Bhutan and Switzerland: From development cooperation to people-to-people cooperation, and more?

Bhutan and Switzerland have decided to phase out development cooperation with Bhutan in view of Bhutan’s perceived achievements in socio-economic development, thanks to donor countries like Switzerland, and take the friendship and cooperation between Bhutan and Switzerland to the next higher level of cooperation at the people to people level which would include more intense exchanges at the cultural, educational, trade, of course political level and more.

Switzerland was one of the first countries to support Bhutan’s development efforts going back to the 1950s even before the planned development process was launched in 1961. It was a unique and perhaps an auspicious start initiated at the personal level of His Majesty the 3rd King Jigme Dorji Wangchuck and Her Majesty the Royal Grand Mother Ashi Kesang Choden Wangchuck on one side and Fritz and Monica von Schulthess, a Swiss business family on the other. The result has been a very special and close relation of friendship, understanding and cooperation between our two countries and based mainly on Swiss development assistance to Bhutan. So, there is hardly any sector, which has not been touched by Swiss development assistance in Bhutan. The Brown Swiss cows, Swiss cheese, Swiss clover and other fodder grasses, Desiree potatoes, Swiss ropeways and timber harvesting equipment, community forest management systems, suspension bridges in remote and most inaccessible parts of Bhutan, College of Natural Resources at Lobeysa, Colleges of Education in Paro and Samtse, Bumthang Hospital are a few hallmarks of this close and intense cooperation.

On the invitation of the President of Society Switzerland-Bhutan (SSB), I visited Switzerland recently in my capacity as the President of their sister organization in Bhutan which is called Bhutan-Switzerland Society (BSS). These friendship associations were established in 2000 with the primary objective of promoting cooperation and friendship at the people-to-people level through exchanges in areas such as cultural and technical, including farmers, teachers, other volunteers, as well as cooperation in education, disaster relief, etc. Much has been achieved over the last fifteen years but much needs to be done more so now in the changing context of existing bilateral equation. We need to have a common roadmap at least for the next few years besides our own individual programmes and activities such as the regular talks and lectures on Bhutan being organized in Switzerland by the SSB. So, it was a great opportunity for me to learn about associations or cooperatives or CSOs in Switzerland when I was told by one of my Swiss friends that this was one of the secrets of Swiss progress and prosperity. This really came as a brainteaser to me and I started wondering how did a small, landlocked and resource poor country like Switzerland become such a prosperous country and an economic powerhouse that it is today. Were there lessons that Bhutan, a country similar in many ways to Switzerland, can learn and try to emulate?
I have been an admirer of the Swiss democratic system for a long time but knew nothing more than their democracy was around 500 years old, that their strength lay in their governance system of sharing powers among the federal, cantonal and communal governments and that they would hold regular national referendums but knew very little about the other unique features of their democratic governance system. My many previous visits to Switzerland were always focused on specific subjects or sectors, which I represented in Bhutan which did not allow me to try to understand and learn about their democratic system of governance. Besides, who knew Bhutan would become a democracy, and frankly speaking, I had never wished that Bhutan became a democracy since our monarchy had done so much and was doing so well for Bhutan and the Bhutanese people. So, obviously I had also no interest in it at that time. But now having embraced democracy, which was a selfless and eternal gift from the Golden Throne to the people of Bhutan, since 2008, we are going through the learning curve at present. So, it was a rare opportunity for me this time to try to learn more about their democratic system since I was there in my capacity as a president of a CSO (in the making) in Bhutan, and my counterpart organization is also a CSO. In the process, I was also able to learn how Switzerland, which was a poor country, I was told, more than 150 years ago, became rich and prosperous which has many valuable lessons for developing countries like Bhutan.

Many believe that one of the main contributing factors to Swiss prosperity is their democracy or governance system or strictly-limited government as some prefer to call it, which of course needs to be dissected and properly understood. Switzerland’s unique political system is today world’s most stable democratic system, offering a maximum of participation to citizens. The very basics of decentralization of power and the unique instruments of direct democracy have been established through hard political struggle over many years.

Exclusive features of Switzerland’s political system

Switzerland’s national parliament meet several times annually over several weeks, but being a member of parliament is not a full-time job thereby members of parliament having to practice an ordinary profession to earn a living which also ensures that they are closer to everyday life of their electorate. Another remarkable feature of Switzerland’s political system is direct democracy, which enables extraordinary amount of participation in the political process by ordinary citizens. The other noteworthy feature is the federal structure of the state composed of 26 cantons with far-reaching autonomy. Under this, the federal council or central government is responsible for foreign relations, the army, customs and tariffs, value added taxes and the legislation on currency, weights and measures and railways and communications whereas the cantons have the armed police forces (I only noticed this time that the immigration officers at Zurich international airport were wearing the badge of Zurich canton police), run the hospitals and universities. Legislation on public schools is made by the cantons but the communes run the public schools in the same way they run other public services such as water supply and waste management. One very interesting feature of decentralized functioning, I found, was
that zoning, structural planning and protection of heritage structures was the mandate of the municipalities or communes, which, I thought, made great sense because the local residents who live there day-in and day-out know best about what is best for them and what is not.

Switzerland’s bicameral parliament is structured very similar to ours although they call their house of representatives with 200 seats, “the National Council” and the other with 46 members representing their 23 cantons, “the Council of States”, although the system of functioning differs from ours. But the starkest difference is in how the central or federal government is structured and functions in Switzerland. So, their government is a team consisting of seven ministers/members with equal rights each heading a ministry or department of federal administration as they call it, and all major government decisions are taken in weekly government conferences either by consensus or majority vote of all seven members. The ministers are elected from among the members of parliament by the Federal Assembly, which is comprised of both the houses of parliament or joint sitting as we call it at home. Although the head of the government of Switzerland is called a President, there is no full-time president because the Federal Assembly rotates the presidency among the seven ministers on a yearly basis, through election, again. Accordingly, the government in corpore, as they call it, usually receives state guests, which means all ministers who collectively act as the head of state of Switzerland.

Another very interesting feature of the Swiss politics is what they call the “magic formula” which is an arithmetic formula for dividing the seven executive seats of the Swiss Federal Council between the four ruling parties. The formula was first applied in 1959 which gave the 3 major political parties two seats each and the 4th party one seat. It is not an official law but an agreement amongst the rather large coalition of four parties. After the 2003 general elections, the formula was modified based on the percentage of votes polled by the parties. This “magic formula” is one of the pillars of the Swiss consensual democracy that aims to integrate into the government all the major social and political forces and to promote consensus on conflicts. It is a pragmatic solution that ensures political stability, and is considered to be the key to the growth of Switzerland.

But what amazed me at first and impressed me the most was their democratic structure at the grassroots level in the form of Verein, as they call it, which could be translated as associations or cooperatives or clubs, which also include CSOs. This culture is so pervasive in Switzerland that it has become a feature of modern Swiss life with almost every Swiss citizen being member of at least one if not more such Verein. So, in the few places I visited recently, I have come across so many such associations or clubs covering such varied areas as hiking trails, vine growers, ropeways, singing, airsoft guns, church choir, shooting, gymnastics, women’s gymnastics, football, Bernese mountain dog, alpine pastures, association of mule museums, etc. In fact, in a village called Malans under Graubunden Canton, there are more than 20 such groupings.
A minimum of three people are required to form such a Verein, an articles of association is required to be put in place by the founding members; a president, a secretary and a treasurer are required to be elected from among the members to form the Board of Directors; an auditor is also required to be appointed; at least one annual general meeting of all the members are required to be held; and the Board should meet at least four times a year. But the most noteworthy features are that they seem to function more as self-help groups, and that they are run more or less by volunteers. While majority view shall prevail in reaching a decision, the minorities are free to articulate their views and try to change the decision. This, my Swiss friends told me, was the bedrock of their democracy.

I was also told that formation of associations of workers of various trades had contributed tremendously to Swiss growth and prosperity.

Switzerland’s education system: the bedrock of their success

The other very pertinent area for Bhutan to learn from is the unique Swiss education system, which if we had adopted earlier, I feel, could have scripted a different perspective with regard to employment or unemployment challenge faced by the country today. In this regard, while trying to gather more information on their education system for my article, I came across a beautiful article written by Marc Tucker, President of the National Center on Education and the Economy, in Washington DC, for Top Performers, which I chose to reproduce here because even America feels that the Swiss education system is something which is worth emulating.

“College: The Key to Prosperity - or Is It?

The fact that Americans want their children to go to college is not just a matter of status. Even with the crippling debt carried by the average four-year college student, the investment is more than worth it in terms of added lifetime income.

College pays off because employers need more highly skilled employees than the market is supplying, driving up the wages of the college-educated. The gap in wages between those who have high skills and those who have low skills is widening because there are more people with low skill than there are jobs for such people. That’s because more and more low-skill, routine work is being done offshore or by machines. Little surprise, then, that public policy is designed to get more and more young people into college. Who can doubt that that is the right policy?

I can. Let’s look at the Swiss. They are among the richest people on earth. Their economy is rated among the most competitive. Their unemployment rates are a small fraction of ours. Their people are among the world’s healthiest. The country is rated among the most desirable places to live. And guess what? Seventy percent of their high school students are in their vocational education system. Only twenty
percent are headed to university. Employers, instead of demanding more college graduates, are big supporters of the vocational education system and lobby to keep the proportion going to universities that are not part of the vocational education system low. Leaders of big firms are proud to have been apprentices once themselves and are perfectly happy to have their own children follow in their footsteps.

If graduation from a four-year college is the key to success, why is Switzerland beating the pants off us on virtually every measure of national success with an economy staffed mainly by graduates of their vocational education system?

On a recent trip to Switzerland, we asked top executives of some of Switzerland’s biggest global firms to join us for a roundtable discussion. Asked to account for Switzerland’s remarkable economic success, they explained that, about a hundred and fifty years ago, the Swiss, having no physical assets, concluded that their only important asset was the skills of their people. If they were going to have broadly shared prosperity, they would be paying very high wages. They would have to compete on quality, not price. That required them to have one of the world’s highest quality workforces. Their determination to have a top quality workforce has not wavered since then, irrespective of political party.

The Swiss education and training system is relentlessly meritocratic. The standards at every level of the system are very high. That includes the standards for both vocational education and their universities. The Swiss have built many pathways through their system, and provide a very high level of personalized assistance to students as they go through their system. The message to Swiss students is that we will do everything we possibly can to help you, but getting ahead in our system requires you to meet world-class standards, and that will not change.

Year after year, the Swiss compulsory education system is rated among the world’s most equitable and best performing. Students going into the vocational education system come from every ability level, so they are not viewed as losers. To the contrary, they are on a path that can lead to top positions in global firms. Whatever they go on to do, they wind up with qualifications that mark them as having met very high standards for the work they have chosen to do, qualifications in which they can and do take considerable pride.

The most valuable feature of the Swiss vocational education system is the fact that one cannot get into it without obtaining a contract with an employer willing to offer a multi-year apprenticeship at their work site. This is not a work experience program. Employers offering apprenticeships must provide substantial instruction and mentoring to students of a kind that is spelled out in detail in regulations that are designed by industry associations. Students alternate between time spent in vocational schools, paid for by government, and time spent in individual firms and in programs offered by industry associations, paid for by the firms. Employers do not do this out of the goodness of their hearts. Economists studying the system have
found that, on average, the firms come out ahead on their investment, after they have paid what the law requires to their apprentices (substantially less than the minimum wage).

What impressed us most were the apprentices we talked with, young people who were entrusted with substantial responsibility by their employers, very proud of the remarkable level of skills they were achieving and of the contribution they were able to make to the firm for which they were working, and justifiably confident of their future. Many could see a clear path to college if they wanted it, but most were content to start out on the career for which they were training and eager to see where it would lead. Nothing about them suggested that they felt that they had been shunted into a dead end.

On every important point, the American system is the opposite of the Swiss. There is no consensus in the U.S. that we need to compete on quality, not price, which means there is no agreement that the American future depends on high skills at every level of the workforce. Whereas the Swiss insist on setting very high standards for their compulsory, vocational and higher education systems, the standards for our elementary and secondary schools have been in the middle of the pack, not the top; we do not have a national system of occupational standards to drive our vocational system, let alone one set to high standards, and there is accumulating evidence that the standards for our colleges and universities have been slipping for years. Our vocational education system, to the extent that we have one, rarely includes serious employer-provided on-site education and training. But, in our misguided drive to send everyone to four-year colleges, we have turned our back on the pride of the Swiss system, the vocational education and training system that they view as the backbone of their economy. Do you suppose that it might be time to rethink our system?”

There are, of course, other equally important contributing factors to Swiss progress and prosperity such as their neutrality and sovereignty, banking services, competitive free market economy, SMEs which form the backbone of their economy, tourism, etc. where again there may be opportunities for Bhutan to learn from.

So, while the development cooperation may come to an end, there are tremendous opportunities and numerous areas on which Bhutan and Switzerland can continue to cooperate, learn from and support each other mostly through the people-to-people mechanism for which Bhutan-Switzerland Society in Bhutan and Society Switzerland-Bhutan in Switzerland look forward to playing their humble roles in the coming years.

Contributed by Lyonpo Dr. Kinzang Dorji, President of Bhutan-Switzerland Society.