interesting to see how the voters rank Switzerland's foreign relations, regardless of the scenario.

Let us first turn to the EU. Confidence among the respondents about the EU developed remarkably from 2005 to 2016, growing from 20 percent to 54 percent. Yet trust has rapidly eroded over the past two years, falling to only 34 percent [Figure 3.2](#). During these two years, the UK approved Brexit and Switzerland failed to make progress in the negotiations for a framework agreement, while the refugee crisis created conflict within the EU, laying the groundwork for the ascension of politicians who are fundamentally critical of the EU.

The survey did not ask which factor was directly responsible for the waning confidence, but 65 percent of respondents find that the EU has been somewhat

Of those surveyed, 82 percent consider the bilateral agreements to be somewhat or very important.

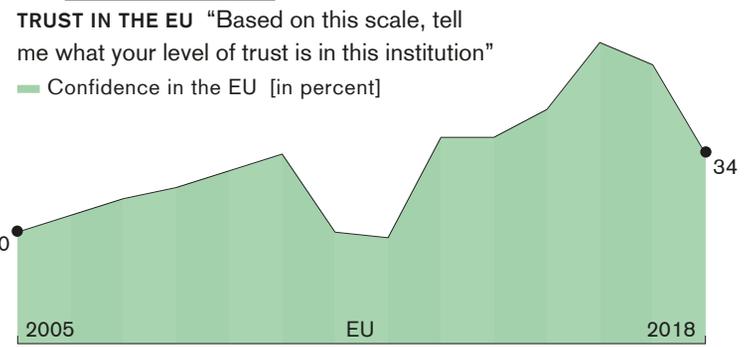
54 percent feel that strengthening the trade ties with large countries like China or the US could be enough to make up for the loss should market access to the EU deteriorate for the Swiss economy.



3.1 Please don't change a thing

RELATIONSHIP WITH THE EU "What should the future relationship between Switzerland and the EU be?"
 Legend: 2018 (green), Previous year (black) [in percent]

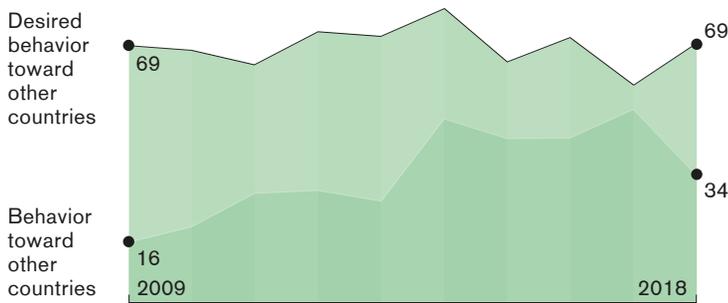
3.2 Crisis of trust



3.3 What are they doing, what should they be doing

ATTITUDE ABROAD “What sort of stance are Swiss politicians taking towards other countries when national interests are at stake?” – “And how should they act?”

More/less aggressive [in percent]



or significantly weakened in the last twelve months. The majority (54 percent) think that strengthening trade ties with large countries like China or the US could be enough to compensate if the Swiss economy’s access to the EU market deteriorates. An assessment that Ignazio Cassis shares only in part. “That could theoretically be possible,” says the Federal Councillor and Foreign Minister, “but in actuality it would take a lot of time.” In the short term, he calls this substitution “unrealistic,” as “our current trade volume with Baden-Württemberg and Bavaria alone is almost one-quarter larger than the volume with all of China.” Read the interview with Ignazio Cassis and his analysis of the results beginning on [page 58](#).

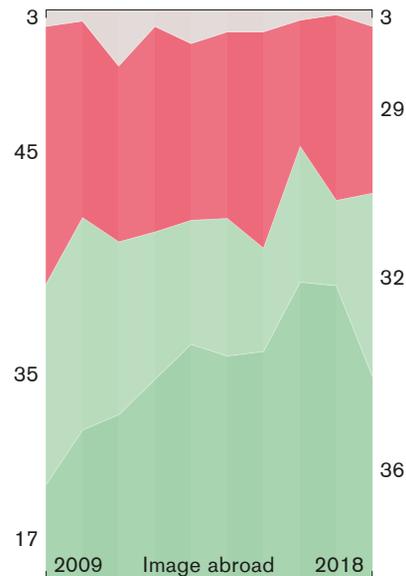
How the voters perceive the possibility of substituting the EU trade volumes is put into perspective when they are asked specifically about the significance of the bilateral agreements. Of respondents, 82 percent consider these to be important or even very important. The electorate also seems unified when asked about their desired relationship with the EU. The bilateral agreements are the most popular option at 65 percent, up 17 percentage points compared to 2017 [Figure 3.1](#). When asked about the alternatives, 13 percent of voters would support joining the EEA, 13 percent would terminate the bilateral agreements and 3 percent would join the EU.

OUR ECONOMY IS BETTER Many respondents agree that Switzerland’s image abroad has not improved over the last twelve months [Figure 3.4](#): in 2016, 52 percent thought that Switzerland had gained

3.4 Switzerland’s reputation

IMAGE “How has Switzerland’s image abroad changed over the last 12 months?”

Don’t know / no response
A lot and somewhat worse
No change
Somewhat and much better [in percent]



respect, while now only 36 percent still find this to be true. Trust in the EU has diminished, but Switzerland has also not grown more popular in their eyes – the relationship has cooled off in general.

Given these results, it is hardly surprising that only 34 percent of the respondents find Swiss politics takes an offensive stance vis-à-vis other countries, while 69 percent would also like to see politicians adopt a more aggressive approach [Figure 3.3](#).

Nevertheless, despite the tense foreign affairs situation, 96 percent (+7) of respondents are confident that the Swiss economy was in a better state than just over a year ago when compared to its international competitors. That corresponds to the results from section 1 ([see page 54](#)) which indicate that most Swiss citizens have practically no concerns about their job security. ■

“I would like to see a little more optimism”

The co-owner and CEO of the Weidmann Group is one the Swiss economy's most powerful women. Franziska Tschudi Sauber on digitalization, trade tariffs and the resilience of the Swiss.

Interview by Manuel Rybach



Franziska Tschudi Sauber (59) is co-owner and CEO of Weidmann (formerly Wicor) Holding AG in Rapperswil. The group specializes in high-voltage insulation, natural fiber and plastic technology and employs a workforce of 3,200 worldwide. Tschudi Sauber is on the boards of directors of Swiss Life and Biomed and is a member of the management boards of Economiesuisse and Swissmem.

Ms. Tschudi Sauber, unemployment has been the top-ranked worry throughout the history of the Worry Barometer. And yet this year, it only ranked sixth on the list of Switzerland's biggest problems (see page 54). Why is that?

I assume that people have a feeling of security because of the good economic situation and the low unemployment – at 2.4 percent, it has fallen to a level last seen a decade ago. Migration is on the decline in Switzerland compared to recent years, and protectionist measures have helped to curb globalism somewhat. Both of these trends could have helped mitigate people's fears of losing their jobs to global competition.

The view of the future is also optimistic. Of those surveyed, 75 percent consider it “unlikely” that they will lose their job due to new technologies. Are we underestimating the dangers of automation? If the survey participants are referring to the immediate future, then I share their confidence. In the short term, our jobs are not in jeopardy. And yet I am concerned that we are underestimating the long-term consequences of new technologies. New technologies are not simply robots but rather completely new value creation models that will accompany digitalization. These changes will transform our labor market, and it is critical that we react promptly. Right now we should be training young people and retraining our workers for the future.

There seems to be a kind of ambivalence about the impact of these new technologies on our society. Technology improves the quality of life, makes people feel

complacent and makes it easier for the state to exert control: these three statements all garner strong support. That's a discerning assessment. And so the real question is how we as a society deal with this. In my opinion, the benefits outweigh the disadvantages. Instead of skepticism, I would like to see a little more courage and optimism concerning the issue of digitalization. Especially from politicians. I have the impression that other countries are much more proactive, such as in digitalization of processes and services.

Concerns about “new poverty” and “wages” are on the rise. Do you feel that this is a reaction to a growing economic disparity? The media is full of these types of reports. But the fact is that income and wealth inequality in Switzerland has remained stable over the long term. The gap has not widened to the extent that it has in other countries. Still, we have to take these new concerns seriously. They are both likely related to the fact that wages have remained somewhat stagnant in recent years, and the middle class, most of all, feels under increasing pressure. In addition, I suspect that concerns about pensions are also playing a role here – the fear of being unable to maintain the accustomed lifestyle in retirement.

Responses differed when it came to concerns about retirement provision. The third pillar showed the best results, while the first pillar had the worst. Why are people happier with private pension provision? The Swiss value security, and I think that we prefer those instruments that we can

influence ourselves. The third pillar stands for this. Here, we can decide ourselves just how much we want to risk. Dissatisfaction with AHV is an expression of concern about its funding and the fervent desire to find a long-term solution.

The Weidmann Group operates around the world. Do you consider the political climate surrounding trade tariffs to be a real threat?

We manufacture locally in around twenty countries. In this sense, we are relatively well positioned when it comes to trade tariffs. Generally speaking, I am observing this trend with some concern, of course, although I certainly can see opportunities for Switzerland. As a small country, we can react relatively quickly and indepen-

dently, and use bilateral free trade agreements to enter new markets. Lower customs duties alone are not the main goal here. These types of agreements rather allow us to become a closer and more trusted partner, as seen in the case of China.

According to the Worry Barometer, the three main characteristics of the Swiss identity are security, neutrality and the countryside. Are you surprised by this rather traditional identification?

No, I find it unremarkable in times of escalating armed conflicts and increasing migration. It makes me optimistic that there are so many who are proud of our security and safety, where a Federal Councillor can take the tram without any

bodyguards. Proud of our neutrality which allows us to bring conflicting parties together at the table. And proud of our magnificent countryside that we enjoy and should care for.

What three things does Switzerland mean for you?

First, it stands for stability, based on a functioning judicial system and a strong economy. Second, for solidarity. The public stands up for minorities and the disadvantaged, which is invaluable for social peace. And third, for the powers of innovation and renewal. The best examples were the financial and economic crisis and the Swiss franc shock. It is impressive how quickly we manage to recover from crises like this one. ■

4

IDENTITY

Identity under siege

The reform backlog, immigration and problems with the EU are perceived as threats. But there's still some good news.

The ranking of factors that threaten Swiss identity [Figure 4.1 \(next page\)](#) can be seen as a distillation of the previous sections.

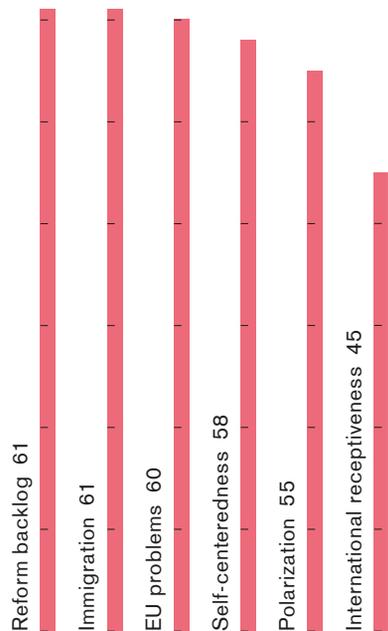
The reform backlog dominates, and this fits in well with the worry rankings and Switzerland's political priorities ([see p. 54](#)), which count pensions and health (including health insurance) among the most urgent problems to be solved. It's hardly surprising to find that a backlog of reforms is threatening Swiss identity. Federal Old Age and Survivors' Insurance (AHV) and healthcare are part of the social state that holds Switzerland together.

Immigration ranks second in the list of identity-threatening phenomena. It's practically a tradition for issues surrounding immigration to top the list of worries. In the inaugural Credit Suisse Progress Barometer*, the statement "Immigration changes the makeup of our society" is rated as a development that ought to be slowed. EU problems are also perceived as potentially harmful to Swiss identity. ▶

*Link: [credit-suisse.com/progressbarometer](https://www.credit-suisse.com/progressbarometer)

4.1 What threatens Switzerland

IDENTITY UNDER SIEGE “We hear various arguments about what might threaten Swiss identity. Please indicate whether you see the following phenomena as threats to Swiss identity.” [in percent]



The previous section thoroughly discusses respondents’ ambivalent attitude towards Europe (see p. 66); it’s hard to live without – or with – the EU.

With respect to social status and the question about the makeup of contemporary society, there is one result that should grab our attention: Twenty-three percent place themselves at the bottom of society. Twenty years ago, only 19 percent responded that they belonged in the lowest social group. Figure 4.3 It’s fitting that this year more people identified “wages” and “new poverty” as the largest problems in Switzerland (see p. 54).

GOOD MARKS FOR PERSONAL WELL-BEING These worries should not be underestimated, and neither should the latent dissatisfaction with the political system that is evident throughout the survey. Nevertheless, we should note that respondents simultaneously believe that they are doing very well.

4.2 We’re doing well

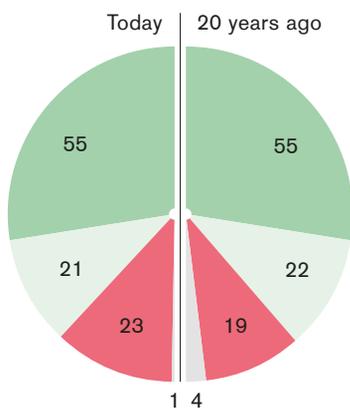
ECONOMIC SITUATION “How would you describe your personal economic circumstances at the moment?” [in percent]



When asked about their own satisfaction, 89 percent give their lives a grade of five or higher (on a scale from zero to ten), and 42 percent even give a grade of eight or higher. There were similarly positive responses about their own financial resources. Despite the aforementioned worries about wages and new poverty, 92 percent rate their own economic situation as satisfactory, good or even very good. Figure 4.2 ■

4.3 Social decline

PERSONAL WELL-BEING “In Switzerland, there are people at the top and at the bottom of society. Where would you place yourself on a scale from top (10) to bottom (0)?” [in percent]



The study On behalf of and in cooperation with Credit Suisse, the research institute gfs.bern conducted a representative survey among 2,551 eligible voters in Switzerland from June 26 to July 15, 2018. The statistical sampling error is ±3.2 percentage points. The full survey and other articles are available for download at: credit-suisse.com/worrybarometer

Publishing details Project leads at Credit Suisse are Mandana Razavi and Yanik Schubiger. The analysis was prepared by Simon Brunner/Ammann, Brunner & Krobath (editing, copy), Bill Schulz/Crafft (layout, graphics) and Basil Stücheli (photos).



61 %

are convinced that the reform backlog is threatening Swiss identity.

UZH POLITICAL SCIENCE ALUMNI

is an association for political scientists from the University of Zurich and the Swiss Federal Institute of Technology Zurich. The group organizes events such as the “Diners politiques,” which include prominent figures in Swiss and international politics, as well as career days for students. The association was founded in 1999 and has 160 members.



41 %

of Swiss voters see health or health insurance as the country's largest problem.

BARDOGS ZURICH is a street workout club from Birmensdorf (Canton of Zurich). Its members train together outdoors – doing pull-ups on ladders, sit-ups in parks, push-ups on benches. The club was founded in 2012. It has 36 members, who often appear in shows. A sign of the club's professionalism is that today members also train in the club's own gym, Home of Bardogs (photo).