Dependence and Development in Southern Africa: The Case of Swaziland

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A thesis submitted in partial fulfillment of the requirements for the Master of Arts degree
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Table of Contents

Acknowledgements and Dedication

I wish to thank Dr. Timothy Shaw for his assistance in the preparation of this work.

To my dear mother, Madudu,
for your love and unwavering support.

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Abstract: The Southern African region has attracted considerable interest from scholars and spectators in recent decades. Events in Southern Africa have always been highly influenced by both regional and global trends and shifts.
Therefore, as the 1990's begin, analysis calls for a redefinition of the position in the changing regional and global environments, for small dependent states such as Swaziland, whose development and foreign policy operate within such constrained environments. The regional political economy has, up until now, largely been seen in terms of South Africa's hegemony or dominance. However, as the 1990's begin, South Africa, the hegemonic power in the region, is in crisis. The rest of the region is going through some form or other of structural adjustment under the IMF/IBRD.
At the global level, the New International Division of Labour is evolving, making some states in the region seem even smaller in terms of production, industry, technology etc. For Swaziland, such difficulties in the global political economy have tended to reinforce rather than erode regional dependence on South Africa. These will have implications for the choices available to Swaziland's political economy in the 1990's and beyond.

Chapter 1 <u>Introduction</u>

1 Statement of The Problem

As the 1990's begin, the changes taking place in the Southern African region and in the wider global political economy call into question the role which small dependent states like Swaziland may assume: 1) in this region historically characterized by conflict and co-operation and 2) in the interrelated and evolving New International Divisions of Labour and Power.

Swaziland has, since independence, adopted an 'open door' policy towards foreign capital, with its economy remaining subsequently highly dependent initially on South African and British-and then later, on US-capital. This has served the interests of the Swazi ruling class and foreign capital, both of whom have mutually benefited from this relationship.

In this regard, the historical development and nature of the Swazi state and the ideology of its ruling class, together with its structural dependence, have played a large role in shaping the nature of Swaziland's political economy since independence.

Swaziland's dependence on South Africa in the region is affected through and characterized mainly by its membership in the Southern African Customs Union agreement (SACU), the Common Monetary Area (CMA) agreement, the migrant labour system, and the regional infrastructure (roads, railways, hydroelectricity, telecommunications etc.) Thus, Swaziland's development efforte and policies in the 1970's and the 1980's have been highly determined and dependent on foreign capital, i.e (South African, British and US capital). Although Swaziland has tried in the last few years to redirect its sources of finance and to find new sources of trade, these have been mainly in a few agricultural products, mainly sugar, on which Swaziland has become increasingly dependent.

This process has served to increase the trend towards monocultural dependence on one or two agro-industrial products, produced for the world market, with obvious consequences in the evolving global economy. Among others, international fluctuations in the price and demand for sugar has laid Swaziland's economy open to the vicissitudes of the world market economy as sugar has become the state's most important source of state revenue. This became more evident in the 1970's and early 1980's when the price of sugar collapsed, resulting in a substantial increase in the country's otherwise low level of debt.

In the 1990's, with the reforms and changes occurring in South Africa and the whole region, the nature of relations among the actors both inside and outside the region are changing and are being continuously shaped and re-shaped by unfolding events. Internationally, Swaziland's pro-capitalist stance and dependence on foreign capital has laid it open to following a pro-Western policy in foreign relations, which, to a large extent, has not increased its degree of national independence in international affairs. On the contrary, such foreign dominance has relegated Swaziland to a position of being primarily an agricultural producer for the EC, US and world markets, rather than opting for greater industrialization.

In the 1990's, with global regionalization (Europe 1992 and the possible North American Free Trade Agreement) and with growing protectionism in the North, Swaziland's economy may face further decline as the prospects for finding new markets for its exports decline.

Swaziland has been able to reap the benefits of sanctions against South Africa in the late 1970's and early 1980's, with the subsequent relocation of firms evading sanctions, and for a while it seemed like a little 'success story'. However, such gains are not likely to be self-sustaining in the medium-term future.

As we move towards the end of the twentieth century, with the end of the Cold War, and of superpower intervention, which had largely shaped events in the country only primarily manifest in the form of IMF/IBRD SAP conditionalites, countries such as Swaziland are increasingly being left to find their own solutions and directions.

Also, with the end of the Cold War, the whole region is unlikely to remain attractive to foreign investment in the near-to medium-term future. The little foreign investment may flow is likely to be concentrated in South Africa because of its relatively developed infrastrucuture and communication network.

Furthermore, with South Africa in political and economic crisis (with possible spill-over effects likely to have serious implications for Swaziland), and with the rest of the region going through some form of structural adjustment, the end of apartheid in South Africa will not necessarily enable states such as Swaziland to improve their position in the New International Division of Labour. In fact, if anything, Swaziland is likely to become further marginalized.

Therefore, the choices which Swaziland's political economy will have to make in the 1990's are likely to be even harder. It seems likely that Swaziland in the 1990's will need to redefine, redirect and reassert its role both in the region and in the evolving International Divisions of Labour and Power. Hence, the timeliness of this thesis, informed by revisionist analyses. Before outlining my own perspective, I turn first to a review of the rather limited-both in approach and extent- literature on the frameworks of Swaziland's foreign policy and political economy prior to the 1990's.

2 Theoretical Frameworks

Swaziland's political economy has always been highly influenced by both regional and global trends and transitions. Thus, the prevailing frameworks for the analysis of Swazi political economy overlap, interrelate and change over time, a reflection of the dynamic nature of the shifts and changes in political economy approaches at both regional and global levels, especially since the 1960's.

Gill and Law, in their book The Global Political Economy see political economy as ''an integrated field that encompasses the specialized disciplines of politics, economics and international relations."[1] They argue, ''more fundamentally, political economy requires analysis of the way in which ideas about what constitutes the political and the economic have merged historically."[2]

The 1950's and 1960's saw the ascendency of the modernization paradigm which largely adopted a dualist approach to development for Swaziland as elsewhere. The dualist theory asserts that every economy, domestic and international, must be analysed in terms of two relatively independent sectors: a modern, more industrialized sector characterized by a high level of productive efficiency and economic integration, and a traditional more agricultural sector characterized by a backward mode of production and self-sufficiency.

This orthodox theory argues that the process of economic development involves the incorporation and transformation of the traditional sector into a modern sector through the modernization of economic, social and political structures. In this regard, the integration of the less developed world into the world economy was seen as mutually beneficial, promoting development and evidencing harmonious interdependence between the developed and the developing world. As Gilpin further observes: ''global integration of markets and institutions is the consequence of an inexorable movement of economic forces toward higher levels of economic efficiency and global interdependence."[3]

Trade, most liberal modernisers argue, constitutes an 'engine of growth'. Although the domestic forces of growth are more important, the latter process is greatly assisted by international flows of trade, capital and productive technology. The law of comparative advantage advocated by David Ricardo implies that domestic and international societies should be organized in terms of relative efficiency. ''It implies a universal division of labour based on specialization, in which each participant benefits absolutely in accordance with his or her contribution to the whole."[4] A fundamental harmony of interest among individuals, groups and states is assumed in the modernization paradigm to underlie the growth of the market and economic interdependence. Traditional Marxists believe that these external forces promote economic development by breaking the bonds of conservative social structures. Most studies on Swaziland, especially in the 1960's and 1970's, were largely inspired by the orthodox modernization approach, and tended to adopt this dualist perspective. The major thesis of the dualist perspective is to posit a historical parallelism between two seperate economies, the traditional and the modern.

Within such a perspective, in terms of my case study, Fair, Murdoch and Jones in the late 1960's begin by saying ''the most significant event in the economic history of Swaziland, as in most of Africa, was the gradual introduction of the modern money enonomy to a society whose economy was traditional, subsistent, local and self-reliant."[5] Gavin Maasdorp (1990) reiterates the same view when he observes how the Swazi have been exposed to the modern industrial and commercial economy for over a century: ''Even the most remote places have had contact with this modern economy."[6]

But, as Palmer and Parsons (1977) argue, from another more radical perspective ''this assertion flies fully in the face of historical evidence which shows how the Swazi have been progressively integrated into a sub-continental labour produce market over many decades."[7] Thus, during this contemporary period, the enclaves of capitalist development carved out in Swaziland were not designed to integrate with local market conditions, but purely to produce exports for the South African and world markets and thereby boost state and foreign private revenues. Palmer and Parsons go on to argue that this development

> Resembles in miniature the development pattern of South Africa, of which it has been a subsidiary growth pole. Its 'dual economy' is emphatically not one of two separate economies in parallel development. It is one 6 dominant and surbodinate sectors within one economic system, brought into being and maintained through the legal and administrative machinery of the state.[8]

Most writers on Swazi political economy during this contemporary period identified what they considered four types of dualism: sectoral dualism, spatial dualism, dualism of land tenure, and social dualism. There are those extreme modernizers who went so far as to argue that there was also political dualism in the Swazi state. (Absolom Vilakazi. 1979)

Sectoral dualism, which was somewhat geographic in articulation, was seen as evident in the existence side by-side of the modern and traditional sectors. Writers such as Fair, Murdoch and Jones (1969) traced the roots of such dualism to the economic history of the country and how it was slowly integrated into the world capitalist system. The traditional structure was one of a subsistence economy, whose foundations had been seriously undermined by the end of the ninenteenth century, with the Swazi loss of self-sufficiency.

The way in which certain core areas in the country were developed as opposed to the rest which remained underdeveloped was seen as evidence of 'spatial dualism'. Fair et al (1969) identified four core areas situated mainly around the major towns. There was found to be a wide disparity between the core towns. There was found to be a wide disparity between the core and periphery in terms of population density, total output production, wage employment etc. Furthermore, the periphery was said to be less well-endowed than the core in terms of natural resources. The predominant means of production in the periphery was subsistence farming. Functional linkages between the core areas and the periphery and among the core areas themselves are weak. As Maasdorp argues ''The core areas are strongly oriented to centres in South Africa and Mozambique, whereas the periphery tended to be isolated from the mainstream of economic development."[9]

The 1907 Land Proclamation Act, which had facilitated the expropriation of two-thirds of the land surface by the colonial government for white settlers, thus confining the Swazi to the so-called 'native areas,' is said to have created dualism in land tenure. Development tended to be highly concentrated on the farm land, most of which falls within the core areas, whilst the latter, communal land tenure prevails on Swazi Nation Land (SNL) which contains 84% of the total population, most of whose area falls mostly in the periphery.

The presence of a small European settler community which held administrative as well as economic power until independence in 1968 was said to be a sign of social dualism. Since then, though political power has passed to the Swazi, the European community still dominates the economy, albeit in association with the Swazi state and bourgeiosie.

The co-existence of the parliamentary and traditional systems of government was said to be evidence of political dualism, a system that had been retained at independence when Swaziland became a constitutional monarchy with a Westminister-type constitution. The independence constitution, however, has since been abrogated. Thus since 1973, it could be argued that there has been less such dualism.

By the 1970's, this prevailing modernization paradigm came under very severe criticism from other social scientists in the Third World, especially in Latin America. The modernization paradigm was further weakened by its inability to explain real developments in the Third World during the 1960's, as pointed out by dependency theorists such as Dos Santos (1970) and Frank (1967, 1969). The modernization paradigm had assumed mutual interdependence and harmony of interests among states, both developed and underdeveloped. Thus, the concept of interdependence was taken to imply a relatively symmetrical set of interrelationships and benefits among states and peoples. However, in the real world, this is rarely the case. As Keohane and Nye were to later caution:

> A state of interdependence between two actors does not entail an even distribution of the benefits- a relationship of interdependence is not free from distributional conflict whether expressed in maximization of benefits or avoidance of costs.[10]

Hence, Keohane and Nye conclude that, ''in terms of concrete analysis, the question of the relative distribution of gains and loses should be at the very centre of interest."[11]

The dependency approach emerged as the critique of the modernization paradigm, and different conceptualizations of the problem of development were developed through it. The dependency approach has a complex intellectual origin, ranging from Marxism (or rather Marxism-Leninism) neo-Marxism and Latin American structuralism. These differed in style, emphasis, disciplinary orientation and ideological preferences, but they shared the central basic idea about development and underdevelopment as interrelated processes.

Frank, one of the most prominent dependency theorists, explicitly rejects dualist theories of development. The dualist theories characterize underdeveloped countries as possessing two sharply distinguished sectors, one modern, dynamic, and integrated into the world economy, and the other, traditional, stagnant, often feudal, supplying labour but little else to the former. Frank argues that individual underdeveloped countries are internally integrated through the permeation of merchant capital: ''Indeed, the world capitalist economy is a single integrated whole,"[12] he argues.

The dependency thesis saw the most important obstacles to development as emanating outside the underdeveloped economy, rather than from internal sources. Thus, contrary to modernization theory, obstacles to development were not lack of capital or entrepreneurial skills, but were located in the international division of labour. The latter was analysed in terms of the developed centre and the underdeveloped periphery. A transfer of surplus took place from the periphery to the centre.

Dependency theorists, (especially Frank's development of underdevelopment thesis,1966) believe that the world market operates to the disadvantage of the dependent economy and domestic welfare. Trade, in their view, is an engine of exploitation, of underdevelopment, and for more advanced economies, of economic decline, not of growth. As Frank argues,

> evidently, the production and export of staple raw materials after about four centuries has not yet had a capacity to transform most of Asia, Latin America and Africa into industrial capitalist producers and has drawn them into a staple trap or at least into a low level disequilibrium trap, from which they are less able to escape through capitalist development.[13]

The dependency perspective went beyond the problem of structural dependency. It also implied a self-reliant approach to development thinking as such, an indigenization of development theory. This perspective, which was a clear break with the modernization paradigm is particularly apparent in the following definition by Dos Santos:

> Dependence is a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others. A relationship of interdependence between two or more economies or between such economies and the world trading system becomes a dependent relationship when some countries can expand only as a reflection of the expansion of the dominant countries, which may have positive o r negative effects on their immediate development.(Dos Santos,1970)[14]

Since the periphery was doomed to underdevelop because of its linkage to the centre, it was considered necessary from this perspective for a country to disassociate itself from the world market, to break the chains of surplus extraction and to strive for national and collective self-reliance, as in the context of the New International Economic Order (NIEO) as advanced by the group of 77.

However, mostly because it put the blame solely on external factors, the dependency perspective fell into great disrepute by the 1970's. The most severe challenge to the development of underdevelopment thesis was represented by the Newly Industrializing Countries (NICs), who in the early 1970's rapidly industrialized. At the empirical level, the NICs experience of achieving phenomenal growth has been used for the refutation of dependency. But, as is evident in the continuing discourses between these approaches, "the controversy over the role of the world market in the global distribution of wealth, power and welfare constitutes one of the most intensely debatable divisive questions in political economy."[15]

In the Southern African region, in the 1960's and 1970's, largely as a result of the dominance of the dependency school in development thinking, most analyses started from the premise, implicitly or explicitly, that whatever happened in the region was attributable to South Africa's action or inaction, and that the ensuing developments of the neighbouring environment were reflections thereof. As

Tostensen puts it ''the dependence of the Southern African states on their giant neighbour South Africa, has become an axiom in practically any discussion of the political economy of the region."[16] It was during this period that writers such as Kenneth Grundy argued ''the most imposing structural characteristic of Southern African affairs is the virtually unchallenged economic domination of the RSA. This, more than any other single fact, has determined the economic, military and diplomatic networks that are being constructed in the region."[17] Neo-Marxists such as Samir Amin (1974,& 1976), Mittelman (1971) and Frank (1981) take a similar position, arguing that since South Africa has economic control of the 'inputs' of the economies of regional states such as labour and raw materials, this enables South Africa to manipulate these economies.

Swaziland's integration into the regional political economy dates as far back as the last century. It has since been institutionalized through SACU, RMA and labour migration. At the peak of the dependency approach in the 1970's, most studies on Swaziland focused on its structural surbodination to the South African economy, emphasizing its land-locked position and the transportation and trade consequences that flow therefrom. This is further exacerbated by its participation in SACU, RMA, migrant labour and regional infrastructure, etc. As J.S Crush puts it:

> The severe trade imbalance and the structures which maintain it, including the customs union, are one set 6

dependency parameters. Underlying those however, is the role of the MNC's in Swaziland's dependency relation with South Africa, a role that has intensified, not diminished, since independence".[18]

Some of the scholarly discourse during the current period is situated within the starker versions of underdevelopment theory. According to this view, the three small states neighbouring South Africa''are treated as if they are so completely dependent upon South Africa that politically they are hostage states."[19] This is attributed to the fact that they are geographically encompassed by the RSA, they lack resources and they need to export labour to South Africa. In most of the literature which adopts this approach, ''the prevailing view is that those governments could not survive a disruption of their economic relationships with South Africa. The political implication is that they also could not afford to challenge the South African political regime."[20]

Within this approach, Swaziland's political economy is seen to be so structurally surbodinated to international (particularly South African) interests that the resultant internal structures have no choice but to conduct a foreign policy that reflects this dependency. Jack Halpern (1968), Arnold Isaacs (1988) and others espouse this view.

This analysis has been criticised essentially for treating the region's states as mere appendices to South Africa and merely as passive objects of its policies and not as subjects or actors in their own right. It has also been criticised for failing to take account of the role of internal power structures, classes and ideologies that play a significant role in shaping the political economies of these states. As Mugyenyi has argued,

> The logic of external capital conceptualizes Swaziland as a comprador state with a ruling class that is no more than a stooge of imperialism, and in which the external relationship with South Africa and Britain is seen as <u>the</u> all determining relations for the Swazi economy and socio-political structures. [21]

Furthermore, this dependency framework has been criticised for failing to distinguish between economic and political forms of domination: ''Thus by denying it any measure of real as opposed to formal independence, Swaziland is put on more or less the same footing as South Africa's Bantustans."[22]

Beginning from the 1980's, however, this dominant dependency perspective started changing. The other states are increasingly seen as taking independent initiatives and adopting policies sometimes at variance with those preferred by South Africa. This approach essentially argues that every state in the region, including South Africa is to some degree able to manipulate regional economic ties to serve its own domestic and foreign policy objectives and at the same time is itself affected by these changes.

Following from this, states in the region are increasingly seen as interdependent with, rather than simply dependent upon, South Africa, the dominant national economy in the region. Therefore, according to this approach, while South

Africa's domination of the regional economy enables it to exert great economic leverage over other states, in so doing its own domestic economy and politics are affected. A further development since the late 1970's to 1980's with theoretical as well as developmental implications was that states in the region began to make collective efforts, rather than act only individually. Examples in the 1970's include the Front Line States (FLS) and in the early 1980's the formation of SADCC, whose main aim was to disengage from and reduce dependence on South Africa.

Most importantly, this approach places the region's economic relationships into the context of the domestic and national politics of Southern African states. As Libby puts it:

> Instead of inferring the costs and benefits to ruling groups stemming from their economic relationships with other states in the region, this approach seeks to evaluate also the political significance of these relationships in terms of their impact upon the ruling party, class or group and the political opposition to them in each state in the region.[23]

Most recent approaches dismiss the first two perspectives, dependency and interdependency as inadequate in grasping the dynamics of those factors which shape the political economies of states in the region. The most current literature goes beyond material factors to include issues of contradiction and coalition, race and class, production and distribution.

From such a radical perspective, Daniel, Vilane, Mugyenyi and others, have argued that the dependency and modernization analyses of Swazi political economy is incomplete. They argue that the relationship between Swaziland and South Africa is not only due to geopolitical factors or structural features, but also to the compradorial nature of the Swazi ruling class, whose position, interests and ideology share much in common with that of South Africa. A comparative analysis of Lesotho and Swaziland's relations with South Africa carried out by Daniel in 1984 reached the same conclusion.

These differences, argue the authors, illustrate that

> Even in the imperialist context of Southern Africa there are options and degrees of submissiveness and collaboration and that economic domination and coercion, as well as the use of threat of military power, should not be seen as the sole determinants of regional relations between the government of South Africa and the liberation forces opposing it.[24]

Essentially, much of the literature using this non-traditional approach disputes an important component of dependency theory, the concept of imperialist hegemony which suggests that all phenomena of significance in the African political economy are the products of omnipotent external forces and that local forces are irrelevant.

Thus, in terms of global political economy, these authors expose the inadequacies of the simple instrumentalist model of neo-colonial dependence developed by the 1960's Latin Americanists and later applied to the whole Third World. Contrary to the modernization approaches which espoused the view that it was beneficial for the developing world to be integrated into the world economy, and the extreme formulations of dependency theory (the development of underdevelopment thesis), ''the last decade has seen the growth of a dramatic process of structural change in the world's economic order unimagined in that optimistic period of boom and growth in the 1950's and 1960's."[25] The emerging NIDL involves the relocation of industry from the advanced to at least some of the underdeveloped countries as well as a marked increase of manufactured products exported from the Third World as a percentage of the total export of manufactured goods. As Higgott puts it:

> The essence of the new division is greater specialization in the production process and the ensuing facility of location and relocation of productive activity. Within the context of recent international political economy there is now cognized the facility for the location and relocation of international capital into those regions of the world providing the greatest returns.[26]

Mittelman argues that ''although industrialization is not a magic remedy for the problems of underdevelopment, upgrading the role of manufacturing is a key component of productive economic growth."[27]

There is a consensus in the literature, however, that Africa has not kept pace in this global manufacturing system and in the related increase of export activities, i.e, Fourth rather than Third World. Traditionally, LDC'S were integrated into the world economy as suppliers of raw materials and ocassionally of cheap labour. Still today primary commodities comprise 85% of their exports. After World War II most LDC'S adopted import-substitution industrialization (ISI). Only recently they were forced via structural adjustment to adopt export-led industrialization. Hence, Mittelman's conclusion is that ''the insertion into the lower reaches of the global manufacturing system may even deepen underdevelopment by reinforcing dependence on selective imports, especially capital goods and entails limits in terms of participation in competitive international markets."[28]

Shaw echoes this revisionist perspective: ''Clearly, in such an environment of uncertainty, the choices available to the least developed countries (the so-called Fourth World) especially Africa in the 1990's and beyond are severely constrained not only by the immediate realities of structural adjustment, but also by the continuing difficulties of the emerging global economy."[29]

In terms of the BLS in particular he argues ''Africa's position in the NIDL is hardly privileged or promising. Rather, the global periphery may become even more marginal in a post industrial period."[30]

As Richard Higgot earlier put it ''Africa is being drawn into this division in a subordinate manner and this subordination is in turn conditioning the nature of political behaviour in Africa- particularly with regard to the form and functions which characterize the peripheral state in the last quarter of the century."[31] In this context, national adjustment at the state or sub-state level in the Third World is seen as much more important than global adjustment, or more plainly, a movement towards a NIEO, because SAP is the dominant ideology and NIEO impossible. ''Arguments for a NIEO might have had currency in a situation where notions of 'unequal exchange' were influential, but in a situation where the utility of comparative advantage is reasserted (rhetorically if not empirically), demands for a radical restructuring of the economic order can be pushed to one side."[32]

In the Southern African region, the move towards the dismantling of apartheid and the transformation of its regional political economy have coincided with the rise and subsequent decline of both European and South African capitalisms, with profound implications for the balance among regional and global economies: ''Thus, any analysis of contemporary change has to take account of both sub- and super-structure, the dynamics of political economy. Difficulties in the global economy have tended to reinforce rather than erode regional dependence on South Africa."[33]

Furthermore, issues of race and class, production and distribution come into sharp focus in the literature that goes beyond the contemporary conjuncture to post-apartheid South Africa. There seems to be a general consensus in the debate that the dismantling of apartheid in South Africa will not necessarily solve the problems of race and class, production and distribution which have afflicted the region for many decades.

As Alan Whiteside argues, even from a more orthodox perspective, recent political developments in South Africa have resulted in severe economic problems: ''The trend of disinvestment and the pressure of sanctions are unlikely to diminish and will have dire consenquences for the economy. This will obviously affect the national economies of South Africa's neighbours, the region and its interrelationships."[34]

The evolving NIDL and structural adjustment all impact upon the states in the region, big and small. As Timothy Shaw argues ''analysis in terms of regional and national strategies has to absorb local shifts as well as global trends: changing regional as well as national terms of trade."[35] However, unlike ''surbordinate state system formulations, such local interrelatedness cannot be taken out of global context: regional and international relations together compound external factors for small states in the region."[36] Furthermore, in the post Cold-War era, ''with heightened competition among transnational corporations for profits, the role of regionalism is increasingly important. Yet, the scholarly discourse in the NIDL emphasizes the world-wide integration of industry and globalization of finance, but fails to conceptualize the regional and subregional divisions of labour."[37]

Shaw along with others has argued that in the NIDL, very few small states are viable, let alone expansive. Hong-Kong, Kuwait and Singapore are in the minority of viable-even vibrant-small states. Most island or land-locked countries are Fourth rather than Third World, a reflection of their relative decline in the NIDL."[38] In a small way, Swaziland in the 1980's reaped the benefits of a mini-industrial boom, as a result of firms relocating in an attempt to evade sanctions. Shaw observes that'' Swaziland seems to reflect the ability of one small state to resist further decline by making itself available as a conduit for South African and international capital, trade and investment."[39] But, as de Vletter cautions:

> There is little doubt that the sudden inflow of capital will benefit the economy, but the fragility of the motives for many of the firms cannot be overemphasized. Swaziland may be attractive to those wanting to leave South Africa, but the region as a whole remains unstable, and for the time being, there are unlikely to be many extra-regional investors interested in opportunities in Southern Africa, save for ways of exploiting sanctions and instability.[40]

Thus clearly, ''the options taken taken by small states become all the more important given the persistence of recession and retrenchment globally and apartheid, regionally. In other words, economic development becomes both more difficult in the light of the former and more confrontational in the light of the latter."[41]

Therefore, these developments inevitably raise the question: what will Swaziland's position be both in the evolving regional and global economies, especially given that the region as a whole is unlikely to remain attractive to many extra-regional investors in the immediate post-apartheid period? This question has not been adequately addressed in the existing literature on Swaziland.

With the whole region going through structural adjustment, a severe drought, and growing informal sectors, the range of issues to be analysed has to be expanded. Clearly, these are areas which need further research, and though this study cannot claim to have answers to all these questions, it will allude to some of them and throw further light on the nature of the problematic. The study hopes to go beyond modernization, dependency and interdependency to a more holistic approach which embraces the dynamic nature of the problematic.

It is the basic thesis of the study that Swaziland's incorporation into both the regional and international political economies has fostered and shaped its political economy since independence, and is likely to continue to do so in the future. In this regard, the changes occurring in both the regional and global political economies, the former characterized mainly by the transition towards majority rule in South Africa) and the latter by the end of the Cold War and the evolving NIDL & NIDP, are going to continue to have significant impact on the development and direction of Swaziland's political economy in the 1990's and beyond. And conversely, changing social forces in Swaziland itself are not passive, but respond to such external constraints and opportunities.

3 Methodology

The study has been undertaken through library research, my own research and knowledge in Swaziland, secondary sources of data, and other documents.

The data will be evaluated to mainly answer questions pertaining to the interaction of the state and the market as the embodiment of politics and economics in the modern world. Specifically, data will be evaluated to answer such questions as how the state and its associated political processes affect the production, accumulation and distribution of wealth. Furthermore, the effect of economic forces on the distribution of power and welfare among states, classes and different groups will be addressed. Also, data will be evaluated and contrasted with comparative evidence from the other two countries which constitute the BLS (Botswana and Lesotho) region, mainly Lesotho, which exists in a structural position similar to Swaziland both in regards to South Africa and the world economy.

Chapter 2. THE NATIONAL POLITICAL ECONOMY.

1 Pre-Independence History

> The modern Swazi state emerged in the early nineteenth century as part of the process of regional state formation and dissolution triggered by the rise of Shaka Zulu's empire.[1]

By the 1860's, the Swazis had successfully fought against the threat of incorporation into the Transvaal, and had settled in what is now present-day Swaziland as a homogenous group with a clearly developed power structure; the power structure was comprised of the monarch, senior princes and chiefs, whose control over land allocation constituted the basis of their power and material wealth. It was soon after this period that Swaziland experienced massive penetration by foreign capital and colonial take-over by Britain. The total impact of this was the subsequent land expropriation (under King Mbandzeni), which produced local effects that were to become a permanent feature of Swaziland's political economy for many decades to come.

King Sobhuza II ascended the throne in 1921, and spent the early part of his reign negotiating for the return of the land which had been alienated through the 1907 Land Partition Proclamation Act. As part of the process to regain lost land, this period saw the levying of various royal taxes on the King's subjects, most of whom had to migrate to the South African mines to earn money to pay for them.

When the process of decolonization began in the 1960's, there was a proliferation of political parties, most of which were influenced and subsequently organized around Pan-Africanist lines. The most militant of these was the Ngwane National Liberatory Congress (NNLC).

However, faced with such increasing internal opposition, the Swazi monarch had sought ways of consolidating its hold on state power by aligning itself with foreign capital interests investing in the country. It is during this period that the King formed his own political party, the Imbokodvo National Movement (INM), organized on traditional lines. The INM's conservative position readily accomodated the interests of the British, Afrikaner and other foreign investors in the country, from whom it soon gained wide support. Largely because of the support from foreign capital, the INM captured all seats in the post-independence legislature. In essence, the INM, in its articulation of the ideology of tradition, actually expressed the political and class interests of the Swazi aristocracy. It was, as Daniel argues ''committed to the absolute domination over the whole social formation of the monarchy and traditional custom, it also demanded for the monarchy monopoly control over mineral and land rights."[2] Indeed, by the time of independence, the monarchy had gained back for the Swazi nearly half the land, which was subsequently controlled through the traditional land tenure system. Most importantly, as a 'reward' for protecting their interests, the British granted the monarchy mineral rights with which the King set up the Tibiyo Takangwane fund as a depository for all mineral royalties. Thus, in the final years of decolonization, ''a firm crystallization of interests emerged between settlers, multinational capital and the Swazi aristocracy. It was this coalition of interets which led to significant foreign investment and rapid economic growth in the years immediately following independence."[3]

From this early period, the Swazi monarch, through the INM, began articulating a foreign policy position which was openly hostile towards the liberation forces, which were seeking independence from their colonial powers in the region and an alternative economic order to that of capitalism. In a speech in 1966, Prince Makhosini Dlamini, the INM leader, who became the first post-independence Prime Minister, summed up the INM's position when he stated that ''Swazis regard communists as their biggest political enemy."[4] He went on to assert that ''Communism has no place in Swazi life. We would fight it hard if it ever found its way here."[5] On the eve of independence, he had attacked what he called ''terrorism directed against Rhodesia, Mozambique and Angola."[6] Daniel has also suggested that, ''the PM expressed hostility at the armed efforts for liberation and independence of ZAPU, ZANU, MPLA and FRELIMO."[7] Daniel further suggests that hence, on the part of the Swazi state, ''the hostility aimed fifteen years later at the ANC was nothing new but the renewed expression of old political attitudes."[8]

In 1973, in what has come to be known as the 'palace coup', the King scrapped the Constitution (referring to it as alien and incompatible with the way of life of the Swazi), abolished all political parties, closed down parliament, established an army, and introduced a detention without trial provision. For five years he ruled by decree with all executive, legislative and judicial powers vested in himself. The leader of one of the main opposition parties, Dr. Ambrose Zwane, who described the King's action as ''a seizure of power by forces of fascism,"[9] was detained. When parliament was eventually re-opened in 1978, its members were now

> determined by an electorial system so designed as to ensure domination by loyalists to traditional custom. Its functions were changed as well. Stripped of independent policy-making authority, it was reduced to enacting into law the decisions of King Sobhuza and his advisors.[10]

Thus, the Swazi ruling class, in an alliance forged with foreign capital, entered the post-independence period as the single most dominant group, and has largely remained so to date, with both developmental and foreign policy implications.

2 Swaziland's Incorporation Into The World Capitalist Economy

> Swaziland under colonial rule is too often depicted as having been a neglected backwater of the British empire. Acquired for the strategic reason of protecting the Eastern flank of British capital on the Witwatersrand, the argument is that capital had no essential interest in Swaziland itself and that colonial capitalism had only the most minimal effect on the social formation.[11]

This view has often led to a mistaken conception of the Swazi colonial experience. On the contrary, from as early as the beginning of the twentieth century, Swaziland began experiencing a massive influx of mainly British and South African capital(s), a process which saw the beginning of the creation of the dependence structures that were to become the central feature of Swaziland's political economy to date. This process also served to incorporate Swaziland into the world capitalist system.

The period immediately after World War II saw an acceleration of this process following the discovery of minerals in the Kingdom. This period saw a heavy influx of foreign capital to exploit mineral, agricultural and other resources in the Kingdom, and also supplies of cheap Swazi labour. The Colonial, later Commonwealth Development Council (CDC) became the vehicle through which the vested interests of foreign capital were articulated and implemented. In a partnership forged with the Anglo-American Corporation and other South African interests, the CDC became the dominant actor in the creation of what was to become a dependent export-oriented economy in Swaziland.

Likewise, Daniel has argued that though on a lesser scale, the Swazi experience was markedly similar to that of Southern Rhodesia, in that it involved wholesale land alienation, thus resulting in both being settler states. The process began in the 1880's. It was facilitated by the expropriation of two-thirds of the land surface by the colonial government for white settlers (the 1907 Land Proclamation), thus confining the Swazi to 32 so-called 'native areas'; the imposition of a crippling tax burden; and penetration by both settler and multinational capital, of mainly British and South African origin. Alan Booth has argued that ''the level of taxation of the Swazis was the highest in Anglophone Africa."[12]

The expropriation of land produced local effects in terms of the Swazi social formation. The most visible of these was the creation of a cheap pool of labour, as most peasants, stripped of their land, migrated to the South African gold mines to seek an alternative source of livelihood. Those who remained in the country were forced into reserves or became squatters on the new European farms. Since the Europeans had taken control of the bigger portion of the land, these reserves could hardly sustain the much larger Swazi population, resulting in extreme over-crowding and over-grazing, among other problems. In this regard, these policies had been successful in generating local and migrant labour to the gold mines, coal mines and farms of the Transvaal, thus fulfiling the principal aim of the British.

The firm control which the Swazi rulers exercised over the Swazi population also proved useful in facilitating this process. In this regard, the Swazi monarch played a big role in encouraging men to go to the mines in order to earn money for the purchase of expropriated land. This was mainly facilitated by the imposition of various taxes on his subjects, a factor which forced a sizeable number of men to migrate to the South African mines to earn money to pay for these taxes. For example, a labour recruiter in Swaziland is quoted in 1904 as saying, ''I do not think I should be able to get (the Swazi) to come out unless they are influenced by the Queen and the chiefs."[13] This out-migration of men had other effects on the Swazi social formation in terms of the sexual division of labour both within the household and outside of it. Amongst others, the number of female-headed households, especially in the rural areas, increased. Furthermore, most of the women whose husbands had migrated came to assume most of the responsibilities relating to agricultural production and other economic activities to meet their everyday family needs. The total impact of this 'double role' was an increased burden on the part of women, a feature that has largely remained this way to date.

Furthermore, the form of growth that took place during the colonial period was highly uneven. Capitalist resources tended to favour settler development in the form of roads and communications, irrigation schemes, agricultural loans etc. However, Booth has argued that "since the better part of those funds came from the 'Native tax', such development was in effect subsidized by the Swazi."[14]

Such development also served to create structures which ensured Swaziland's continued dependence on the South African economy in the region. Bischoff observes how it soon transpired that capitalist donor states and capitalist investors were interested in promoting Swaziland's orientation towards the South African economy and its domination of the sub-continent, since it was taking care of the organization of economic activity in the region.[15] This form of development did not allow for the realisation of indigenous or self-reliant alternatives, but instead promoted the creation of an economy highly dependent on South African and British capital(s). For example, Crush observes how ''the incipient economy that was being carved out of Swaziland came to rely heavily upon South African enterprises for marketing arrangements and transport facilities, and for supplies of machinery and technical expertise."[16] Thus Swaziland, until 1964, remained reliant on the South African marketing boards for its principal products such as citrus, cotton and sugar. It was also heavily reliant on the South African railway transportation system, especially before the construction of its own railway line in the same year. However, despite this, Swaziland still remains largely reliant on South African technical assistance.

The position and authority of the Swazi traditional rulers had been in some ways undermined by the colonial order, though the colonial state had taken measures to limit the extent of this erosion. ''At crucial stages, the state intervened to bolster the hegemony of the traditionalists over the non-capitalist sector,"[17] An example is when in the 1940's the British government gave the King a large cash grant to accelerate his programme of buying back the land of which the Swazis had been dispossessed.''Through such initiatives and its own efforts, the traditional ruling strata retained coherence and entered the immediate pre-independence period as the single most powerful indigenous group and the natural claimants to state power."[18]

Thus, clearly from the outset, in Swaziland the pattern of economic growth was largely imposed from without. Inevitably, such growth, because of its highly exploitative and uneven nature could hardly benefit the masses of the Swazi people. For this early period, Fair, Murdoch and Jones conclude

> Along with the introduction of the Swazi to wage earning, the traditional economy showed signs of modification and weakening in other directions. Absenteeism of able-bodied men and serious imbalances in family and tribal organization and productive capacity were inevitable as the total impact of these events compounded.[19]

The introduction of the Swazis to wage earning during this period, combined with the extremely open nature of the economy that was being carved out, have had implications for the type of workforce that has since developed in the country. Winter has argued how the Swazi middle class, together with the Swazi rulers, in a bid to attract foreign investment into the country and also to accelerate their rate of accumulation, have tended to favour low wages, since this meant more investment. To achieve this end, the state used a number of measures to ensure the availability of a reliable workforce since this served both the interests of international and local capital. Winter has further argued how the state, through the National Industrial Development Corporation of Swaziland (NIDCS), used the drawing card of cheap labour in its campaign to attract foreign investment as shown by the following quotation from one of its pamphlets:

> Strike, absenteeism and other work stoppages that plague industry in many countries are virtually non-existent in Swaziland. An ample labour force is available. Minimum salaries and wages apply only to the hotel industry and few others. There is little unionized labour... wages are modest by South African and European standards.[20]

Therefore, it is no coincidence that the state has exhibited an attitude of open hostility towards trade unions. King Sobhuza II, in a speech he made in 1972 ''condemned the methods of the trade unions and said they were causes of industrial unrest through strikes... thus bringing the national industrial growth to a standstill. He said those who suffered most from leaders who organized industrial strikes were the poor man in the street."[21] Thus in 1973, following a series of strikes and industrial unrest which subsequently spread throughout the country, the King did not hesitate to seek the help of the British, who quickly sent in troops from Kenya to crush the strikes.

There have thus developed some corporatist tendencies between the Swazi state and foreign capital. These have come to govern the latter's attitude towards organized labour. An indication of this is underlined by how the Swazi state, in an alliance with foreign capital, created the Swazi National Council (SNC) after the 1963 strikes, an alternative institution to that of trade unions, in an attempt to weaken the powers of the latter, and to diffuse pressures for higher wages. To a large extent, the SNC, which soon became a highly bureaucratized and corrupt institution, did succeed in curbing the militancy of the trade union movement, thus achieving the aims of both the state and foreign capital. Since workers were deprived of an effective body through which to protest against low wages and poor working conditions, foreign companies investing in the country got away with paying starvation wages and maintaining poor working conditions.

From as early as the colonial period, Swaziland's foreign policy became more oriented towards a capitalist path of development. This overall economic policy promoted investment and led to a rapid expansion of capitalist relations of production. Although the period immediatetly following independence registered slow economic growth rates,''between 1971 and 1976 the economy achieved high growth rates, the mean growth rate over this period being 6% per annum. During the second half of the 1970's, however, this growth rate fell to 2-3% per annum, but an upswing in the early 1980's enabled the growth rate between 1977 and 1982 to reach a mean of 5% per annum."[22] However, Bischoff observes that overseas investment aid encouraged by the country's capitalist path of development did not, increase to the extent where Swaziland would become self-reliant or contemplate leaving SACU. On the contrary, the corporations investing in Swaziland still relied on importing through or from South Africa, rather than via Mozambique, ''so that greater monopoly investment in Swaziland's economy only meant that the Swazi came to be more reliant than ever on Swaziland's revenue from SACU."[23]

Bischoff sums it up when he argues that:

> Therefore, it is clear that the colonial and settler order did not prepare Swaziland for political and economic autonomy. On the contrary, the issue of a possible transfer of the territory was kept alive long enough to retard the initiation of the decolonization process. The period covered was too brief and incomplete to allow for the building of a coherent political party and the proper mobilization of substantial sections of the population. Neither did the colonial period make any provision for economic self-sufficiency, but promoted the building up of an export-oriented mining and agricultural economy.[24]

Therefore, independent Swaziland inherited an economy deeply penetrated and controlled by South African and British capital. Over the years, the former has become the most dominant in the Swazi economy, whilst the latter dominates mainly the sugar industry. In a larger sense, independent Swaziland also came to reflect the close alliance that had been forged between the Swazi state and foreign capital. Hence, the dominant interests of the Swazi rulers and those of foreign capital came to dominate the Swazi soio-political and economic formation, a feature that has characterized Swaziland's political economy to date. Thus, Swaziland's foreign policy, especially since independence, has largely reflected these factors. In a larger sense, these have become the underlying imperatives of Swaziland's foreign policy position both in the region and in the wider global political economy.

3 An Overview of Swazi Domestic And Foreign Policy Since Independence

3.1 Approaches to Swazi Foreign Policy

Most analysis of Swazi foreign policy especially in the 1960's and 1970's has adopted the dependency approach. This has tended to focus on Swaziland's structural subordination to South African and international capital, emphasizing its land-locked position and the transportation and trade consequences that flowed therefrom. These external forces were also presumed to have been largely responsible for Swazi political and social formations.

Such a dependency framework of analysis was largely informed by the 'traditional power theory of international relations', which associates power with foreign policy. Thus Swaziland was simply assumed to be dependent upon and threatened by its more powerful neighbour, South Africa, hence its foreign policy was necessarily reflective of this dependence. Following from this, Swaziland was conceptualized as "a comprador state with a ruling class that is no more than a stooge of imperialism."[25]

Under the dependency approach, the colonial state was conceived as an entity entirely subjected to external forces, with local forces lacking any degree of autonomy of action. However, as the dependency perspective slipped into some disrepute in the 1980's, mainly due to changes in regional and global political economies, characterized by destabilization in the former and structural adjustment in the latter, there emerged a corresponding shift to the analysis of Swazi foreign policy and its underlying causes.

More recent approaches, mainly using the political economy/ radical perspective, instead locate foreign policy within the nature of the power structure in Swaziland, especially the interests and position of the royalist comprador class and its world-view. Such a relatively nuanced analysis captures the dynamics of contradiction and cooperation, class and ideology at play in the making of foreign policy within the Swazi state.

Furthermore, recent related approaches and debates have sought to situate Swazi foreign policy within the wider context of the New International Division of Labour (NIDL) and the New International Division of Power (NIDP), especially the whole question of structural adjustment and the demise of nonalignment respectively.

Such an analysis reveals, as Daniel has argued, that there has been a long historical continuity in the accomodationist posture adopted by the Swazi ruling class towards imperialist capital; that this relationship has been mutually beneficial, providing a satisfactory rate of accumulation for international capital, while ensuring, under colonialism, political survival and modest prosperity for the local royalists; and that, finally, the maturing crisis of the apartheid state constitutes likewise a crisis for the royalist class in Swaziland.[26]

3.2 Background to Swazi Domestic and Foreign Policy.

As has already been mentioned, Swaziland is committed to a capitalist path of development, a factor which to a large extent has shaped its domestic and foreign policy. Thus, by the time of independence, foreign capital had come to dominate all aspects of the Swazi economy. As far back as 1976, King Sobhuza stated that

> For my part, I have always recognized that external capital and skills play a very important part in the development of the country's substantial natural resources; I am confident that the entrepreneur will find in Swaziland promising opportunities and a highly satisfactory climate for investment.[27]

In 1985, the then Prime Minister, Prince Bhekimpi, in an interview with The Courier, reiterated the same sentiments, which is typical of most other African states, when he stated: ''Swaziland is committed to a system of free markets and private enterprise. Government plays a relatively small role in the economy, apart from ensuring a good investment climate."[28] The roots of Swaziland's pro-capitalist orientation can be found in the historical process of state formation and the dominant interests that came to prevail during and after formal decolonization.

Therefore, Swazi domestic policy can be understood within the context of the interests and roles of three dominant domestic groups: the Monarchy, European settlers and the Swazi petit bourgeiosie. At independence, all three major groups vied for control of the state machinery.

The interests of the European settlers lay mainly in the control of the land they had obtained following the 1907 land declaration, a position they wanted to retain after independence. However, their interests clashed with those of the emerging Swazi petit borgeiosie, many of whom were products of the elitist educational system which had been an integral part of the colonial system. Therefore, in a wider sense, colonial divisions exacerbated tensions within Swazi society.

The Monarchy (which Bischoff calls "Dlamini nationalism"),[29] whose powers had largely been undermined during the colonial period- but which had since won the most important concessions, (that of mineral rights), out of which the King set up the Tibiyo Takangwane fund- also wanted to consolidate its power on the control of the state. Tibiyo has since allied itself with foreign capital in numerous ventures, especially the sugar industry, on which the country has become increasingly dependent as the most important foreign exchange earner. Seen in a wider context, Tibiyo has come to represent the hegemony of the monarchy and its forged alliance with foreign capital to reproduce the capitalist relations of production in Swaziland. Thus, since 1968, the King has governed with the loose consent of all social forces, including that of the peasantry, former settlers and the working class. Bischoff argues that

> such feudal relationships, consolidated with the assumption of supreme executive power by the King, had both internal and external meaning. To the outside world, it was meant to convey the picture of stability through a policy of traditionalism and continuing of the economic status quo. Internally, the dominance of the King in politics was to arrest the growth of any further political opposition and to make the monarchy, not national demands, the focus of national unity to serve the interests of the few.[30]

Indeed, as Bischoff puts it, ''the objective needs of monopoly capital now dominating the economy, demanded greater external linkages at the expense of any more balanced indigenous growth of the forces of production."[31] Thus, at independence,

> the material interests of a monopoly dominant export enclave economy came to decisively influence what Swaziland's 'national interest' was to be in international relations. Swazi foreign policy therefore came to reflect the dominance of this new'national interest' and the subjection of Dlamini nationalism to it.[32]

Swazi post-independence foreign policy has reflected this close alliance between the state and foreign capital. This has produced local effects in terms of the form of development that the country has pursued, including the distribution of gains accruing therefrom. Such capitalist development has tended to benefit the few who control the state machinery, whilst the masses have become increasingly marginalized.

3.3 Alliance With Foreign Capital:The Case of Tibiyo Takangwane.

Largely because of its wide and growing involvement in the economy, Tibiyo has become a major defacto factor in Swaziland's foreign economic policy.

Tibiyo Takangwane is a Royalist corporation, established by King Sobhuza II shortly before independence. It is the depository for all monies from mineral royalties. Among the uses made of Tibiyo funds has been the purchase of freehold land as part of the program to restore it to Swazi control. Since then, Tibiyo has adopted a policy of joint ventures and of acquiring shareholdings in other sectors, notably agro-industry, manufacturing, tourism and banking. Another development since 1976 has been the transfer of mineral royalties to another body- Tisuka Takangwane- whose main purpose has been to provide housing and acquire other investments for the Swazi nation.

Tibiyo Takangwane has been a subject of great controversy, mainly stemming from the secretive nature in which its affairs are operated. Its acccounts are neither audited nor open to public scrutiny. Its proceeds do not accrue to the Ministry of Finance. It is significant that the income derived from these funds does not accrue to the public treasury and that it is exempt from income tax and parliamentary audit. The King appoints the Board of Trustees of Tibiyo. Yet, Alan Booth believes that ''there is no question that Tibiyo brings great benefits to the people of Swaziland."[33]

However, what has become increasingly obvious is that Tibiyo has not been able to stimulate indigenous development free of monopoly domination. Indeed, Daniel has argued that in fact, ''Tibiyo has grown from a bank account into a royalist-controlled capitalist corporation operating as a junior partner in a growing and spreading alliance with multinational capital."[34]

Daniel further argues that Tibiyo also exemplifies the dependent, neo-colonial strategy of capitalist development pursued in Swaziland. ''It is one which has deeply integrated the Swazi economy with the South African while producing dynamic local effects, particularly in terms of class transformation. As an organ of capital in general, Tibiyo has simultaneously served the interests of both international and national capital."[35]

In the Swazi state's efforts to legitimize the activities of Tibiyo, the King was no less outspoken. In the words of the late King, ''Tibiyo is neither a competitor nor the duplicate of government's activities and programes but a complimentary organization to fill some gaps left behind by colonial rule and give a hand to the government in the great task of nation-building."[36]

In spite of this rationalization, Tibiyo's policies tend to clash with those of government, thus working against the national interest. While government agencies such as the NIDCS, have been seen as trying to promote more labour-intensive job-creating activities, Tibiyo's policies have moved towards stressing capital-intensive projects. This has been particularly true in the case of sugar, which has been expanded at high capital cost to produce more than double the amount guaranteed by the US and the EC market. Fluctuations in the prices of sugar have meant that the rest must be sold on the world market at a substantial loss.

For example, in recent years, the Simunye sugar complex, two-thirds owned jointly by Tibiyo and the government has been moving towards higher mechanization in the interest of becoming more competitive in the world market economy. This has been happening in the face of high and growing unemployment in the country, with obvious consequences.

The power and influence which the royalist corporation has at its disposal may be seen by how one Swazi Prime Minister, Prince Mabandla, who attempted to criticise its policies was soon dismissed. Thus, it may be argued that by providing the monarchy with the necessary capitalist resources, Tibiyo has become a tool for the monarchy to reproduce itself, whilst maintaining its claim of working towards the common good. In this regard, Daniel has gone so far as to argue that "in classic Marxist terms, Tibiyo can be analysed as a comprador element, an intermediary between those who exercise effective state power in Swaziland and foreign capital."[37] Tibiyo's activities to date have largely confirmed these assertions.

Thus it is clear that Tibiyo's role in the Swazi economy has grown to have a decisive influence on the future development of the country. This is likely to make its lack of accountability a serious cause for concern in the future. Furthermore, there is already growing concern about both the relevance and commitment of some of its policies to the general development needs of the country. A more recent example is that of the Royal Swazi Airways Corporation, in which Tibiyo has a 50% shareholding, and which has been operating at a loss in the last five years or more. Despite such losses, Royal Swazi Airways is still operating, at high cost to the taxpayer.

Furthermore, though Swaziland has not adopted a formal structural adjustment programme, it is clear that there has been a certain degree of restructuring in certain sectors of the economy. Thus, Tibiyo's wide involvement in the economy is likely to assume even greater importance in this regard. Among other things, its move towards labour-saving technology in the face of high and growing unemployment may exacerbate the already visible effects of adjustment. What is more, with the costs of SAP in neighbouring South Africa already spilling over into Swaziland, Tibiyo's policies would become even more decisive for the country's future development. In the 1990's, with Bank and Fund conditionalities advancing orthodox development policies, Tibiyo is likely to come under increasing pressure to adjust towards more accountability in the formulation and implementation of its policies.

4 The Post-Sobhuza Era

4.1 Domestic Struggles

The preceding argument indicates clearly the nature and balance of Swazi foreign and domestic policy during the Sobhuza II era, which covered the pre- and most of the post-independence period.

King Sobhuza II had provided continuity in Swazi foreign policy spanning six decades. His death in 1982 left a power vacuum which saw different factions of the royal family and state bourgeiosie vying for control of state power. This intense in-fighting was largely over the control of the royal family itself, the state machinery, and the royalty's riches held by the Tibiyo fund. It was further exacerbated by the long-standing persistent claims around a legitimacy dispute within the royal family which dates back to the controversial selection in 1900 of Sobhuza as a successor of King Bhunu. This is said to have split the royal family into two factions, one loyal to the Sobhuza line and the other to a lineage which is today headed by Prince Mfanasibili.

The two factions involved were the Mfanasibili-Msibi faction, which was eager to forge closer links with South Africa and the Mabandla faction which was more cautious and more wary of the South African regime. Thus, it is important to note that there were also external foreign policy aspects to this internal factionalism.

The dramatic events started with a palace coup whereby the Queen Regent Dzeliwe was ousted, stripped of the power to make the most important decisions, and Ntombi La Tfwala (mother to the King) put in her place. Following that, the Mfanasibili-Msibi faction, who were the two leading members of the liqoqo (supreme council), consolidated its hold on the reins of power: "They took control of Tibiyo, passing a decree declaring their actions to be above the law."[38] During this period, Swazi relations with Pretoria improved substantially.

The dismissal of Mabandla in 1983 was very significant. Soon afterwards, the crackdown on the ANC increased, with bombings, kidnappings and assassinations carried out by the South African Defence Force, with the aid of the Swazi police. Swazi official relations with Pretoria improved substantially. It was during this period that the Swazi state sought to restate its historic claim to two pieces of land, Kangwane and Ngwavuma in South Africa, which if granted would afford Swaziland direct access to the sea. It had been Sobhuza's lifetime dream to see these two pieces of land returned to Swazi control. South Africa has taken advantage of this claim which it has been dangling as a carrot to win Swazi support in the region. The then Minister of Foreign Affairs Mr. R.V. Dlamini and Sishayi Nxumalo, were the two main characters pursuing the land deal negotiations.

The then Prime Minister, Prince Bhekimpi, justifying

Swazi relations with South Africa, following the opening of a trade mission between the two countries, stated

> The Swazi people have learned from the greatest authorities that if one is to become prosperous he should love his neighbours as he loves himself. Regardless of the differences of political ideologies a pursued by your neighbour, you are expected to live peacefully. God made us neighbours and as such we have to love one another as neighbours.[39]

He went on to assert that Swaziland hid nothing in its dealings with South Africa.

> We work together on many issues. This is our way of life from time immemorial. I want to make it clear that we openly have dealings with South Africa. We do not do things clandestinely but carry out our affairs with South Africa in broad daylight. Today I want to make it clear that there is nothing wrong with our policy.[40]

The intense factional fighting calmed down with the coronation of the young King, Mswati III in 1986, who had just returned from Britain where he had been studying. Members of the Liqoqo have since taken their turns in jail.

Seen in a wider context, this period of intense strife within the royal family may be said to be indicative of the nature of the power structure and ideology of the Swazi ruling class and its world-view, which share a lot in common with that of South Africa.

The Liqoqo era clearly shows how Swaziland's foreign policy position in the region is not only due to geopolitical factors, or structural dependence, but also to the compradorial nature of the Swazi ruling class, whose position, interests and ideology shares a lot in common with that of the South African ruling class.

Swaziland's foreign policy has thus been reflective of these two interrelated factors; i.e; the ideological harmony of interests between the two ruling classes and the structural integration of Swaziland's economy into that of South Africa. It is within these wide parameters that the South African regime has used a combination of carrot and stick to bend the Swazi state to its own will. It must be noted, however, that, despite the mutual belief in the exercise of power and in capitalism, the Swazi state has never endorsed the racism inherent in the apartheid system.

Nevertheless, in the 1990's, the changing circumstances in the Southern African region, mainly characterized by the mounting pressure to oust the white minority regime in South Africa, may render Swaziland's middle-of-the- road position in its foreign policy increasingly harder to pursue and sustain.

4.2 Constraints and Contradictions

Swazi foreign policy and development initiatives in the regional context have been fraught with both constraints and contradictions. In large part, this reflects Swaziland's conservative pragmatism in the conduct of its foreign policy. As the first Prime Minister of Swaziland, Prince Makhosini put it ''Swaziland will follow an external policy based on realities with a maximum of acumen and a minimum of heroics;

based on enlightened self-interest and refraining from interference in the affairs of other countries."[41] Indeed, Swaziland's post-independence foreign policy has largely reflected this conservative pragmatism, a factor which has manifested itself in a number of its foreign policy initiatives in the region. However, in pursuing this 'neutral' position, Swaziland has often found itself in a dilemma, resulting in contradictory foreign policy initiatives.

Swaziland's membership in both regional and continental organizations such as SADCC and the OAU has largely reflected the nature and extent of this dilemma. This is best demonstrated by Swaziland's position on the issue of sanctions against South Africa. At the OAU Swaziland declared itself as opposed to apartheid, but made it clear that it could support a peaceful transition to majority rule and, under threat of sanctions from Pretoria, could not vote for sanctions against South Africa.

Furthermore, as a founder of SADCC, Swaziland is ideally committed to that organizatio's goals. Yet, because of its conservatism, Swaziland has found itself adopting a number of foreign policy initiatives which go against SADCC's main objectives. Booth observes how in 1980, Swaziland's basic dilemma was highlighted following the construction of a rail linking to that of South Africa. Though this had the immediate advantage of allowing its exports an alternative route to Maputo, its larger implications were that Swaziland, a charter member of SADCC, was moving counter to the organization's top priority of forging a transportation network independent of South Africa as a means of reducing dependency. ''That South Africa was aware of this politically subversive effect was confirmed during its assembly debate which talked of the schemes for helping cement and improve relationships with Swaziland."[42]

Thus, in an effort to balance its position in the region without alienating the South African regime, Swaziland has often found itself in a dilemma, resulting in contradictory foreign policy initiatives.

Other factors constraining Swaziland's development efforts and general foreign policy have been ecological, over which of course the country has very little control. In 1984, the country was hit by a severe cyclone- Domonia- which destroyed a large fraction of the infrastructure, and cost the government millions of emalangeni to rebuild. The country has also experienced some serious drought periods, especially over the last ten years, resulting in heavy reliance on grain/food imports, mainly from South Africa. The foreign policy implications for a country reliant on the importation of its basic foodstuffs, in this case grain, are obvious.

What is more, the current persistent drought that has hit the whole region this year is likely to aggravate the situation. South Africa and Zimbabwe, the two main countries from which Swaziland imports grain have also been hard hit. In addition, these drought spells have aggravated the fragile nature of Swaziland's agro-industrial sector, on which it is highly dependent- sugar, wood-pulp, citrus fruits and pine-apples- all of which are prone to drought and dependent on trade. In sum, though some of the factors constraining Swaziland's foreign policy are beyond its control, its conservatism would seem to account for part of its foreign policy initiatives in the region, thus giving more credence to the ideological element between the two ruling classes.

4.3 Relative Autonomy

However, these constraints do not constitute the whole explanation for any understanding of Swazi foreign policy imperatives. As already argued, the roots of Swazi foreign policy lie in the nature of the power structure and ideological world view of its ruling class. These would reveal that, in spite of existing constraints, there is some room for independent foreign policy decision making.

Swaziland's potential for relative autonomy in its foreign policy in the region can be demonstrated by the Premiership of Prince Mabandla between 1979 and 1983. During this period, Swaziland made attempts to reduce its links and distance itself from the apartheid regime, to lessen its economic dependence upon the regime and to align itself more with the Front Line States (FLS) in the region.

Following from this, in February 1982, the Prime Minister's office issued an 'Economic Review' which stated "There is a declared policy by the government of Swaziland to lessen dependence on the Republic of South Africa."[43] In order to implement this policy, the Swaziland government embarked on the construction of a E40M hydro-electricity generating station which doubled Swazi capacity. Under the same plan, another project was effected: the installation of an earth station for satellite telecommunication links, which immediately rid Swaziland of both the risk of having its telephone traffic pass through South Africa and the expense of the exhorbitant rates charged by South Africa.

Interestingly, "this occurred at a time when the regional power balance appeared to be shifting away from South Africa, whilst socialist states were emerging in the region."[44] Whether that was a coincidence or a well-planned and-orchestrated strategy by Mabandla's government remains quite debatable. What remains clear, however, is that he had been strongly opposed to the land deal which South Africa had been dangling as a carrot to win Swazi support in the region, and had not been particularly enthusiastic about forging close links with the South African regime. By contrast, Mabandla's successor, Prince Bhekimpi was a staunch supporter of the land deal negotiations.

It is no coincidence then that it was during Mabandla's premiership that Swaziland joined SADCC and rejected South Africa's overtures to join CONSAS. Its relations with the socialist states, notably Mozambique, improved, "with the subsequent detention of a number of MNR men and the deportation of several people who had been involved in recruiting Mozambicans working in Swaziland to send to MNR training camps in South Africa."[45] Swazi relations with the ANC also improved substantially during this period.

One of the most significant events in this anti-dependency period was the meeting of 6 April 1981, when Mabandla hosted the late President Machel of Mozambique, Botswana President Quett Masire, and Leabua Jonathan, who was then Lesotho Prime Minister. "The meeting, probably unique in Swazi history, issued a communique sharply critical of attempts by South Africa to destabilize her neigbhouring Black-ruled states."[46]

This period also witnessed a number of other significant strategies which Swaziland adopted in an attempt to try to lessen its dependency and ties with South Africa. For example, it is notable how in 1980, Swaziland used the threat of cholera in South Africa to ban the import of fruit and vegetable.

Booth observes how Swaziland, by prolonging the ban until 1984, used it to its advantage. Through this measure, it was able to boost local production by creating a protected market for fruit and vegetables and to force South African-owned wholesale and retail traders to establish Swazi sources of supply.

However, ''Swaziland, after all these efforts, slipped back into South Africa's orbit when it signed a secret security agreement with Pretoria on 17 February 1982,"[47] a poorly calculated move by Mabandla's government. In a larger sense, this was also a reflection of the contradictions inherent in Swazi foreign policy- making in the region. With South Africa's 'total strategy' at its peak, the Swazi state saw it in its best interest to win the South African regime over to its side in the hope of avoiding confrontation with it. However, it seems to be no coincidence that soon after the signing of the secret agreement, South Africa dropped the land deal negotiations. At that time, South Africa referred the Swazi government to the respective Bantustan leaders, who were adamantly opposed to the land transfer, for further negotiations. The Swazi state's attempt to pursue such negotiations with the Bantustan leaders met with blatant opposition from those leaders. The issue has not been raised by either parties since then, but Swaziland may restate its claim after a majority-ruled government comes t power in South Africa, a factor which might bring it into sharp conflict with the new government.

Thus, in a wider sense, the difference between Mabandla's and Bhekimpi's premierships also point to the the fact that

> In the imperialist context of Southern Africa there are options and degrees of submissiveness and collaboration, and that economic domination and coercion as well as the use of threat of military power, should not be seen as the sole determinants of the regional relations with the government of South Africa and the liberation forces opposing it.[48]

Thus, contrary to popular belief, the Mabandla era proves Swaziland's relative autonomy in the conduct of its foreign policy. The differences in ideological outlook between Mabandla and Bhekimpi is a further indication that ideology has been, and continues to be, a central feature in the understanding of Swazi foreign policy initiatives in the region, despite real existing constraints.

5 The Mswati III Era: Challenges of The 1990'S

The changes that have occurred in both the regional and global political economies, beginning from the latter part of the 1980's- from destabilization to transition towards majority rule in South Africa and the end of the Cold War- are likely to have implications for Swaziland's political economy in the 1990's and beyond. Daniel argues that ''the current political events in the region are deepening the ties between Swaziland and South Africa, so that the relationship has become an embrace of two threatened ruling classes."[49] This may be demonstrated by South African President, F.W de Klerk's brief visit to Swaziland on his way to Kenya in June last year. The Economist Intelligence Unit reports that Mr. de Klerk ''touched down in Swaziland to a red carpet welcome."[50] Speaking about South African-Swazi relations, de Klerk referred to these as ''always having been close and friendly, because both countries shared a common destiny in a sub-continent which demands pragmatic and realistic policies."[51] In response, King Mswati referred to de Klerk as ''a man of destiny in whom the salvation of South Africa lies."[52]

In the 1990's, Swaziland has started experiencing what appear to be spill-over effects from the changes and calls for multi-party democracy taking place in South Africa in particular, and in most parts of Eastern Europe and the whole African continent in general. In the last two years, there has been growing discontent with the present form of government, especially among the youth and university students, culminating in the formation of an underground political party, The People's Democratic Movement (PUDEMO), calling for multiparty democracy.

PUDEMO has since come out to openly challenge the monarchy and the present system of government. That the newly formed Swaziland Youth Organization (SWAYOCO), has been particularly outspoken in condemning the present system is also a sign of the growing discontent. It also points to the re-activation of some sections of civil society in the Kingdom, in this case the youth, some of whom are university graduates. What is more,''the opposition of chiefs to the

Tinkhundla still exists, and in May 1989 about 40 chiefs advocated the replacement of the present electoral system. They favoured the introduction of a system of direct elections to parliament."[53]

The high incidence of industrial strike action in the past two years, and the escalation of student unrest points towards the same direction. A new trade union federation has been established to challenge the hegemony of the Swaziland Federation of Trade Unions (SFTU), kwown as the Congress of Swaziland Trade Unions (COSWATU). According to local news reports, ''COSWATU believes that the SFTU is too conservative and toothless to represent effectively the interests of the workers."[54] The new federation has applied to the Department of Labour for registration. However, after about a year, its application is still being 'considered', according to the Deputy Labour Commissioner, Joshua Mndzebele. However, Mndzebele went on to hint that the possible reason for the delay may be that some members of the organization have been linked to political organizations.

In recent years, labour unrest spread to brewery and plantation workers and to the public service sector. Of particular note was the successful nation-wide bank strike (despite being economically counter-productive) called by the Banker's Union in August 1991 which, for three days, brought the whole country to a halt until the workers' demands were met. Unrest also erupted among university students, resulting in the closure of the University for periods of up to one month in late 1990.

In July 1989, in a swift move, the King dismissed the Prime Minister Sotsha Dlamini for what he termed 'disobedience'. In his place was appointed Obed Dlamini, a founder member and former Secretary General of the Swaziland Federation of Trade Unions. It is widely believed that Dlamini's appointment was expected to calm the growing discontent on the labour front, which had led to strikes in the banking and transport systems. This move constitutes part of the cooptation strategy that the monarch has adopted in trying to deal with demands from the masses.

However, contrary to what the state had hoped to achieve by appointing Obed to the premiership, he has since been seen by the authorities to act sympathetically towards the forces calling for democracy in the Kingdom. The Sunday Times of Swaziland reported that ''the PM, it was widely understood, stood close to the end of his political career, following the storm raised by his decision to allow a controversial fund-raising march by SWAYOCO, for which, it is said, the traditionalists wanted his head."[55]

After this fund-raising march had been announced the police had felt sufficiently challenged to threaten to arrest everybody in it. But two days before, the Prime Minister appeared on television and announced that the government would not stop it. His action, though popular among the youth and other radical elements, was considered to be highly subversive within conservative circles. Immediately following that, there were persistent rumours that the Prime Minister would soon be dismissed from office, presumably for 'disobedience'; as was his predecessor.

But ''because the decision by the PM was widely hailed at home and abroad as correct and in keeping with the spirit of the democratization process, the threat by the conservatives had to be carried out with care."[56] Of the period following this incident, the Sunday Times of Swaziland reported that ''thus began in earnest one of the fiercest public lobbies to unseat the PM from his office. The head of the Tinkhundla, Mndeni Shabalala, was reputed among the leaders of the PM's critics."[57]

In the light of this mass discontent, which has become a prominent feature of Swazi society in recent years, the Swazi ruling class has sought ways of making some concessions to the masses. Such efforts have been mainly directed towards reforming the Tinkhundla electoral system, which has been the main target of criticism by all sections of the Swazi population, and to quiet discontent on the labour front.

However, PUDEMO, which has increasingly assumed the role of representing the forces calling for multi-party democracy in the country, views the Tinkhundla system of government as ''an undemocratic traditional establishment lacking the mandate of the people."[58] According to PUDEMO, ''its legitimacy is therefore highly questionable. For this reason, it has therefore no business in the transitional process towards democracy and should just relinquish power to an interim government elected by the national convention."[59]

The monarch has made attempts to justify the present system of government as one that is representative of the wishes of the Swazi nation. Speaking at his 21st birthday celebrations in April 1989, King Mswati stated that ''political stability in the Kingdom would best be achieved through the Tinkhundla, which provide the vehicle of 'unity and democracy' in the Kingdom."[60] This is a clear indication that ''the King presently views the Tinkhundla as constituting a key basis for the development of the Swazi nation on the basis of tradition."[61]

The head of the Tinkhundla, Mndeni Shabalala, in his concluding remarks at a conference on local authorities, further reiterated the same sentiments when he asserted ''Swaziland is a Kingdom strongly pivoted on the unshakable Tinkhundla system of government."[62] In an attempt to dissuade the youth, which he perceives to have been the most persuaded by PUDEMO's ideas, Mndeni warned parents to ''protect their children against the influence of PUDEMO which aimed to undermine the unique method of democracy in Swaziland through which the monarch and his subjects come together to share responsibility in running the socio-economic and political affairs of the country."[63]

However, contrary to the long-held view that the mass of the population (especially the peasantry) are content with the present form of government, PUDEMO states ''the silence of the people should not be misconstrued as a sign of approval. It is due to fear, intimidation and insecurity instilled by the ongoing state of emergency."[64]

However, despite these attempts to justify and preserve the Tinkhundla system, the appointment by the King of a Tinkhundla Review Committee in September 1991 constitutes one attempt by the state to make concessions to the people. Yet, it is interesting to note how, within a few weeks of its appointment, the committee had degenerated into what has been popularly called the 'Vusela Committee'; i.e an instrument of cooptation rather than reform, in order to appease the Swazis. This development may not be surprising when considering who the members of the committee were and whose interests they are likely to represent. A report in the Sunday Times of Swaziland hinted that the composition of the committee was questionable and ''contained seasoned politicians who may well make changes that will please certain people in authority, rather than constitutional experts who would take seriously the task of constitutional reform."[65] Indeed, the committee was only comprised of conservative members of the defunct Imbokodvo National Movement and royalists, and was headed by one of the most conservative politicians, Prince Masitsela.

This move by the King elicited a sharp reaction from the opposition, notably, PUDEMO. In response, in a letter to the King dated 29 November 1991, PUDEMO registered concern about what it calls ''the static political position maintained by the Swazi government in a changing world."[66] The letter states ''We are gravely concerned, as advocates for a just and democratic system, to note that your government has not been moved an inch by the tide of change experienced by our beloved continent."[67] It further demands the ''upliftment of the state of emergency and the withdrawal of all repressive legislation in Swaziland."[68] Of the review of the Tinkhundla system by a committee appointed by the King earlier in the year PUDEMO states:

> Instead, your government has decided to embark upon a bogus consultation exercise aimed at throwing dust into the eyes of the people. We would like to point out that we are neither amused nor lured into believing that this exercise was directed at addressing the fundamental core of the political problems of our country.[69]

Despite this open challenge, the monarch has persisted in its claim of acting in the best interest of the Swazi people. In a speech honoring the visit of the elected MMD President Chiluba of Zambia early this year, the King pronounced that ''his government is not resisting change."[70] With interesting caution, he added

> Your excellency is obviously aware that our world is presently experiencing momentus changes. As such, we in Swaziland have decided to adjust ourselves to the challenges of change <u>but not</u> as followers of global pattern, but because we feel the time is right for us to review our political system in accordance with the aspirations of the people."[71] (my emphasis)

Despite this speech, it was soon afterwards that the King, in an apparent move to stifle change towards multiparty politics, announced another Vusela Committee (since known as Vusela II). It is not clear what the necessity or duties of this second committee would be. However, what is both clear and interesting is how the membership of the second committee underlines the state's attempt at coopting some of the radical elements which it views as 'a threat' to it . Some of the members of the second committee include the general secretary of the Swaziland's Human Rights Association (HUMARAS), which, though another- recently formed organization, is seen by the state as a potential threat, and a certain lawyer who has been a staunch critic of the Tinkhundla system of government. The rest are conservative chiefs.

Of the second committee, PUDEMO states:

> It is a waste of time and resources to try to resist change. In the long run, such resistance will have a serious impact upon the development process of our country for which your government will be held responsible. The change called for by the people of Swaziland is a global process that is irreversible.[72]

The position which the monarch has adopted towards the forces seeking change has led many observers to doubt the 'declared' intentions by Mswati and his advisors towards confronting the central political and administrative problems facing the country. This has cast further doubt on the extent to which the next round of 'no party' elections due in November 1992 would prove useful towards meeting these growing internal demands.

In conclusion, as Maasdorp sums up:

> The economic history of Swaziland is characterized by the persistence of many of the features of the pre-colonial economy mentioned earlier; the incorporation of the Swazi into the money economy; the maintanance of political power into the hands of the traditional elite, the close relationship forged by the elite with foreign capital and its encouragement of foreign investment and economic growth.[73]

However, as has been argued, certain changes that have occurred both at the global, continental and even local levels call for an analysis that captures the dynamics of these changes and their likely impact on the Swazi socio-economic and political formations.

Seen in a wider context, these changes are a reflection of a global trend. It remains to be seen how the Swazi state and monarch will deal with these challenges in this changing regional and global environments, and how they will try to meet the needs of the internal groups demanding change. Strategies that worked for King Sobhuza II in the 1960's and 1970's- those of using the traditional structure as the legitimate base for the power of the monarchy- are becoming increasingly difficult to maintain, since the world of the 1990's is markedly different from that of the 1960's. Thus, the Swazi state may yet need to adopt new tools and seek new solutions to the problems and challenges facing the country. In the face of these increasing pressures, the Swazi state might be forced to continue with reform and negotiation with the forces seeking a change of government, a process which might be slow and protracted, yet inevitable.

Chapter 3 THE REGIONAL POLITICAL ECONOMY.

1 The Structures of Dependence

Swaziland's political economy has been linked to that of the region through different institutions since as far back as the last century. Its integration into the regional political economy has had a continued impact on its development and general foreign policy, and is likely to continue to do so in the future. However, such regional ties have not been unchanging, but rather have responded to shifts and transformations at both the regional and global levels. As Shaw argues that ''as regional and global technologies and demands changed,- labour for mines and farms, metals and materials for new industries and now water and energy for sustained production... regional relationships thus reflect both global changes and national fortunes; domestic class formations and relations are inseperable from external technologies, strategic and economic directions."[1] At the more global level, ''structural adjustment impacts upon the region's relatively advantaged and industrialized leaders like South Africa and Zimbabwe as well as upon its small states."[2] Clearly, Swaziland's political economy has been affected by these interrelated and dynamic regional and global environments.

1.1 The SACU

Swaziland has been a member of the Southern Africa Customs Union (SACU) Agreement since it was formed in 1910. The costs and benefits of it membership in the SACU agreement have been a matter of serious debate, which has still not been resolved. Though Swaziland obtains more than half of its total state revenue from SACU, and imports about 90% of its goods from South Africa, all of which enter duty-free, the question still remains as to whether these benefits are worth the loss of autonomy that the membership entails. Maasdorp has argued that one unquantifiable advantage derived is that branches of South African firms in Swaziland are subject to the same management controls as their head office, and these are facilitated by the free flow of goods in terms of the SACU agreement and funds in terms of the CMA agreement which have ensured that shops are well stocked.[3] In this respect, he observes that ''Swaziland, together with Botswana and Lesotho, is the envy of other Southern African countries."[4]

However, what has become increasingly apparent is that South Africa has tended to use the SACU to reward or punish the BLS countries as it deems fit. Furthermore, South Africa, although obliged to consult the smaller countries, retains the ''right to determine the customs' excise and sales duty tariffs, and in fact does so in its own interest."[5] In addition, in spite of the agreement's provisions for the 'free interchange of goods', it has been widely argued that South Africa has prevented the establishment of industries in the smaller countries that it feared would provide unwanted competition. As J.S Crush puts it in a nutshell with specific reference to Swaziland:

> It has been argued that the 1969 agreement fails to tackle the problems of polarization consequent upon Swaziland's peripheral location and dependent economic structure; that it did not change the ground rules concerning the freedom of movement of goods; that South African monopolistic industry has retained the right to protect itself against competition; and that South African importation controls have had a depressing effect on potential revenue for Swaziland.[6]

That Swaziland's membership in the SACU has placed constraints on its plans for industrialization became clear in the early 1980's when it was contemplating establishing a fertilizer factory to supply the region. It was forced to postpone its plans following South Africa's announcement that it would not purchase the product. Though Swaziland later went ahead with the plan, its fertilizer factory soon collapsed in the face of competition from South African fertilizer firms. It must be noted though that the drought that hit the Southern African region in the early 1980's was another contributing factor to the subsequent failure of the Swaziland fertilizer factory.

Selwyn (1975) argues that the BLS countries present an extreme case of polarization in view of their weakness vis-a-vis South Africa. He identifies several reasons which make it difficult for them to attract industry. In the case of

Swaziland, these include high transportation costs, the openness of its market to South African products and its dependence on foreign capital, enterprises and management.[7]

Thus, many writers have argued that Swaziland's membership in SACU, though beneficial in some respects, has had a largely negative impact on its plans for industrialization. This became more evident in the 1970's, a period which saw Swaziland launch a policy of industrialization, the intention being to achieve some measure of self-sufficiency. However, as it turned out, such a policy could not be fully implemented since Swaziland's membership in SACU and its continued reliance on attracting overseas and also South African-based capital presented a contradiction which worked against the realization of this objective. Seen in a wider context, these constraints and contradictions are a reflection of the dilemma which small dependent states such as Swaziland encounter in the pursuit of their development in a world that is characterized by relations of centre-periphery at global as well as regional levels.

Thus, Swaziland's attempts to develop a more diversified capitalist-oriented economy has been confronted with these and other problems. In a wider sense, its membership in the SACU agreement has largely served to maintain the existing division of labour between itself and its trading partner, South Africa; i.e its export of raw materials and import of manufactures.

In this regard, both regional and global shifts and transformations have impacted directly on Swaziland's political economy as on other developing countries. In the case of the former, these have manifested themselves in Swaziland's continued dependence on South Africa, the relatively more developed partner in the region. However, such dependence and its resultant effects have profound implications for Swaziland, especially given the NIDL within the wider context of the global political economy.

1.2 The Common Monetary Area Agreement (RMA/CMA)

Swaziland has been a member of the Rand Monetary Area Agreement (RMA) [since changed to Common Monetary Agreement] since 1910. Its incorporation into the RMA pegs the value of the Swazi currency (lilangeni) since the mid-1980's to the rand, meaning that effective control of the Kingdom's monetary policy is partly in the hands of South Africa, by far the largest partner. However, though the rand ceased to be legal tender in the Kingdom following the trilateral monetary agreement of July 1986 between South Africa, Swaziland and Lesotho, rand notes still circulate freely in the country and banks continue to accept them for credit of their customers' accounts. However, despite the official de-linking, the Swazi lilangeni in fact still remains at parity with the rand. This has had various effects on the Swazi economy, amongst which are that "Swaziland imports inflation (now running at 13-15% per annum) and that the country's debt service payments have increased,"[8] in part a function of South Africa's own economic and debt crises.

Thus, as Booth has argued, though Swaziland's incorporation into the RMA holds many of the advantages that have been proclaimed by others, it needs to be judged whether the costs to Swaziland's economy- i.e the loss of autonomy and creation of dependency- are worth any gains. Swaziland continues to suffer all the economic disadvantages of monetary integration. In 1971, such dangers became clear to the BLS countries. South Africa, in response to a drop in the gold price on top of some other increases in the cost of its principal imports, tightened up bank credit over the entire monetary area. The 1980's saw a repeat experience following the severe economic crisis and balance of payments problems that the country was experiencing. In both cases, this had the effect of slowing down all development projects in the BLS that depended on bank credit. What is more, in 1971, when South Africa devalued its rand, ''the BLS authorities heard about it first through the radio and newspapers."[9] The effects of such monetary integration have been a source for concern among Swazi leaders, though they have consistently expressed their inability to do anything about it. This became more evident in the early-1980's, a period which saw rapid inflation in South Africa, which subsequently spilled-over to the Swazi economy, resulting in skyrocketing prices even for the most basic commodities. The Swazi Minister of Finance was reported as saying ''So long as Swaziland is a member of the SACU and RMA, policy options to limit inflation are severely limited."[10]

Other disadvantages of such monetary integration to Swaziland's economy pertain to interest payment, which is determined by the extent to which rands circulate in its economy. Clearly, the costs of adjustment in South Africa and their spill-over effects have had a largely negative impact on the Swazi economy which in itself was enjoying relative stability during this period. It has also not proved possible, with a pegged currency, for the Kingdom to effectively control the outflow of capital to South Africa, its main foreign investor. ''Continued domination of its banking system by foreign enterprises with heavy commitments in South Africa-Barclays and Standard Banks particularly does nothing to ease the problem of capital outflow."[11]

Furthermore, fiscal domination by South Africa and the free flow of funds within the rand area permits easy repatriation of profits from Swaziland. Though this is good for interest payment, the total effect is that membership in RMA has meant that Swaziland is unable to control those monetary policies which affect its economy .

The former Swazi Minister of Commerce, Industry and Tourism Derek Von Wissel explained this situation in these terms

> One must realise that in every fibre of Swazi society there is a dominance of the South African experience. South Africa determines our wages; South Africa determines our investment policy; South Africa determines our fiscal policy; South Africa determines our monetary policy. We are so dominated by South Africa that we have little manoeuvrability.[12]

Although the Minister's ending note in the above statement may seem slightly exaggerated, it is quite apparent that Swaziland's memberships in the CMA Agreement and the SACU do indeed limit its control of those important policy decisions and initiatives that most affect its economy. Furthermore, its monetary integration through the CMA has laid it vulnerable to the spill-over costs of SAP in South Africa, a factor which has had a largely negative impact on its development prospects in recent years.

1.3 Migrant Labour

''Swaziland, along with Botswana and Lesotho has been incorporated into the South Africa's labour 'catchment area' for the better part of the century."[13] The loss of its most productive resource, its young men, has had various effects on the Swazi social formation and productivity in the homestead. Its total impact has been low homestead productivity; increased poverty and malnutrition; and the high incidence of female-headed households.

As compared to other countries in the region, Swaziland contributes a small percentage of workers to South Africa's gold mining industry. However, ''since Swaziland has the smallest population of the countries in the region, the 15-20,000 workers it sends to the mines annually represent 36% of Swaziland's able-bodied male labour force and about 4% of the total mining labour force in South Africa for the year 1986."[14] Therefore, though in absolute terms Swaziland contributed fewer men to the South African gold mines over the years, as a percentage of the male population, its loss was similar to that of Botswana. However, their loss cannot be equated to that of Lesotho which has over 40% of its working population employed in South Africa.

''At its peak in the late-1970's, Swaziland supplied 28 000 miners. The present figure is around 10 000."[15] However, added to that figure is a sizeable number of Swazis working as migrants on Eastern Transvaal farms. In recent years, there has also been an increasing flow of informal migration of Swazis in other skilled areas, in search of so-called 'greener pastures'. These include teachers, engineers, university lecturers, technicians etc. This has since further increased the migrant outflow as professionals take their families with them, whereas workers cannot.

One ther form of such informal cross-border traffic also includes women in the informal sector. In recent decades, one of the most lucrative businesses, especially for lower-middle class women in Swaziland has been the hawking business. This involves women hawkers who buy clothes and other commodities in South Africa at relatively cheaper prices to resell in Swaziland at a profit.

However, low-income women have also been able to penetrate the informal sector trade, mainly selling handicrafts in South Africa. Their main customers within Swaziland itself are the tourists, most of whom are South African vacationers. This informal cross-border trading has become an important aspect of regional relations; women from other neighbouring countries such as Zimbabwe are also involved.

However, what has become apparent over the years is the way South Africa has used the migrant labour dependence of these countries to reward friends and punish enemies. South Africa, through its official recruiting agency has been known to cut down on the number of migrants as a way to coerce compliance from these states.

However, though the migrant labour system, despite these problems, has helped to alleviate the unemployment problems of the neighbouring countries, trends and developments since the beginning of the 1970's have compounded and served to further complicate the issue of migrant labour in the region. The economic elements are two-fold. First, since the late 1970's, the South African gold mining industry has been moving towards higher mechanization, a venture which was facilitated by the windfall profits derived following the rise in the price of gold in the late 1970's and early 1980's. Viewed within a wider context, this development may be said to be also an aspect of the NIDL in terms of improved technology transfer, from the developed to the developing world. As a result, since the late-1970's the modern mines have begun hiring fewer but more skilled miners. ''Wages have increased dramatically and a bonus system encourages repeated contract renewals for skilled miners. So, gold has become a lucrative career for a select group, but this has meant smaller numbers entering the migrant stream,"[16] a factor which is creating a labour aristocracy in the mining industry.

However, since the late 1980's, the price of gold has declined, precipitating an economic crisis resulting in massive cutbacks on production and employment, with obvious consequences to these countries.

Clearly, the issue of migrant labour is one that will remain an important factor in the regional political economy into the twenty-first century, as will be discussed on the section on post-apartheid scenarios. The move towards higher mechanization in the South African gold mining industry entails serious implications for the neighouring states in the region which have been dependent on the migrant labour system to alleviate their unemployment problems.

1.4 Tourism

Swaziland's tourist industry was not developed until the late-1960's. A huge influx of foreign capital, mainly of British and South African origin was involved in its development. To date, ''South Africa's Sun International dominates the industry through its local subsidiary Swazi Spa holdings, in which Tibiyo holds a 39% stake."[17]

The Swazi tourist industry grew dramatically in the post-independence period. For example, ''the tourist inflow rose from 10,000 per annum during the early 1960's to over 40,000 in the first year of independence; thereafter there was an increase of 260% between 1969 and 1975, peaking at over 150,000 in the latter year."[18] However, this boom did not last long. Beginning in the 1970's, the tourist industry entered a period of decline. The Swazi tourist industry has been too heavily reliant on the South African vacationer as the source for its market, a factor which is largely a function of regional relations and apartheid. This factor, as will be argued below, has contributed to the decline of the industry in the 1970's when other developments and changes in South Africa's policy impacted on the Swazi tourist industry.

Crush and Wellings, in a comparative study of Lesotho and Swaziland observe how changes in South African policy since the late 1970's has led to significant corresponding changes in the whole character of intra-regional tourism. With the establishment of similar tourist attractions in the homelands, much closer to South Africa's population centres, the Swazi tourist industry has greatly suffered. However, since 1986, the Swazi government has been investing heavily into tourism, and it has been growing steadily. Nevertheless, with the transition towards the scrapping of the apartheid laws in South Africa ich had prohibited such activities as gambling and other tourist attractions, any prospects for further development in the Swazi tourist industry are unlikely, at least in the medium to long-term future.

The tourist industry in Swaziland also reflects the close alliance between the Swazi state and foreign capital, which is achieved sometimes at the expense of the ordinary citizen. An example is that of two newly-planned hotel complexes, financed by Sheraton International, which are due to be constructed at Elangeni and Siphofaneni. These have sparked fierce resistance from the residents of these areas, following an eviction order from the state. Because of the resistance and struggle that has ensued, construction of these hotels has not yet begun.

However, despite some losses, Swaziland beginning from the early 1980's benefited from sanctions against South Africa through a mini-industrial economic boom. However, because of changing conditions in the region, this boom did not last long, with implications on its future development prospects.

2 Prospects for Future Development in The Region

2.1 Brief Economic Boom.

> Recent political developments in South Africa have resulted in severe economic problems, mainly as a result of disinvestment and sanctions, with obvious consequences for the economies of the neighbouring states in the region.[19]

Interestingly, Swaziland has been able to use the imposition of sanctions on South Africa to its own advantage. In a nutshell, Swaziland has used its access to the South African market so that for a while ''it seemed to be a small customs union success story, in contrast to Botswana and Lesotho."[20] This period was marked by the opening up of various industries. "The share of exports going to South Africa nearly doubled in five years from 20% in 1979 to 37%in 1982."[21] Most importantly, these were largely manufactured goods like televisions and fertilizer. These sectors included firms such as Langa Brick and YKK, the Japanese zip fastener company which produce mainly for the South African market.

Sanction-busting has tended to give South Africa access to markets outside the region not normally available to it. Betty Harris gives the example of Injobo, which is a large clothing factory in the Matsapha Industrial Estate. Originally it was a branch of a South African textile firm that relocated in Swaziland for the purpose of relabelling South African garments 'Made in Swaziland' for sale in international markets. However, it failed in late-1987 and was purchased by Eastbrook, an American firm.[22] Another example is that of an international shoe company, Bata, which decided to close its factory near Durban and relocate in the facility previously occupied by Salora, providing 500 jobs'.[23] There have also been reports of straightfoward sanction-busting operations involving repackaging facilities in the Kingdom. ''The appearance of 'Swazi wine' in international markets."[24] is an example of this.

However, changes in South African policy, mainly the introduction of attractive incentives in the Bantustans, together with a recession in the early-1980's, saw an abrupt end to the boom, with serious repurcussions on the Swazi economy. Among other things, there was "a direct loss of 1500 jobs which constituted an eighth of the manufacturing work force and a failure to create six hundred more jobs that had earlier been announced."[25] The total effect of this is that "in the next three years following that period, four firms moved from Swaziland to the Bantustans, while others closed down in the face of Bantustan competition."[26]

Of the companies which moved to the Bantustans, the most notable was Swazi Carpets, which, hardly two years after opening its plant in Swaziland, moved to the Transkei, putting 183 workers out of work. Swazi Metalware, a Chinese owned company followed suit and moved to Bophuthatswana, putting 130 women out of work. In 1983, Kirsh industries abandoned a far advanced plan to build a textile mill that would have provided 1000 jobs, and decided to locate in King Williams Town, a decentralisation point adjoining the Ciskei Bantustan which enjoys similar benefits."[27]

The state, realizing this massive flight of industries, through NIDCS produced an attractive investment incentive package which was revised in March 1985. Nevertheless, the size and location of Swaziland has made it difficult for Swaziland to compete for foreign investment, especially with the Bantustans, which, compared to Swaziland have had more attractive incentive packages. In 1985, for example, "company tax in Swaziland was 37.5%, much lower, certainly than South Africa's 50%. But with Botswana at 30% and the Homelands at 10%, investors have at their disposal alternative bargains."[28] In a post-apartheid South Africa, it is likely that this homeland competition would cease to be a crucial factor with regard to investment prospects in Swaziland itself. However, the region's predicted general loss of attractiveness would still decrease the possibilities of overall potential investment with obvious consequences to small dependent states such as Swaziland. In a wider sense, this is a reflection of these states' dependence in part on South Africa's regional policy and overall stability.

2.2 Further Marginalization.

Political, economic and social change in South Africa is bound to have major implications for Swaziland's economy. But whether these changes would benefit Swaziland in the short-and long-term future is debatable. Writers such as de Vletter and Hanlon have predicted that some of the adverse effects given current trends may be the loss of investment to South Africa and the decrease in Swaziland's customs revenue.

The Swazi government is aware that the increase in investment that enabled the growth that Swaziland has enjoyed in the 1980's is not likely to be sustainable in the medium-to long-term. A report in the <u>Montreal Gazzette</u> stated ''As South Africa liberalizes its racial policies, Swaziland is worrying that investors, especially those from Europe and the US may begin again thinking about investing directly in South Africa."[29] An economist for a major international development agency put it this way "Should South Africa become an internationally acceptable trade power, it would present the immediate attraction of a better infrastructure to potential investors. Swaziland would have to compete with that as well as the better wages and conditions for workers that South Africa would be in a position to offer."[30]

Many investors have tried to distance themselves from South Africa while gaining access to the EC and the PTA. In the face of the current changes and reforms, these circumstances could change quite rapidly, especially now that there are better prospects for a peaceful transition to a non-racial democracy in South Africa.

Expressing this concern, which is also a typical indication of the Swazi dilemma in the regional political economy, the Swazi Prime Minister, Obed Dlamini stated

> This is something we all hope for, but it is outside our control and it must be recognized that such an event could place great strains on our economy.[31]

Looking into the long term , the Prime Minister continued,

> Thus the largest single impact on our economic future is something that we are unable to plan for and incorporate in our economic strategies for the 1990's. What we can do however, is to ensure that Swaziland remains as attractive an investment area as possible.[32]

As argued earlier, Swaziland's apparent loss of attractiveness is best demonstrated by its tourist industry which was once booming, and, in the 1970's, one of the best in the region. With the current on-going changes in the nature of regional relations, Swaziland is likely to face increasing competition, especially from the homelands which have had more attractive investment packages in receny years. But, even if Swaziland suceeds in overcoming competition on all counts, there still remains the problem of high wages, which, experts point out, constitute a big burden on industry. Therefore, with the evaporation of the boom that gave rise to the economic growth of the 1980's, in the 1990's and beyond, Swaziland's position in the region is likely to be further eroded, unless wage

3 Post-Apartheid Scenarios

The question of regionalism is one that is likely to assume even greater importance as we move towards the twenty-first century. This is already evident in the global regionalization processes that are currently taking place. Mittelman has argued that

> In the post cold-war era, with heightened competition among transnational corporations for profits, the role of regionalism is increasingly important, yet the scholarly discourse on the NIDL emphasizes the world-wide integration of industry and globalization of finance, but utterly fails to conceptualize the regional and sub-division of labour.[33]

Santho and Sejanamane argue that, based on trends of global regionalization-i.e Europe 1992 and the consolidation of the North American free trade area- post-apartheid South Africa will emerge in a hostile global environment. In this predicted hostile context, the viability of small states is likely be put in doubt, with their political economies likely to become further marginalized.[34]

Some writers have argued that at the very least, neighouring states will expect a majority-ruled government in South Africa to be willing to totally re-negotiate the customs union and accept a much less one-sided relationship, although, this could bring them into sharp conflict with the new government. However, many scholars seem to be agreed that South Africa is likely to remain the hegemonic power in the region even after majority rule. As Gavin Maasdorp puts it "the question of relationships between a dominant regional economy and its smaller neigbhours is one that will remain in post-apartheid South Africa."[35]

With specific reference to the BLS, RJA Ayee suggests that Swaziland and the other SACU members should renegotiate the agreement with the post-apartheid government in South Africa.[36]

For a post-apartheid South Africa, this possible continued dependence is likely to have severe consequences for the Swazi economy. South African industrialists (be they private or parastatal) are likely to continue to maintain their dominance in the region, although the South African economy itself will be faced with conflicting pressures as regards industrialization and trade policy. In this regard, two scenarios posed by Joseph Hanlon and others seem likely, both of which have disadvantages for Swaziland.

Clearly, at least in the short- to medium-term, a majority-ruled South Africa will be faced with internal demands for redistribution. Therefore, local demand for consumer goods could rise rapidly, stretching industrial capacity to the limit, which would tend to reduce exports to the neighbouring states. The implications for Swaziland, which is dependent for 90% of its imports, (including basic foodstuffs) on South Africa, are clear.

However, the continuing economic crisis; the effects of SAP, and financial difficulty in which a post-apartheid South

Africa is likely to find itself may lessen the likelihood of this scenario occurring. Instead, faced with the harsh costs of SAP, South Africa may increase its exports as a means to earn much needed foreign exchange. Nonetheless, if exports continue to be maintained, then Swaziland's dependence on the South African economy will continue, thus placing its sheer survival on changing whims and conditions in South Africa. Though it may be too early to make predictions, it seems apparent that the immediate post-apartheid period will witness witness many changes, all of which are likely to have implications for Swaziland.

3.1 Migrant Labour.

On the question of migrant labour, which has largely served to alleviate unemployment problems for the neigbhouring states, there also seem to be at least two conflicting scenarios. Hanlon and others have argued that since a post-apartheid South Africa is likely to be under severe pressure to give jobs to Black South Africans, migrant labour from neigbhouring countries may decrease substantially, with obvious implications for these countries, especially Lesotho which has over 40% of its active labour force working in South Africa.

On the other hand, Santho and Sejanamane et.al argue that the abandonment of the compound system in post-apartheid South

Africa may enable workers to move with their families, resulting in massive migration that may drain these countries' populations to the point that they may even cease to exist. These scenarios, when applied to a country such as Swaziland, become complex and therefore do not render themselves to easy projection.

However, in the Swazi case, if current trends are anything to go by, the most likely scenario may be a huge migration of Swazis to South Africa to take up skilled jobs (because of the lack of skills in the Black population in South Africa), as is already happening. This will result in a huge brain-drain, with obvious consequences for the development of the country. For example, in 1990, at the start of reforms in South Africa, the University of Swaziland experienced a lecturer 'exodus' of unprecedented proportions as many lecturers left for South Africa, mainly to the Homelands (notably Bophuthatswana). This reached a crisis proportion towards the end of that year, culminating in a series of student class boycotts, protesting the non-availability of lecturers for many courses which were supposed to be offered.

What is more, this trend is likely to continue as more Swazis from all ranks in the professions - technocrats, teachers, university lecturers,- go searching for so-called 'greener pastures' across the border. With South Africa and the Bantustans offering competitive salaries and other fringe benefits which the BLS cannot afford, the brain-drain issue is likely to become a very serious problem for these countries in the 1990's and beyond.

What is more, in a post-apartheid South Africa, the picture is likely to be gloomier, especially for unskilled job seekers, who in Swaziland constitute the bulk of the unemployed (most of whom are high school graduates). Hanlon observes that in an attempt to correct the injustices created by the racial policy of apartheid, any new government in South Africa will face heavy internal demands for jobs and for increased spending on social amenities such as health, education, infrastructure and development in general.[37] This has clear implications for Swaziland, a country faced with a high and rising rate of unemployment, which has been largely dependent on the South African migrant labour system to alleviate this problem. Clearly, a majority-ruled South Africa would be under very strong pressure to give these jobs to South Africans. A look at present trends would indicate that migrant labourers from BLS are being increasingly replaced by South Africans when they retire or experience delay in renewing their contracts.In this regard, Betty Harris notes now that ''only 5% of the males recruited in any given year are novices."[38]

Furthermore, higher mechanization has meant that mining has become a skilled job for a select few, a skill which the bulk of the unemployed in Swaziland do not posses.

Swaziland is, then, presently unable to create jobs for even half of its school leavers each year, and the unemployment problem, according to the late King, is reaching 'crisis proportions'.[39] Unemployment affects all sections of the population, including university graduates and labourers. Mu¬yenyi notes that ''a new term 'sidlani', has been coined to describe the unemployed youth - the lumpens who are notorious for house break-ins and hold-ups in urban areas. The level of crime has dramatically increased, causing instability and social decay."[40] In recent years, this has been further aggravated by the problem of refugees and illegal immigrants, mostly from Mozambique, who come to the country and have no employment opportunities. ''The Swazi authorities have linked the influx of Mozambicans to the upsurge of armed crime in the country. This has led to a crackdown by police on Mozambican refugges, on which the Interior ministry has put a figure as high as 134,000."[41]

Therefore, according to the two above scenarios, Swaziland in a post-apartheid South Africa is likely to suffer what may be called 'a double blow'. Whilst, on the one hand, the lack of skills amongst the South African black population may result in a massive migration of most skilled Swazi workers, thus resulting in a huge brain drain, the mechanization and high skill requirements in the gold mines may drastically decrease employment opportunities for the bulk of Swaziland's unemployed, i.e, unskilled high school graduates.

3.2 Prospects for Regionalism: The Case of SADCC and PTA

Likewise, the question of the role which regional organizations such as SADCC and the PTA will play in a post-apartheid South Africa is still unresolved. However, there seems to be a consensus among scholars who have written on the subject that the coming of majority rule in South Africa will have certain implications for these regional organizations.

Amin, Chitala, et al, writing in the mid-1980's note ''indeed, with the likelihood that South Africa will attain majority rule within the next decade, then must come a fundamental change in the conception of SADCC, which up to now has been firmly based on the need to delink from South Africa."[42] Using the political economy approach, scholars such as Carol Thompson have questioned whether the "unresolved contradictory social relations of production within and among participant states wouldn't eventually create enourmous problems."[43] Furthermore, though SADCC's main objective is to reduce dependence on South Africa, its long-term objective is to aim at reducing dependence on any single external source. Despite this formulation, SADCC efforts have almost or exclusively been directed toward the objective of reducing dependence on South Africa, thus giving extra-regional dependence secondary importance. As Thompson puts it "the danger is that new or reinforced old dependencies may develop to the extent that SADCC runs the risk of substituting one set of dependencies (on South Africa) on another (extra-regional)."[44] Therefore, in this regard, and in a possible majority-ruled South Africa, ''the question is whether in the forseeable future SADCC and Southern Africa will be able to break away from domination by imperialism and international capital and work towards autonomous development."[45] It has been argued that ''for countries such as BLS, which are among the weaker states in the region, a shift of emphasis from SACU to SADCC and PTA, or in a wider sense, from South Africa to Europe and the US, would make little difference to their positions of vertical dependency."[46]

The Preferential Trade Area (PTA) Agreement may not offer many new advantages or alternatives, either, despite its recent plans to become a common market. Such an economic community would face problems, since the countries of the PTA are at largely the same level of development: essentially they are all primary producers with much the same range of products and only limited industry. What there is of the industry is present in Kenya, Mauritius and Zimbabwe, three countries which stand to benefit most from new enterprises and by the process of industrial polarization that is already becoming evident. Moreover, there are marked differences in ideology between members. The failure of the East African common market can be attributed to political problems, as well as to unequal distribution of economic benefits, both of which are present in the PTA.

The question of the role which South Africa post-apartheid will play in the regional integration processes is still subject to debate. With specific reference to the PTA, a spokesman for Swaziland's Federation of Employers expects problems if South Africa is admitted to the PTA and sanctions are removed. He observes "the liberal emotionalism that gave rise to support and investment in countries like Swaziland would evaporate overnight and the pragmatism of the market forces would take over."[47] But for their survival, he continues, "the countries of Southern Africa will have to collaborate with South Africa, otherwise, South Africa will soak up world markets with the efficiency of its economic and financial management and the sophistication of its infrastructure. Other countries in the region could simply become social and economic backwaters."[48]

Though some writers such as Margaret Lee argued in the mid-1980's that SADCC goals can only be achieved after apartheid is destroyed, in the 1990's, with the imminent transition towards majority rule in South Africa, there seem to be emerging what could be called South Africa's own version of what should become of the states in the region in their efforts towards achieving 'collective self-reliance'.

According to Santho and Sejanamane, South Africa's latest regional policy perspective was summarized by South Africa's Foreign Affairs Minister, .'ik Botha, when he stated that ''Southern African countries can maximize their real independence by committing themselves unreservedly to sub-regional economic integration in their struggle to lessen dependency and create healthy interdependent relationships."[49] The Foreign Minister further stated that ''there was an urgent need to expand domestic and sub-regional productive capacity with a view to increase the level of collective self-reliance. Emphasis must therefore turn to greater economic self-reliance."[50]

According to Santho and Sejanamane, these two statements can be interpreted as South Africa's attempt to continue to serve its own interests at the expense of the rest of the states in the region. They argue,

> Therefore, in preparation for these developments, one can intepret the Foreign Affairs Minister as suggesting that Southern Africa should become a regional economic collective which will cushion South Africa from these regionalisation processes globally and enable it to safeguard regional markets and maintain access to regional resources, both human and material.[51]

Therefore, it seems clear that post-apartheid South Africa is likely to remain a force to be reckoned with, a factor which may largely determine the possible direction and prospects for any efforts at closer integration in the region.

Hence, it seems clear from the above argument that Swaziland's integration into the South African economy has laid it open to being directly affected by conditions and changes in that country as they unfold. In a possible majority-ruled South Africa, though some of the structures of dependence may be renegotiated with a view to bringing about more equality among South Africa and its neighbours, there seems to be a general consensus that South Africa latter is likely to remain the dominant power, with both developmental and foreign policy implications for the rest of the states in the region.

Chapter 4 SWAZILAND IN THE GLOBAL POLITICAL ECONOMY.(NIDL &NIDP)

1 Introduction

Swaziland's pro-capitalist orientation may have brought benefits, most of which, however, have hardly spread to the masses of the people. Moreover, its growing monocultural dependence has laid its economy open to the vicissitudes of the world market economy, with implications given the evolving New International Division of Labour (NIDL). Furthermore, Swaziland's primary relations with the pro-capitalist states such as Taiwan and Israel have not enabled it to lessen its dependence either on South Africa in the region or on the global economy. However, given the transformations which have since occurred at both the global and regional levels, the country's pro-capitalist orientation, which has earned it much aid and development assistance, may cease to be an important factor, with obvious implications in this post-Cold War era.

As has been argued, then, Swaziland is committed to a capitalist path of development, a policy which has served the interests of both Swazi rulers and international capital well. Winter has argued that ''the prime role of the post-colonial state in Swaziland is to reproduce capitalist relations of production. Concretely this has taken the form of the creation state in Swaziland is to reproduce capitalist relations of production. Concretely this has taken the form of the creation by the state of the conditions for the extended reproduction of capital."[1] An example of this is the attitude of the state towards foreign investors and the conditions provided for foreign investment. In this regard, Winter has further argued that ''the state has openly declared its support for foreign investment and has vowed to protect the rights of foreign investors."[2] This is best exemplified by the Swazi King, Sobhuza II, who, speaking about investment in the country said

> It is an accepted fact of life that two hands wash each other. Investors should get a good share of the profits from their money they have entrusted this Kingdom, and the Swazi should get an equal share for his labours. Overlooking this cardinal principle would result into a chaotic situation.[3]

Thus, Swaziland has relied heavily on foreign capital for its development as the second national development plan pointed out:

> To supplement domestic savings, government will continue its policy of encouraging the inflow of private capital for productive purposes. Substantial financial incentives are offered to suitable investors, company tax rates are moderate, appreciable tax allowances are available.[4]

This policy seems to have served both the Swazi state and foreign capital well, at least in the immediate post-independence period. The economy grew quite rapidly in the 1960's and 70's. Economic growth, however, slowed down considerably during the 1980's as a result of the world annum. However, since 1981, GNP has grown at an average of a mere 0.3% per year."[5]

The World Bank's figures for GNP per head in 1988 put Swaziland at $810. According to IBRD definition, this makes the Kingdom a lower middle income country. The Bank notes, nevertheless, that despite this, many of the features of an underdeveloped economy are present, and economic development has been uneven and distorted. Therefore, though Swaziland has succeeded in attracting foreign private capital, the benefits have been slow in spreading to the masses of the population, especially the peasantry based in the rural areas.

Swaziland also has a growing debt burden. The Economist Intelligence Unit reports that Swaziland's public debt has grown significantly since 1980, the burden having been further aggravated by exchange movements. ''Total external debt grew to $238 mn in 1985, lilangeni/rand depreciation took this as a proportion of GDP to 64%. By 1989, the total outstanding had risen to $282 mn, but this represented 50% of GDP. To show the effects of the exchange movements, for example, although debt service rose to 23% in dollar terms in 1985, in lilangeni terms it almost doubled as a result of currency depreciation."[6]

Like most Third World countries, Swaziland is mainly a primary commodity exporter. Its economy has grown increasingly dependent on sugar as the major export crop and foreign exchange earner. Its other major exports include wood pulp and citrus fruits. This monocultural dependence has meant that fluctuations in the prices of these commodities in the world market economy have largely determined Swaziland's fortunes/misfortunes. As Booth argued,

> Swaziland's involvement in agri-business since World War II has taught it both the benefits and dangers of involvement in the world economy. Sugar, forestry and other ventures have brought prosperity, including badly needed employment opportunities to many segments, but they have also demonstrated the hazards of dependency on foreign market forces.[7]

This overall policy has resulted in Swaziland's economy remaining largely primary export-oriented and heavily dependent on changing whims and conditions in the world market economy, with both developmental and foreign policy implications.

1.1 Monoculture Dependence: The Politics of Sugar

The position of the sugar industry in Swaziland's political economy has grown to assume great importance, mainly due to the country's dependence on sugar exports, which have increased dramatically since indpendence. It has also become the country's largest foreign exchange earner.

The sugar industry has become the country's largest direct employer, thus providing much needed employment to most of the unskilled workers in the country. In 1986, ''it provided work for approximately 13000 of the wage-earning population, with an estimated 14% of the total population depending on it for their livelihood."[8] However, in recent years the sugar industry has been moving towards higher mechanization in the interest of being more competitive in the world market economy. This has been happening in the face of high and growing unemployment and continued decline both in the price and demand of sugar in the world market economy.

The importance of the sugar industry, which is also an indication of the country's over-reliance on the export of a single commodity, became clear during the presentation of the 1987/88 budget. The Minister of Finance, Sibusiso Dlamini stated that ''after two years of gloom and dispondency, he was able to 'adopt a tone of guarded optimism' and report a 9% growth in 1986. He went on to say that this growth was due to a 35% increase in sugar production over the year,"[9] a fact which underlines the role of sugar earnings as the principal determinant of Swaziland's short term economic fortunes.

Since 1982/83, total sugar production in Swaziland has averaged approximately 380 000 tonnes per year, of which only 20 000 is consumed locally. This means that 94.5% of the country's production must be exported. Thus Swaziland has become tied to the world sugar market and vulnerable to the vicissitudes of massive international sugar price fluctuations."[10] Although sugar's contribution to foreign exchange earnings has fluctuated over the years, it still remains the highest single source of foreign exchange earnings. In 1970, it contributed 20%, in 1980, it accounted for 40% and 1983 it was 39%."[11] Until recently, Swaziland's main sugar markets have been the US and the EC, but due to the fluctuations in sugar demand in the world market economy, Swaziland has had to diversify its sugar markets.

Swaziland is a member of the Lome' convention under which it has a preferential quota for its sugar and beef. Britain has partly used this to encourage Swaziland's pro-capitalist foreign policy orientation. Bischoff argues, for example that ''under Lome I and II conventions, EC aid to Swaziland, given its small size and population, came to be disproportionately high. In the period 1975-84, Swaziland was injected with aid payments loans and aid projects valued at E160M or E260 per head of population."[12] The reasons for such special treatment lay in the general imperialist objective of strengthening its capitalist orientation.

Bischoff identifies at least four arguments advanced by the EC for Swaziland's special treatment:1) That Swaziland is situated in a politically sensitive area and therefore deserves 'international' and EC aid; 2) That the country is attractive for official donor aid, government to government aid and international organization aid, because it is close to South Africa but presents a positive non-apartheid version of racial coexistence to the area; 3) That the country's government has a liberal approach to the economy as opposed to many of its neighbours with socialist orientations and 4) That most of the country's GNP is produced by private sector enterprise and so it is therefore oriented towards efficiency, which means that aid can also be spent productively around such activities.[13]

Britain has played a big role in maintaining Swaziland's pro-capitalist development and foreign policy slant, using Swaziland's membership in the Lome convention (with the EC) to achieve this goal. When the Swazi government was contemplating expanding the sugar industry, the EC and the European Development Bank were approached and agreed to assist in financing and building a third sugar mill. Tate and Lyle, the British sugar monopoly, mastermindedg this project. As Bischoff argues

> Eventually, sugar became the means by which Swaziland increased its financial dependence on the EEC, came to owe the EDF and the European Investment Bank 9.5% of all its debts in 1982/83, so that together with its debt commitment to Britain and the Federal Republic of Germany (FRG), Swaziland's debts by the mid-80's to EEC countries were projected to make up at least 43% of all its debt obligations.[14]

Swaziland's continued heavy reliance on the US and the EC markets has entailed certain foreign policy implications. Swaziland, being greatly indebted to these group of countries, could not adopt a foreign policy position that would alienate them. Thus, US and British interests have become important considerations in the formation of its domestic and foreign policy initiatives, a factor which has largely served to maintain its pro-capitalist orientation.

However, with the end of the Cold War, the advent of global regionalization processes and the move towards the dismantling of apartheid in South Africa, Swaziland's relative importance to Britain and the other EC countries may decrease, as these countries become more pre-occupied with themselves, in the wake of the integration of the 1992 European market, among other related developments and such other related developments.

1.2 Attempts at Diversification.

Swaziland, like many developing countries, has sought to moderate these hazards by diversifying into other industries, mainly light manufacturing, food processing and tourism. However, in so doing, Swaziland has confronted the dilemma of creating conditions attractive enough to lure foreign investment, while ensuring that national, rather than foreign capital maintains control. This has been part of a growing trend amongst almost all the other countries in the region in their attempts to moderate the effects of dependence on one or a few primary commodity exports and trading partners, and in their reactions to the effects of structural adjustment. Swaziland has also made attempts to expand the markets for its exports. Thus, in addition to the conclusion of the Lome' agreement, which ensured a market for Swaziland's sugar, the country's citrus is now exported to about thirteen countries and woodpulp to about forty. However, Swaziland's major capitalist markets have remained basically the same since independence- i.e, USA, Japan, Canada, and the UK.

Alan Whiteside identifies three elements in the manufacturing sector which have developed in the region over the years: 1) agricultural and mineral(raw material) processing; 2) consumer goods (light industries); and 3) capital goods (heavy industries), the distribution of which has resulted in uneven spatial development, both within and between countries in the region.[15] This distribution pattern has been characterized by the concentration of heavy industries in South Africa, the most developed economy in Southern Africa, leaving the remaining countries to diversify mainly into agricultural and light manufacturing, thus maintaining the regional economic status-quo.

Swaziland, after realizing that the sugar industry was experiencing great losses due to depressed world market prices which reduced demand, started encouraging and engaging in light manufacturing. However, what has since become a growing source for concern is that most of the manufacturing firms are foreign- owned. Yet, at present, after agriculture, the manufacturing sector is the single largest employer of private sector labour, of which about three-quarters were employed in agro-industry.

In 1978, ''it was estimated that 33% of all enterprises were foreign-owned, 28% were joint ventures, 39% were locally owned, the latter being restricted largely to service industries and small- and medium-sized manufacturing and trading operations."[16] Some of these non agro-based manufacturing firms originate from South Africa, though in recent years there has been a relatively diverse inflow of firms from other countries as well.

As part of the movement of firms from high cost to low labour cost countries, an integral feature of the NIDL, East Asian firms have become the most predominant in the Swazi case. Among the most notable are the four clothing factories established by the Taiwanese. All these enterprises were aimed principally at the European and American markets. Alongside the Taiwan clothing ventures are Matsapha knitwear, a Hong-Kong knitwear factory, whose major markets are South Africa, Europe and the US.

de Vletter calls these 'footlose industries, while Betty Harris refers to them as 'runaway shops'. Though Swaziland has benefited from the sudden inflow of capital, it still remains to be seen how the current changes in South Africa would impact upon future investment patterns in the region. Current instability in South Africa, the main factor which has given rise to diverted investment from (most notably) the homelands, is one such factor warranting a grain of scepticism. It may not be too far-fetched to speculate that Swaziland's temporary attractiveness, because of its relative peace and stability, remains subject to future changes in South Africa and the whole region.

In this regard, de Vletter cautions against a too simplistic interpretation of the investors actions:

> It is important not to lose a proper sense of perspective: Swaziland may be attractive to those who want to leave South Africa, but the region as a whole remains unstable, and, for the time being, there are unlikely to be many extra-regional investors interested in opportunities in Southern Africa, save for ways of exploiting sanctions and instability. [17]

Furthermore, though the inflow of capital has benefited the Swazi economy in some ways, its growing capital-intensive nature has imposed great constraints in terms of employment creation. This has been happening in the face of high and growing unemployment. Some firms, most notably in the textile industry, have been striving, at best, to retain their current labour force; this means that no new jobs are being created. In large part this is a function of the NIDL. With improved technology transfer from the industrialized to the industrializing world, there has been a growing tendency towards more capital-intensive industrialization, with implications for countries such as Swaziland who face high and rising unemployment problems.

Thus, even though the economy has been growing quite rapidly, employment generation has not been able to keep pace with growth in the supply of labour force, which has been growing at the much faster rate of 7.4%.[18] What is more, the World Bank estimates that the number of new entrants to the labour market will double between 1980 and 2000."[19]

The evolving NIDL also entails other implications for countries which have been highly dependent on resource-based activities. In the Swazi case, with low prices and reduced demand for its main exports- woodpulp, citrus, pineapple and sugar, prospects for future expansion in these areas is highly unlikely.

The total impact of this is that Swaziland's development efforts are likely to remain constrained by external factors. Its dependence on South Africa in the region and the world market economy, both environments which are undergoing momentous change, represent some of these externally imposed economic measures.

Though Swaziland has benefited from the imposition of sanctions on South Africa through a mini-industrial boom, such gains are not likely to be self-sustaining in the medium-term future. The current developments towards majority rule in South Africa points to Swaziland's vulnerability in the event that sanctions are completely lifted.

Thus, the current recession in Swaziland's modern export-oriented sector will probably continue as long as there are reduced demands and falling prices for most commodities, especially sugar, a function of the world recession and the changing nature of economic and political relations in the Southern African context.

2 Foreign Relations

2.1 Relations with the US.

Apart from the EC, it is the US that has become the most obvious proponent of Western policy in Swaziland. Bishoff argues that ''even though Britain is still a large donor of aid, Swazi foreign policy has increasingly looked towards the US for obtaining aid and support for its infrastructure as well as for backing in the World Bank to gain financial support and assistance."[20]

Swaziland's relations with the US have been primarily based on Swaziland's pro-capitalist orientation, and the US's attempt to contain communism in the region during the cold war period. Swaziland at independence had made it known to the US administration that it attached ''utmost importance to its relations with the US and was willing to co-operate with it in the promotion of peace, independence and justice in international relations."[21] Swaziland hoped thereby to obtain technical assistance, aid, loans etc. However, at best the US has only been giving token aid, mainly in the form of scholarships and Peace Corps volunteers. The US also guaranteed Swazi sugar a certain quota, which also amounted to a token gesture.

However, with the end of the Cold War and superpower rivarly, countries such as Swaziland may lose even the little importance they had during the peak of the Cold War. Although it may be too soon to predict, if current trends are anything to go by, the US's loss of interest in Swaziland is already becoming apparent- decreases in Peace Corps volunteers, scholarships, and in the sugar quota.

For example, ''the US purchased 192 000 short tons of sugar from Swaziland in 1978. However, since 1982, it has been cutting Swazi imports by 40% annually."[22] Furthermore, with the growing use of substitutes for most of the Third World's products, US firms are now relying more heavily on isoglucose i.e home-produced by US agriculture as a sugar substitute. This has resulted in substantial losses in revenue for the sugar industry. It is also a clear indication of how the new international division of labour is affecting countries which are highly dependent on the export of a few primary commodities, a factor which is likely to differentiate states in the South into fourth and fifth worlds- given the fallacy of composition as encouraged by SAP.

The government is not unaware of these trends and shifts, or of the continuing effects which competition from sugar sustitutes will have on the sugar industry in particular and hence the economy in general. In this regard, there are hopes to expand local demand and to penetrate SADCC markets. Locally, there are already signs of expanding markets, with three firms already requiring sugar: Coca-Cola, Boromar and Swazi Can. Recently, a Natal-based firm in South Africa has also been purchasing Swazi sugar. In a further attempt to modify the effects of decreased prices and demand, some of the sugar-producing firms have also been diversifying into other areas. As Betty Harris observes ''in response to declining sugar prices, Simunye sugar estate has been planting some alternative crops, including cotton; Ubombo Ranches, which supplies Big-Bend, is anticipating cultivating grapefruits on part of its holdings."[23] Though there is no doubt that forging backward linkages and diversifying into other areas would benefit the economy, such efforts are still in the area of primary commodities whose decreased prices and demand have shown no sign of improving.

2.2 Other Foreign Relations.

As has been argued, Swaziland has been one of the more conservative regimes in the region. It has always been opposed to radical ideologies which advocate mass political participation and an alternative economic order to that of capitalism. As such it is ideologically anti-communist, even anti-socialist. Its diplomatic ties in Mbabane have been concentrated with such fellow anti-communist states (with the exception of Mozambique) as Taiwan, South Korea, Israel, UK and USA, all of which have played a distinctive major role in its development and foreign policy, at least until the 1990's.

Daniel has argued that on international issues, Swaziland has adopted a position far closer to that of the US than most of the Third World. For example, in the UN, Swaziland has consistently sided with the US. It supported the US position on Israel and the PLO and took the Anglo-American position on both the Falklands and the shooting down of the KAL airliner.[24]

In this regard, Swaziland has been viewed by Western interests as a moderating force committed to peaceful change in Southern Africa. So the US Congress has supported security assistance programs to Swaziland in the belief that stability in the Kingdom contributes significantly to regional security.

Swaziland's other central foreign relations, besides the US, Britain and South Africa, have been with three other distinctive states: Taiwan, Israel, and South Korea. Swaziland, at the peak of the Cold War, had allied itself with these states themselves 'Pariah' states who wanted to cultivate friends in the Southern African region, their prime intention being to prevent the spread of 'communism'. Swaziland, with a pro-Western slant in its foreign policy easily accomodated their interests. Bischoff has argued how the presence of Taiwan, Israel and South Korea worked against bringing greater independence in the country's international position: ''Together with their pro-Western policies, anti-communism and growing ties with apartheid South Africa during the 1970's, Taiwan and Israel could not help Swaziland increase its independence of South Africa."[25]

In return, these states provided financial, material and military aid to Swaziland. Bischoff has argued, however, that ''Their aid instead drew Swaziland into depending on their security and military assistance and the adoption of a counter-insurgency programme for its army, which, ideologically could only alienate it from the liberating forces on the sub-continent. An isolated and counter-insurgency minded Swaziland could be a valuable asset for South Africa contemplating its own total strategy."[26] It is notable, for example, that ''its relations with Israel endured even after the Yom Kippur war, when all other African countries broke diplomatic relations with Israel."[27] This earned Swaziland substantial amounts of aid from Israel which were mainly geared towards development of the agricultural sector. This involved a nation-wide mobilization of the youth in what came to be known as 'Gcina' camps, where they were taught basic agricultural skills. However, this project soon collapsed, mainly because after training, the youth could not return to Swazi-Nation Land (SNL) due to constraints related to ownership rights governing the Traditional Land Tenure System under which SNL is administered.

Swazi relations with South Korea were largely of a diplomatic and tenuous nature, with little material aid involved. On the other hand, Taiwanese aid was much more substantial, most of it in the form of military aid, and agricultural and small handicraft projects.

However, with the end of the Cold War and the decrease in superpower rivarly, there are obvious indications that such 'pariah states' have since lost interest in Swaziland. This entails substantial foreign policy implications and the general development of the country in the post-Cold War period. Their relations with Swaziland have largely degenerated to those of a diplomatic nature.

This is more notable for Taiwan, which, at the peak of the Cold War had considered Swaziland as one of its'staunchest friends' in the region. Expressing this sentiment, the Taiwanese foreign Minister had stated,''Swaziland was one of our staunchest friends when we needed friends. In return, we want to do our share in the economic development of Swaziland through our agricultural missions, the new handicraft mission and in other ways."[28]

The subsequent loss of interest by these states, is an indication that though Swaziland's pro-Western slant in its foreign policy may have earned it some degree of foreign assistance from the West and other pro-Western states such as the three discussed above, the end of the cold war is likely to mark the end of such assistance. This is already beginning to show, with both foreign policy and development implications over the medium- to long-term future. Therefore, if Swaziland was seeking a niche in the bipolar period, it would need to do so in this post Cold War era.

CHAPTER 5 SUMMARY AND CONCLUSIONS.

In conclusion, Swaziland, a small country in international relations, highly dependent on South Africa in the region and international capital abroad, may find itself faced with even harder choices in the 1990's and beyond.

Though Swaziland may have reaped benefits from the imposition of sanctions against South Africa, especially in the 1980's, the nature of the resultant development is not likely to be self-sustaining and is subject to changes as they unfold in the region. The transition to majority rule in South Africa, as current events indicate, and the subsequent lifting of sanctions will have clear implications in this regard.

Furthermore, with the end of the global Cold War and superpower intervention, and possible regional instability in the immediate post-apartheid period, Southern Africa as a whole is not likely to be attractive to many foreign investors, with obvious consequences for small dependent states like Swaziland. This will be further compounded by the global regionalization processes,(Europe 1992, the North American Free Trade Area) ASEAN, FTA etc. Clearly, with the North much more pre-occupied with itself,- including transformation and fragmentation in Eastern Euprope,- the region is increasingly being left to find its own solutions and directions.

With most of the region going through some form or another of structural adjustment, the IMF/IBRD orthodoxy in the 1990's - negotiating structural adjustment programmes with all states on a national basis - may further divide SADCC members, with adverse consequences for any other potential prospects at closer integration.

The conservative Swazi regime will be faced with increasing challenges in the 1990's and beyond. As we move towards the 21st century, with cross conditionalities like democracy, ecology, human rights and gender, the Swazi state will need to reassert its position and to adopt new tools and methods to deal with these challenges. The renewed domestic calls for multi-party democracy are one clear indication that the Swazi state is already having to respond to some of these demands. Seen in a wider context, these changes are a reflection of a global trend. It remains to be seen how the Swazi state and monarch will deal with these challenges in these ever- changing regional and global environments, and how they will try to meet the needs of the internal groups demanding change. As has been argued, the traditional network which has served as the legitimate base for the maintenance of the monarch has been changing. This is evident in the sizeable number of chiefs calling for the replacement of the Tinkhundla by a system of direct elections to parliament. Thus, contrary to popular belief, calls for democratic government are beginning to filter down to the very core of the structures that have maintained the monarch in its place, a factor which is likely to compel the monarch to seriously consider the demands emanating from the people.

With the white minority government in South Africa under increasing pressure to relinquish power to the black majority, the Swazi state would lose its main source of external support. What is more, a radical ANC-led government, with its socialist orientation, would further threaten the largely conservative Swazi monarch, a factor which would be exacerbated by Swaziland's close integration into the South African economy.

Furthermore, the interventions of the US and UK governments in the freeing of the detained PUDEMO activists in March last year indicates that the future of foreign assistance to Swaziland is increasingly destined to be tied to a commitment by the Swazi government to democratic change. Thus, the process of trying to make at least some concessions to the people, as discussed above, is one that is likely to continue, as the state comes under increasing internal and external pressure to respond to these new demands.

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