

POSSIBLE FISCAL (OR PUBLIC FINANCIAL) EFFECTS  
FACING A POST-APARTHEID ECONOMY<sup>1)</sup>

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1. "THE INEQUALITIES OF APARTHEID"

In his first public address after his release on the 11th of February, Mr Nelson Mandela said in his speech in Cape Town:

"We need a fundamental restructuring of our economic and political systems to redress the inequalities of apartheid and to create a truly democratic society."

With this important statement Mr Mandela made three things quite clear. As far as the ANC is concerned, they seem to want the following:

- (a) Firstly, a fundamental restructuring of the economic and political systems and not only a reform of the systems. It wants systemic restructuring, not adaptation within the framework of the present economic and political systems. Not perestroika within the old system or framework, but perestroika of the system.
- (b) Secondly, it wants a restructuring of not only the political and/or constitutional system, but also of the economic system. Mr Mandela, however put the issue of a restructuring of the economic system squarely on the negotiation table parallel with the restructuring of the constitutional system. It has now become clear that the ANC regards a fundamental restructuring of the economic system at least as important - but perhaps even more important - as a reconstruction of the constitutional (political) system. This does not necessarily imply that the market orientated system should be replaced with a socialist system.
- (c) Thirdly, that two of the main purposes of the reconstruction

processes are (i) to redress the inequality of apartheid and (ii) to create a truly democratic South Africa. Mr Mandela was however not clear on which one of these should get preference. Does the ANC want a democratic system to use it as an instrument to address the inequalities of apartheid? Or, does the ANC first want to address the worst inequalities of apartheid to create conditions conducive to a democratic system? I suppose it wants both, but given the severe inequalities, I think it is necessary to address at least some of the worst inequalities en route towards a democratic system. Let us look at some of the typical inequalities in South Africa.

2. THE MULTIPLE INEQUALITIES

While South Africa is standing at the threshold of negotiation with the purpose of "creating" a New South Africa with a high degree of social justice, it is very relevant to focus attention on the grave injustice and especially on the highly unequal distribution of power and privileges between the statutory-defined groups. In an attempt to establish what Mr Mandela meant when he referred to the "inequalities of apartheid", it is necessary to highlight at least the following six inequalities as being typical features of the apartheid-based South African society.

- (i) The inequality in the distribution of political power as symbolised by the concentration of effective parliamentary power in the hands of the National Party representing (after the September 1989-election) only 6,3 per cent of the potential electorate.
- (ii) The inequality in the distribution of economic power as symbolised by the fact that less than ten corporative conglomerates are controlling almost 90 per cent of the value of shares on the Johannesburg Stock Exchange. This high concentration of economic power in the hands of a small group of large conglomerates is a very unfortunate and also an unhealthy feature of the South African economy. It complicates the task of constructing a democratic economic system

1) Paper read at the American Chamber of Commerce in South Africa in Johannesburg on Friday, April 20, 1990.

- or a economic system reasonably compatable with a non-racial democratic political system - enormously. The fact that many (or all) of these conglomerates are multi-national companies with foreign subsidiaries has the implication that the (potential) bargaining power of these conglomerates are exceptionally strong. The foreign "connections" of the South African conglomerates introduces a very sensitive international dimension into the South African problem.

(iii) The inequality in the distribution of property and land as symbolised by the fact that the Land Acts of 1913 and 1936 still prohibits 28 million Blacks (with a few exceptions) to own land in 87 per cent of the South African territory.

(iv) The inequality in the distribution of opportunities as symbolised by the large social spending "gap" due to the fact that the government's social spendings (on education, housing, medical services and pensions) are in per capita-terms at least five times larger on the relatively wealthy Whites than on the poor Blacks. In the recent Budget social spending on Whites (mainly education) is estimated to be in per capita-terms three times higher than the average social spending on the total population.

(v) The inequality in the distribution of experience as symbolised by the structurally disempowerment of people other than White and the ensuing "underdeveloped" leadership potential in these circles. Political disempowerment is not only the result of disenfranchisement, but also of the impoverishment of political leadership after decades of bannings, gaolings, restrictions, detentions and lack of ordinary opportunities.

(vi) Finally, the large inequality in the distribution of income as symbolised by the fact that the Gini-coefficient of 0,68 for South Africa is the largest of all countries in the world for which this kind of coefficient has been

calculated, indicating that personal income is more unequally distributed in South Africa than in any other country. If we put the per capita-personal income of the Whites in 1980 at an index of 100, those of the Asians, Coloureds and Blacks were 26, 20 and 9 respectively (in round figures).

Many reasons of an historical, cultural and demographic nature can be furnished for all these inequalities and for its close correlation with the racially defined groups. What really counts is that the structures and policies of apartheid has created and maintained, over a period of at least 100 years, social, economic and political conditions that were exceptionally favourable for Whites and unnecessarily unfavourable and even exploitative for the rest of the population. Although the structures and policies of apartheid cannot be blamed for all the inequalities, a very large (albeit indeterminable) part of these inequalities is to be blamed on apartheid.

If in the absence of apartheid - with its policies of dispossession, disempowerment, discrimination, deprivation and neglect - the per capita-income of the four groups (as presently defined) were not (as was the case in 1980) 100, 26 and 20 and 9, but, say, 100, 35, 25 and 19 (i.e. 5 percentage points more for Asians and Coloureds and 10 points more for Blacks) South Africa would have been an enormously better and more humane country than at present.

Looking at the sharp inequalities and its ensuing hardship for people other than Whites, it has not only become desirable but also indispensable for the Whites to acknowledge explicitly that a huge "apartheid debt" has accumulated on their books, that structural factors were responsible for it and that a major effort to repay this debt within a reasonable period - i.e. over a timespan and in instalments that will not cause unnecessary disruptions - cannot be postponed any longer.

In the recent Budget the government has made a first and tentative gesture to acknowledge guilt for the exploitative nature of apartheid and has accepted responsibility - also

very tentatively - for affirmative action to rectify wrongdoings of the past. The establishment of a R3 billion trust fund for socio-economic upliftment and for the removal of backlogs has ostensibly the deliberate purpose of symbolising an important change of heart on the part of the NP government.

Unfortunately the R3 billion is pathetically small in relation to what is needed. One feels inclined to discredit it as a publicity stunt to distract attention from the fact that the Budget was yet another typical apartheid's, or White man's, or rich man's Budget.

The creation of the R3 billion fund is a clear indication that the government totally misunderstood the nature of 20th century representative democracy and its public financial and welfare state implications. If the government is really concerned about socio-economic upliftment of the disenfranchised and deprived Black population, it should explicitly acknowledge the untenability of the present social spending "gaps" and make a clear commitment concerning the closing of this "gap" as a high and pressing Budget priority.

To give the necessary high priority to the closing of this "gap", every component of social spending should remain in the orbit of normal public financial patterns and should be synchronised with short and long term financial and economic considerations to ensure the most favourable trade-offs for advancement towards greater social justice. Such an approach will also highlight the dire need for an immediate integration of all public facilities.

Instead of creating a charity-like fund outside the orbit of normal fiscal practices, the government would have done much better if it had appointed a well-represented non-racial body to advise it publicly on all aspects related to the use of public facilities and the closing of the social spending "gap". Such a body could have made an enormous contribution by sensitizing the public for the kind of social spendings that would in any case become normal fiscal practice in a future non-racial democracy. I sincerely hope that this year's Budget was the last typically apartheid's, or White man's or rich man's Budget.

### 3. IS DEMOCRACY ATTAINABLE AND COMPATIBLE WITH THE MULTIPLE INEQUALITIES?

The multiple inequalities in South Africa, create a dire need for democracy but at the same time the inequalities represent a state of affairs that is all but conducive to the establishment and the maintenance of a democratic system. It is illuminating to focus on the apparent incompatibility between the present state of affairs on five different levels of society and the state of affairs that will facilitate a transition towards a true democracy. This kind of focus gives us the opportunity to distinguish between the state of affairs that IS prevalent presently and the state of affairs that OUGHT TO BE prevalent if we want to be successful in the creation of a truly democratic South Africa.

#### (i) On the level of attitudes

The present situation is characterised by conflicting and divergent attitudes, views, values, claims and expectations between the different population groups. The conflicting attitudes are in certain aspects so severe that we can talk of racial hostility.

Experience in other countries shows that to establish and maintain a stable democratic system, a convergence towards common attitudes, values and views is highly desirable while the claims and expectations of the different groups should be scaled down to realistic levels. En route towards a democratic system we will need a high degree of inter-group tolerance and empathy, while the privileged White group would have to display a preparedness to redress its mistakes and wrongdoings under the apartheid system.

#### (ii) On the social level

The South African society is characterised by apartheid, separation, ethnic conflict and by language, cultural and religious barriers. The lines of cleavage are racially

determined and cumulative in nature. The different racial groups are locked in a zero-sum-game - what one group wins is often at the expense of another group. The South African history over a period of 340 years is the sad tale of ongoing group conflict. The different groups have tried - and are still trying - to get rich by plundering each other!

To create stable democratic systems we have no choice but to deliberately integrate the different groups and to work very hard to create a single South African identity with common and overlapping interests and loyalties. In the New South Africa the lines of cleavage should be non-racial and cross-cutting.

(iii) On the level of economic structures and/or power relations

We have already referred to the high and unhealthy concentration of corporate power in the South African economy. Over and above the concentration of corporative power and wealth in less than ten conglomerates (with international connections), we must also take note of the widespread wealth and economic empowerment in White circles and contrast it with the relative economic disempowerment of people other than White. Given the unequal distribution of economic power the emergence of the Black trade union movement must be regarded as of critical importance.

En route towards a political and economic democracy, a more "democratic" dispersion of corporative power is necessary. How to bring this about without killing the goose that lays the golden eggs or not to make the goose fly away to its foreign subsidiaries, is a tremendously difficult problem. Those who think that nationalisation can solve this problem, are unfortunately mistaken.

But what should be done in connection with the very unequal distribution of economic power and the relative economic disempowerment of the Blacks? The first thing to be done is to try to convince both the White political and the White

economic establishments of the serious nature of the unequal distribution of economic power and of the need to redress this problem as part and parcel of the democratising process. The second thing to be done is to throw the ball in the court of the corporative sector. We should request this sector to take the initiative and come forward with proposals on how to "democratize" economic structures to a satisfactory level and on how an (adequate) economic empowerment of Blacks could be brought about.

(iv) On the macro-economic and international levels

Since 1974 the South African economy has been in a state of secular stagnation, growing un- and underemployment, serious balance of payment problems, a large outflow of capital, chronic inflation and creeping poverty. It is truly a very dismal state of affairs. As a developing country with a very high population growth rate and large pockets of poverty, unemployment, etc., the (shrinking) tax base of the economy is simply too small to sustain a democratic system with a broadly based representative parliament. If a truly representative parliament for all 37 million people should be established tomorrow, the representatives of the disadvantaged say 70 per cent of the population will, in all probability, be inclined to use the fiscal powers (that will be entrusted to the majority) to redress the poverty and deprivation of the said 70 per cent in a too short period of time. It is important to realise that the tax base of the underdeveloped and stagnant South African economy, is simply too small to sustain a fully developed democratic parliamentary system. This is not an argument against democratisation. It is an argument to emphasize an important stumbling block en route towards a democracy.

En route towards a democratic system we desperately need a high and sustained growth rate, maintained for a decade or longer. The high growth rate is necessary to create job opportunities, to soften the severe poverty problems but especially to broaden the tax base of the economy. The only

chance to attain the needed high growth rate is to succeed with political reform that will not only lead to a lifting of sanctions, but also to a large influx of foreign capital.

We must not underestimate our almost slavish dependence on foreign capital. Over the last thirty years our capital/labour relations has tripled while saving rates are at an alarming low level. Consequently we need a very large influx of foreign capital. To maintain an annual growth rate of 5,5 per cent in a (say) ten year Transformation period, we will need an influx of at least \$10 billion annually.

Is it possible to attract these amounts? It will be extremely difficult. During the Transformation period we will have no choice but to create conditions that will continually be attractive enough to invite large amounts of foreign capital.

(v) On the budgetary level

We already referred to the inequality in opportunities and to the large social spending gap. In the March Budget R28 billion was earmarked for social spending. Almost R12 billion will be spent on the (relatively wealthy) 5 million Whites or an estimated R2 300 per person. Almost R12 billion will be spent on (the very poor) Blacks or an estimated R420 per person. The remaining R4 billion will be spent on the Asians and Coloureds, or an estimated R1 000 per person.

These inequalities in the social spending pattern, has to a large degree been maintained since 1910 and were for the greater part of the 80 years even more unequal. The cumulative effect of these social spending inequalities over at least four generations and its consequential effect on opportunities and performance, is undoubtedly very large.

I do not think there is anything that demonstrates the social injustices of apartheid more dramatically than these unequal social spending patterns. Perhaps no other aspect of apartheid has been more discriminatory than this unequal budgetary treatment!

I hope people realise that any movement towards a democratic system will have important public financial implications. Any group of people who has been disenfranchised for a long period of time and suddenly get parliamentary bargaining power, is always inclined to use its newly attained power to influence budgetary spending in its favour. We have every reason to believe that a broadening of parliamentary democracy in South Africa will also have this effect.<sup>1)</sup>

It is useful to look at the public financial implications parliamentary democracy has had in Western or OECD countries. In 1910 public spending as a percentage of GDP was less than 10 per cent of GDP and social (or welfare) spending was very small. In 1955 public spending has increased in OECD countries to 28,5 per cent of GDP, to 41 per cent in 1975 and to 45 per cent in 1983. It declined to more or less 42 or 43 per cent presently. Just more than half of public spending in OECD countries is social spending on education, health services, pensions and housing. This high level of social spending - of almost 25 per cent of GDP - in OECD countries, must be regarded as a luxury that can only be afforded by the highly industrialised First World countries. In the recent Budget the amount earmarked for social spending in South Africa is 10,3 per cent of GDP. Given the level of economic development in South Africa, we can hardly afford a much higher percentage of GDP for social purposes.

It is very important to realise that the abolition of apartheid will release a demand for a variety of economic benefits and social services that have been restrained purely by apartheid restrictions. The demand for education and adequate resources for Black South Africans within the education system will

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1) During February last year I wrote a rather innocent article in *Business Day* referring to the public financial implications of a process of democratization. I also wrote that it is necessary to acknowledge explicitly the public financial implications of a democratic system and stressed the need to address this issue during negotiations. This remark sparked a two-month long vendetta against me in *Business Day*. Hopefully Mr Ken Owen will one day acknowledge the unreasonableness of the vendetta and apologise for the part he played in it.

probably constitute the largest single budgetary increase in the short run. And, given the poorer health status of the majority of the population, relative to that in countries of the same level of development, improving access to health facilities must be very high on the list of priorities of a future democratic government. The same can also be said about poverty relief, pensions and housing.

It is of course very difficult to speculate on the size of the amount that will be necessary to meet these additional demands. But if an attempt had been made in the present Budget to increase social spending to reach parity in social spending for the total population at present White benefit levels, it would have necessitated additional social spending of R56 billion. Total social spending would then have increased to R84 billion (or 31 per cent of GDP) and total government spending to R130 billion or 48 per cent of GDP! This is of course completely unattainable.

If an annual growth rate of 5,5 per cent can be maintained during a 10 year Transformation period (and it will of course not be easy to accomplish), the percentage of GDP needed to attain parity for the total population at present White benefit levels will decline from 31 per cent of GDP at present to more or less 22 per cent of the considerably higher GDP at the end of the 10 year period.

#### 4. SOME PESSIMISTIC PRELIMINARY CONCLUSIONS

At this stage we can perhaps draw the following rather pessimistic conclusions:

(a) Firstly, given the present tax capacity of the South African economy, it is definitely not possible to reach parity in social spending at present White benefit levels. We therefore can hardly afford a truly and fully developed

parliamentarian democracy at this stage. If this kind of democracy should be introduced in the immediate future, all kinds of fiscal constraints will have to be built into the new system.

(b) Secondly, if we can maintain a 5,5 per cent growth rate during a Transitional period of 10 years, we will need a social spending budget of 22 per cent of GDP to reach parity at present White benefit levels at the end of the 10 year period. Strictly speaking, that will also not be attainable at that stage. If a fully democratic system has been introduced at that stage, we will still need fiscal constraints to protect the economy.

(c) Thirdly, if it is true that it will only be possible to attain a 5,5 per cent annual growth during a 10 year Transitional period should we be able to invite a \$100 billion inflow of foreign capital during the 10 years, then the chances of reaching that level of growth must also be regarded as relatively small. It might be possible to get an inflow of say \$5 billion annually but it is unlikely that we will be getting \$10 billion annually. Our chances of getting large amounts of official development aid is rather slim. It will of course not be easy to maintain the internal stability and business confidence necessary to invite large amounts of private capital during the Transitional period.

On the strength of the above mentioned three pessimistic conclusions, we have no choice but to make the additional conclusion that a fully developed and unconstrained system of competitive non-racial democracy will in all probability generate fiscal demands for social spending and upliftment that will undoubtedly overstrain the tax capacity of the South African economy. This may happen even if an annual growth rate of say 4 or 5 per cent can be maintained. A fully developed multi-party competitive parliamentarian democracy is therefore a luxury that cannot be afforded, given the present stage of economic development in South Africa. This is not an argument against a process of democratisation. I only want to emphasize

its implications.

5. SOME QUALIFICATIONS FOR OUR PESSIMISTIC SCENARIO : AN OPTIMISTIC SCENARIO

Let us not be unduly pessimistic. It may be possible to make some qualifications for the above line of argument to soften the above pessimistic conclusions.

(a) First qualification

Do we really need \$100 billion to maintain a 5,5 per cent annual growth rate during a 10 year Transitional period? I made this calculation on the assumption that the expected capital: output ratio will be 3,0 in the foreseeable future and that the domestic savings will remain more or less at the relatively low level of 7,5 per cent of GDP. If it is possible to change the Labour/capital relation on the ground floor to reduce the capital intensity of the industrial sector, it may become possible to attain a 5 or 6 per cent growth rate with much less foreign capital. I recently listened to a lecture by Dr R M Kaplinsky of the University of Sussex. He regards such adaptations to lower the capital:output and capital:labour ratios as being attainable. This possibility should be explored thoroughly because it is a very important matter.

(b) Second qualification

Perhaps I am underestimating the growth potential of the South African economy. In a recent book by Stephen R Lewis Jr. (The Economics of Apartheid), he puts forward a strong argument that we can look forward to what he calls a "post-apartheid dividend". He is quite optimistic that if all the artificial barriers of apartheid could be removed, it will be possible to replace the "diseconomics" of apartheid with a situation that will allow a more optimal utilisation of scarce resources. Although I am inclined to agree with Lewis, we must realise that firstly, we unfortunately need time to rectify the highly "skew" economic structure developed under the restrictions

of apartheid. Secondly we also need time to compensate for the damage caused to the South African economy by sanctions and boycotts. If we do not work with a 10 year Transitional period but with say a 15 to 20 year Transitional period, the chances for the "post-apartheid dividends" to materialise will become much better.

(c) Third qualification

In my initial scenario I considered the possibility of reaching parity in social spending at present White benefit levels. Although visible advancements towards greater social justice and towards a closing of the social spending "gap" is a very important matter, it is perhaps not necessary to close the "gap" completely during a ten year Transitional period. We must also take into consideration the possibility - as encountered in many developing countries - that some of the "developing" people may experience "absorption" problems, i.e. show an inability to absorb all the additional social spending in the necessary "productive" manner. It may therefore be more realistic to set as target the closing of the social spending "gap" over a period of say 15 or 20 years. Hopefully it will be possible to convince the future democratic government of the need not to overstain the tax or fiscal capacity of the economy unnecessarily and to govern with the necessary fiscal constraint.

(d) Fourth qualification

Up until now I considered what the public financial implications would be if we want to reach parity in social spending at present White benefit levels. I think it is important to realise that social spending on Whites are presently at a relatively high and even luxurious level, given the stage of economic development in South Africa. The relatively high social spending on Whites is undoubtedly a function of apartheid and the power and privileges connected with it. During the Transition towards a non-racial post-apartheid South Africa, the Whites will unfortunately have no choice but to make

sacrifices. During the Transitional period social spending on Whites will have to be scaled down to more realistic levels. One possible way to do it is to "privatise" secondary education to a certain but relatively large degree. In such an event the parents will have to take larger financial responsibilities for both secondary and tertiary education of their children. If social spending of Whites can be scaled down by say one-third amidst a hopefully growing economy, the living standards of Whites will be affected negatively but hopefully not to unbearable levels.

If social spending on Whites can be scaled down gradually by one-third, it will release R4 billion at present price levels in due time. If military spending could at the same time be cut by half, it will release another R4 to R5 billion. In this way R8 or R9 billion can become available for social spending on the non-White part of the population. But what might be more important is that it will then prove to be much easier to reach parity in social spending at the lower White benefit levels. Although "levelling down" can never be easy or painless, I think that it is time to acknowledge that it has become unavoidable after 100 years of informal and formal apartheid.

(e) Fifth qualification

As stated above, we have reason to be very concerned about the unequal distribution of land and property. One possible way to address this inequality is to impose a property tax and to use the proceeds for land reform and housing purposes. A property tax of this nature can be regarded as a repayment of the "apartheid debt" that has accumulated over many years on the books of all the whites - or on the books of those people that were not negatively affected by the Land Acts. The idea to impose a property tax for restitution purposes is not an unfamiliar one. After the Second World War a one-time "property tax" was imposed to compensate people who's property was destroyed during the war. The idea of a property tax for restitution purposes needs careful research to determine its

merits and demerits, the size of the tax, what kind of property should be included and other administrative matters. It is undoubtedly an idea that deserves careful attention.

I must admit that I am not enthusiastic about the idea to use the proceeds of privatisation for restitution purposes. Privatisation has become as controversial as nationalisation. Given the strong feelings in important Black circles against it, a moratorium should be placed on the whole program to give the opportunity to a future democratic government to decide on the merits and the terms of privatisation.

Many of the above mentioned qualifications to soften the fiscal effects of the transition towards a democratic post-apartheid economy, boils down to one thing: TIME. If the luxury of time - and it must be regarded as a luxury - can be granted to us, then it may become possible to absorb the "shock" of the transition towards a non-racial democracy in a post-apartheid South Africa much easier. What we need is TIME and, of course, foreign support. Will the time to heal the damages of apartheid, to repay our "apartheid debt" and to rebuild the economy to benefit from the "post-apartheid dividend" be granted to us? Will this TIME and the necessary foreign support be available to us? I unfortunately do not know.

When the West-German finance minister, Theo Waigel, was asked last week what the cost of German re-unification will be, his answer was: "Only clairvoyants, geniuses and swindlers can answer that; I am none of these."

If you still want to ask me at the end of this lecture what the cost or the public financial implications of a multi-party and competitive democracy will be, I think my answer would be the same as that of the German minister.

6. THE BIG TRADE-OFF

En route towards a truly democratic South Africa we will conti-



nuously be confronted by the terribly difficult trade-off between GROWTH vs REDISTRIBUTION, EFFICIENCY vs EQUITY. To succeed at every point in time with the correct trade-off, we will need the Wisdom of Solomon.

The case to give preference to Growth and Efficiency is very strong and will remain strong for many years. But the case for Redistribution, for Equity, for greater Social Justice, for Poverty Relief programmes, for the Redress of the Inequalities of Apartheid, for appropriate Land Reform Programmes, etc., is also very strong - perhaps even stronger! The only chance to be able to make continually reasonable trade-offs between Growth and Equity, will be if a growth rate of at least five per cent can be maintained. But that will only be possible if a high influx of foreign capital can take place and we will only succeed to invite the necessary foreign capital if economic conditions conducive to growth, efficiency and economic stability can be maintained. But at the same time, the rest of the world will only be prepared to "normalise" relations with South Africa if apartheid is abolished and if visible movement towards greater social justice can take place!

In conclusion we should realise that it would be extremely difficult to reach compatibility (or reasonable trade-off's) between Growth and Redistribution. The ultimate success will depend critically on three preparedness or attitudes.

Firstly, a preparedness of people other than White to scale down their expectations and to be patient;

Secondly, a preparedness of the relatively wealthy Whites to make sacrifices to redress the wrong-doings of apartheid and to repay their "apartheid debt", and

Thirdly, a preparedness of the rich countries of the world to give development aid to South Africa and of private enterprise in these countries to (re)invest on a relatively large scale in a non-racial democratic South Africa. We can only

hope to get support from foreign private companies, if the Southern African based companies set the necessary example of commitment towards South Africa.

Given that attitudes and social and economic circumstances are at present not conducive for the immediate establishment and maintenance of a truly democratic system, the processes of normalisation, liberalisation and democratisation should be promoted as strongly as possible on every level of society. The democratisation and integration of every facet of the South African society must be regarded as an indispensable (pre)condition to create a civic society capable of sustaining a constitutional and economic democracy in the social democratic sense of the word. Although it may sound like a contradiction in terms, success with such a broadly based process of democratisation has become an important (pre)condition for democracy.