

#CSsoba

# Switzerland, Where Is It Headed?

The country has voted and important tasks now lie ahead: Switzerland's relationship with the EU is under pressure, the Gotthard Base Tunnel, the largest federal construction project of all time, is scheduled to open in 2016 and immigration continues to be an issue among the Swiss people and politicians. Now is the right time to ask about the mood among Swiss voters.

**W**hat worries the Swiss? What do they identify with, whom do they trust? For the 40th consecutive year, the Credit Suisse Worry Barometer reveals the mood of the Swiss nation. The representative survey has been conducted since 1976 and allows the mood of the nation to be measured and then compared over the years. Findings: In addition to unemployment, the issue of foreigners is increasingly becoming a major source of concern. The Swiss Federal Court and the Swiss Federal Council enjoy the highest level of trust. Switzerland's neutrality is seen as its most important identity marker and its greatest strength. Egotism is seen as the biggest risk to Swiss identity. The Swiss are satisfied with the current economic climate and even with their own financial situation. However, one or more clouds could darken the bright economic sky in the next year.

The results are summarized in five articles with numerous charts and graphs. Christa Markwalder, the new president of the National Assembly, as well as Urs Rohner, chairman of the Board of Directors at Credit Suisse, interpret the results from a political and economic perspective.

## Your editorial team

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

### THE SURVEY

On behalf of and in cooperation with Credit Suisse, the research institute gfs.bern conducted a representative survey among 1009 eligible voters in Switzerland from July 24 to August 17, 2015. The statistical sampling error is  $\pm 3.1$  percent. A project team from gfs.bern scientifically analyzed the two studies "The Three Biggest

Problems: Unemployment, Foreigners and Retirement" (Credit Suisse Worry Barometer 2015) and "Swissness Is Alive and Well, But Switzerland Is Politically Challenged" (Credit Suisse Identity Barometer 2015).

The findings were written up for Bulletin by **Andreas Schiendorfer** (schi).

### PHOTOGRAPHY

**Mark Henley** traveled around Switzerland for the Worry Barometer and photographed his interpretation of the results. The English photographer has lived in Switzerland, in Geneva and Zurich, for 15 years. He has won the Swiss Press Photographer of the Year award twice (2012 and 2014) in addition to other awards.

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## 1. THE PROBLEMS OF SWITZERLAND

# Foreigners, Unemployment, Retirement

## What concerns voters?

Immigration seems to pose a growing threat, while people are also afraid that jobs will be lost and their retirement jeopardized.

Switzerland is one of the European countries with a particularly high percentage of foreigners, and that figure has increased substantially over the last 30 years. The permanent resident foreign population was under 15 percent in the 1980s, and it is close to 25 percent today. According to the recent survey conducted as part of this year's Credit Suisse Worry Barometer, this trend is increasingly perceived as a burden. In 2003, only 18 percent of those surveyed characterized "foreigners" as Switzerland's main problem, while that number currently stands at 43 percent. That perception has not been changed by the approval of the popular initiative "against mass immigration" in February 2014 – quite the opposite, as according to two surveys conducted in the meantime, the issue of "foreigners" has gained another six percentage points (pp) in the ranking of top concerns and is currently at an all-time high.

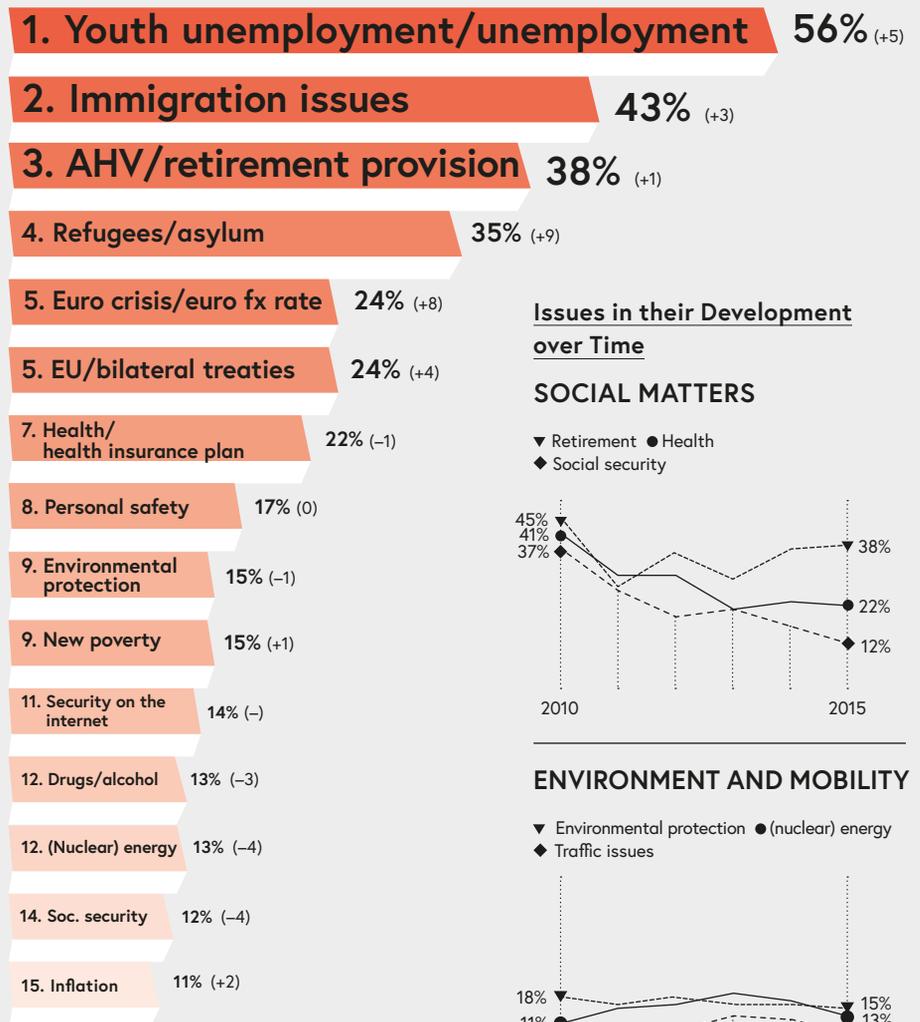
In addition, the worsening of the global refugee situation is also being felt in Switzerland. Thirty-five percent of voters consider refugees to be a problem; this number was higher in 2006 (39 percent) but still less than its peak of up to 56 percent from 1999 to 2004. In other words, the high percentage of newcomers is unsettling to the population, although there is some good news in this regard, too. Racism and xenophobia (10 percent), coexistence (7 percent) and religious fundamentalism (6 percent) are considered to be marginal concerns.

As has been the case since 2003, unemployment is still considered the main worry of the Swiss. In order to better >

Chart 1: Key Concerns of People in Switzerland

## WHERE THE PROBLEM LIES

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



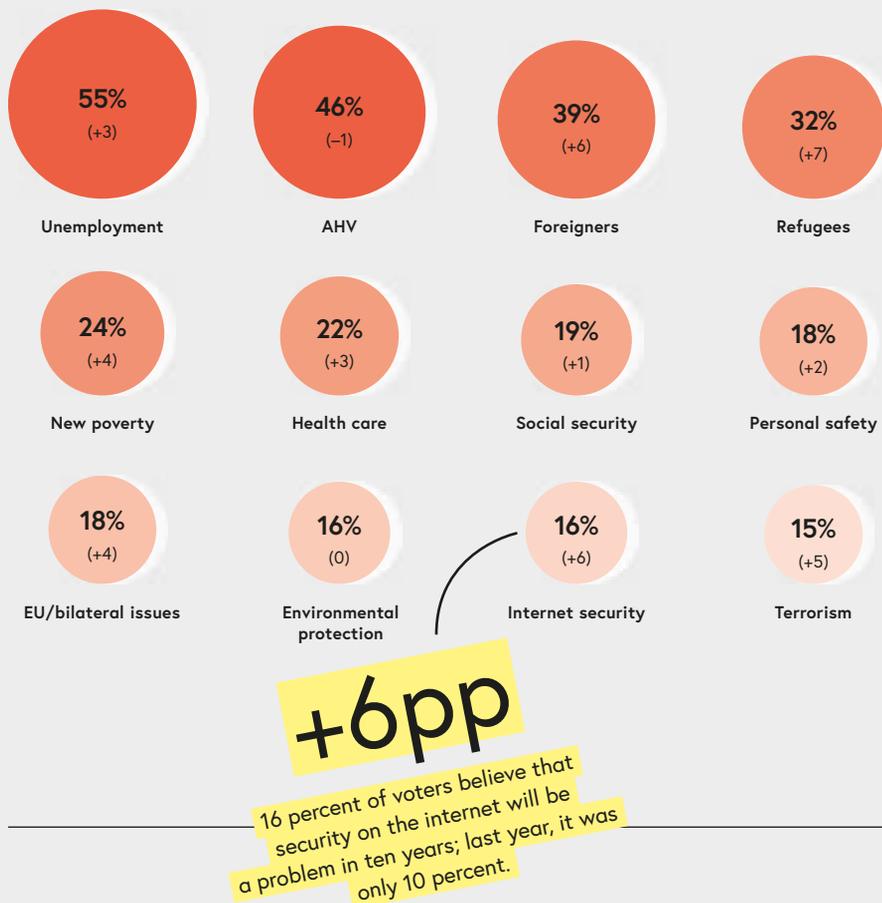


43 percent are concerned about foreigners in Switzerland (pictured: Thai restaurant in Geneva)

Fig. 2: Problems to Come

## TOMORROW'S CONCERNS

"Out of all of the cards, please choose those five that you personally consider will be Switzerland's most significant problems in ten years' time."



understand this, the Worry Barometer began last year to differentiate between overall unemployment\*\* (41 percent, +5 pp\*) and youth unemployment (26 percent, +4 pp).

As expected, youth unemployment represents a widespread concern (47 percent) among young people up to 25 years of age, who are possibly directly affected. Yet when it comes to unemployment as a general, non-age specific topic, a marked difference can be noted between French-speaking Switzerland (48 percent) and German-speaking Switzerland (38 percent), but also between respondents who identify themselves as politically centrist or left (43 percent) and those sympathizing with the right (31 percent).

Over the last 20 years, an average of 60 percent of respondents indicated that unemployment is one of their main concerns. And the latest results are close to this figure as well, yet they are a far cry from the peak reached in 1993 (89 percent), and the

highest recent figure (2010: 76 percent). In line with this, the unemployment rate has remained stable at 3.2 percent for two years.

The latest uptick in concerns about unemployment (+12 pp over the last two years) could be related to the ongoing strong Swiss franc, a problem that has been exacerbated by the discontinuation of the minimum euro exchange rate in January. It

### Measures taken in the health care system seem to have bolstered confidence.

is therefore understandable that people are concerned about the economic trend. The survey does not, however, reflect fear of an economic crisis (7 percent) or problems related to financial issues such as taxes (9 percent), wages (10 percent) or inflation

(11 percent). Even the phenomenon of a "new poverty" (15 percent) is ranked significantly lower than at its peak of 2005 (29 percent).

### Greater Concern for AHV than Health

Three additional phenomena have been at the top of the worry hit parade for years. In an average of the last 20 years, unemployment (60 percent) is still followed by health care (44 percent) and AHV (42 percent), well ahead of refugees (33 percent) and foreigners (28 percent) as well as relations with the European Union (25 percent).

Securing retirement benefits is one of the main concerns of the Swiss public in 2015, as well. This time, 38 percent (+1 pp) indicated that AHV is an issue; the last time it exceeded this amount was in 2010 (45 percent). Since 2003, however, health care shows an almost linear trend, declining sharply from 64 percent to 22 percent today. Measures enacted to counteract the skyrocketing cost of health care seem to have successfully bolstered the people's confidence in the relevant stakeholders. Concerns about the European Union are on the rise and currently stand at 24 percent (+10 pp since 2011). That could be related to the implementation of the mass immigration initiative and uncertainty surrounding the bilateral agreements (see page 68). But the current level is a long way from that seen during the years directly following the rejection of the EEA accession and during negotiations for the first bilateral agreement (1999). Between 1995 and 2000, an average of 40.5 percent of respondents were concerned about Swiss-EU relations.

And what problems will concern the Swiss people in ten years? As perceived today, the ranking is as follows: unemployment (55 percent), retirement (46 percent), foreigners (39 percent), refugees (32 percent), new poverty (24 percent), health care (22 percent), social safety (19 percent), as well as personal safety and the European Union (both 18 percent). In a Switzerland in transition, one thing remains more or less constant: the main concerns of the population. (schi) □

\* Percentage points are in comparison to 2014 unless stated otherwise.

\*\* A few respondents cite youth unemployment and unemployment as a problem, the total limit is therefore 56 percent and not 26 percent (youth unemployment) plus 41 percent (unemployment).

## 2. SWITZERLAND'S CONFIDENCE AND STRENGTHS

# Politics is Reliable

The government and parliament enjoy unparalleled levels of confidence; banks and churches have improved their reputations. On the other hand, trade unions and employer organizations are losing credibility.



No institution in Switzerland is trusted more than the Federal Supreme Court in Lausanne.

**T**he Federal Supreme Court has topped the trust ranking for the seventh time over the last ten years. 68 percent (+6 percentage points\*) of Swiss people have the utmost confidence in the Supreme Court in Lausanne (see next page). Last year's top ranked institution, the Swiss National Bank, was downgraded, possibly as a result of the scrapping of the Swiss franc cap against the euro, sliding down to eighth place with 52 percent (-12 pp). The police, which last

topped the rankings list in 2012, managed to hold on to last year's third place with 57 percent (-3 pp). Those surveyed feel – as they do about the Federal Supreme Court – that they can rely on the police.

The national government is the big winner, steadily rebuilding its basis of trust among the people from its low point in 2003 (37 percent). The Federal Council took second place for the first time ever with 63 percent (+6 pp). Other governments can only dream of trust levels this

high (in similar surveys conducted in Germany and Austria, fewer than 50 percent have confidence in their government). Even the Swiss Federal Assembly was able to maintain a high level of voter confidence, the National Council ranking third with 57 percent (+1 pp) and the Council of States seventh, holding steady at 55 percent. The political parties have achieved an increase in confidence to 46 percent (+4 pp), coming close to the administration (49 percent, -1 pp).

### Banks: Biggest Rise in Trust Levels

Banks saw the biggest rise in trust levels, up +11 percentage points within a single year to reach 57 percent, putting them in a three-way tie for third place with the police and the Federal Council. Unlike the dot-com crisis, which led to a low of 33 percent in 2001, in the eyes of the Swiss, the banks have weathered the financial crisis extremely well. Churches gained in popularity during this time of uncertainty, managing to continually build on the population's confidence since 2008 (36 percent), even gaining 10 percentage points this year to reach 56 percent. At 51 percent (+1 pp), the armed forces also still enjoy the trust of a majority of the population.

NGOs, included in the survey for the first time, were unable to pass this threshold (47 percent). This also holds true for the EU, which, after gaining 5 percentage points, achieved its highest ranking to date of 42 percent, a somewhat surprising result in light of the refugee crisis and the financial crisis in Greece (the long-term average is 29 percent).

The media comparison shows the winner to be radio with 52 percent (-2 pp), but only because television experienced an even greater loss of confidence, reaching its >

lowest value to date of 50 percent (-9 pp). Paid newspapers not only gained trust (51 percent, +3 pp), but were also able to surpass free newspapers (46 percent, -3 pp). The internet also managed to gain credibility (48 percent, +3 pp).

Employee organizations (-9 pp to 47 percent) and employer organizations (-15 pp to 38 percent) saw their trust ranking collapse which is a result both dramatic and difficult to interpret. One explanation could be the charges leveled at representatives from the business community that, in tough times, they do too little in the interest of the common good. Despite that, as of last year, 65 percent of those surveyed still held the opinion that business leaders never (14 percent) or only seldom (51 percent) failed in crucial respects. The last time business leaders achieved figures this high was in 2000.

**Switzerland Stands for Neutrality**

When it comes to Switzerland's strengths, political characteristics are at the forefront, mainly neutrality at 48 percent (+15 pp), education at 32 percent (-6 pp), peace at 30 percent (+2 pp) and coexistence of cultures at 29 percent (-2 pp). Only then does Swiss quality follow as the strongest economic aspect at 28 percent (+4 pp). Between 2006 and 2011, this term always ranked in first or second place, peaking with figures up to 50 percent. Last year's results were improved somewhat, which holds true for most other sectors as well: the pharmaceutical industry gained +6 percentage points to reach 25 percent, the financial center +9 percentage points to 22 percent, the watch industry +1 percentage point to 18 percent and agriculture +3 percentage points to 15 percent.

Only the healthcare industry (24 percent, -2 pp) and tourism (17 percent, -2 pp) fell in the ranking. The fact that only 16 percent (-1 pp) of those surveyed referenced a generally strong economy as one of the country's main strengths highlights the currently ambivalent attitude toward the economy. (schi) □

\* Percentage points (pp) are compared to 2014 unless otherwise stated.

**Fig. 3: Who the Swiss Trust**

**FEDERAL SUPREME COURT LEADS IN CONFIDENCE**

"From 1 (no confidence) to 7 (high level of confidence), how much confidence do you, personally, have in these institutions?"

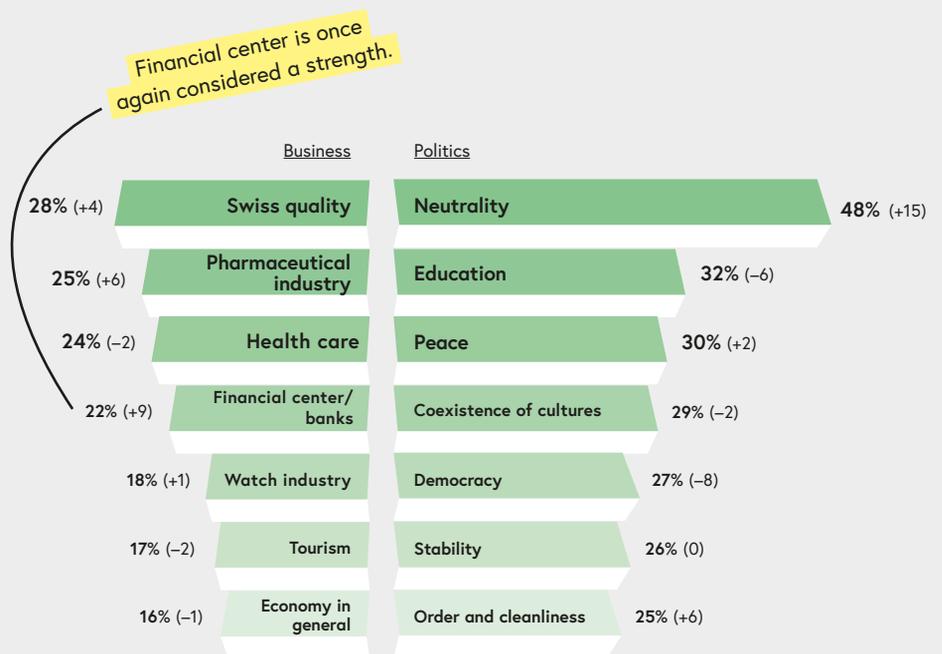
- 1. Federal Supreme Court 68% (+6)
- 2. Federal Council 63% (+6)
- 3. Banks 57% (+11)
- 3. National Council 57% (+1)
- 3. Police 57% (-3)
- 6. Churches 56% (+10)
- 7. Council of States 55% (+0)
- 8. Radio 52% (-2)
- 8. SNB 52% (-12)
- 10. Paid newspapers 51% (+3)
- 10. Armed forces 51% (+1)
- 12. Television 50% (-9)
- 13. Public administration 49% (-1)
- 14. Internet 48% (+3)
- 15. NGOs 47% (-)
- 15. Employee organizations 47% (-9)
- 17. Political parties 46% (+4)
- 17. Free newspapers 46% (-3)
- 19. European Union 42% (+5)
- 20. Employer organizations 38% (-15)

**57%**  
The police have been in the top three for 20 years.

**Fig. 4: Switzerland's Strengths**

**POLITICS IN BETTER SHAPE THAN THE ECONOMY**

"These cards show some of Switzerland's strengths. Please choose the five that you personally consider to be the most important."



THE VOICE OF POLITICS

# "Neutrality doesn't mean apathy."

**Christa Markwalder, who as president of the National Council holds the highest position of any woman in Swiss politics, discusses refugees, the patriotic left, negotiations with Europe and her motto for the year ahead: "Respect."**

Interview: Simon Brunner and Elena Scherrer, photography: Noë Flum



*The Swiss are most worried about unemployment, immigration and retirement provision. What do you think are the country's most important issues?*

In my view, Switzerland's greatest challenge is maintaining its international competitiveness and appeal as a business location. Of course this has consequences for the labor market, either as low or rising unemployment. Other works in progress include the Pensions Reform 2020, the Energy Strategy 2050 and our future relationship with Europe.

*Worries about foreigners have increased dramatically since 2009. There are concerns about immigrants in general as well as about asylum seekers. Why? What needs to be done?*

The referendum against "mass immigration," which was passed by a narrow margin in February 2014, was an expression of this rising concern. Although immigration can heighten the pressure on housing and transport, we shouldn't lose sight of its positive side. Thanks to the free movement of persons, highly qualified foreign nationals contribute to Switzerland's prosperity through >

**Christa Markwalder** (40) has served as National Councillor (FDP) since 2003. She is president of the large parliamentary chamber in 2015/16. She works as an attorney at Zurich Insurance and resides in Burgdorf.

their labor and taxes, as well as their consumption. We have additionally tightened spatial planning regulations and are in the process of expanding our transport network. Businesses must also consider their own recruitment strategies. In the end, it's their decision to search for employees who are already in Switzerland.

*Switzerland has a long tradition of accepting refugees and asylum seekers. Is this under threat? What role should Switzerland play in the current refugee crisis?*

We have good reason to take pride in our humanitarian tradition. As long as it's not exploited,

now the norm, but the willingness to engage in volunteer work has unfortunately declined. It's precisely this social engagement – whether for politics, culture, sports or charitable organizations – that is among the greatest accomplishments of Switzerland and its militia system.

*The percentage of those who are "proud to be Swiss" has increased steadily over the past ten years, above all on the political left. Today those on the left are better represented in the "very proud" group than those on the right. Has the right lost its "Swissness?"*

I'm pleased that pride in our country is so pronounced on all sides of the political spectrum.

*The Swiss have a great deal of confidence in the Federal Council, the National Council, and the Council of States. These institutions have attained a level of trustworthiness far beyond politicians in other countries. Why does politics enjoy such a good reputation here?*

I see that as an affirmation of the value of our efforts. Direct democracy certainly plays a positive role, since it provides people with a means of participating in the political process, so they feel part of the system. I interpret relatively low voter participation as an expression of satisfaction, rather than frustration with politics.

*The survey results consistently emphasize the importance of neutrality. Is this a sign that the Swiss want to separate themselves from the rest of the world in these difficult times?*

Neutrality doesn't mean apathy! Even as a neutral state, we assume international responsibility by participating in the community of states, humanitarian aid, good offices and protective power mandates.

*The internet has brought clear challenges to the political arena, including demands for better protection of personal data and photos and criminal prosecution for attacks on digital identity. Is enough being done here?*

Data protection in the digital age is an enormous challenge, since no one has territorial jurisdiction over the internet. Switzerland would be wise to consider introducing a "right to be forgotten" here as well. Last year the National Council and Council of States brought a motion from my colleague Raphaël Comte (FDP) to the Federal Council to make abuse of digital identity a criminal offense. But in the end, the internet

## We're all interested in good and well-regulated relations with the EU.

I don't think it's under threat. We've expedited asylum procedures considerably, so it no longer takes years for a ruling to take effect. Paradoxically, the Swiss People's Party (SVP) has proposed another referendum against this revision to the asylum law.

*When asked about Switzerland's future relationship with the EU, 47 percent agree with the bilateral approach. Only 18 percent support its termination. What does that mean for the Swiss government's relations with Brussels?*

We're all interested in good and well-regulated relations with the EU, not least because a substantial part of our prosperity depends on it. But first we must find a way to implement the new constitutional article on managing immigration (a result of the February 2014 referendum) without endangering the bilateral agreements. Then we want to consolidate and further develop the bilateral approach within an institutional framework. With solid popular support, our negotiations with Brussels will be stronger.

*Egotism was identified as the greatest danger to Swiss identity, ahead of the EU and immigration. How do you interpret this result?*

Our society is becoming more and individualistic. Diverse lifestyles and family models are



"Data protection in the digital age is an enormous challenge, since no one has territorial jurisdiction over the internet."  
(pictured: Google street view of Bahnhofstrasse in Zurich).

is like any other aspect of life, in that everyone must be accountable for their own actions. You should only post what you're willing to stand behind later.

**In the end, the internet is like any other aspect of life, in that everyone must be accountable for their own actions.**

*68 percent of those surveyed want internet voting – Swiss living abroad can already vote online. When can everyone else?*

Soon, I hope, since that's a logical next step in our digital age, just like the introduction of voting by mail in an earlier era. E-voting is important not only for Swiss living abroad; it can also increase the democratic participation of "digital natives."

*As president of the National Council, what are your plans for the year ahead?*

First of all, I place great importance in a well-functioning Council that fosters fair, respectful and meaningful debates. I would also like to represent our values and strengths at home and abroad – including freedom and accountability, democracy and constitutionalism, tolerance and solidarity, commitment and dependability. Simply put, the motto of my presidential year will be "respect." □



This country is best defined by its neutrality, according to respondents. How do foreign deployments fit in?  
(Pictured: Swisscoy soldier serving in the Kosovo Force, KFOR, an international peacekeeping mission.)

3. THE ESSENCE OF SWITZERLAND

# The Year of Neutrality

Apparently no one can resist a country that stands for neutrality, security and peace. National pride remains at record highs.

**"D**on't build your fence too wide." Brother Klaus (1417–1487), hermit and patron saint of Switzerland, is supposed to have given his countrymen this early warning to keep to themselves, saying something along the lines of "Don't get involved in other people's affairs." His words are often quoted even today, and Swiss citizens allegedly swore an oath to them after losing the Battle of Marignano (1515). The neutrality that developed from those beginnings is for many a central component of the small alpine nation's success. Swiss neutrality was permanently estab-

lished at the Congress of Vienna in 1815 by the powers that had defeated Napoleon, and with their guarantees of protection.

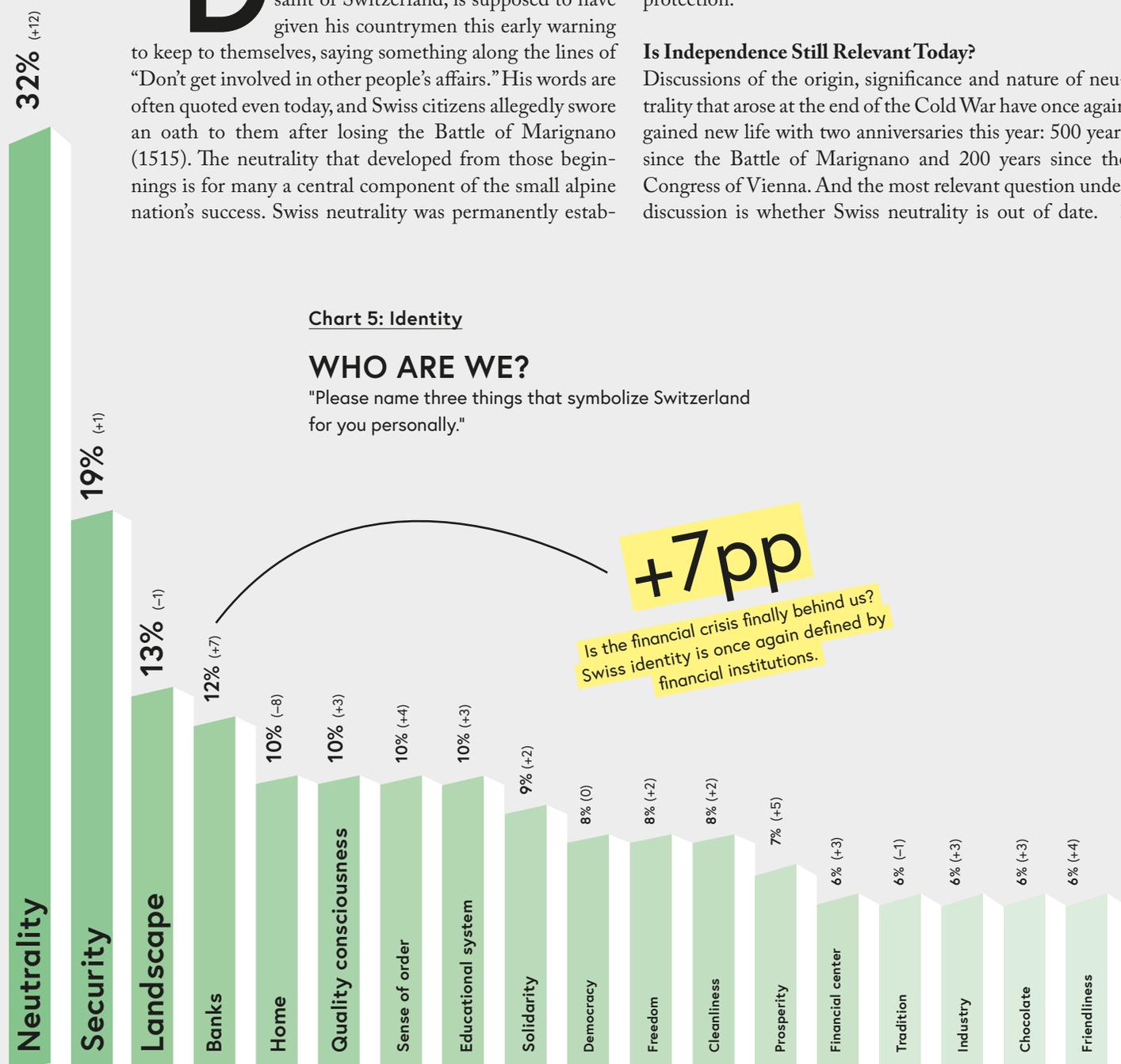
### Is Independence Still Relevant Today?

Discussions of the origin, significance and nature of neutrality that arose at the end of the Cold War have once again gained new life with two anniversaries this year: 500 years since the Battle of Marignano and 200 years since the Congress of Vienna. And the most relevant question under discussion is whether Swiss neutrality is out of date. >

Chart 5: Identity

## WHO ARE WE?

"Please name three things that symbolize Switzerland for you personally."





The 21st century is characterized by pronounced Swiss national pride. (Pictured: Obwalden, view from Brünigpassstrasse.)

The Worry Barometer gives a clear answer: For the citizens who responded, neutrality is an unshakable value; they effectively named 2015 the Year of Neutrality. As in the previous year, 96 percent of respondents are proud or very proud of Swiss neutrality. What's more, fully 48 percent (+15 percentage points, or pp\*) view it as Switzerland's primary strength. Switzerland's widely praised role as chair of the OSCE mediation effort in the Ukraine conflict almost certainly contributed to this response. Finally, no other term was cited more often than neutrality at 32 percent (+12 pp; average since 2004: 20 percent) as one of the things that defines Switzerland.

#### Security and Peace

For 19 percent (+1 pp) of the citizens responding, Switzerland also stands for security and peace. That's not surprising since the average over many years was actually 22 percent. The landscape came in third as something "typically Swiss" for 13 percent

of the respondents (-1 pp; average since 2004: 16 percent). The related term "Alps/mountains" garnered just 5 percent this time (-6 pp; average since 2004: 10 percent), not so high on the list. But at 12 percent (+7 pp; average since 2004: 7 percent) the banks took a big step forward. They are inseparable

**In 2014 the "Swissness" trend broke the 90 percent barrier; the percentage of respondents who are proud to be Swiss is now up to 94 percent.**

from Switzerland in the view of the sovereign. Along with banks, "financial center" was also mentioned more often (6 percent, +3 pp) than last year. Banking client confidentiality remained stable at 1 percent.

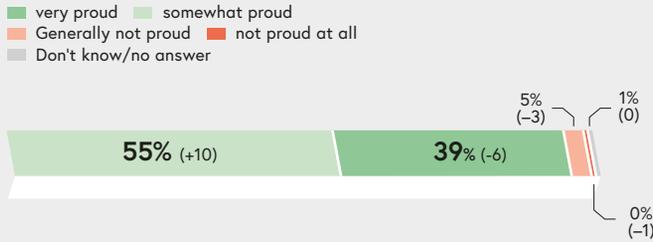
The 21st century is characterized by pronounced Swiss national pride. Between 2004 and 2006, on average 75 percent of respondents were already reporting that they were proud of their country. By 2013 that average rose to 84 percent. Then in 2014 the "Swissness" trend broke through the 90 percent barrier, and has now achieved a new height of 94 percent. Just how unique those numbers are becomes apparent when their opposite is considered. A mere 5 percent of respondents are explicitly not proud to be Swiss (1 percent gave no answer).

French-speaking Switzerland and those on the political left are primarily responsible for that large increase. The difference between the proud German-speaking majority and the skeptical French-speaking minority averaged 29 percentage points over many years, but that difference evaporated in 2015. A similar development was evident among political trends. The difference between the right and the left previously averaged around 21 percentage points,

**Chart 6: National Pride**

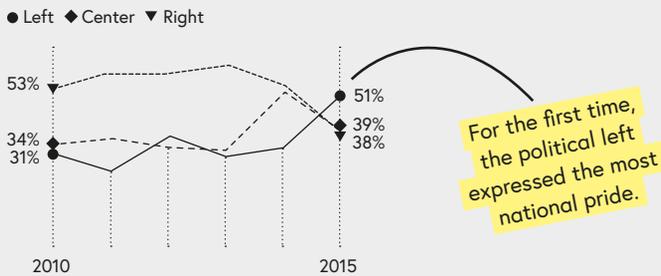
## A COUNTRY CELEBRATES ITSELF

"Are you proud to be Swiss? Would you say you are ..."



### Chronological Trends

"Very proud" according to political allegiance

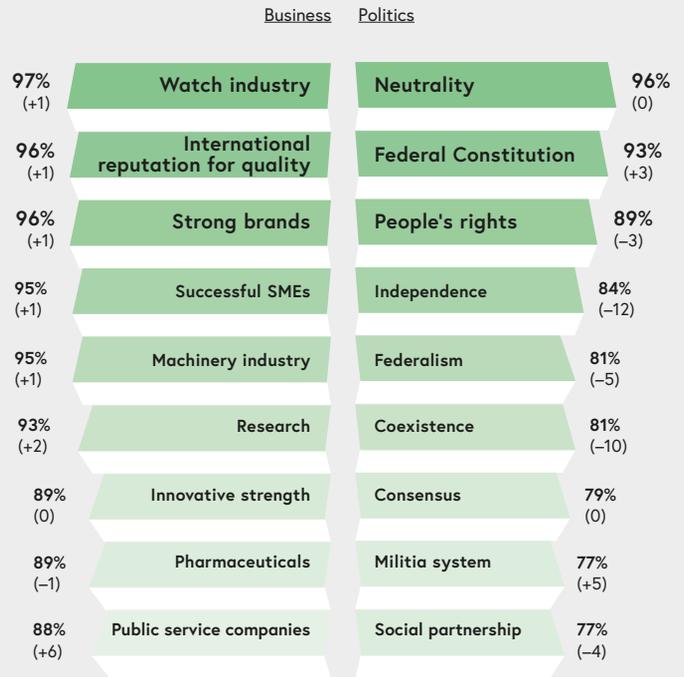


Left: N=141, Center: 431, Right: 195 (2015)

**Chart 7: Proud of Economic and Political Things**

## CLOCKS MORE THAN NEUTRALITY

"Are there certain features of Swiss politics or the economy of which you are proud or very proud?"



N = 1009

N = 1010

**+6pp**  
The Swiss are once again proud of their public service companies.

but today they are almost even. And for the second time, the political center expressed the greatest national pride; normally the right leads them by a hair.

Even more astounding is the development among another group who responded that they are "very proud" to be Swiss. While the difference between right and left was 41 percentage points in 2005, it is now just 13 percent – but in the opposite direction. 51 percent of left-leaning respondents are "very proud" to be Swiss, versus only 38 percent of those leaning to the right (compared to 64 percent in 2009).

### Typically Swiss Industries

The Swiss are particularly proud not only of their neutrality (96 percent very/somewhat proud), but also of the Federal Constitution (93 percent), people's rights (89 percent), independence (84 percent), federalism and coexistence (81 percent each). The numbers for consensus (79 percent) and the militia

system and social partnership (77 percent each) were all somewhat lower.

When evaluating the economy, that pride is concentrated on certain industries. Industries that are regarded as typically Swiss by large sections of the population (see page 56) usually enjoy a very good reputation. The watch-and-clock-making

### The economy contributes to strong national pride.

industry came out on top (97 percent of those asked are proud of it), ahead of "international reputation for quality" and "Swiss brands that are strong abroad" (96 percent each), SMEs and the engineering industry (95 percent each), and research and innovation came in slightly lower (at 89 percent each), followed by public service

companies (88 percent). International corporations in Switzerland (82 percent), the financial center (80 percent), and banking confidentiality (78 percent) had high numbers but trailed somewhat.

Political terms received a respectable average of 84 percent (-4 pp) in response to the question of what one is proud of. Economic terms were ranked slightly higher, at 90 percent (+2 pp), although the political factors came in ahead of them in terms of Swiss strengths (see Fig. 4, page 56). According to these responses, the economy contributes greatly to the strength of national pride. (*sch*) □

\* Where not otherwise indicated, the comparison of percentages refers to 2014.

4. THE INSIDER'S VIEW

# The Swiss Sense of Belonging

Where do the Swiss feel at home? What do they think of their own economic situation? And what puts their identity at risk? Surprising answers reveal the respondents' feelings.

No less than 707 Swiss municipalities – almost a quarter of the total – have disappeared due to consolidation since 1990. These consolidations, combined with a general increase in mobility, could be one reason why the municipality or commune no longer represents the uncontested center of self-identity. While 44 percent of Swiss citizens surveyed primarily felt a sense of belonging to their commune in 2011; today it is only 19 percent (+2 percentage points\*).

According to the Worry Barometer, the Swissness curve of the last few years has stopped rising: The sense of identification with Switzerland as a whole has dropped 2 percentage points to 26 percent in 2015. The language region (+5 pp) and the canton (+2 pp) are nearly the same at 24 percent. The results become more significant if you also add the place that comes in second among respondents: Switzerland ranks first at 50 percent (-6 pp), with the language region coming in second at 47 percent (+12 pp); both are ranked considerably higher than the canton

71 percent consider egotism to be a major danger to Swiss identity.

of residence at 36 percent (-5 pp) and the municipality of residence at 31 percent (+3 pp). Europe, at 15 percent (-2 pp), and the world, at 9 percent (-2 pp), offer little in the way of a sense of identity.

Are language regions therefore becoming increasingly important? The long-term trend is clear: In 2007, only 8 percent felt they primarily belonged to French-speaking, Italian-speaking or German-speaking Switzerland; today three times as many feel this way.

Fig. 8: Personal Economic Situation Today and Tomorrow

## GOING WELL, WILL CONTINUE TO DO SO

"How would you describe your personal economic circumstances at the moment? And in the next 12 months?"

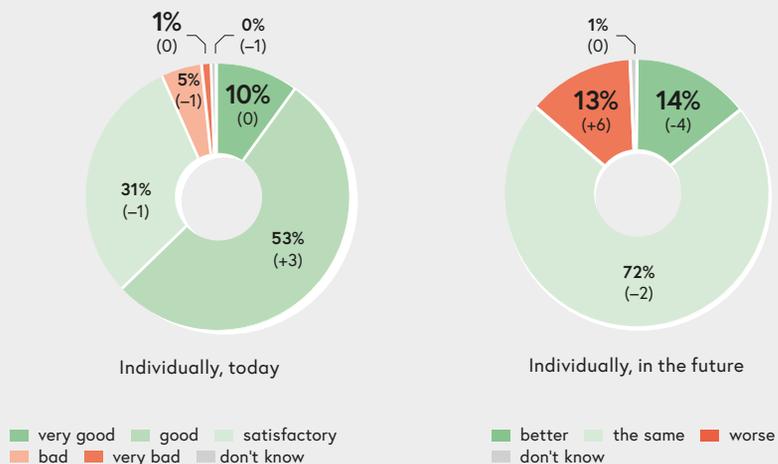
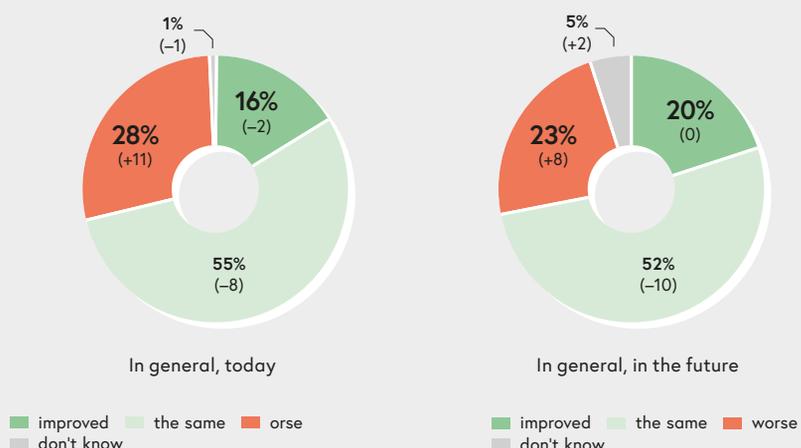


Fig. 9: General Economic Situation Today and Tomorrow

## THE GENERAL SITUATION IS NOT AS GOOD

"In your view, how has the general economic situation in Switzerland developed in the last 12 months? And how will it change in the next 12 months?"





How do belonging and identity develop? (Pictured: Houses belonging to local farming families are painted on a wall in Lohn, Graubünden.)

**Fig. 10: Threats to Swiss Identity**

## WHAT THREATENS US

"What do you consider to be a threat to the Swiss identity?"

1. Egotism 71% (+4 percentage points)
1. EU problems 71% (-5)
3. Immigration 70% (-3)
4. Reform backlog 67% (+3)
5. International opening 66% (-4)
6. Polarization 58% (+3)

This trend toward identifying with larger regions also apparently brings with it the risk of diminishing solidarity. Egotism (at 71 percent, +4 pp) is considered as much a threat to Swiss identity as the relationship with the EU; in French-speaking Switzerland, egotism is considered a somewhat greater risk (75 percent) than in German-speaking Switzerland (71 percent). The disinterest in important political issues (14 percent) was mentioned almost as frequently as retire-

ment concerns (16 percent) in the open survey concerning Switzerland's main problems. The reform backlog (67 percent, +4 pp) and polarization (58 percent, +4 pp) are also increasingly seen as a risk to Swiss identity.

### Taxes Are Becoming More of an Issue

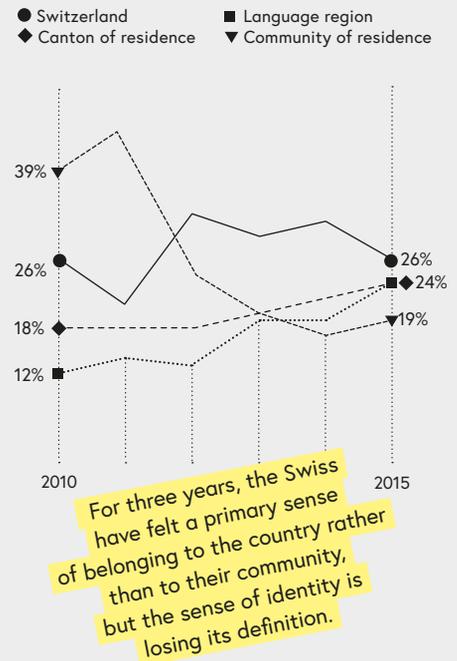
When asked about fair taxation, certain recognizable individual tendencies appeared. No one likes paying taxes, yet in 2011, 40 percent of those surveyed still believed that the tax burden was just right. Now it is just 27 percent. Likewise, four years ago, only 54 percent complained that taxes were too high; now it is 70 percent. Taxes will also probably become more of an issue as the sense of solidarity falls.

However, there is also a connection between the tax questions and the respondents' assessment of the general and their personal economic situations. In this case, a somewhat more pessimistic view of the future can be observed at a very high level, though only 8 percent (+1 pp) worry specifically about losing their jobs over the next 12 months. 63 percent (+3 pp) of the respondents rated their current economic situation as good or very good. And 86 percent (-6 pp) believe that next year they will be even better off or at least the same. On the other hand, though only 6 percent (-1 pp) complained about a bad financial situation, 13 percent (+6 pp) worry that things will

**Fig. 11: Belonging**

## MY PATCH

"To which geographical entity do you feel the greatest sense of belonging?"



worsen – that's higher than it has been since 2002 (1 percent gave no answer).

### Only 20 Percent Believe in a Recovery

General economic trends are seen as somewhat gloomier. 28 percent (+11 pp) of those surveyed have noticed a worsening in the general economic climate, and 23 percent (+8 pp) assume that the economic climate will worsen further. This is not yet a concern, but only 20 percent (unchanged) believe that the economy will recover.

The majority of the population believes that Switzerland will be doing better in ten years in terms of cohesiveness between the language regions (65 percent, -8 pp), the environment (61 percent, +8 pp) and cooperation among the most important political parties (51 percent, -4 pp). Those surveyed predict the spread of poverty (64 percent, +0 pp), as well as a more disadvantageous age distribution in the Swiss population (57 percent, +2 pp). Responses were split on the question of whether co-existence with foreigners will improve (48 percent, -2 pp) or worsen (48 percent, +3 pp). (schi) □

\* Percentage points are compared to 2014 unless otherwise stated.

5. LOOKING OUTWARD

# Better Than Other Countries

Switzerland should take a more assertive stance in its foreign policy, because according to a majority of voters, the image of Switzerland abroad remains very positive. But Swiss self-confidence is showing cracks.

For 61 percent\* of those surveyed, one of the main concerns is the relationship with foreigners in Switzerland, including refugees and asylum seekers. Concerns about immigration are associated with Switzerland's relationship to other countries. Most important in this regard is the European Union, by far the main source of immigrants.

Has Switzerland's reputation suffered since voters approved the initiative against mass immigration? Yes, but not dramatically, according to those surveyed. While two years ago 31 percent of Swiss voters believed that the country's image abroad had worsened in the past year, now 38 percent believe this. On the other hand, 40 percent of voters believe that Switzerland's image has improved.

Accordingly, a majority of 73 percent (-3 pp\*\*) consider Switzerland's image abroad to be good or even very good. However, the share of voters who hold a critical view has risen to 25 percent, a significant increase (+14 pp).

### Economically Superior

The confidence manifested in these figures is related, not least, to views of the country's economic strength. As in the past, 93 percent expressed the opinion that Switzerland's economy is better than that of other countries; for 28 percent, it was even "very good" by comparison. Nevertheless, this optimism is increasingly tinged by critical voices, and some uncertainty is evident, particularly with regard to Switzerland's political behavior. While in 2013 two thirds of voters felt that policymakers took a defensive stance, this camp is now >

Fig. 12: Image of Switzerland Abroad

## THE REPUTATION IS GOOD

"What is your opinion about the reputation/image of Switzerland abroad?"

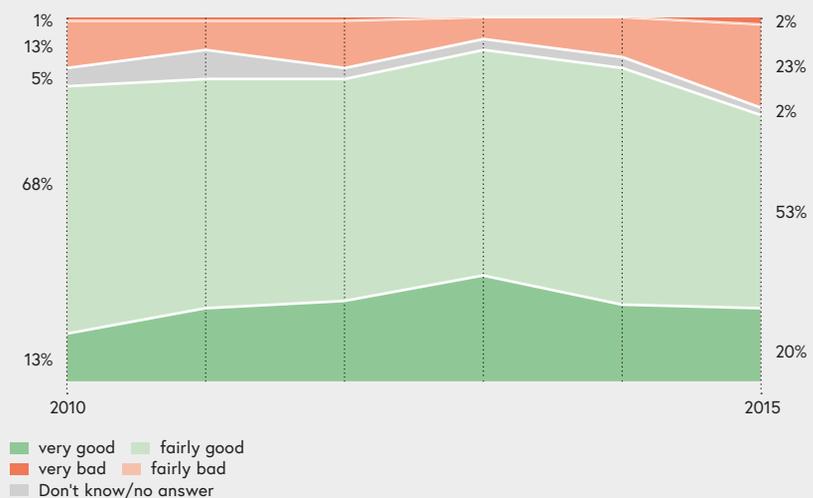


Fig. 13: Foreign Policy Stance

## ASSERTIVE OR DEFENSIVE?

"How should Swiss politicians conduct themselves abroad?"

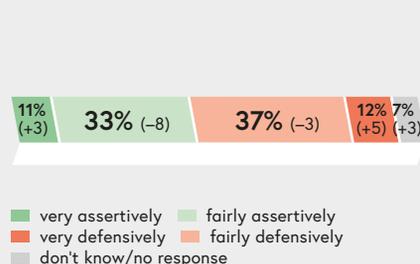
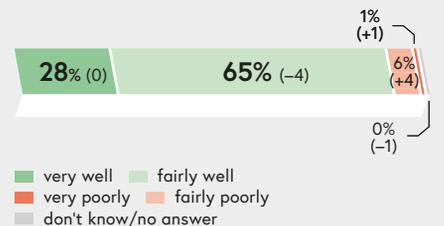
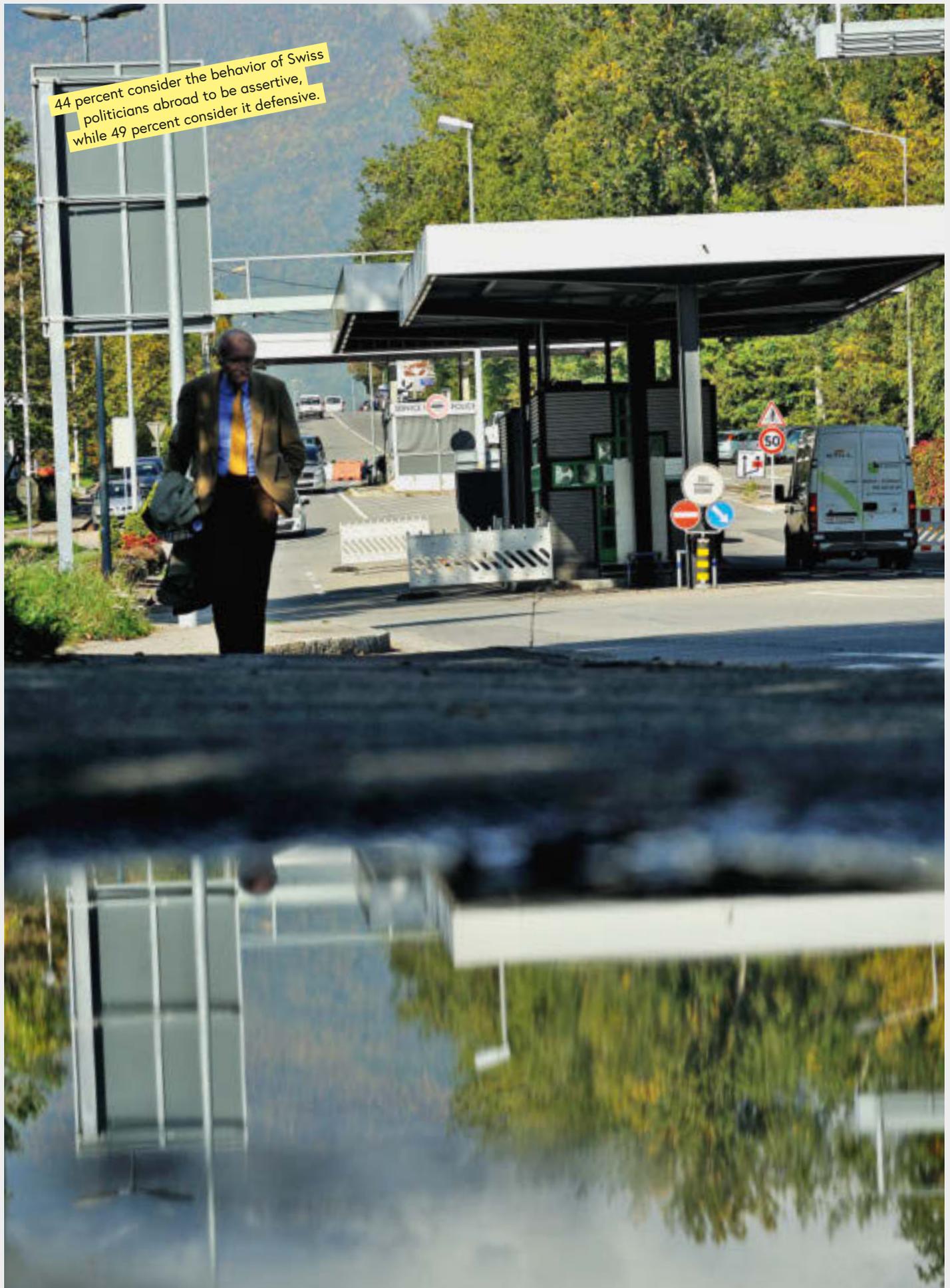


Fig. 14: Swiss Economy

## STRONG ECONOMY

"How is the Swiss economy doing in comparison with the economies of other countries?"





44 percent consider the behavior of Swiss politicians abroad to be assertive, while 49 percent consider it defensive.

What to do with the neighbors? (Picture: Border crossing between Meyrin and Saint-Genis-Pouilly.)



## Swiss Compass

(publication available in  
German and French only)

### A Look at Our Political Future through the Credit Suisse Worry Barometer

#### From the Table of Contents:

#### Ending Your Working Life with Dignity

Dr. Jean Christophe  
Schwaab



#### Our Balanced, Far-Sighted Politics Is Crumbling

Valentin Vogt

#### Switzerland: 21st Century Land of Opportunity

Flavia Kleiner



#### Switzerland Is the World's Most Outward-Looking Country

Luzi Stamm



#### Learning from the Young

Maurus Blumenthal



#### Meaning Promotes Health

Dr. med. Hans Groth



#### No Awareness of Risk

Dr. Armin Eberle



#### The Energy Transition: Our Greatest Opportunity

Adèle Thorens Goumaz



approximately equal to those who hold the opposite view. Currently 44 percent (-5 pp) feel that Swiss politicians are assertive in foreign policy affairs, while 49 percent (+2 pp) consider their posture defensive.

However, as in the past, a clear majority of 64 percent (-15 pp) support their policymakers and would like them to take an (even more) assertive posture in the next twelve months. At the same time, the number of respondents who would like to see a judicious and more defensive approach is higher than ever before: 30 percent (+13 pp) compared to the previous high of 22 percent in 2012.

#### Would the EEA be an alternative?

When asked specifically about Switzerland's future relationship with the European Union, most Swiss voters endorse the status quo, that is, continuation of the bilateral treaties. Continuation would be approved as a first priority by 47 percent (-3 pp) and as a second priority by another 13 percent (-3 pp). Joining the European Economic Area (EEA) would be considered as an alternative to be seriously explored, as a first priority according to 18 percent (+6 pp) and as a second priority according to another 28 percent (-1 pp). When asked about going one step further and joining the European Union, only 8 percent (+4 pp) would be willing as a first priority, while another 15 percent (+5 pp)

support terminating the bilateral agreements is found among voters for the SVP (24 percent) and the SP (22 percent), as well as independents (20 percent), with significantly less support among FDP (16 percent) and CVP (13 percent) sympathizers.

Those most likely to vote for the EEA are respondents close to the FDP (22 percent) and independent voters (21 percent), followed by sympathizers of the SVP (19 percent), CVP (18 percent) and SP (13 percent). Those who could least imagine joining the European Union include followers of the FDP (5 percent), the SVP (7 percent) and the SP 8 percent), while CVP sympathizers were more likely to consider it (13 percent). Voters who feel no ties to any party were most in favor of the idea (15 percent). According to these data, a new party advocating EU membership would probably not carry the country, but it would presumably have a certain potential for attracting voters. (*schi*) □

### Most Swiss voters approve the continuation of the bilateral treaties.

would be willing as a second priority. Meanwhile, 18 percent (-6 pp) support terminating the bilateral agreements as a first priority and 6 percent (-1 pp) support this as a second priority.

When the various positions are categorized by political party, the following picture emerges (first priority): Those in favor of continuing the bilateral agreements are primarily sympathizers of the CVP (55 percent), the SP and the FDP (49 percent), while the least likely supporters were SVP sympathizers (41 percent) and indepen-

\* Some respondents name both foreigners and refugees as a problem. Therefore, the cumulative value is 61 percent (+6 pp), rather than the sum of 43 percent (foreigners) and 35 percent (refugees).

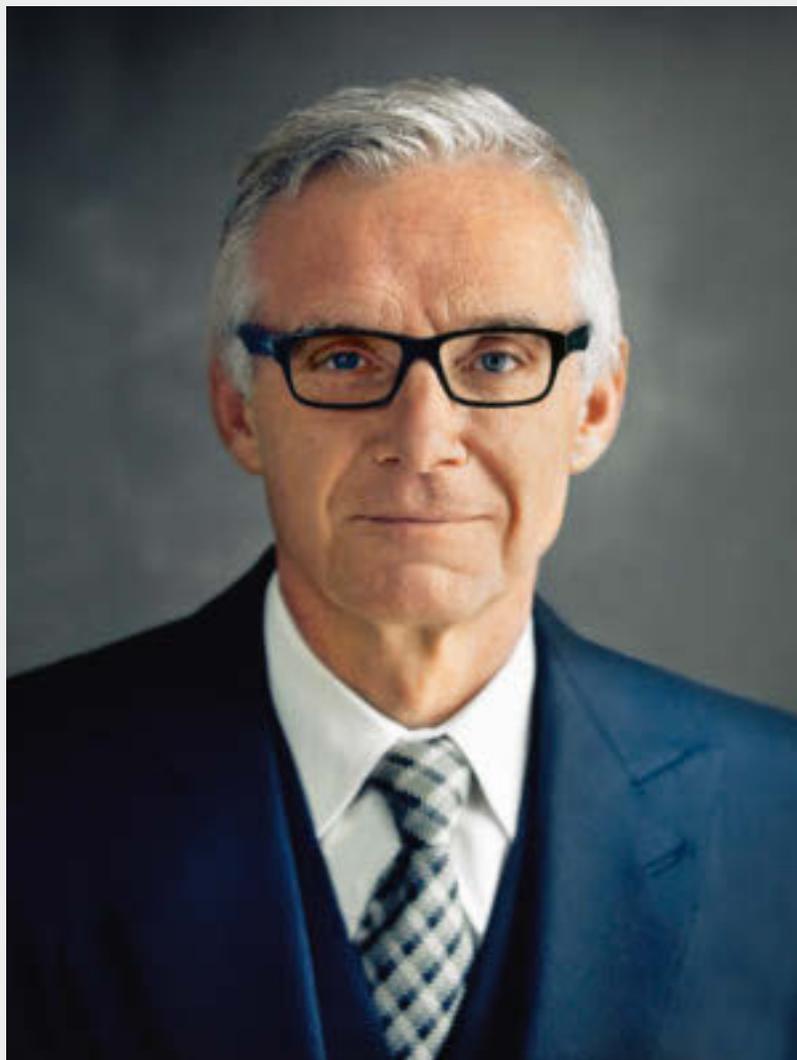
\*\* Where not otherwise indicated, the comparison of percentages refers to 2014.

VOICE OF THE ECONOMY

# "CS would not be conceivable without the strong domestic market."

An end-of-year discussion with Urs Rohner, Chairman of the Board of Directors of the Credit Suisse Group, about the growing significance of the Swiss market, the improved perception of the financial center, and the right balance between rules and self-accountability

Interview: Daniel Ammann



*Mr. Rohner, the new strategy you announced in October seems to direct the focus of Credit Suisse back to Switzerland.*

That's right. After increasing our involvement abroad in the past, we will work toward a targeted expansion of our presence in Switzerland in the years ahead. I am convinced that Credit Suisse would not be conceivable without the strong Swiss domestic market and, at the same time, Switzerland would not be the same without Credit Suisse. Next year, in fact, we will have successfully operated here for 160 years, and we are deeply committed to our success as Switzerland's first bank for entrepreneurs. There are many reasons for us to increase our involvement and that is what we intend to do.

*What exactly does that mean?*

We have designated 400 million francs to be invested in Switzerland, in areas including expansion of our workforce, compliance and not least in digitalization. Overall we would like >

**Urs Rohner** (56) is the Chairman of the Board of Directors of Credit Suisse Group. He previously served as COO and General Counsel on the Executive Board of Credit Suisse. Urs Rohner has four children and lives in Küsnacht.



"We have designated 400 million francs to be invested in Switzerland."  
 (pictured: Zurich, Paradeplatz)

to contribute more locally – for our customers and our employees.

*The results of the Credit Suisse Worry Barometer this year are very positive with regard to the financial center. Nearly one in five of Swiss respondents consider the banks to be one of the country's strengths – the highest point since the financial crisis began. What do you make of this?*

It is great to hear that the involvement of the financial sector is resonating positively with the public. In fact, our financial community has overcome some challenges, be it legacy issues in private banking or the comprehensive, "Too big to fail" regime for systemically important banks. Most institutions have also invested in innovation and new technologies – we are looking to the future and preparing our business for new customer needs. The significant improvement in perception of the financial center is an important sign that we are on the right path. But it is still no reason for complacency.

*In terms of the culture of the industry, for example? Last year, behavioral economist Ernst Fehr came to the conclusion that the banking industry is marked to some extent by the wrong values.*

I fully agree with Professor Fehr: It is important to communicate and practice clear values within the company. This applies to banking as well

## The improved perception of the financial center is no reason for complacency.

as to other industries. If I remember correctly, with this study, the University of Zurich suggested that the business culture for bank employees could lead to dishonesty in certain areas. However, it would be quite an overstatement to apply this conclusion to the entire industry.

*Are internal rules of conduct sufficient?*

Finding the right balance between rules and personal responsibility is crucial, especially when the goal is also to promote the commitment of the employees. Rules of conduct are the prerequisite, but still far from a guarantee of success. In my view, the influence that a corporate culture has on individuals cannot be underestimated. It is the job of management and the Board of Directors to define and consistently model the right values and behavior. Innovative technologies can be used

## Finding the right balance between rules and personal responsibility is crucial if the goal is also to promote the commitment of the employees.

in the company to detect any possible deviations from the desired code of conduct. But, as I said, a certain degree of accountability at the individual level is essential, and we actively promote this.

*Yet the trend seems to suggest things are moving in the other direction – there are more and more laws and regulations.*

Regulation can certainly be necessary, especially for determining the latitude of industry stakeholders. It becomes difficult, in my opinion, when the regulations are so detailed that they are nearly incomprehensible or, once implemented, they come into conflict with other rules and standards. In principle, though, regulation – particularly in banking, but in other sectors, too – creates a certain level of security for investors. On the other hand, the resultant sharp rise in operating costs has a negative impact for companies.

*Against this backdrop, what do you think about the idea of the Swiss Financial Market Supervisory Authority (FINMA) to provide regulatory assistance to FinTech start-ups?*

I believe that, regardless of the industry, innovation is among the most important drivers of competitiveness and growth, and it has to be encouraged. There is no question about that. I can't speak to the effectiveness of easing existing legal regulations, for example in the area of money laundering controls. That is for the regulatory organization to decide. I would certainly be happy to see more innovative start-ups in Switzerland;

this would be advantageous for the financial center and ultimately for customers.

*Outside of Switzerland, where are the young, innovative minds?*

Silicon Valley in California is still the leader by far when it comes to creating and supporting start-ups. Interestingly, as the result of a targeted cooperation between politics and industry, London has become the second most important location for FinTech start-ups. I would like to see similar successes in Switzerland. Our financial center could certainly benefit from more new ideas and talent.

*Let's talk about the future: An extraordinary General Meeting is now behind you. What's next?*

Yes, we implemented a significant capital increase a few weeks ago. The next step is to allocate the capital among our business areas. This means that the wealth management business and the most important growth markets will have more available capital in the future – this will reinforce the effect of currently-known measures. These changes are designed to achieve sustainable, profitable growth and a measurable added value for our shareholders, which will also become evident over the course of time in our distribution of dividends. □

# Brighter Days Ahead!



The overwhelming majority of Swiss citizens are proud of their country, and they consider Switzerland's neutrality to be its greatest strength. Asked whether they personally are doing well, 86 percent say yes.

(pictured: Farmers in the canton of Uri, 2,000 meters above sea level).