

THE MAGAZINE FOR THE SWISS ABROAD

S W I S S

REVIEW

DECEMBER 2008 / NO. 6



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wealthy Switzerland**

**An exhilarating museum  
for young and old**

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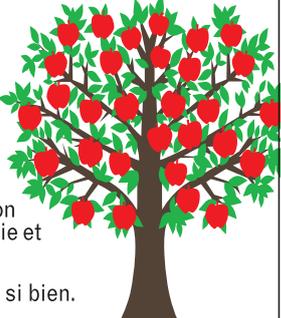
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## Your vote counts

**W**HO WOULD HAVE THOUGHT A YEAR AGO that Christmas 2008 would be overshadowed by an impending economic crisis and job losses? A number of Swiss companies are already planning to introduce short-time work, and the State Secretariat for Economic Affairs (SECO) is anticipating a further 40,000 job losses in the next year. The global financial crisis has also hit Switzerland, although experts believe that the Swiss economy will escape lightly and show a slight upturn in 2010 after a year without growth. It is difficult to forecast precisely how the major banks, Credit Suisse and, in particular, the badly hit UBS, will perform despite a CHF 68 billion aid package from federal government and the National Bank of Switzerland. The export industry is complaining about the Swiss franc's high exchange rate, and has announced a fall in orders, while the tourism sector fears a huge decline in visitor numbers. The general uncertainty is also clearly having an impact on Swiss consumer behaviour.

The international financial crisis has seen the boom of recent years turn into a recession in no time at all, and nobody knows how hard it will hit the economy or for how long.

As if the financial crisis and the related economic problems were not enough, the Swiss people will once again be faced with the issue of bilateral relations between Switzerland and the European Union on 8 February. As the referendum, launched by the Young Swiss People's Party (Junge SVP), the League of Ticino and the Swiss Democrats, against the continuation of the freedom of movement agreement and its extension to Bulgaria and Romania will definitely take place, the Swiss electorate will have to decide on this issue again at the beginning of February. If they reject the continuation of the free movement of persons, all other bilateral agreements will cease to apply. That would be catastrophic for the Swiss economy, which relies on foreign workers in all sectors.



Heinz Eckert

Employers, unions and all the major parties, except for the Swiss People's Party (SVP), have voiced their clear support for the agreement. The SVP, which sees itself as the party of the economy, changed its initial approval into a rejection of the agreement after pressure from the party base.

None of the fears about the free movement of persons has materialised. Switzerland has not been overrun by immigrants, and there has been no salary dumping or welfare tourism. On the contrary, foreign workers have made a significant contribution to economic growth in Switzerland.

As the agreement on the freedom of movement is also of great significance to many Swiss people living abroad, we hope that as many Swiss voters abroad as possible will vote "Yes" on 8 February 2009. Almost 400,000 Swiss citizens live in an EU country. In the event of the agreement being rejected, these Swiss people abroad would risk losing all their privileges in the European Union. This is why the Council of the Swiss Abroad unanimously supported the agreement on the freedom of movement for people in August. Every vote will count on 8 February and that includes yours.

The editorial team of the "Swiss Review" wishes you a Merry Christmas and a Happy New Year.

HEINZ ECKERT, EDITOR-IN-CHIEF



Dent Blanche (Valais), from "Altitude 4000", see P. 7.

5  
Mailbag

5  
Books: Swiss cookies, Swiss kids

7  
Images: Swiss peaks at 4,000 metres

8  
Rich and poor in Switzerland

11, 18  
Politics

12  
Notes from Parliament

14  
Swiss Museum of Transport:  
an exhilarating museum

16  
OSA news

19  
The year 2008 in review

Cover photo: A person in need eating Christmas dinner in a tent put up on "Place de la Ripponne" in Lausanne. Photo: Keystone

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### Cutbacks

As a Swiss person who has spent many years abroad, I have always received "Swiss Review" and I would like to thank you for it. Over the years, I have known Swiss people who, like me, were glad to keep in touch with their homeland through "Swiss Review".

After reading "Swiss Review" in October, which discussed the possibility of reducing the number of editions of this publication or even withdrawing the paper version owing to cutbacks and the current crisis, I believe that a large number of Swiss people abroad would be willing to make an annual financial contribution to receive "Swiss Review". I for one certainly would.

I believe the best means of communication is the good old postal service.

YVONNE REY-BRASSEUR, EUPEN,  
BELGIUM

### Forego the AHV pension to show solidarity

I read the article on AHV in the October edition with great interest.

I have lived in Spain for more than 20 years during which time I have paid the minimum voluntary AHV contribution. I am now 66 years of age and receive a modest pension of CHF 1450. I live here with my wife in our own home. We live well and can even afford a week's skiing holiday in Zermatt. We are very content with our situation.

I wonder how many millionaires there are drawing an AHV pension which makes little difference to them one way or the other. I know that millionaires have also paid a large amount into this social institution and

now want to enjoy the benefits. But why couldn't they be satisfied with their millions and show some solidarity by foregoing their AHV pension? After all, you can't take it with you to the grave. This is what I would do if I were in their position. My politics are actually right-wing, but I have a socially-oriented outlook.

ANTON BÄTTIG, IBIZA,  
SPAIN

### Similar problems

Thank you for the very informative magazine for the Swiss Abroad. To a great degree it confirms that the problems we encounter here are very similar to those in Switzerland and Europe in general. It is very interesting to read the different views and possible solutions suggested for those problems. We can certainly all learn from each other.

CARMEN ROBINSON, RIVERSIDE,  
TASMANIA

### Quo vadis Switzerland?

It seems easy to find billions in the budget for the army, but pensioners are left to suffer and feel ashamed of their AHV pension. I ask myself where this is leading, and who or what deserves support.

What about abolishing the army and investing the billions saved in the AHV system?

CATHERINE MOSBERGER,  
SANTA PONSÀ, SPAIN

### Swiss Review in paper form

With regard to your editorial in the October edition, we wish to stress that we would like to continue receiving this very interesting publication in paper form.

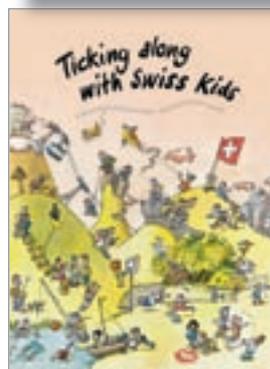
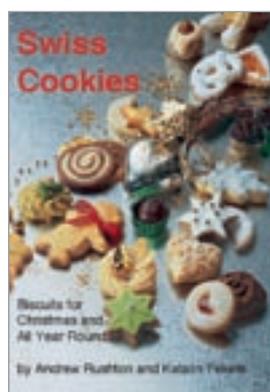
EDMUND HERRMANN,  
UNTERHACHING, GERMANY

### Swiss Cookies and Swiss Kids

CHRISTMAS IS A TIME FOR COOKIES. The Swiss love their cookies, and not just in December at Christmas time, but all year round. They love baking their own cookies, too. Basel's Bergli publishing house, which specialises in books in English on Swiss topics, has brought out a title called Swiss Cookies. This collection of confectionery delights provides an insight into the secret of Swiss Christmas cookies and shows the reader how to magic up traditional cookies and new creations for Christmas, and indeed the whole year round, from the oven to the table in no time at all.

This new publication from Bergli Books offers a culinary experience that will make your mouth water. It also includes fascinating cultural background information about the origins of the individual delicacies. The book also contains lots of practical information, such as an ingredients dictionary, conversion tables for units of measurement and tips on baking and packaging. "Swiss Cookies" is ideal for anyone abroad who craves the confectionery of their native Switzerland and wishes to enjoy real Swiss cookies.

The children's title, "Ticking along with Swiss Kids", another new book from the Bergli publishing house, is also highly original and useful. Susy and Thomas, two English-speaking children, have moved to Switzerland where they have befriended Angela. Angela shows her new friends how people here live and what they eat, and also tells them about the languages they speak. Susy and Thomas also find out what games Swiss children play, the songs they sing and what they enjoy reading, as well as how to get by in Switzerland. The book was originally intended for readers wishing to discover more about Switzerland, its people and its culture. But it is also a very enjoyable introduction to Switzerland for the children of Swiss people abroad who are not that familiar with their former homeland and would like to learn more about it.



"Ticking along with Swiss Kids" is a book about Switzerland aimed at English-speaking children aged between 6 and 12 who would like to find out more about Switzerland. Topics range from landscapes, people and animals to language, customs and traditions. Humorous drawings complement the informative writing, making it a highly enjoyable and entertaining read. "Ticking along with Swiss Kids" contains photographs, song lyrics and notes, a theatrical play for children, maps of rivers, lakes, mountains, streets and hiking trails, a satellite image and a language game with 32 removable cards.

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## Invest your money safely with Soliswiss

The stock market crisis is sending tremors round the world. Many Swiss people living abroad wonder how well their money is invested. Soliswiss clients may rest assured: Soliswiss is the investment and insurance specialist for all Swiss people living abroad and provides Swiss security in other countries. We spoke to Felix Bossert, Director and Rolf Rütimann, asset investment expert and head of asset formation at Soliswiss.



Dr. Felix Bossert

### The stock markets are tumbling, the banks are trembling and clients are fearful for their savings. How bad really is the financial crisis?

*Rolf Rütimann:* In this crisis calm and strong nerves must be the order of the day. Because every crisis is at one and at the same time a challenge and an opportunity. That was shown by similar events in 1998 and 2001. By their very nature, stock markets tend to exaggerate: they imagine future events and have to revalue vast capital sums on the basis of relatively small purchases and sales. When prices rise, investors always find that normal and are happy. But if they fall investors become very anxious and sometimes even angry. Everyone wants to buy cheap and sell dear. But as nobody knows the ideal timing, this cannot always be successful. The comforting fact is that every crisis comes to an end one day because even after the deepest fall the trend always starts to move up again.

### Can shareholders place their trust in the stock markets?

*Rolf Rütimann:* Certainly. A stock market is not a game of chance. In the long run, equities always bring a bigger gain than savings accounts or bonds, but prospects of higher gains automatically imply greater risks. On the other hand, losses are only taken by a person who sells his equities in a time of crisis. In any case, every downward trend always has some intermediate highs. Trends are never linear. They always follow a zigzag pattern.

### Can you quote a metaphor for the way in which a stock market works?

*Rolf Rütimann:* Imagine a hiker and his dog. They set out to climb a mountain together. But the dog – he represents the stock market – runs much faster than his master and reaches the summit long before him. If the trail leads down the mountain, the dog (i.e. the stock market) will reach the valley much sooner than the hiker who symbolises the overall economic situation. What is more, from the top of a mountain you always have a panoramic outlook and the beautiful view makes you euphoric. But if you are down in the valley you see only obstacles and problems. That is why it makes good sense to rely on experienced mountain guides and advisors: on Soliswiss.

### What can you, as an investment advisor, do for Soliswiss customers?

*Rolf Rütimann:* The most important point is that we, as Soliswiss staff, are independent and neutral experts. With our serious advice on investment and insurance products we help our clients put together individual packages to suit their situation in life and balance out sharp stock market movements. We do this for existing and new clients alike.

### What investment strategy do you recommend?

*Rolf Rütimann:* It is advisable to work with slices. In other words, you should always sell some of the risk papers and keep the proceeds liquid while reinvesting another part. Under no circumstances should you sell all your securities at one fell swoop out of despair. Ideally, you should combine insurance products with investments. That is the best scheme for old age. As asset and pension advisors for Swiss citizens abroad we are able to offer this Swiss security in other countries.

### The Wegelin accounts of Soliswiss clients are being restructured at present. Why?

*Felix Bossert:* Internal restructuring of the client division of Wegelin Fondsleitung AG with a transfer to Wegelin & Co Privatbankiers St Gallen brings the benefit that, with immediate effect, Soliswiss clients will have access to the whole product range of this Swiss private banking establishment with its long tradition. Our Raiffeisen clients who benefit from Soliswiss preferential conditions can also consider themselves fortunate. What is more, thanks to their clear business models, both Wegelin and Raiffeisenbank are among the winners in

the present situation of stock market volatility. Many investors are moving their holdings to this safe haven.

### What is your advice for investors?

*Felix Bossert:* Part of your capital which you will not need for a long time should be in-



Rolf Rütimann

vested in shares. Capital that will be needed in the short or medium term must only be invested in fixed interest papers. Like that you will not be affected by short-term stock market crashes. The best solution for investors who do not wish to constantly have to choose and manage their investments is to rely on broadly based and diversified investment funds. Our choice of investment strategies enables investors to individually adjust their percentage of shares to their particular risk profile. An interactive question and answer game on our website enables investors to determine their risk profile. But we will also be happy to help our clients through personal contact by telephone or email to find the right investment mix for them. For further information and particulars, please consult [www.soliswiss.ch](http://www.soliswiss.ch)

Majestic mountains. **"Altitude 4000"** is the title of this splendid illustrated book that provides a portrait of the 35 most magnificent peaks above 4,000 metres in the Swiss Alps. The photographers Maurice Schobinger and Pierre Abramowski set themselves the task of uniformly photographing Switzerland's highest mountains at 4,000 metres from a distance of three kilometres. And their quest has produced breathtaking results. This title is available in German, French and English, and is priced at CHF 59.



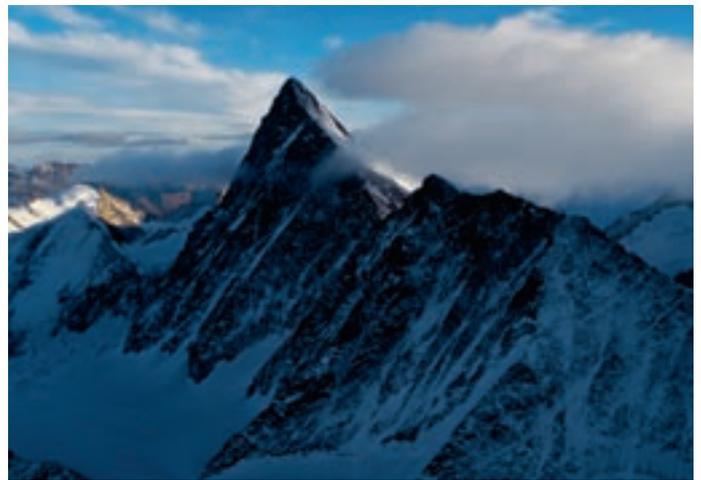
Piz Bernina, 4049 m



Allalinhorn, 4027 m



Dent d'Hérens, 4171 m



Finsteraarhorn, 4274 m



Weisshorn, 4506 m

## Rich and poor in Switzerland

Income and wealth are not distributed equally in prosperous Switzerland. Who are Switzerland's poor and what support is provided for them? Who are the nation's rich and superrich? And what about the middle classes, the most significant demographic group? A social report on Switzerland's rich and poor. By Rolf Ribi

The biblical prophet Ezekiel addressed the leaders of Israel with profound words. He said: "Listen to the words of God the father: 'you are the shepherds of my people, but instead of looking after the flock, you have only thought about yourselves. You must atone for this.'" The prophet Isaiah called the ruling class of the time a "band of thieves", who were only interested in "gifts" (taxes). The prophet Amos bemoaned the fact that "the rich have splendid homes which they fill with treasures".

The prophets' words of wrath in the Old Testament resonate in public opinion today. The general public and the media in Switzerland complain that the gap between the incomes of the rich and poor is growing all the time. Economic sociologist Hanspeter Stamm says: "There is currently a high degree of inequality in Swiss society, which is condemned by most of the population."

"The gulf between rich and poor has become greater", explains Jürg Krummenacher, head of the leading aid organisa-

tion Caritas Switzerland for 17 years. He says that the majority of the population have less available income today than at the beginning of the 1990s. Krummenacher adds that Switzerland is "one of the countries with the greatest inequality in terms of distribution of wealth, almost making it comparable with a banana republic". Seeing middle class people in danger of becoming poor "is something that we deal with every day at Caritas".

"The distribution of wealth in Switzerland has reached a point where it can only be described as feudal", says Hans

Kissling, who was head of the statistical office in the Canton of Zurich for 14 years until 2006. All the social and fiscal measures introduced have not prevented the "concentration of wealth in the hands of the few". In his book entitled "Reichtum ohne Leistung" (Effortless Wealth), Kissling looks at an "increasingly feudal Switzerland" and the inheritance of great wealth by people who have done nothing to earn it themselves.

*"Rich man and his poorer brother  
Stood and looked at one another  
Till the poor man softly swore:  
'You'd not be rich if I weren't poor.'"*

(BERTOLT BRECHT, "ALPHABET", 1934)

### Household income

The distribution of household income is extremely unequal in Switzerland. The poorest 10% of households have to survive on an average income of CHF 25,000 a year (figures for 2005). The wealthiest 10% of households have ten times that amount at their disposal. The top 2% of all households have an average income of over CHF 420,000. If taxation and social security contributions are taken into account, the difference between rich and poor remains practically the same.

The academic Hanspeter Stamm believes the disparity in income has remained relatively steady over the past 20 to 30 years. The difference in income has "only increased slightly" since 1999. This is also the view of Serge Gaillard, head of the Department of Employment at the State Secretariat for Economic Affairs. He says: "Despite long periods of economic difficulty, the distribution of income in Switzerland has remained reasonably constant over the past 20 years."

But, though statistics show that income distribution has not changed significantly over the past two decades, the public perceives the situation differently. People believe that things have worsened for the poor and improved for the rich. According to the Federal Statistical Office, no fewer than 380,000 people aged between 20 and 59 were considered poor in 2006, which corresponds to 9.1% of the population. Many employees have received only minor if any real salary increases in recent years, which have been largely offset by increased health insurance contributions. On the other side of the fence are the high management salaries and bonus payments for some top earners.



Christmas party for the needy in Lausanne.



Beggars in Berne's Marktgasse.

### Household wealth

The distribution of wealth in Switzerland is significantly more unequal than income. The sociologist Hanspeter Stamm points to “extreme inequality in the distribution of wealth”, which is “rather high by international standards”. Some facts and figures: around 30% of taxpayers have no assets, and an almost identical percentage have assets worth no more than CHF 50,000. Two thirds of the population own just 5.6% of all wealth. At the other end of the spectrum, 3.7% of the population pay tax on assets of more than CHF 1 million. These millionaires possess half of all private wealth.

In terms of the distribution of wealth and income, the Canton of Zurich is more or less representative of the average for all the cantons. The former head of statistics, Hans Kissling, provides the following figures on wealth for Switzerland’s largest canton. Three wealthy taxpayers have assets equal to those of half of all other taxpayers. Ten affluent taxpayers have as much wealth as two thirds of all other taxpayers. Kissling says: “Such ratios are in fact feudal.”

According to Hanspeter Stamm, “disparity in terms of income is significant in Switzerland, and it is very high in terms of wealth”. While inequality in income has remained relatively constant over the course of time, there are hardly any reliable figures for the changes in wealth. The assets of the rich also fluctuate with ups and downs on the stock market.

### Poverty in a wealthy land

There are over a million poor people in Switzerland. One in six children, one in eight

adults and one in six pensioners all live in poverty. These statistics for 2003 from the Caritas publication “Poverty in Switzerland” still cause a furore today. So much poverty in affluent Switzerland? “The poverty issue has never really been taken on board by the politicians”, says former head of Caritas, Jürg Krummenacher. He adds that these days, however, “there is no longer any doubt that poverty exists in Switzerland”.

Since poverty in Switzerland is not calculated officially, the publication’s authors, Christin Kehrl and Carlo Knöpfel, rely on data available for child poverty, poverty among people of employment age and poverty among the elderly. They estimate that poverty affects 250,000 children, 604,000 people of employment age and around 200,000 pensioners. More than 14% of the population are unable to meet their living expenses themselves and are reliant on state assistance. But even though state support helps, around half a million people still live in poverty, which means 6.4% of people in this prosperous country are considered poor.

But what is the “official” poverty threshold? In Switzerland, the poverty values of the Swiss Conference on Social Welfare are the most commonly used. These values factor in decent living conditions and social integration. The poverty threshold for single people is CHF 2,200 a month, CHF 3,800 a month for single parents with two children and CHF 4,650 a month for a couple with two children. These figures take account of the cost of rent, basic health insurance contributions, basic requirements for food, clothing, healthcare, energy, cleaning and travel, and CHF 100 for each member of the household.

*There are various approaches to tackling poverty:*

- **Social assistance:** A quarter of a million people live completely or partly on state social support. This means CHF 3 to 4 billion is spent on ensuring people have enough to survive. Almost half of all recipients of social assistance are foreigners. If a social welfare office arranges a job, benefits are reduced if the offer is not accepted. Social welfare assistance is primarily the responsibility of the cantons. Walter Schmid, President of the Swiss Conference on Social Welfare, is calling for federal legislation to secure a basic standard of living and “clear political responsibility for social welfare in Switzerland”.
- **Supplementary benefits:** If the AHV pension or disability insurance is not sufficient to meet living costs, state supplementary benefits make up the difference. There is a legal entitlement to these need-based benefits. However, only around half of all those entitled to them actually take advantage of this right. Jürg Krummenacher, the former head of Caritas, says: “The supplementary benefits have made a significant contribution to reducing poverty amongst the elderly and the disabled.”
- **Working poor:** There are also people in Switzerland who live in poverty despite being in employment. In 2006, there were 146,000 people, or 4.5% of the workforce, whose household income was below the poverty line despite being in employment. Over half of all the working poor are Swiss. Single parents, families with several children, people with low levels of education and immigrants are among those particularly affected.



Michael Schumacher’s home on Lake Geneva.



Schloss Rhäzüns, the Blocher family’s weekend retreat.

■ Families and children: Politicians of the left have been calling for tax relief for families for years. Walter Schmid of the Swiss Conference on Social Welfare warns: "What we need in Switzerland is supplementary benefits for low-income families and affordable crèche places. Social welfare is no substitute for family policy." Almost 45% of the recipients of social assistance are children and young people. Often, their parents are unemployed, they live with a single parent or they are the children of immigrants. Most of these young people living in poverty have not obtained professional qualifications.

### The rich and the superrich

In 2004, there were 6,700 people in Switzerland with wealth of more than CHF 10 million (those with even greater wealth are not categorised in official statistics). According to the business magazine "Bilanz", there are 120 billionaires in Switzerland, of whom two thirds are foreigners. "Bilanz" has been calculating and estimating the wealth of the 300 richest people in Switzerland for many years. This group possesses no less than CHF 529 billion or around half the total net assets. According to "Bilanz", Switzerland's superrich include Maja Oeri, CHF 18 to 19 billion in assets (inheritance, pharmaceutical group Roche), Nicolas Hayek, CHF 4 to 5 billion (watch manufacturer), Christoph Blocher, CHF 3 to 4 billion (Ems Chemie), Urs E. Schwarzenbach,

CHF 2 to 3 billion (foreign exchange trading), Hans Vontobel, CHF 2 to 3 billion (banker), and Marc Rich, CHF 1 to 1.5 billion (commodities trader).

It is true that the rich make a disproportionately high contribution to total fiscal income thanks to progressive direct federal tax. However, the maximum tax rate has remained unchanged at just 11.5% since 1975. Even the extremely high earner Daniel Vasella, of the pharmaceutical group Novartis, does not pay tax above this rate on an annual income of CHF 30 million. And the rich pay exactly the same health insurance contributions as the poor.

### What about the middle classes?

Social philosopher Wilhelm Röpke sees society's middle class as a manifestation of stability, equilibrium, cohesion and prosperity. He believes it is important to have a strong middle class. His outlook is fairly conservative and supportive of the state, and he recognises values such as efficiency, integrity and endeavour. The middle class also represents solidarity and a strong commitment to public affairs. Many a political party or group claims to represent the middle class these days.

According to official statistics, the middle class' share of available income has increased slightly in recent years. But subjective perceptions reveal a different story to the statistics. The fear of unemployment is growing,

all the more so in view of the current financial crisis and economic recession. Globalisation is seen as a threat, and the free movement of persons with the European Union is perceived as a danger. They also have reservations about higher salaries and the offsetting of inflation. All these things add to middle class fears about the economic downturn. The "Neue Zürcher Zeitung" declares: "Society's middle classes merit more prominent attention again in public life, academia and politics."

### Inconsistent public opinion

The huge salaries of top earners and the "swindlers" heading up companies are receiving extensive coverage right now. The public are outraged at bonus payments being made to financial managers. Even some Federal Councillors have attacked the enormous salaries paid in the world of business.

But while there is outrage at high managerial salaries, little is said about the wealth of the rich. The Swiss people almost always decide in favour of the wealthy when it comes to a vote. Such decisions include tax relief for shareholders, wealth tax, flat-rate tax for superrich foreigners, the rejection of a capital gains tax, the closure of the tax register, which was previously open for public inspection, and the defence of banking confidentiality.

The biggest contradiction, however, concerns inheritance tax. Inheritance tax has been abolished in many cantons for spouses and direct descendants. At national level, there is little hope of a federal inheritance tax being adopted. The introduction of an inheritance tax might even reduce federal taxes for everyone. But the majority of Swiss people do not want tax on inheritance. The unequal distribution of wealth in Switzerland therefore looks set to continue. Even Jean-Daniel Gerber, State Secretary at the Federal Department of Economic Affairs, poses the question: "Is Switzerland replacing the privileges of being born into nobility with the privileges of being born into wealth?"

### DOCUMENTATION

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Documentation centre doku-zug ([www.doku-zug.ch](http://www.doku-zug.ch))



Demonstration against poverty in front of the Federal House.

## One defeat and four victories for the Federal Council

The Swiss people voted with the Federal Council and Parliament on four issues. They said “Yes” to the current policy on narcotics, and “No” to a lower pension age, the legalisation of cannabis and fewer rights for environmental associations. However, they approved the non-applicability of statutory limitations for sexual offences against children.

By René Lenzin

You simply cannot help noticing the parallels. In February 2004, the Swiss people and states voted in favour of an initiative calling for the unconditional detention of serious violent and sexual offenders. 52% of the electorate have now backed a popular initiative which enshrines the non-applicability of statutory limitations for sexual offences against children in the constitution. Both initiatives were launched by people affected by the issues. Both were rejected by the Federal Council and Parliament. And both involve sensitive legal issues in terms of implementation. But politicians have to realise that a majority of the people support the victims without reservation in these matters and are not concerned by constitutional considerations.

Aside from this, the electorate backed the recommendations of the government and the majority of parliamentarians on 30 November:

■ 58.6% of voters rejected the AHV initiative which would have allowed people with incomes up to CHF 120,000 to take early retirement from 62 without any reduction in pension.

■ 66% said “No” to a popular initiative on the right of appeal. Environmental associations would no longer have been able to object if a development proposal had been approved by a parliament or the people.

■ 63.2% rejected a popular initiative aiming to decriminalise the consumption, possession and cultivation of cannabis for personal use.

■ 68% approved a revision of the Narcotics Act. This will enshrine the current drugs policy in law. It is based on the four pillars of prevention, therapy, damage limitation and repression.

### *Comment:*

#### *Common sense prevails*

The offer was an appealing one. At a time when the state is spending CHF 68 billion to rescue the banking giant UBS, it could still have found one to two billion Swiss francs to fund early retirement. But the Swiss people did not succumb to this enticement and rejected the unions’ initiative which aimed to reduce the pension age of most people to 62. People on average incomes with a good pension scheme would have been the main beneficiaries of this proposal. However, people on low wages with a modest or even no pension scheme would not have been able to afford to take early retirement even with no reduction in AHV pension.

There can be no doubting the clarity of the result. Eight years ago, the Swiss people rejected an initiative by a tighter margin which aimed to establish a pension age of 62 for all income categories. There seems to be a growing perception that the AHV system faces difficult times ahead despite being on a sound financial footing at present. In view of our society’s aging population, a growing majority do not want to experiment with a scheme that would result in increased expenditure on old-age pension provision.

In future, the pension age will have to go up rather than down, as is already the case in several European countries. However, the Federal Council and Parliament must seek solutions which provide individuals with greater flexibility in the transition from employment to retirement. The Swiss people’s clear rejection of the 11th AHV revision four years ago showed that an increase in the pension age alone has no chance of success. Models are required that meet individual needs rather than a universal solution like the one offered by the initiative.

Common sense also prevailed with regard to narcotics. The electorate backed the current policy even though, realistically, it does not focus exclusively on the noble objective of abstinence. The only surprise at the ballot box was the approval of the non-applicability of statutory limitations for sexual offences against children. The government and Parliament now have no choice but to implement legislation that they did not favour and which raises complex legal issues.

### FINAL RESULTS ISSUED BY THE FEDERAL CHANCELLERY

#### 1. Initiative for non-applicability of statutory limitations

Yes: 1,206,222 = 51.9 %      No: 1,119,152 = 48.1 %

#### 2. AHV initiative

Yes: 970,490 = 41.4 %      No: 1,374,107 = 58.6 %

#### 3. Associative right of appeal initiative

Yes: 774,018 = 34.0 %      No: 1,501,184 = 66.0 %

#### 4. Cannabis initiative

Yes: 848,470 = 36.8 %      No: 1,456,336 = 63.2 %

#### 5. Narcotics Act

Yes: 1,541,227 = 68.0 %      No: 723,741 = 32.0 %

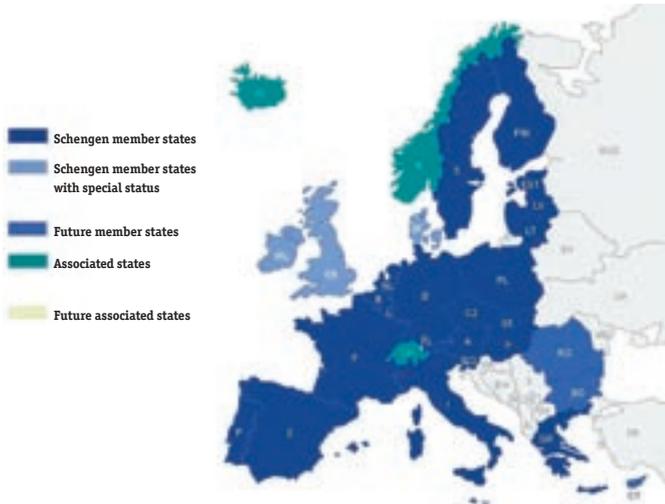
Electoral turnout: 46.1 %

RENÉ LENZIN



## Switzerland's association with Schengen: participation in common visa policy

**The Swiss people voted in favour of the Schengen/Dublin Association Agreements on 5 June 2005. Cooperation between Switzerland and the EU within the framework of the Schengen and Dublin agreements is set to begin in December 2008.**



### What is Schengen all about?

The basic aim is to facilitate travel within the Schengen area (see map) without reducing security. Identity checks between the Schengen states have therefore been withdrawn. The Swiss border represents an exceptional case as customs controls are still carried out (Switzerland is not a member of the EU Customs Union). However, people can still be checked at these customs controls for security reasons and in the event of police suspicion. At the same time, security is being increased through a series of measures: controls at Schengen's external borders are being tightened and cross-border cooperation between police and judicial authorities is being stepped up.

### When will Switzerland start operational Schengen cooperation and introduce the Schengen visa?

Switzerland is aiming to begin operational Schengen cooperation before the end of 2008. However, the exact start date will depend on the result of an evaluation process currently being carried out; the Council of the European Union is expected to make a decision at the end of November.

### What is a Schengen visa?

The Schengen visa is a standard entry document which covers entry into the entire Schengen area (with the exception of the United Kingdom and Ireland, see map). Anyone wanting to combine their visit to Switzerland with a trip to nearby EU countries will, in future, only need to obtain one visa, as opposed to the current practice of acquiring both a Schengen visa and a Swiss visa.

### Will the Swiss visa be completely replaced by the Schengen visa?

Yes, the Schengen visa (valid for a maximum of three months per six-month period from the date of initial entry) will replace the Swiss visa for short-term visits.

### What is a Schengen visa for?

The Schengen visa only governs short-term stays of a maximum of three months within a six-month period. For longer stays in a Schengen member state, it is essential to apply for a visa applicable in the respective member state under the national law of that state.

Regulations on taking up employment also continue to be governed by national law. The corresponding Swiss authorisation procedures will therefore be retained in respect of Schengen. However, a Schengen visa will always be issued for visits of less than three months irrespective of the purpose of the trip and the authorisation procedure concerned.

### How do you apply for a Schengen visa?

The procedure at Swiss representations abroad will essentially remain the same for applicants following the introduction of the Schengen visa. The new application forms and guidelines will be available from the Swiss representations and on their websites in due course: [www.eda.admin.ch](http://www.eda.admin.ch) (Representations)

However, it should be noted that the Schengen visa should always be applied for from the member state that is the main travel destination. Furthermore, travel health insurance valid in all Schengen states is also required (minimum cover EUR 30,000). Schengen visa charges are also regulated uniformly and amount to EUR 60 in normal cases.

Further information on the introduction of Schengen in Switzerland can be found on the following websites: [www.bfm.admin.ch](http://www.bfm.admin.ch) and [www.europa.admin.ch](http://www.europa.admin.ch). Reto Läderach, DFA, Consular Affairs

## Switzerland and the EU are more than just neighbours

**Switzerland and the EU have never had closer ties than at present. This is highlighted by the high level of trade between the two, totalling more than CHF 1 billion every day. It is also exemplified by the many personal relationships between the citizens of Switzerland and the EU. More than 400,000 Swiss people today live in the EU, while around 1 million EU citizens live in Switzerland. The foundation for this close economic relationship is the bilateral agreement on the free movement of persons. On 8 February 2009, the Swiss people will vote in a referendum on the continuation of the agreement and its extension to Bulgaria and Romania.**

The number of Swiss citizens living abroad in the EU has increased by around 70,000 over the past ten years. This underlines the growing importance for lots of Swiss people of spending a part of their lives in another European country. Various reasons explain this trend. Some accompany their spouses abroad following a change of job, while others leave to pursue their own career goals. Some want to spend time abroad to learn a foreign language, while others wish to spend their retirement by the sea.

In all of these cases, Swiss citizens have the right to live and work in the EU. The same, of course, applies to EU citizens in Switzerland. The basis for this is provided by the bilateral agree-



ment between Switzerland and the EU on the free movement of persons. As well as equal access to the labour and housing markets, the agreement also covers practical issues of moving abroad, such as the relocation of families, coordination between social insurance schemes and recognition of professional qualifications.

### **TRANSITIONAL PROVISIONS FOR SWISS CITIZENS IN EU COUNTRIES**

The free movement of persons is being introduced gradually. This means that certain restrictions currently apply for a transitional period with regard to the opening up of the employment markets.

- There are essentially no longer any special provisions for Swiss citizens in the EU (excluding Bulgaria and Romania). Some countries that joined the EU in 2004 (EU-10) are exceptions to this. These apply transitional provisions for Swiss citizens with regard to the acquisition of property and second homes. Before moving to a country in the EU-10, we recommend that information be obtained on the relevant provisions from the local Swiss embassy.
- The free movement of persons does not yet apply to Bulgaria and Romania.

### **Referendum on the free movement of persons**

The free movement of persons was introduced for an initial period of seven years. Switzerland must now notify the EU whether it wants to continue with the free movement of persons after 2009 on a permanent basis. The agreement is also to be extended to the EU countries Bulgaria and Romania. The Swiss people will decide on the continuation and extension of the agreement at a referendum on 8 February 2009. The free movement of persons is part of the seven agreements of Bilaterals I. These are legally interconnected. A rejection of the free movement of persons would result in the automatic loss of all Bilaterals I (so-called guillotine clause).

The free movement of persons has become a crucial factor for the Swiss economy because Switzerland is reliant on foreign workers. One in four employees is of foreign nationality. There is also a lack of highly skilled and specialist workers. Access to a Europe-wide pool of labour currently helps to reduce gaps in the labour market, while Switzerland remains an attractive location for business and the trend to relocate production processes abroad is slowed. This is helping to secure employment and prosperity in Switzerland. 150,000 new jobs were created in 2006 and 2007.

The Bilaterals I are extremely important for Switzerland economically. They provide the Swiss export industry with extensive, equal access to the Single European Market. Any reduction in access to this market would be extremely damaging to the competitiveness of companies in Switzerland. The EU is Switzerland's most important trading partner by some distance. 60% of exports are destined for the EU. Likewise, Switzerland is the second most important sales market for the EU, even ahead of giants like Russia and China. We earn one franc in three from trade with the EU. Losing the Bilaterals I would undermine Switzerland as a business location. Stable framework conditions are particularly important in times of economic uncertainty.

A "No" vote would jeopardise cooperation with the EU on European policy, which has been developed and continually extended over decades. Switzerland's approach to European policy has proven successful to date. It combines competitiveness, independence, openness and joint responsibility in Europe to create a genuinely Swiss policy on Europe, the policy of the bilateral approach.

More information at [www.personenfreizuegigkeit.admin.ch](http://www.personenfreizuegigkeit.admin.ch) (German, French, Italian)

Ambassador Urs Bucher, Head of the DFA/DEA Integration Office

## **Information on popular initiatives**

Until now we have listed newly submitted initiatives with the signature deadline, and then presented them in more detail at a later stage. Despite limited available space, we have endeavoured to provide you with objective information on all popular initiatives. However, the number of popular initiatives submitted each year varies considerably. And popular initiatives are also often submitted as soon as the required number of signatures has been reached, in some cases several months before the date announced. It has therefore not been possible in some cases for us to inform you about initiatives that are at the signing stage, which has led to complaints. To ensure equal treatment of all initiatives, in future we will only list newly submitted popular initiatives with the name of the initiative committee, a link to the initiative committee's website and the expiry of the signature deadline.

## **Increase the rights of the people in foreign policy**

The Movement for an Independent and Neutral Switzerland (AUNS) submitted the federal popular initiative "Increase the rights of the people in foreign policy (state treaties before the people!)" in March 2008.

More information can be found on the website of the initiative committee [www.auns.ch](http://www.auns.ch). This initiative can be signed until 4 September 2009.

### **POPULAR INITIATIVES**

A list of current initiatives and signature forms can be found at [www.admin.ch/ch/d/pore/vi/vis\\_1\\_3\\_1\\_1.html](http://www.admin.ch/ch/d/pore/vi/vis_1_3_1_1.html).

Please complete, sign and return the forms directly to the initiative committee. This committee is also responsible for certifying your signature.

RESPONSIBLE FOR THE OFFICIAL FDFA INFORMATION PAGES:  
RAHEL SCHWEIZER, SERVICE FOR THE SWISS ABROAD/FDFA, BUNDESGASSE 32, CH-3003 BERNE, TEL. +41 31 324 23 98, FAX: +41 31 324 23 60  
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## An exhilarating museum for young and old

The Swiss Museum of Transport in Lucerne will celebrate its 50th birthday next year. But there is no sign of a midlife crisis at Switzerland's most popular museum. In fact, the museum is developing as dynamically as its main areas of interest – transport and communication. By Heinz Eckert

The Swiss Museum of Transport in its magnificent setting on the banks of Lake Lucerne continues to attract both young and old and is still Switzerland's most visited museum. It is one of the best museums of its kind in the world and was visited by around 900,000 people in 2007. This figure is expected to rise to a million in 2010.

The museum presents the development of transport and mobility in general in the past, present and future using an interesting, hands-on and varied approach. It encompasses road, rail and water transport as well as aviation and space travel, while also showing how different communication technologies work. More than 3,000 exhibits in some 20,000 square metres of exhibition space illustrate the eventful history of transport and communication.

It also contains attractions that are unique in Switzerland, such as the IMAX cinema, where films about nature and wildlife as well as documentaries from foreign countries and cultures can be enjoyed in a whole new dimension, and the planetarium, which is one of the most modern in the

world enabling digital travel through the universe. It is almost as though the starlit sky has been brought down to earth, allowing strolls through outer space from the comfort of an armchair. The Swissarena gives visitors to the museum a unique view of Switzerland normally only seen by astronauts. This almost 200 square metre aerial photograph, the world's first "walk-in" one of an entire country, gives visitors the chance to explore Switzerland for themselves.

The finest classic cars and aircraft are on display at the Swiss Museum of Transport in Lucerne as well as a remarkable collection of old racing cars. One particularly unforgettable experience for everyone is certain to be the trips in the Formula 1 and flight simulators. There is also the opportunity for visitors to present their own news programme in the television studio and experience what it is genuinely like to work as a radio presenter in a modern radio studio. The Swiss Museum of Transport has something extraordinary to offer everyone.

The first attempts to establish a Swiss Museum of Transport were made back in 1897 when the Swiss railway system celebrated its 50th anniversary. Though the idea did not begin to properly take shape until the national exhibition of 1914 where various original exhibits were displayed on the history of the railway. Four years later, the Swiss Federal Railways (SBB) opened the Swiss Railway Museum in Zurich with the assembled collection. Against the historical and professional background of the national exhibition of 1939, the idea of a museum covering all types of transport was picked up again, resulting in the foundation of the Swiss Museum of Transport Association in 1942 which still runs the museum today, although it was based in Zurich back then.

When no suitable site could be found in Zurich for the proposed Museum of Transport, the city of Lucerne offered the association the 40,000 square metre Lido grounds by Lake Lucerne. At the time, the Swiss Museum of Transport Association counted among its members not just the SBB and PTT (the former national post, telephone and telegraph group), but also private railways, transport organisations and large companies from the trade, industry and tourism sectors. The Museum of Transport's themes therefore reflect the communications objectives of its founding partners. The project also received financial support from the federal government and the city and canton of Lucerne.



Switzerland – an overview.



The history of aviation.



A Mecca for railway enthusiasts.

One of the most famous Swiss, Alfred Waldis, “Mr. Museum of Transport”, was a key figure in the establishment of the museum. In 1957, when working for the SBB, Waldis met Paul Kopp, the former president of the city of Lucerne on a train journey to Berne. Kopp told him about a museum project for Lucerne, for which he was travelling to Berne to attend a meeting. Waldis asked for further details and said that he was extremely interested in the Swiss Museum of Transport project. In the evening, on the homeward journey, the 37-year-old Waldis met Kopp again and was stunned when Kopp offered him the chance to manage the proposed museum on the spot.

Alfred Waldis accepted the offer immediately and wholeheartedly threw himself into the project and the creation of the Museum of Transport, which became Switzerland’s most popular museum shortly after opening in 1959 and a model for similar institutions around the world.

One of the objectives of the Swiss Museum of Transport is to explain the technology and importance of all means of transport, communication, tourism and space travel in a modern and easily accessible way. Beyond this initial aim, the opening of the planetarium (1969), the aviation and space travel hall (1972) attended by John Glenn, the first American in space and Neil Armstrong, the first man on the moon, the Hans Erni Museum (1979), the second railway hall (1982) and the hall of navigation, cableways and tourism with the Swisstrama (1984) helped to further the ambitions Waldis had for the Museum of Transport, which involved collecting and preserving valuable artefacts of cultural life, promoting education and fundamental research and helping understand the history and development of technology and its impact on the environment.

Alfred Waldis also described the opening of the IMAX cinema as a personal highlight. While taking part in the opening of the National Air and Space Museum in Washington on 1 July 1976 on the 200th anniversary of the United States of America, he first saw the IMAX film “To Fly”. He was so impressed that he immediately decided that the Swiss Museum of Transport also needed a similar cinema with a 500 square metre screen. The possibility of building an IMAX cinema was first examined at the beginning of the 1980s in connection with the hall of navigation, cableways and tourism, but the space was not

## SWISS ABROAD AT THE MUSEUM OF TRANSPORT

The 87th Congress of the Swiss Abroad will take place in the new congress hall at the Swiss Museum of Transport in Lucerne from 7 to 9 August 2009. The large conference centre has state-of-the-art facilities, a conference hall for up to 530 people, various seminar rooms and a foyer with natural light and a panoramic view.

available. In 1989, objections from local residents prevented the construction of an IMAX cinema. It was another seven years before the museum’s cinema could be unveiled.

In 1979, Alfred Waldis retired at the age of 61. He has since remained honorary president of the Swiss Museum of Transport, which will remain forever linked with his name.

However, the Swiss Museum of Transport is continuing to develop under its current director Daniel Suter. The new “Future Com” entrance building, containing a state-of-the-art conference centre, restaurant, interactive “Media Factory” communications world and museum shop, opened on 3 November this year as the first phase of a redevelopment scheme. The new road transport hall and a multipurpose open air arena for special exhibitions will open in the museum by mid 2009.

[www.verkehrshaus.ch](http://www.verkehrshaus.ch)



The starlit sky in the planetarium.



## 87TH CONGRESS OF THE SWISS ABROAD FROM 7 TO 9 AUGUST 2009 SWISS MUSEUM OF TRANSPORT – LUCERNE

### “The Swiss abroad – a great asset to our country”

Almost 700,000 of our fellow citizens live abroad, and 120,000 of them are enrolled on the electoral registers. While their political importance is only just starting to be recognised by the political parties, it pales in comparison to the contribution they make economically, socially, culturally and in terms of enhancing our country's image. These Swiss people are not just ambassadors of our values abroad, they also form an extraordinary network. In a globalised world where people and their economic activities and political systems are increasingly inter-dependent, aren't the Swiss abroad a great asset to our country? Don't we need to make better use of their skills and knowledge? Are the government, companies and the population in general aware of them?

This congress aims to explain how the Swiss Diaspora provides added value for Switzerland and why this resource should receive more recognition and be harnessed to greater effect by public authorities and companies. At this congress, experts will share their knowledge and personal experience on this subject.



More photos from this year's Congress of the Swiss Abroad in Fribourg can be found on our website:  
<http://www.aso.ch/de/angebote/auslandschweizer-kongress/2008/fotos>

## 87TH CONGRESS OF THE SWISS ABROAD FROM 7 TO 9 AUGUST 2009 AT THE SWISS MUSEUM OF TRANSPORT IN LUCERNE

I am interested in attending the next Congress of the Swiss Abroad. **Please send me the registration documents** for the 87th Congress of the Swiss Abroad (7 to 9 August 2009 in Lucerne) in spring 2009 to the following address:

First name/surname: \_\_\_\_\_

Address: \_\_\_\_\_

Country / Postcode / Town: \_\_\_\_\_

E-mail: \_\_\_\_\_

Please write clearly in block capitals and send the completed form to: Organisation of the Swiss Abroad (OSA), Communications Department, Congress Organisation, Alpenstrasse 26, CH-3006 Berne

**To save time and postage, you can also contact us directly by e-mail:** [communication@aso.ch](mailto:communication@aso.ch)

The Congress of the Swiss Abroad will be held in **German and French only** (with simultaneous interpretation) for organisational and financial reasons.

The latest information on the forthcoming congress will also be updated regularly at [www.aso.ch/de/angebote](http://www.aso.ch/de/angebote). It is well worth visiting our website from time to time!

## Summer camp 2009

**Are you aged between 8 and 14? Would you like to spend 14 days in Switzerland and have the opportunity to get to know your homeland better? Then why not register for a holiday camp organised by the Foundation for Young Swiss Abroad? We organise summer holiday camps in the finest regions of Switzerland during July and August.**

### Programme

At our camps we see the sights, discover lakes, mountains, rivers and breathtaking scenery, go on short hikes and sometimes also visit a city or two. There are also days when we stay at our base and organise games, sports activities and various workshops.

You also have the chance to find out lots of fascinating things about Switzerland. For example, we look at the languages of Switzerland, Swiss songs, Swiss recipes and typical Swiss games and sports.

The exchange between participants, despite differences in language, culture and nationality, ensures an unforgettable experience and the opportunity to make lots of new friends.

### Costs

These offers cost CHF 900 per child. The Foundation for Young Swiss Abroad would like as many Swiss children abroad as possible to have the opportunity to enjoy a holiday in Switzerland at least once. This is why reduced contribution rates are available. An application form can be requested with the registration form.

### Travel/meeting point

We meet at around lunchtime in Zurich airport.

Travel to Zurich airport and

also back home again on the final day of the camp is organised and paid for by parents.

### Organisation

Experienced, multilingual teams of organisers ensure an enjoyable and richly diverse two-week stay at our holiday camps.

### Registration

Detailed information on the individual holiday camps



Summer camp in Adelboden.

and the registration form can be found, from Tuesday 6 January 2009, at [www.aso.ch](http://www.aso.ch) (rubric: Offers / Offers for Children and Young People / Camps and offers / Holiday camps and travel). We are also happy to send you our information brochure by post, on request. The registration deadline is 15 March 2009.

### Winter camp 2009

There are still a few places available for the winter camp in Unterwasser (31 January to 7 February 2009).

**REGISTER NOW!**

### Summer camp 2009

4.7.-18.7.09: Wengen (Berne) for 36 children aged 8 to 11 and Melchtal (Obwalden) for 48 children aged 11 to 14

18.7.-1.8.09: Mont Dedos (Jura) for 30 children aged 8 to 11 and Bergün (Grisons) for 36 children aged 11 to 14

1.8.-12.8.09: Swisstrip for 20 young people aged 12 to 16

1.8.-15.8.09: Lauenen (Berne) for 36 children aged 8 to 11 and St. Cergue (Vaud) for 36 children aged 11 to 14

15.8.-29.8.09: S-chanf (Grisons) for 36 children aged 8 to 14

For further information, please contact our office in Berne:  
*Foundation for Young Swiss Abroad*  
Tel. +41 (0)31 356 61 16  
E-mail: [sjas@aso.ch](mailto:sjas@aso.ch)

## Take advantage of the offers for young people and register now!

**The Organisation of the Swiss Abroad (OSA) provides young Swiss abroad with various opportunities to visit Switzerland and get to know the country better. Accommodation has been arranged for the winter sports camps, Swiss families are ready to give a warm welcome to young Swiss guests from abroad and those eager to learn can take advantage of the educational offers.**

Young people from all over the world get to know each other at OSA's winter sports camps. They spend eight to ten action-packed days in a Swiss winter

sports resort where they are looked after by qualified skiing and snowboarding instructors and their sports skills are nurtured. What is really exciting about the camps is the personal contact with people who all have one thing in common – their Swiss background. It is important to OSA that young people have a chance to experience what is going on and of interest in the country of their parents. The lessons on the slopes are accompanied by a fun-filled fringe programme, providing for a diverse entertainment package. Register now for an unforgettable winter holiday in Switzerland.

*There are still places available at the following camps:*

### ORGANISATION OF THE SWISS ABROAD

*Our services:*

- Legal Department
- Youth Service
- Association for the Promotion of Education for Young Swiss Abroad (AJAS)
- Committee for Swiss Schools Abroad (CSSA)
- Foundation for Young Swiss Abroad (FYSA)

*Organisation of the Swiss Abroad, Alpenstrasse 26, CH-3006 Berne  
Phone +41 31 356 6100, Fax +41 31 356 6101  
[www.aso.ch](http://www.aso.ch)*

### Winter sports week in Wengen (Berne): 28.02. to 07.03.2009

A ski and snowboard camp for young adults aged 18 and above in the majestic alpine landscape of the Eiger, Mönch and Jungfrau. Wengen is a famous winter health resort renowned for its Lauberhorn ski race and the north face of the Eiger. The participants themselves set the tone for this camp, creating a great atmosphere every time.

### Easter camp in Langwies / Arosa: 05.04. to 13.04.2009

At Easter, the Swiss abroad can enjoy longer days on the slopes of Arosa where snow is still assured. A winter sports camp for young people aged between 14 and 25 with lots of entertainment and fun on the slopes and inside the residence. We stay in cosy yet spacious accommodation in Langwies.

### Educational offers:

Our offers allow holidays and learning to be combined. We provide individual advice for young students and apprentices, and introduce them to Switzerland's educational institutions. Participants gain an insight into Switzerland's top universities or have the opportunity to experience their dream career.

*Youth Service*

*Tel.: +41 31 356 61 00  
[youth@aso.ch](mailto:youth@aso.ch), [www.aso.ch](http://www.aso.ch)*

## Federal Councillor Schmid resigns

Minister of Defence Samuel Schmid, who has been under fire politically and suffering ill health, will leave office at the end of the year. By René Lenzin

"I am stepping down for the sake of my health, my family, my country and the army", said Samuel Schmid as he announced his resignation from the Federal Council. The 61-year-old from Berne added that he was going with a "certain sadness" and that he would in fact have liked to have remained in office. However, this had become unfeasible in view of personal and political circumstances.

Schmid was elected to national government in December 2000 against the will of the Swiss People's Party (SVP). He was often derided as "half a Federal Councillor"

by members of the SVP. The relationship fractured once and for all following the deselection of Christoph Blocher. Schmid joined the newly-formed Civic Democratic Party. The departing Federal Councillor had always managed to steer bills on the army through referenda, but his weak position in the SVP had made it increasingly difficult for him to obtain majority support in Parliament.

Schmid's ultimate downfall was probably the affair involving the army's chief-of-staff Roland Nef. He concealed from the Federal Council the fact that Nef was facing legal ac-

tion at the time of his appointment. Nef's departure was not enough to put an end to this matter. Political and media pressure on Schmid has been growing since the summer. He has also had to deal with threats made against his family and also health problems. He had his gall bladder removed just days before his resignation.

Samuel Schmid succeeded Adolf Ogi on 1 January 2001. He had taken the traditional route to office, working his way up through the political ranks. He was President of the Commune of Rüti near Büren, a member of Berne's Great Council, the National Council and the Council of States. In the army, he rose to the rank of deputy commandant of the 3rd field division. Schmid is a lawyer, husband and father to three adult sons. His successor had still to be appointed at the time of going to press.

## Free movement of persons under scrutiny

The Swiss people will vote again in February on the free movement of persons in the European Union. They will decide on the continuation of the agreement and its extension to Bulgaria and Romania. By René Lenzin

After obtaining the resounding approval of the electorate, the first set of bilateral negotiations with the EU entered into force in May 2002. The most controversial issue was the free movement of persons between Switzerland and the then 15 EU states. As well as transitional periods for the introduction of the full freedom of movement, Switzerland also pushed for an opt-out clause as a safety net. Both parties concluded that the agreement could be terminated after seven years. In domestic political arrangements, the Federal Council and Parliament declared that the continuation of the agreement would be governed by a resolution that could be taken to referendum. They aimed to ensure that the Swiss people would have the final say on the matter.

In addition to the continuation of the free movement of persons, there is also the issue of its extension to Bulgaria and Romania, which joined the EU at the beginning of 2007. As with the previous enlargement of the Union to take in ten eastern and southern European countries, Switzerland has negotiated an additional protocol

with the EU on the free movement of persons. In the same way as the first enlargement protocol, this one also provides for a provisional period of seven years during which time Switzerland may restrict the access of Bulgaria and Romania to the labour market (preference for Swiss workers, controls on salary and working conditions, rising annual quotas). If the number of immigrants should increase disproportionately after seven years, Switzerland can also introduce maximum numbers for a further three years.

### Bone of contention – linking the bills

The government and the majority of Members of Parliament believe the free movement of persons has proven successful. They argue that the agreement ensures a supply of skilled immigrant workers and has made a significant contribution to economic growth in recent years. They also emphasise the benefits for Swiss citizens already living in EU countries or who are thinking of emigrating there. Finally, they also highlight the fact that the other six agree-

ments from the first round of bilateral negotiations would cease to apply if Switzerland rejected the free movement of persons.

The main bone of contention in the parliamentary debate on the future of the free movement of persons was the linking of the bills. A small majority of National Councillors and members of the Council of States finally decided to package the continuation of the agreement and the extension to Bulgaria and Romania in one bill. They said the two issues were inseparable as the EU would not accept unequal treatment of the new members and would see a rejection of the expansion as an end to the overall agreement. However, a minority wanted two separate bills with the option of being able to renegotiate on the extension to the new EU countries if necessary.

It was this decision to combine the bills in particular that resulted in the Swiss Democrats, the League of Ticino and the Young Swiss People's Party (Junge SVP) successfully calling a referendum. Voting will now take place on 8 February. In addition to the three groups behind the referendum, the Swiss People's Party (SVP) is also supporting the No campaign. The Social Democrats, Free Democrats, Christian Democrats, Greens and the recently founded Civic Democratic Party are campaigning for a Yes vote. The bill was approved by the National Council by 143 votes to 40 and by the Council of States by 35 votes to 2.

■ The global financial crisis threatened the very **existence of UBS**. Switzerland's biggest bank had already been badly hit by the mortgage-lending crisis in the USA, which resulted in an annual loss of CHF 4 billion in 2007 and CHF 12 billion from January to March 2008. With the impact of the stock-market crisis, the company's share price lost more than 60% of its value in a year, and the banking giant announced 6,000 job cuts. Despite a successful



CHF 13 billion recapitalisation in February, UBS remained in financial difficulties. The Chairman of the Board of Directors, Marcel Ospel retired with a golden handshake. More than CHF 49 billion in capital was withdrawn from the bank in the third quarter of 2008. With its back against the wall, it approached the government for assistance. The Swiss government put together a rescue package which took CHF 68 billion in illiquid assets off UBS's balance sheet with CHF 6 billion injected by the government, and a loan of CHF 62 billion from the National Bank of Switzerland.

■ In Geneva, scientists at the European Organization for Nuclear Research (CERN) put their giant particles accelerator, the LHC, into operation in front of 9,000 physicists from all over the world. They hope to discover traces of **the invisible dark matter** believed to make up more than 96% of the universe. The project, costing an estimated CHF 11 billion, was vigorously opposed by some scientists who feared the experiment would create a

black hole that would engulf the planet.

■ In September, **Federal Councillor Hans-Rudolf Merz** suffered a heart attack. After convalescing for just six weeks, he returned to government in November. His colleague from the Federal Department of Justice and Police, Eveline Widmer-Schlumpf took over the helm at the Federal Department of Finance during his absence.

■ Switzerland officially entered into the **Schengen** European security area. After Switzerland met the structural and legal requirements, the EU gave the go-ahead at the end of the year.

■ Switzerland picked up **six medals** at the Olympic Games in Beijing. Roger Federer and Stanislav Wawrinka won the gold at doubles in tennis, while Fabian Cancellara took gold in cycling's time-trial event.

■ **Football's European Championship 2008** was a tremendous success with unprecedented crowds visiting the host cities of Zurich, Basel, Berne and Geneva. Michel Platini, President of UEFA, said: "It was an exceptionally high quality competition with a great atmosphere." The Swiss team's aspirations of reaching the quarter finals on home soil evaporated after just two matches. The Köbi Kuhn era came to an end to make way for the German coach Ottmar Hitzfeld, who will attempt to qualify for the World Cup in South Africa in 2010.

■ The election of **Eveline Widmer-Schlumpf** from the Canton of Grisons to the Federal Council caused a great stir. After the Swiss People's Party (SVP) failed in its attempts to force her to resign, it expelled the Grisons branch party which had backed its representative. This split within the SVP resulted in the creation of the **Civic Democratic Party** in the can-

tons of Grisons, Berne and Glarus. This party also has Federal Councillor Samuel Schmid in its ranks.

■ **Jean Ziegler's** mandate at the UN came to an end in April. The sociologist had worked as a UN Special Rapporteur on the Right to Food for eight years. But the indefatigable polemist has not retired. Several months later he published a new book entitled "La haine de l'occident".

■ The **Swiss hotel industry** achieved the best results in its history in 2008. Demand grew by 4.5%, reaching an historical record with almost 37 million overnight stays. According to forecasts by BAK Basel Economics, a decline is anticipated for the winter season, while an upturn in demand for tourism is not expected until 2010.

■ The workers of the freight transport company **CFF Cargo**

went on strike to protest against 400 job cuts at sites in Bellinzona, Basel, Fribourg and Biel. After a month of strike action in Bellinzona, CFF withdrew its restructuring measures.

■ The President of Switzerland, Pascal Couchepin, had to explain why, in 2007, the Federal Council secretly destroyed **highly sensitive documents** concerning suspected trafficking of nuclear material. This information should not have been allowed to fall into the wrong hands, but doubts remain about the legality of the procedure.

■ The knife issued to all Swiss soldiers will continue to be made in Switzerland. **Victorinox** was chosen ahead of six competitors, including foreign companies, to produce the new version of this national emblem.



The oceanographer Jacques Piccard, father of the adventurer Bertrand Piccard, passed away at the age of 86. In 1960, he beat the diving record, taking his submarine to 10,916 metres below sea level in the Mariana Trench. This record has never been equalled.

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