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# Credit Suisse Worry Barometer 2019

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## WHERE ARE THE SOLUTIONS?

Federal Councillor Karin

Keller-Sutter receives us in her office in Bern, not far from the Federal parliament – a fitting setting for discussing the results of the Worry Barometer (page 68). This survey, which has been conducted since 1976, has some remarkable findings again this year – especially for politicians.

In particular, it is striking that more than a quarter of respondents reported having lost confidence in *local institutions*. *Switzerland's relationship with the EU*: Although the clear majority know how important the EU is as a trading partner, many still believe that finding alternative partners will be possible. *State of the economy*: (too) much optimism? *Reform backlog*: From Old Age and Survivors' Insurance to healthcare, voters are demanding that policymakers deliver solutions.

In dealing with these and other topics, this year's survey raises thought-provoking questions about the current state of Switzerland – even more than in previous years. I therefore strongly recommend the Credit Suisse Worry Barometer 2019, whether for reflection at the federal level in Bern, in the board room or at the dinner table.

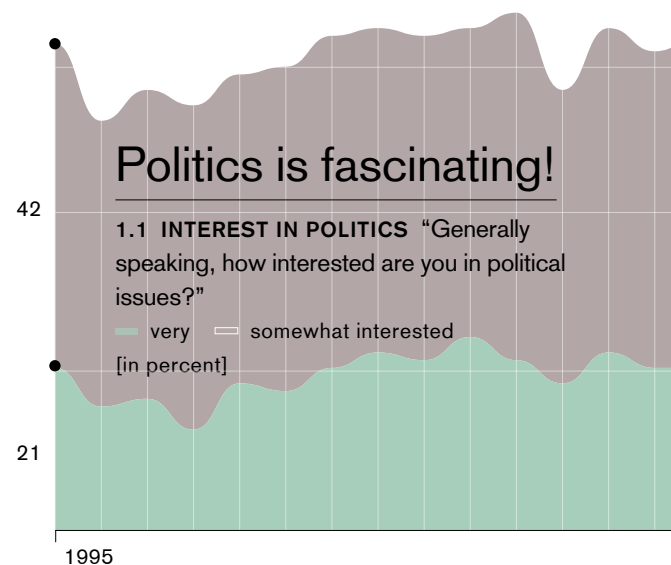
I wish you an interesting read!

Dr. Manuel Rybach

Global Head of Public Affairs and Policy

# Reform backlog

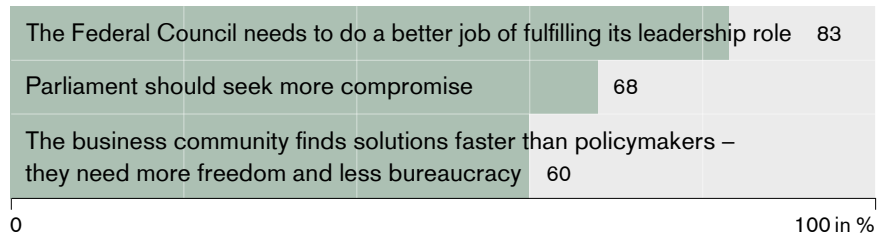
Voter priorities are clear and their impatience is mounting: They want answers and results.



## The problem solvers

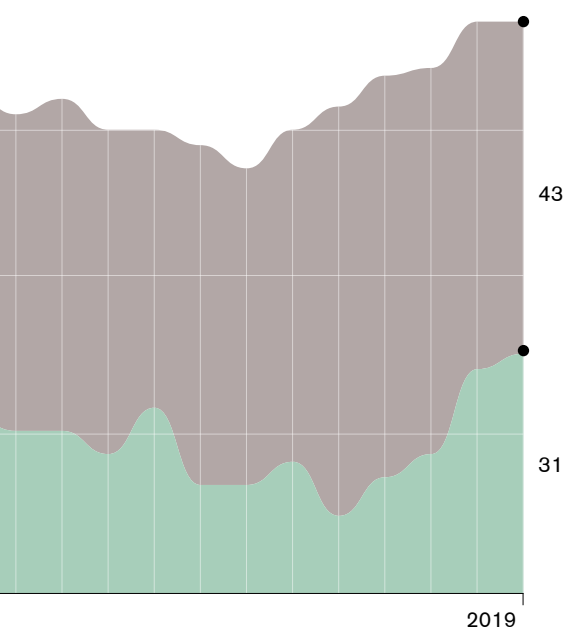
**1.2 POLITICAL PRIORITIES** “There are many different viewpoints on political issues and how to resolve them. With respect to the following statements, would you say that you ...”

... strongly agree / somewhat agree (excerpt)



The world is becoming increasingly complex, as exemplified in escalating trade wars, rising populism and the global debate about climate change. How is this complexity reflected in the annual Credit Suisse Worry Barometer survey? [● 1.3, next page] What do respondents consider to be the country’s biggest problems? How do they view public policy and the economy? The answers are surprising and quite fascinating.

**CONSISTENT RESULTS** Despite the turbulence worldwide, the ranking of concerns we track has remained surprisingly stable. Voter priorities are clear: 1. Old Age and Survivors’ Insurance/retirement provision (47 percent, +2 percentage points over the previous year), 2. healthcare/health insurance (41 percent, ±0 pp), 3. foreigners (30 percent, –7 pp), 4. environmental protection/climate change (29 percent, +6 pp) and 5. unemployment (26 percent, +4 pp).



**REFORM BACKLOG** The two biggest concerns (Old Age and Survivors’ Insurance and health-care/health insurance) are concrete domestic policy issues. “Voters expected policymakers to come up with solutions,” says Cloé Jans of gfs.bern, who headed up the study. “But from the voters’ perspective, they haven’t delivered. That’s why we are seeing a certain level of dissatisfaction with the role of Parliament and government when it comes to reform” (more on this topic below and in ● Section 3).

**SURPRISES** Concern about environmental protection has increased by 6 percentage points (pp), but that was not quite enough to put the issue among the top three – although climate change was covered heavily in the media this year and environmentalist parties (the Green Party and the Green Liberal Party) increased their representation in this October’s parliamentary elections. Another topic that garnered less media attention was also surprisingly important to voters: Personal safety (+11 pp) gained more sharply than any other concern tracked in the study. Interpreting the results is not necessarily simple. Foreigners (–7 pp) and refugees (–11 pp) – both topics that right-wing political parties often associate with increasing crime rates – have lost some of their urgency among voters. Karin Keller-Sutter, a member of the Swiss Federal Council, stressed in an interview (page 68) that Swiss national security and protecting Swiss citizens are of utmost priority. She says, “Without security, there can be no prosperity.” Unemployment, which has long ranked as the top concern on the Worry Barometer, appears to have lost urgency as well, having dropped considerably in importance last year and rebounding only slightly this year (26 percent,

# 46%

**of respondents feel that policymakers “often fail on key issues.”**

In 2017, that figure was 24 percent.

**Similarly, 41 percent of respondents believe that business leaders “often fail on key issues.”**

2017: 23 percent.

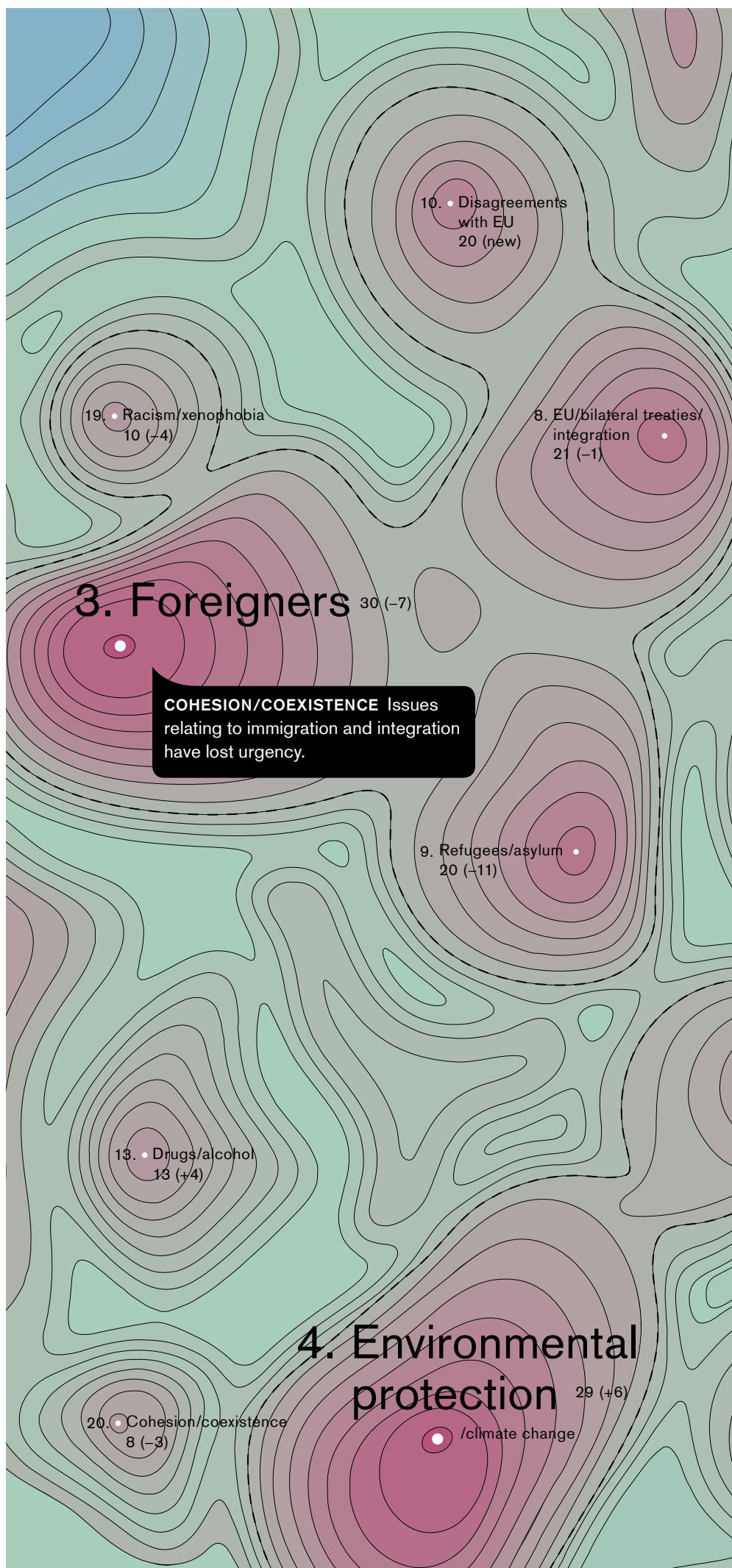
+4 pp). It would appear that Swiss voters feel their jobs are very secure (more on this topic in ● Section 2).

**LESS PRESSING CONCERNS** Interestingly, a number of other topics that have received considerable media coverage do not seem to factor as urgent concerns among voters. Those include (by ranking): 16. wages (11 percent), 17. equality (11 percent) and 22. family policy/childcare (8 percent), 24. internet security/cyber spying (7 percent), 25. terrorism (6 percent), 26. globalization (6 percent), 30. digitalization (6 percent) and 40. global trade wars (3 percent).

As the map shows, the Swiss are disappointed with policymakers and the lack of progress being made on much-needed reforms – with 46 percent stating that policymakers have often failed on critical issues. Two years ago, in 2017, that figure was just 24 percent. Frustrations may be fueled by the fact that voters are generally quite interested in matters of public policy: 74 percent of respondents stated that they are either “somewhat interested” or “very interested” in politics – a record high (it has been measured each year since 1995; ● 1.1, previous page).

Responses to the question of who should resolve political issues also indicate general dissatisfaction. Voters would like to see policymakers, especially those in the executive branch, take more initiative [● 1.2, previous page]: “The Federal Council needs to do a better job of fulfilling its leadership role,” say 83 percent, while 68 percent feel that “Parliament should seek more compromise.”

Other institutions are also viewed with deep criticism. The general loss of confidence is discussed in detail in ● Section 3. While 41 percent of respondents believe that business leaders often fail on key issues, 60 percent said they are highly competent problem-solvers. Many even go so far as to say that “The business community finds solutions faster than policymakers” but that “they need more freedom and less bureaucracy” [● 1.2, previous page]. Can we deduce from these responses that popular initiatives may be afoot that will likely demand more laws and regulations? Be that as it may, one thing is clear from the Worry Barometer 2019: People want public policy solutions. ■





#### UNRESOLVED ISSUES

Pensions and healthcare are the biggest concerns.

1. Old Age and Survivors' Insurance (AHV)/retirement provision 47 (+2)

2. Healthcare/health insurance 41 (-)

6. Personal safety 23 (+11)

**GROWING CONCERN** No topic has gained more importance than personal safety.

5. Unemployment 26 (+4)  
/youth unemployment

11. • Social security 14' (+1)

17. • Equality 11 (-)

12. • Nuclear power 14 (+4)

7. New poverty 21 (+3)

16. • Wages 11' (-4)

14. • Inflation 12 (-1)

15. • Federal finances 12 (-3)

18. • Switzerland's economy 11 (+5)

## A TOPOGRAPHY OF ISSUES

**1.3 THE WORRY BAROMETER** "Please choose the five topics that you personally consider to be the biggest problems facing Switzerland."  
[rounded in %, comparison to the previous year in percentage points]

The rankings are based on unrounded figures.

# Switzerland's doing fine

The Swiss rate their national and personal economic situation positively.

35

Digitalization  
is overwhelming

43

Employers expect  
availability around the  
clock

Is the Swiss economy headed toward a boom or bust? Both scenarios seem possible right now. So we asked Swiss voters what they think of the country's economic prospects. The results are in and respondents take a surprisingly positive view, both in terms of their own personal situations and the national economy.

Although digitalization, automation and their impact on jobs have been widely discussed and debated, the attitudes expressed by survey respondents toward new technologies range largely from pragmatic to positive [● 2.1]. More than 60 percent either "strongly agree" or "agree" with these statements: Digitalization "improves quality of life," "makes it easier to navigate the labor market," "improves

working conditions" and "makes it easier for potential employers to find employees." Between 40 percent and over 50 percent of respondents also agreed with the more critical statements, that the new technologies "generally reduce opportunities on the labor market" and that "employers expect around-the-clock availability" of their employees. Thirty-five percent find that "digitalization is overwhelming." That is one in three survey respondents, but the general trend toward technology friendliness is also reflected in the fact that only 10 percent said that they believe their job would be automated within the next five years. Last year, 22 percent worried about losing their jobs to automation (but within 20 years). In general, unemployment is less of a concern than it has been in years past, as the worry rankings show [● Section 1].

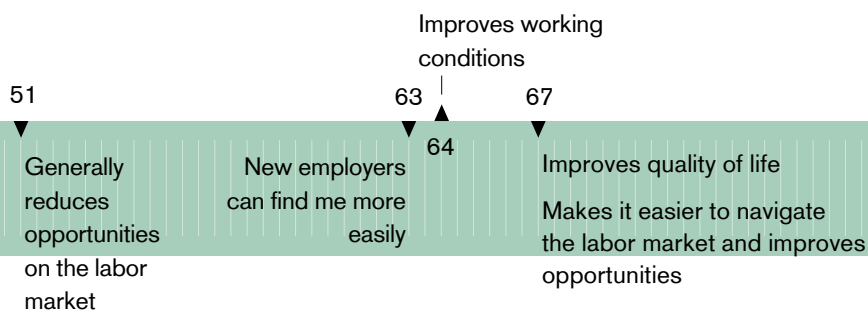
So, it makes sense that individuals take a positive view of their current economic situation and future prospects: Ninety-two percent said they are doing "fairly well," "well" or "very well." This response has been consistently high since 1995 [● 2.3]. For the next

# 10%

expect their job to be made  
redundant by technology.

12 months, 75 percent believe they can maintain their current situation, 12 percent expect things to improve and 10 percent expect circumstances to worsen. Entrepreneur and philanthropist Jobst Wagner shares our survey respondents' view but also sees a number of challenges ahead for companies in Switzerland. He says, "There's no juice left to squeeze from this lemon," and is demanding that the government take measures to shore up Swiss business [● See interview on next page].

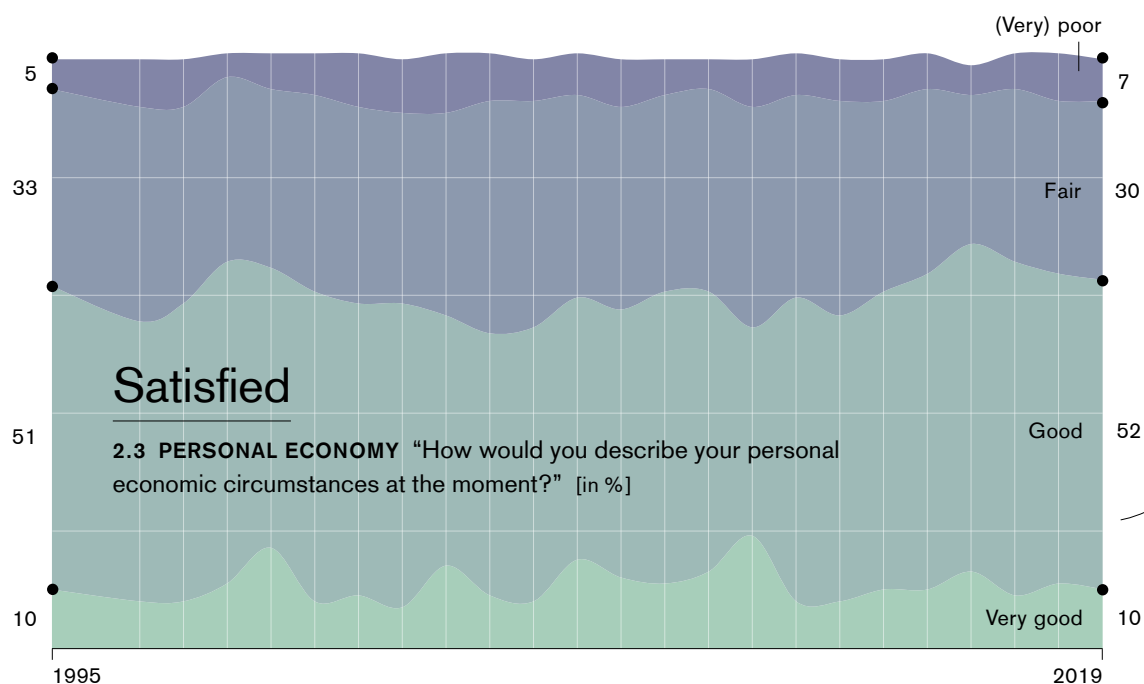
Finally, survey respondents were asked to compare the Swiss economy with the rest of the world. The results are clear: We Swiss are far better off. That view has become even more prevalent in the last 15 years, with 64 percent saying that the Swiss economy is doing better and 31 percent that it is doing much better. In 2004, those figures were 72 percent and 8 percent, respectively [● 2.2]. ■



## Technology makes work easier

**2.1 DIGITALIZATION** "What impact does technology have on your daily life and on the future of your work?"

— strongly/somewhat agree [in percent, excerpt]



For the year ahead, 75 percent say they expect to maintain their current circumstances, 12 percent expect things to improve and 10 percent expect their personal circumstances to worsen.

# “Don’t delegate your own responsibility”

Entrepreneur and philanthropist Jobst Wagner worries about the Swiss economy and civil society. That’s why he’s rewarding smart ideas for Switzerland’s future.

Interview Simon Brunner

Mr. Wagner, your company has around 20,000 employees. For many years, unemployment was the top concern in the Credit Suisse Worry Barometer. Since last year, it’s ranked fifth. How do you explain this?

Studies show that job loss causes greater emotional stress than the serious illness of a family member or pregnancy – it’s understandable that respondents are afraid of this traumatic experience. The very low rate of unemployment today has likely tempered this fear somewhat. I have to admit that I’m of two minds about this issue.

In what sense?

I’m happy about the job security for employees, but the shortage of skilled personnel is a major issue for companies. We’re looking for technicians, engineers, we train them ourselves – but it’s just not enough. Sometimes we don’t have the staff to implement important projects in fields such as digitalization.

The respondents are very satisfied with economic issues. With the strong Swiss franc, growing trade barriers, and the aforementioned personnel shortage, how can this be?

We can thank the many companies that have economized so well in recent years, increasing their competitiveness, efficiency and capacity for innovation. But we have to be careful: There’s no juice left to squeeze from this lemon!

How so?

The current situation would seem to demand supportive measures such as lower taxes, or eliminating unnecessary and costly fees. Instead, the opposite is happening. Conditions for doing business are getting worse, and the supposedly deregulated labor market corresponds less and less to reality. And more trouble is on the horizon. Switzerland’s reputation rests on predictability – but negotiations with Europe have stalled, the inheritance tax initiative that was rejected in 2015 would



have been retroactive, and the new OECD tax regime could mean that companies are no longer taxed only at the site of value creation. Uncertainty is growing.

Isn't that rather alarmist?

Fewer foreign companies are moving to Switzerland, and direct investment is shrinking, too. This should give us pause for thought. We're an automotive supplier, and the numbers are going down. Others are struggling, too – the chemicals and machinery industries, for example – and the financial sector is feeling the pressure. There are exceptions, such as the construction and real estate sector, public administration, IT and pharmaceuticals. But in other areas, the mood is tense.

Despite economic confidence, 41 percent of respondents believe that the economy often fails in key areas. This figure was only 23 percent in 2017. Why do you think that is?

This is where we need to take a critical look at ourselves. Too often we business leaders don't stand up and show our true colors, particularly when we make mistakes. We're also living in uncertain

times. There's a lack of political stability, and populism is gaining the upper hand. Many people have the uneasy feeling that they're losing control, that they're the puppets of those in power – whoever that might be.

And this is reflected in attitudes toward politics; 46 percent feel that the political system is failing in key areas. The traditional parties aren't being honest, and they're opening the door for populist movements. I'm looking for leadership. The Federal Council negotiated an institutional framework agreement with the EU for four years, and then took no position on the draft text. It doesn't explain enough and provides too few options. The same is true of pensions; here, too, no one is telling it like it is. If we live longer, we'll have to work longer. This is how politicians lose credibility. But actually, your question bothers me.

How come?

I think it's bad to separate the economy and politics. Pointing fingers doesn't help either side; we're all in the same boat. We all have a social responsibility to fulfill.

An appeal to civil society?

Yes, you can't delegate your own responsibility. Everyone should ask themselves: Have I voted? Do I belong to an association? Am I helping the disadvantaged? My contribution is the StrategieDialog21 foundation, which over the past six years has developed a broad network – reaching across different parties and walks of life – for an open, innovative, bold and free Switzerland. We promote constructive dialogue that is essential for direct democracy.

How exactly does this work?

In Challenge21, young entrepreneurs and seasoned executives meet to discuss current challenges. This year's topic was artificial intelligence. Through the "Wunsch-Schloss" national ideas competition, we're looking for projects for an innovative Switzerland. Every citizen has the chance to enter and redefine Switzerland. The top prize is a meeting with all of the general secretaries of the main Swiss parties, and many members of the National Council and the Council of States attend the grand final. We also promote research and book projects. "5vor12" is about bureaucracy; we're working together with the Swiss Venture Club to look for concrete solutions.

"5vor12" rewards what it calls good regulations. What are those?

A good regulation doesn't coerce citizens, but rather encourages them to exercise good sense – giving them a nudge, so to speak. The costs of a good regulation are not excessive, and first we make sure that it's even needed at all. Of course, it would be better to eliminate certain regulations altogether, but unfortunately Switzerland lacks the political will for greater deregulation. ■



**Jobst Wagner (60)** is the chairman of the board of directors of the family-owned company Rehau AG, a global provider of polymer-based solutions. He supports cultural institutions in Switzerland and serves on the board of trustees of Avenir Suisse. The StrategieDialog21 foundation provides the main channel for his civic engagement. [strategiedialog21.ch](http://strategiedialog21.ch)



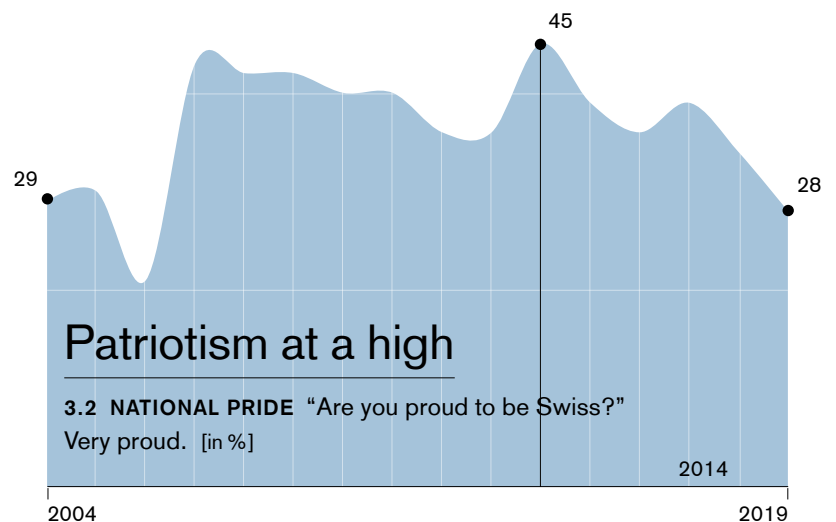
# Confidence is dwindling

Confidence in Switzerland's institutions is dropping rapidly. In one notable exception, the police have captured the top spot.

● Sections 1 and 2 highlight a skeptical attitude towards politics and, to a somewhat lesser degree, towards the economy. This critical stance is reflected even more clearly by the confidence rankings [● 3.1]. When asked how much confidence they personally have in Switzerland's institutions, voters are clear: "much less than last year." In one year, the 20 institutions included in the survey have lost over a quarter of the people's confidence.

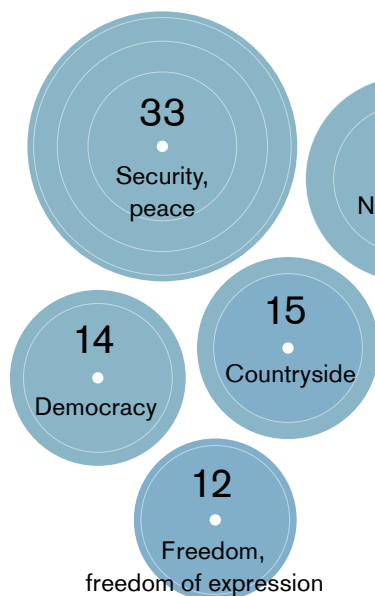
When it comes to the confidence placed in them, six institutions have even lost 20 percentage points or more: the EU (–20 percentage points), employee associations (–20 pp), political parties (–22 pp), employers' associations (–23 pp), paid newspapers (–23 pp) and churches (–25 pp). The fact that these six institutions come from such a wide range of different areas makes the results difficult to interpret. Other than specific reasons behind the poor performance of any of these individual institutions, one generic explanation could be a distrust of policy-makers in general.

The police stand alone at the other side of the spectrum. They are the only institution to gain confidence (+2 pp) and are also the most popular one for the first time since 2012. This result could possibly be related to the topic of "personal safety" from the Worry Barometer ranking, which increased the most (+11 pp, ● Section 1). The Federal Supreme



Court, the institution leading the rankings most frequently over the past 20 years, is now at number 2 (–4 pp).

Switzerland's perception of itself is rooted strongly in its institutions, and they are facing criticism. No wonder then that 77 percent consider the "diminishing ability of politicians to reach sustainable solutions" to be a threat to Swiss identity [● 3.4]. Sixty-two percent think that problems with the EU are jeopardizing Switzerland's identity. The EU is also among the institutions losing confidence at a rate of 20 percentage points or more,



## My Switzerland

**3.3 IDENTITY** "Please list three things that symbolize Switzerland for you personally."  
[in %; multiple answers possible]

and the relationship is generally an uneasy one [● Section 4]. It is also worth noting in this context that 61 percent of respondents find that there is a backlog of reforms.

When it comes to issues that jeopardize national identity, the topic of immigration – topping the list practically every year between 2004 and 2016 – continues to lose urgency. This is in line with the results of the Worry Barometer ranking indicating that, since 2015, the focus has been moving away from foreigners and refugees.

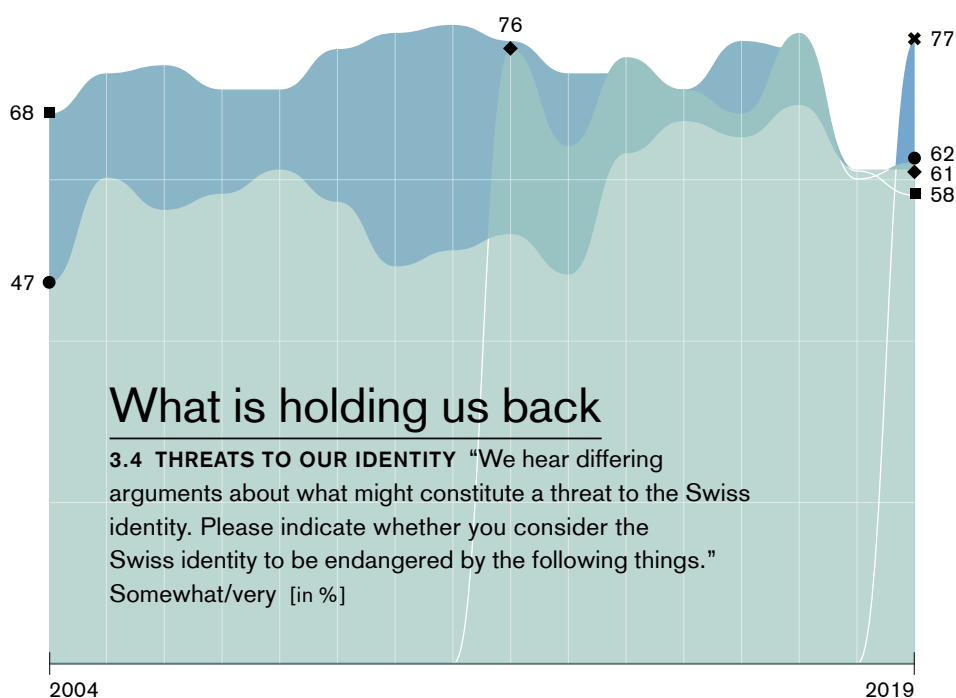
Respondents reveal the flip side of their skepticism towards the institutions. When asked what elements of Swiss politics they are proud of, 93 percent responded that they are most proud of the country's civil rights, in other words, the initiatives and referenda. According to Cloé Jans, Head of Research at gfs.bern, "Direct democracy is a deeply rooted element of the Swiss identity. Political co-determination is essentially in our DNA. It makes sense that the strong ties to these institutions become even more evident when people are unhappy with politicians."

That leaves the question of what actually symbolizes Switzerland [● 3.3]? If the institutions are viewed so critically, what distinguishes us? The most frequently mentioned factor by far is security/peace (33 percent). This is in line with the significance of police and personal safety. Next comes neutrality (19 percent) and the countryside (15 percent). Then come the elements of popular participation referenced before: democracy (14 percent) and freedom/freedom of expression (12 percent).

Now some good news at last. Despite the upheavals described here, "pride in Switzerland" remains at a consistently high level, with 51 percent of respondents "somewhat" and 28 percent "very proud" of their country [● 3.2, previous page]. ■

# 93%

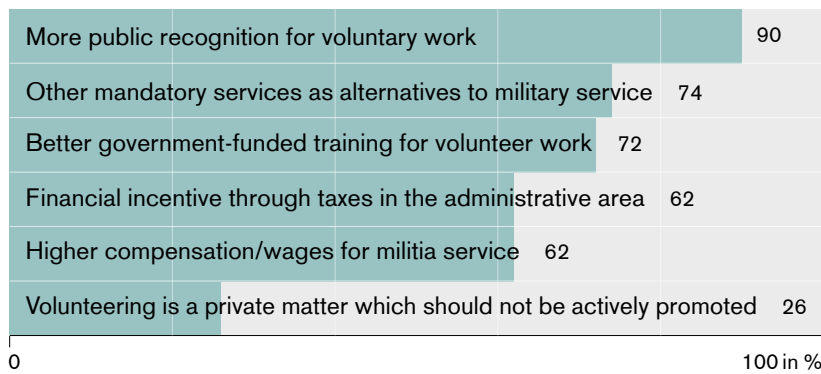
are proud of the country's civil rights – the most popular element of Swiss politics.



- ✕ Diminishing ability of politicians to reach sustainable solutions
- EU problems
- ◆ Reform backlog
- Immigration



Strongly/somewhat agree [in %]



## Who volunteers?

**BOOSTING INVOLVEMENT** “This is the Year of Militia Service. Do you agree with the following ideas and suggestions?”

# “It’s up to all of us”

Andreas Müller from the Swiss Association of Municipalities discusses the Year of Militia Service and how to encourage social commitment.

Interview Simon Brunner



**Andreas Müller (54)** is the Head of the Year of Militia Service at the Association of Swiss Municipalities and an independent policy advisor. He is the editor and co-author of the book “Bürgerstaat und Staatsbürger. Milizpolitik zwischen Mythos und Moderne” (Citizen State and Citizens of the State: Militia Policy from Myth to Modernity) (NZZ Libro).

The Worry Barometer shows that people think volunteer work is worthy of more public recognition. How can we make this happen?

One of the main objectives of the Year of Militia Service was to increase appreciation for the more than 100,000 people who are actively serving in Switzerland’s militia. There were events, publications, contests and prizes all related to militia service, and the Swiss National Day event held on the Rütli this year was dedicated to recognizing militia service – more than 2,000 active service people took part. We need to have more activities in the years to come.

Respondents are open to adding other mandatory militia services, similar to the military and civilian services. What kinds of services could these be?

A popular initiative will be held in 2020 for introducing a general civil service. This would be a service where men and women could choose between military service and other types of service, and the idea is that these would include militia activities like volunteering with the fire department or in political offices.

Respondents support a wide range of measures aimed at supporting militia service. Which ones do you consider worthwhile?

That depends on who the measure is for. When it comes to performing a militia service, it’s all about “wanting to,” “being able to” and “being allowed to.” There are people who want to get involved but are prevented from doing so by a constraint such as their job. Others who could be involved don’t want to because they lack the motivation or fear of public criticism. Finally, there are those who are not permitted to because they do not reside in a certain municipality or they are not Swiss citizens, which is a requirement for certain kinds of work. Different measures are necessary for each of these scenarios. The best answer for the situation will be a mix of different measures.

All the same, one in four respondents consider volunteering to be a private matter which should not be actively promoted. What do you make of that? That could be related to the discrepancy that exists between an underlying support and a lack of willingness to participate on an individual level. Everyone is in favor but is still happy when someone else actually does the work. And yet the political militia system only works when the offices are actually staffed. Therefore, it is up to all of us to find ways to participate so that the militia system will still be around in 2030 or 2040. ■



THE VOICE  
OF  
**POLITICS**

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**“I sometimes miss  
the willingness to  
work things out together”**

Federal Councilor Karin Keller-Sutter on the concerns of Swiss voters, the outlook for bilateral treaties and the political benefits of a slower pace.

Interview Manuel Rybach

This interview was conducted on September 23, 2019; the editorial deadline was October 21, 2019.

Madame Councilor, the electorate is most concerned about Old Age and Survivors' Insurance/retirement provision, followed by healthcare/health insurance and the issue of foreigners. How do you interpret this perception of the problems people face?

It seems like a realistic and honest reflection of people's lives to me. Old Age and Survivor's Insurance and health insurance premiums have a very direct impact on people and their daily lives. Baby boomers will be retiring soon, so pillars 1 and 2 as well as any voluntary contributions to pillar 3 are a major topic. Health insurance premiums are becoming a greater burden, especially for families. However, regarding the issue of immigrants, we need to be aware, first, that asylum applications and immigration have fallen to record lows in recent years, and, second, that Switzerland has a new asylum system that is viewed with great respect throughout Europe. So I'm not especially surprised by the order of the rankings.

Concerns related to environmental protection/climate change have increased by six percentage points, but the issue is "only" fourth on the list of worries. Does this surprise you?

Yes and no. Given the results of the federal elections, it does surprise me. On the other hand, Old Age and Survivors' Insurance and health insurance premiums have a more direct impact on people's daily lives. People are concerned about the climate, but they see that Switzerland cannot solve this problem by itself. And they also see that the Federal Council and

Federal Assembly are doing a lot, such as completely overhauling the CO<sub>2</sub> Act or Energy Strategy 2050.

Concerns about personal safety rose the most. At the same time, the police force is the only institution that gained trust. How do you explain this phenomenon? Other long-term studies, such as one conducted by the Swiss Federal Institute of Technology, and crime statistics show that Switzerland is a safe country. Over the last ten years – i.e. since the Schengen Agreement came into effect in Switzerland – the number of criminal offenses recorded by the police has fallen by 20 percent. Trust in the police and the government increased during this period, according to the Swiss Federal Institute of Technology, and is higher than just about every other country. This doesn't mean we can sit back and relax. For me, at any rate, the security of Switzerland and the safety of its people are the top priorities. Without security there is no freedom. And without security there is also no prosperity.

Is there a need to act?

Every country is constantly facing new security questions, not just Switzerland. For some time these have mainly involved the ongoing battle against Jihadism as well as increasingly violent right-wing extremism. The questions that arise in this connection concern prevention, monitoring and punishment. The federal government and cantons are working in all areas to improve the system where necessary.

The relationship between Switzerland and the EU is a considerable concern for the survey respondents – are we facing a decisive period in the next several months? Yes, we will have a vote on the Swiss People's Party's initiative to limit immigration, likely in May 2020. The initiative calls for the Federal Council to bring about a negotiated end to the Agreement on the Free Movement of Persons within one year, or to terminate the agreement unilaterally if this is not possible. The initiative also aims to do away with Bilateral Agreements I, thus jeopardizing Switzerland's bilateral approach. The Federal Council and Federal Assembly have warned against such a step. This is because for nearly twenty years the bilateral approach has been Switzerland's key to

accessing the European market and thus the country's prosperity, its jobs – and ultimately its sense of security as well.

Could there be a problem with this referendum because of the considerable decline in the trust of politicians according to the Worry Barometer?

I do not think so. The 2019 study on security conducted by the Swiss Federal Institute of Technology that I mentioned earlier shows that people's confidence in the Federal Council and the authorities rose again compared to the previous year. Another good indicator of people's confidence in the government are the voting results. The results were very favorable for the government with a few exceptions. In most cases, citizens continue to put their trust in the government.

However, there appears to be a growing sense of unease: Of those surveyed, 46 percent have the feeling that politicians have let them down, and more than 60 percent see a backlog of reforms that could jeopardize the Swiss identity.

I sometimes miss the willingness to work things out together in daily political life. We need to look beyond our own interests and work together to find solutions – even if these solutions aren't 100 percent what we wanted. However, first you need to have your own convictions. Only those who have an inner compass are capable of making compromises and thus helping to find solutions amenable to the majority.

When asked about "solutions to political problems," most respondents said this is the obligation of the Federal Council. At the same time, the Federal Assembly should be capable of making compromises and giving the business community, which a clear majority believes is capable of solving problems, the space it needs and not restricting it through more red tape. Is this the way Switzerland will overcome the backlog of reforms?

Yes, that sums up my own analysis quite well. A good example of this was the popular vote last spring on the federal bill on tax reform and AHV financing, known by its German acronym STAF. This was a pragmatic solution that appealed to a majority of voters. The same must now be done with the initiative to limit immigration. ►

Karin Keller-Sutter (55) has been the Head of the Department of Justice and Police (DJP) since 2019. Before her election to the Federal Council, she represented the Canton of St. Gallen in the Council of States, which she chaired in 2017–2018. She also served as a member of the board of directors of several private companies. From 2000 to 2012, she was the Head of the Department of Security and Justice for the Canton of St. Gallen and twice presided over the St. Gallen government. She served as Chairwoman of the Conference of Cantonal Justice and Police Ministers (KKJPD) from November 2010 to March 2012.

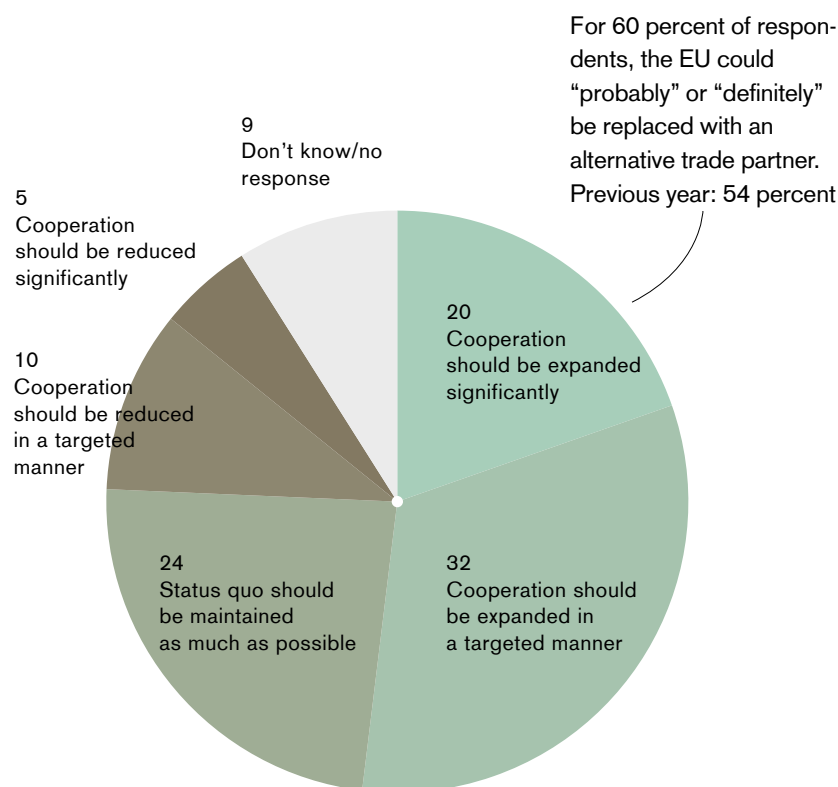
The Federal Council has taken a leading role here and clearly said that we want to continue with the free movement of persons and thus the bilateral approach, but we only want as much immigration as is necessary. We are thus promoting the domestic labor force and reducing cases of social hardship through targeted benefits. This is pragmatic and will hopefully help to achieve a majority against the initiative.

With respect to the institutional framework agreement, a majority is not prepared to compromise. If such a compromise were nevertheless necessary, the respondents would prefer to do so in the area of “salary protection.” They have long emphasized the importance of having a social cushion to soften the impact of the framework agreement. Do you feel vindicated? The Federal Council is convinced that we need to stabilize the relationship with the EU. Otherwise the bilateral relationship will erode, and it will become more difficult and less predictable. But there are still questions regarding the institutional agreement that we need to clarify – questions related to state aid, the EU’s Citizens’ Rights Directive and salary protection, which we are currently discussing with our social partners. I think strong salary protection and a clear position on the EU’s Citizens’ Rights Directive would be decisive in achieving majority support for the treaty.

Finally, let’s take a look into the future: When asked about their own situation in the next twelve months, 12 percent said it will be better than it is now, 75 percent said it will stay the same and 10 percent think it will get worse. Do you share this – cautious – sense of optimism? Yes, I do. I believe Switzerland will continue to do very well in the future because we always manage to adapt to the needs of the time. If we succeed in maintaining Switzerland’s traditional values and strengths, such as federalism, direct democracy, pragmatism and short decision-making paths, while at the same time remaining open to innovation and change, then our country will be very well positioned. This quote from Swiss historian Georg Thürrer sums things up nicely: “Be a part of the modern world, but stay true to our Swiss roots.” But this means we have work to do in those areas where we are still capable of acting ourselves. ■

# Still complicated

Switzerland’s relationship with the European Union is a conflicted one. Wage protection is the area with the greatest potential for concessions within the framework agreement.



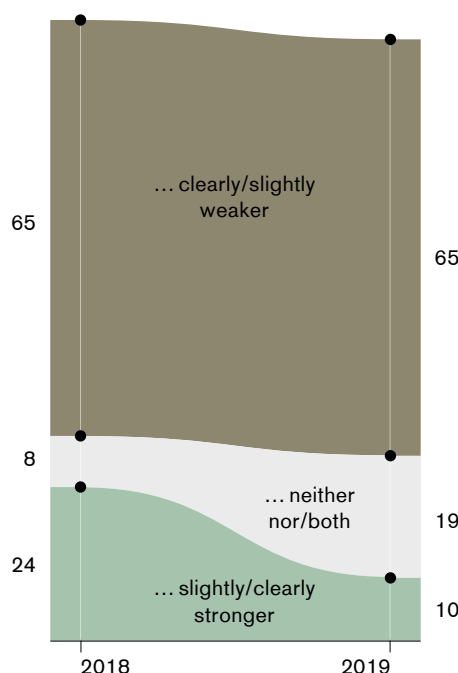
## Our future together

**4.3 EXPANDING THE RELATIONSHIP BETWEEN SWITZERLAND AND THE EU** “Generally speaking, what changes should be made to the bilateral relationship between Switzerland and the EU?” [in %]

## How is the EU doing?

### 4.1 PERFORMANCE

"In the last 12 months, the EU is..." [in %]



## Willingness to make concessions

### 4.2 INSTITUTIONAL FRAMEWORK AGREEMENT

"Should Switzerland make concessions in the following areas regarding a compromise in order to secure the bilateral path under an institutional framework agreement?"

yes don't know/no response no [in %]



Align social insurance rights to the EU regulation (Citizens' Rights Directive)



Adapt wage protection measures



Dynamic, i.e. automatic adoption and acceptance under court of arbitration

If you leave Switzerland by car, bicycle, train or boat, you will inevitably enter a country of the European Union (EU) – or Liechtenstein; the country has no other external borders. Switzerland's three main national languages are also all spoken in the EU. Switzerland imports 62 percent of its goods from the EU and 44 percent of its exports go to this market. Even though other regions – Asia, in particular – are growing more and more important, one thing remains true: When measuring their significance to Switzerland in terms of trade, no other partner even comes close to the EU member states.

This is also likely to be the very reason why Switzerland's relationship with the EU has been so hotly debated for decades. In this year's Credit Suisse Worry Barometer, voters are quite conflicted about the EU. An overwhelming majority (76 percent, –7 percentage points) acknowledges that the country's relationship with the EU is "important" or "very important." In contrast, a mere 10 percent find that the EU emerged stronger from last year [● 4.1]. And 60 percent (+6 pp) even believe that China or the United States could "probably" or "definitely" replace the EU as a trading partner.

The survey goes into greater detail and asks voters precisely how they envision the

future of Switzerland's relationship with the EU [● 4.3]: 15 percent would like to see cooperation reduced significantly or in a targeted manner, 24 percent would maintain the status quo, and 52 percent believe there is a need for a clear or targeted expansion. A majority (63 percent) of this latter group supporting expanded relationships believes that bilateral agreements should be "renewed and expanded through the institutional framework agreement."

The key question when it comes to this institutional framework agreement with the EU, a highly controversial topic in 2019, is where exactly would Switzerland be prepared to make any potential concessions [● 4.2]. The respondents are most amenable to concessions on wage protection, where 31 percent were in support and 19 percent were undecided. (The framework agreement is intended as an umbrella accord governing relationships between Switzerland and the EU. Negotiations began back in May 2014, and current discussions are focused on a draft agreement presented in November 2018.)

The newly elected Swiss Federal Parliament is currently getting down to work, and there is a lot to do. It will be interesting to see what the Worry Barometer 2020 will say about the concerns of the Swiss people. ■

# 76%

consider the relationships with the EU to be either "important" or "very important,"

down from 83 percent in 2018.