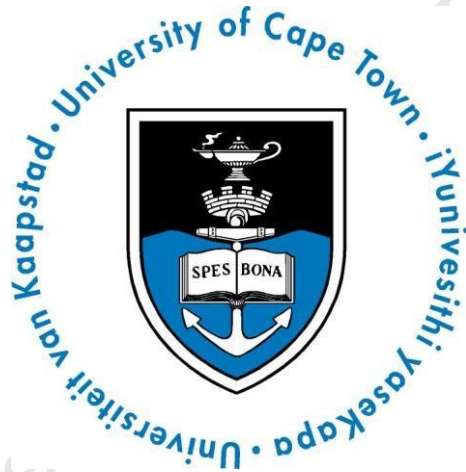


An Analysis of the Interdependence within the Bilateral Relationship between South Africa and Lesotho

by

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Abstract

The main objective of this minor dissertation is to unpack the convoluted bilateral relationship between the Kingdom of Lesotho and the Republic of South Africa. Lesotho's extreme dependence on South Africa is explored in terms of geopolitical dependence, labour migration, the Southern African Customs Union (SACU) and royalties accrued from the Lesotho Highlands Water Project (LHWP). The exhaustive amount of literature that explores these themes of Lesotho's dependence clearly reflects the dominance of South Africa during the apartheid and post-apartheid eras. A factor that further complicates these analyses is that South Africa, an 'economic giant' on the African continent, is dependent on the water resources of the politically and economically weaker, landlocked Lesotho. In consideration of South Africa's dependence on Lesotho's water, the relationship can be regarded as an interdependent relationship. The concept of interdependence and the theory of complex interdependence provide some theoretical basis from which to analyse the 'web of interactions' between the two countries.

While apartheid South Africa was regarded as the quintessential realist actor, the post-apartheid government aimed to shed the skin of its predecessor's hegemonic pursuits in southern Africa. Post-apartheid South Africa has faced criticism as a nation-state that has unilaterally manipulated Lesotho in pursuit of maintaining its national interest, reducing the values of transfers from dependence factors. While the relationship may be characterised as asymmetrical interdependence, the nature of the relationship is not entirely the same as in the post-apartheid era. Each factor of dependence needs to be reflected on in order to shed light on the historical and current contexts that shows that the likelihood of interdependence would be sustained. South Africa's role should not be perceived merely in terms of power manipulation, but also in terms of factors of benevolence and cooperation that have changed the nature of the relationship between the two countries. In addition, there are factors not determined by South Africa that help to maintain the politically and economically fragile position of Lesotho.

Table of contents

Acknowledgements	iii
List of acronyms	vii
Chapter 1: Introduction	1
1.1 Background and aims	1
1.2 Hypothesis	5
1.3 Methodology	5
1.4 Challenges and limitations	6
1.5 Theoretical background: The case of interdependence	6
1.5.1 Interdependence and political bargaining	7
1.5.2 Principles of complex interdependence	9
1.5.3 Theoretical limitations	10
1.6 Synopsis of chapters	11
Chapter 2: Historical background	13
2.1 Introduction	13
2.2 Basutoland: A British protectorate	13
2.3 Lesotho's political independence and the establishment of an interdependent relationship with South Africa	15
Chapter 3: Migrant labour, remittances and the 'shared community'	22
3.1 Introduction	22
3.2 The mining sector & the decline of foreign labourers in mining	22
3.3 Remittances & development	27
3.4 Other migrant labour patterns	29

3.5	Citizenship, identity and the border	32
3.6	Overall assessment	33
Chapter 4: The South African Customs Union		35
4.1	Introduction	35
4.2	The colonial and apartheid iterations of SACU	35
4.2.1	1910.....	35
4.2.2	1969 Agreement.....	36
4.2.3	2002 Agreement.....	38
4.3	Lesotho’s fiscal dependence.....	42
4.4	Overall assessment	45
Chapter 5: Lesotho Highlands Water Project and political instability		47
5.1	Introduction	47
5.2	A reflection on interdependence	47
5.2.1	‘White gold’	47
5.2.2	Institutional cooperation	50
5.3	Lesotho, conflict and intervention.....	55
Chapter 6: Conclusion		66
6.1	Overall analysis	66
Bibliography		72
Appendix A: Maps of Lesotho.....		82

List of acronyms

ABC	All Basotho Convention
ANC	African National Congress
BCP	Basutoland Congress Party
BDF	Botswana Defence Force
BLNS	Botswana, Lesotho, Namibia and Swaziland
BNP	Basotho National Party
BRICS	Brazil, Russia, India, China and South Africa
CDSP	Community Development Support Project
CMA	Common Monetary Area
CRP	Common Revenue Pool
CUA	Customs Union Agreement
DIRCO	Department of International Relations and Cooperation
DRC	Democratic Republic of Congo
EPA	Economic Partnership Agreement
EU	European Union
FPTP	First Past The Post
FRELIMO	Mozambique Liberation Front
GDP	Gross Domestic Product
GGP	Gross Geographic Project
GNP	Gross National Product
IBT	Inter-basin water transfer scheme
ICR	Implementation Completion Report
IPA	Interim Political Authority
IR	International Relations

ISI	Import Substitution Industrialisation
JBCC	Joint Bilateral Commission of Cooperation
JPTC	Joint Permanent Technical Commission
LCD	Lesotho Congress of Democrats
LDC	Least Developed Countries
LDF	Lesotho Defence Force
LHRF	Lesotho Highlands Revenue Fund
LHWP	Lesotho Highlands Water Project
LHWC	Lesotho Highlands Water Commission
LSP	Lesotho Special Permit
LLA	Lesotho Liberation Army
MERCOSUR	Common Market of the South
MHS	Muela Hydropower Station
MMP	Mixed Member Proportional
MNC	Multi-National Corporation
NUL	National University of Lesotho
NUM	National Union of Mineworkers
ODA	Official Development Assistance
OFS	Orange Free State
OPEC	Organisation of the Petroleum Exporting Countries
PAC	Pan African Congress
PTA	Preferential Trade Agreement
RSA	Republic of South Africa
RSF	Revenue Sharing Formula
SACU	Southern African Customs Union

SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
SARMP	South African Migration Programme
TDCA	Trade Development and Cooperation Agreement
TEBA	The Employment Bureau of Africa
UN	United Nations
UNDP	United Nations Development Programme
USA	United States of America
WB	World Bank
WRC	Water Research Commission
WWII	World War II

Chapter 1: Introduction

1.1 Background and aims

A recurring theme of the scholarly literature on the relationship between South Africa and Lesotho during the apartheid period is based on the mountainous kingdom as a ‘hostage state’, bullied and persistently manipulated by the white-minority-led South African government (Libby, 1987: 7). Once the Kingdom of Lesotho gained its independence in 1966, the British relinquished itself of its administrative duties and reduced aid transfers, which allowed the landlocked country’s dependence on South Africa to steadily increase. At this point, cordial relations between the neighbours ensued. Despite despising South Africa’s policy of apartheid, the ruling Basotho National Party’s (BNP) consideration of Lesotho’s bread-and-butter issues urged the party to forge friendly relations to sustain various transfers in the form of remittances, customs revenue and routine trade (Weisfelder, 2014: 112).

Lesotho’s high dependence has been exhaustively explored in analyses of its bilateral relations with an ‘economic giant’ on the African continent, but the comparably industrially weak peripheral country had a resource to offer South Africa that could not be manufactured, namely water. The Oxbow Scheme, an inter-basin water transfer (IBT) scheme, was proposed in the 1950s to tap Lesotho’s abundant water supplies to the increasingly drought-stricken industrial heartland of South Africa, Gauteng province (Abhukhater, 2013: 152). The potential IBT made Lesotho diplomatically more significant to South Africa, signalling an interdependent relationship. Such a relationship mirrored the reality of the twentieth century that was increasingly acknowledged by interdependence theorists, who stressed that even powerful states could no longer operate as completely self-sufficient or independent ‘black boxes’.¹ Their analyses of the interdependence of countries illustrated a conductively cooperative global political arena.

¹ Structural realism refers to certain states as ‘black boxes’, meaning states are generally similar, purely driven by the pursuit of power and national interest. Internal features such as the regime type, decision-making quality or characteristics of leadership within a state are not of concern (Blyth, 2009: 29; Frankel, 1996: 127). A critique of the ‘black box’ concept is that it provides an oversimplified view of the state in international relations. Keohane and Nye open up the concept of the ‘black box’ by not merely identifying interactions based on military security in tandem with national interest and the state as a primary actor (Blyth, 2009: 29). Instead, Keohane and Nye acknowledge the myriad of transnational factors that form part of a web of interactions.

Once relations soured in the 1970s, Pretoria's 'strangling grip' demonstrated how South Africa's hegemonic military and economic regional assertiveness made uncompliant behaviour particularly difficult for an enclave state (Weisfelder, 1992: 643). The apartheid South African government displayed traits of hostility and aggression as it relentlessly exploited its military might in attempts to exercise and increase its power in the southern African region. The IBT scheme, eventually re-planned and renamed the Lesotho Highlands Water Project (LHWP), was impossible to implement under a conflictual relationship. The South African-government-backed Basutoland Congress Party (BCP) gained power in 1986, creating a cooperative environment for the formal signing of the 1986 Lesotho Highlands Water Treaty. Bilateral relations improved further with the inception of South Africa's democratic dispensation led by the leading liberation movement, the African National Congress (ANC). The new South African government concertedly reshaped the regional identity of South Africa as a 'benign' dominant power (Alden & Soko, 2005: 370). A serious dilemma faced the new South African government: while regional and international euphoria around the respected pro-black government led to positive economic anticipations, the colonial and apartheid legacies moulded the dependence and setbacks of countries such as Lesotho within a neoliberal regional and global political economy.

Weisfelder (2014: 109) refers to 2012 media reports that allege that South Africa treats Lesotho worse than it did under apartheid. This hypothesis is tested by analytically deducing whether a mutually beneficial relationship has replaced previous 'hegemonic patterns'. In this dissertation, it is argued that characterising the South Africa-Lesotho relationship as one of unilateral manipulation is too simplistic and problematic. To understand the extent of Lesotho's reliance on post-apartheid South Africa, the multiple layers and multi-faceted challenges Lesotho faces both internally and externally as one of the world's least developed countries (LDC) have to be unpacked. Cyclical underdevelopment, geopolitical dependence, crippling unemployment, a fragile democracy and poor political will collectively contribute to and sustain the level of high dependence faced by Lesotho. Thus, this dissertation unpacks three themes of Lesotho's dependence (the third of which also addresses South Africa's dependence on Lesotho): labour, the Southern African Customs Union (SACU) and the LHWP. The Joint Bilateral Commission of Cooperation (JBCC) between Lesotho and South Africa is not considered, for the sake of brevity and its trajectory has been much shorter than the selected themes.

Lesotho's anomalous position as an enclave leads to the obvious assumption that such a state would remain dependent on its only neighbour. South Africa's provisions for SACU, the Common Monetary Area (CMA), LHWP, remittances received from employment of Basotho² in South Africa, technological transfers in the form of telecommunications and infrastructural development, investment in the textile industry, manufacturing technology and transport are or have been among the many contributions that prevent Lesotho from slumping into a 'failed state'. On assessment of these indicators of dependence, scholars are divided as to whether South Africa should be characterised as a benevolent dominant power that provides public goods to a region whose economic prosperity was hindered by colonial rule, or whether South Africa should be characterised as an exploitative power that intentionally undermines its neighbours' economies through the service of international and national capital (Alden & Soko, 2005: 368). This simplified dichotomy should be carefully analysed as a more complex relationship is revealed.

Firstly, this dissertation explores migrant labour as a theme of dependence. The underlying factor here is Lesotho's extreme reliance on remittances. The migrant labour corridor from Lesotho to South Africa has been a persistent reality for Basotho seeking employment and for households in Lesotho reliant on remittances for their livelihood. Tied into this theme is the shared community that points to the 'porousness' of the shared border. With regards to the idea of a shared community, there are cultural, social and economic ties between the neighbours, especially due to the large Sotho-speaking community in South Africa.

Secondly, regional economic agreements such as the CMA and the SACU have played a vital financial and economic role for Lesotho. The focally explored regional economic agreement, SACU, generates an overwhelmingly significant proportion of revenue to the national budget. SACU's post-apartheid democratic transformations or lack thereof is unpacked.

Lastly, the LHWP is explored as a world-class IBT scheme with a dual purpose of providing revenue and electricity to Lesotho while transferring water to South Africa's Gauteng province.

² Only in the twentieth century has the use of the term 'Basotho' become 'synonymous' or equated with citizens of Lesotho, regardless of the different ethnicities that are not necessarily Sotho-speaking or 'ethnically' Sotho (Weisfelder, 2004: 12–3). Generally, this dissertation does the same. 'Basotho' is treated as the plural for citizens of Lesotho, while 'Mosotho' is the singular form of Basotho. However, it also acknowledges that Basotho can also refer to the ethnic or linguistic Sotho community in South Africa.

While Lesotho faces these extreme disadvantageous circumstances, what should be acknowledged at the same time is the level of interdependence and how acute water transfers to Gauteng from the LHWP have been essential to the economic growth of South Africa's industrial heartland.

This dissertation focuses on the trajectory of the post-apartheid era. Lesotho's political instability is drawn into the LHWP section. With the inception of the ANC in 1994, as a leading group of the anti-apartheid liberation movement, the ANC government was regarded as a more amicable regime than its suppressive predecessors and openly expressed its principles of non-intervention. Yet, in 1998, the South African-led Southern African Development Community (SADC) intervention into Lesotho went against South Africa's principle of 'non-interference' or 'non-intervention'. South Africa's military might was utilised to prevent a coup d'état against the Lesotho Congress of Democrats (LCD). On the one hand, it was argued that the intervention was a means to sustain political stability at the request of Prime Minister Pakalitha Mosisili. On the other hand, as political and social instability threatened the supply of water to South Africa's Gauteng province, it was also argued that South Africa's intention to intervene was primarily for the sake of its national interest in the LHWP.

While the idea that South Africa was acting in its self-interest can easily be applied, this dissertation analyses the level of interdependence to discern the level of dependence of each and the role of power on these factors of dependence. This conceptual and theoretical analysis is informed by interdependence theory, drawing mainly upon Robert Keohane and Joseph Nye's conceptual and theoretical work on interdependence. This dissertation shall not seek to disprove the more popularly considered theory of realism³ and its relevance to the case of Operation Boleas. Through understanding the applicable understandings of interdependence and complex

³ Although this dissertation does not engage with comprehensive elaboration realism, some basic ideas of realism can be laid out. One can differentiate between classical realism and structural realism, but the basis of both strands is based on the following: 1) A pessimistic perception of human nature; 2) The presumption that international relations is primarily characterised by conflict in an anarchic world and that international conflicts are solved by war; 3) The perception that the central values of the state are its survival and national security; 4) Undervaluing the likelihood of progress in international relations comparable to progress in politics at a domestic level. Even if a state commits to certain ideals of benevolent international relations, the anarchic world requires that states acquire a military means to protect their countries (Jackson & Sørensen, 2013: 66). One can then go into deeper differentiations between classical realism and structural realism, whereby the former is a normative approach and the latter is positivist. This analysis refers mainly to the concepts espoused in structural realism.

interdependence, it shall be illustrated that the analysis of the bilateral relationship goes beyond the primacy of military security. The shortfalls and inconsistencies of complex interdependence are considered, where realism might provide more useful analytical tools. Through exploring the various themes of interdependence, the dissertation aims to assert that the various exchanges between the countries present meaningful cooperation, so that even though there are shortfalls and controversies, both countries have benefited much from each other.

1.2 Hypothesis

Lesotho's extreme economic dependence on South Africa has persisted from the apartheid to the post-apartheid period. After South Africa started to receive water transfers from the LHWP, the bilateral relationship can be described as an asymmetrical interdependent relationship. It is, however, too simplistic to equate post-apartheid South Africa's interactions with Lesotho as a mere aggressor and manipulator of Lesotho's dependence. Each theme of both states' dependence can be examined with nuanced analyses into the highly complicated relationship and the factors that affect it.

1.3 Methodology

The dissertation is conducted through desktop research. It is a qualitative analysis, utilising secondary resources in the form of journal articles, books, policy briefs and newspaper articles. The book titled *Power and Interdependence* (1977) written by liberal-institutionalist theorists, Joseph Nye and Robert Keohane, informs the conceptual and theoretical framework applied in this dissertation. A variety of scholars such as Khabele Matlosa, James Cobbe, Richard Weisfelder, Scott Rosenberg and Francis K. Makoia are consulted for their extensive breadth of scholarly literature on Lesotho's predicaments, which spans from the apartheid to the post-apartheid period. World Bank reports are consulted, specifically for the economic intricacies on themes of poverty, infrastructure development, private–public sector contributions and so on.

These themes were specifically chosen as they are the common themes elaborated on in scholarly work that assesses the bilateral relationship. Despite the historical background that provides scope into the political interactions of Lesotho all the way back to its history as a British protectorate, a historical background fine-tuned to the relevant theme is introduced in each

chapter, due to the fact that present considerations must be contextualised within the specified historical background.

1.4 Challenges and limitations

There is a limited amount of contemporary literature on bilateral relations between South Africa and Lesotho in the field of International Relations (IR). On the one hand, assessments of relations have often supported the notion of South Africa as an aggressor, instead of providing a more nuanced approach focused on diplomacy and relational developments that have contributed to change in the nature of the post-apartheid relationship. In addition, scholars commonly interpret the relationship through a realist lens, making it easier to adopt the traditional approach. In specific events and circumstances, realist motivations of South Africa are generally clear, but in the analysis of South Africa's contributions to alleviate Lesotho's predicament, alternatives to realism are not commonly explored in assessing the relationship.

The scale of Lesotho's reliance goes beyond this dissertation, as there are multiple themes that this analysis cannot do justice to. The focus does explore a broad post-apartheid timeline. However, the nature of analysing each theme forces one to conduct analyses over a broad period as the juncture of apartheid's demise led to considerable changes in the relationship. In addition, statistics can sometimes be inconsistent and can vary from source to source.⁴

1.5 Theoretical background: The case of interdependence

'Interdependence' is a pinnacle concept explored in this study, whereby this analysis gauges with the concept as a strand of liberal cooperation theory. In their book, *Power and interdependence* (1977: 728), Robert Keohane and Joseph Nye, Jr present three principle themes to analyse the constraints on the utilisation of force in exercising power, but only the first two are applied in this thesis. Firstly, drawing on bargaining theory, a power-orientated analysis of interdependence and politics utilises measurable variables to determine how factors of dependence influence outcomes in interdependent relationships. Secondly, the 'ideal type' of an interdependent relationship, 'complex interdependence', is presented as a theory (Jackson & Sørensen, 2013:

⁴ An example is mentioned in John E. Bardill and James Cobbe's book titled *Lesotho: Dilemmas of dependence in southern Africa* (1985: 55), which highlights the deceptiveness of statistics gathered on economic trends since Lesotho's independence.

105; Keohane & Nye, 1977: 728). Although the themes can be related to one another, they are also acknowledged as distinct to some degree; each theme can be presented independently of the remaining two (Keohane & Nye, 1977: 733). This dissertation limits the utilisation of the above-mentioned themes to the first two.

1.5.1 Interdependence and political bargaining

In the field of international relations in the 1970s, interdependence theories arose as a challenge to the predominant traditional approach of realism. The 1973 oil crisis was part of dramatic changes that took place in global politics at the time (Esakova, 2012: 22). The United States of America (USA) was economically and militarily far stronger than the oil producers in the Organisation of the Petroleum Exporting Countries (OPEC) countries, but the USA could not successfully persuade the producers to decrease the prices. This scenario was evidence of how the USA, dependent on oil from comparably weaker countries, could not utilise its military might to influence oil producers. Primarily, the debate centred on questioning the autonomy of the traditional notion of the state and whether it predominated over social forces or non-state actors.⁵ Through the rise of international interdependence, interdependence theorists break down states into ‘incoherent entities’ that are increasingly prioritising ‘low politics’ that span from economics, to ecological issues and the distribution of welfare (Hobson, 2000: 2). To further differentiate with the interdependence perspective, structural realists place emphasis on the hierarchy of power, the interdependence perspective takes the middle ground, accepting that units have both shared and divergent interests, where the units can help and harm one another.

Whereas ‘dependence’ simply refers to ‘a state of being determined significantly by external forces’, ‘interdependence’ refers to mutual dependence where relevant circumstances are characterised by reciprocal effects among state or non-state actors (Keohane & Nye, 1977: 8). The effects result from international transactions where commodities, currency, information or people form part of a flow across international boundaries. Transactional activity increased significantly from the time of World War II.

⁵ Realists contend that states are the central actors in world politics. On the other end of the spectrum, liberals and radical pluralists insist that the autonomy of the state is declining as the state is being outwitted by economic processes that signal interdependence and non-state actors that are mainly, yet not exclusively, multinational corporations. One particular factor argued against was the neorealist assumption of states as coherent, rational and autonomous actors merely concerned with the ‘high politics’ of military security (Hobson, 2000: 2).

Interdependence is referred to in situations where the prevention of the flow of one or more goods results in a costly and constraining impact. Where there is no costly impact, 'interconnectedness' is referred to. In the first chapter of *Power and interdependence*, power and its link to interdependence is emphasised, through the concept of 'asymmetrical interdependence' (Keohane & Nye, 1987: 728). Asymmetrical interdependence clearly indicates that one party benefits less than the other; as opposed to mutual interdependence, asymmetrical interdependence can be manipulated by the less dependent actor who frequently has a significant political resource as a power tool (Keohane & Nye, 1977: 11). Keohane and Nye (1977: 11) contextually refine their reference to asymmetrical interdependence as a source of power by thinking in terms of power as control of resources. Asymmetries in interdependence are regarded as providing the most likely power sources for actors within their dealings with other actors (Keohane & Nye, 1987: 728). At the same time, it is acknowledged that asymmetry in one's favour does not always ensure 'similar patterns or control over outcomes' (Keohane & Nye, 1977: 11). The usual tool that influences outcomes is conducted through political bargaining. The elaboration on the links between interdependence and power aims to answer the question of how international politics is affected under conditions of interdependence (Crane & Amawi, 1997: 130).

'Sensitivity' and 'vulnerability' refer to the costs of dependence from external changes, where the former relates to the impact of suffering costs within a policy framework in place prior to the externally caused costs and the latter relates to the ability and the liability taken to change policies by reducing or alleviating the impact of the costs (Keohane & Nye, 1977: 13). With the Bretton Woods culminated decision of a fixed exchange rate system, where signatories' currencies were pegged to the dollar and the dollar was fixed to their gold supplies, the USA would be sensitive to the demand to convert dollars into gold as their gold reserves would deplete while signatories would be sensitive to the monetary policy of the USA. Yet, the USA would be less vulnerable than other signatories as it had the hegemonic capability to amend its monetary policy by changing the global monetary system to that of a floating exchange rate (Keohane & Nye, 1977: 12). Measuring vulnerability is particularly useful when discerning how power is exercised in 'political structures of interdependence relationships' (Keohane & Nye,

1977: 15).⁶ Therefore, the manipulation of asymmetrical sensitivities without incorporating vulnerabilities likely results in failures and even non-military counterstrategies in desperation (Keohane & Nye, 1977: 15).

With regards to the military as an instrument of the state, Keohane and Nye's analysis emphasises how military vulnerability remains imperative in world politics. Military power dominates over economic power as economic means cannot solely be effective against military force (Keohane & Nye, 1977: 733). Military means is not always the most effective means and, with the rise of 'interdependence theory', the cost of using military force has been regarded as higher (Keohane & Nye, 1977: 734).

1.5.2 Principles of complex interdependence

Keohane and Nye's theory of complex interdependence is based on three main assumptions.

The first assumption regards the ties of 'multiple channels' created by the 'transnational, interstate and transgovernmental' interaction. Non-state actors standardised participation in foreign and domestic relations.⁷ Keohane and Nye originally regarded this as evidence of how the state is no longer the prime object in international affairs.⁸ Private banks and firms' transnational activities make a state's policy-making more susceptible to other states' policy-making. These actors' activities 'blur the lines' between domestic and foreign policy, for example, where global banks financial regulations simultaneously affect international-domestic circumstances (Keohane & Nye, 1977: 20).

⁶ Vulnerability dependence is regarded as a more 'relevant' and useful analytical tool, as its conception incorporates a strategic dimension where coherent policy formulations have to incorporate vulnerabilities (Keohane & Nye, 1987: 733).

⁷ Examples include private corporations, private banks and firms, multinational corporations (MNCs), and non-governmental organisations (NGOs).

⁸ Keohane and Nye (1977: 20) cite the example of the 1973-founded Trilateral Commission that brought together non-partisan citizens of 'core-industrialised countries' for the purpose of fostering stronger cooperation 'with shared leadership responsibilities in the international system'.

Secondly, an ‘absence of hierarchy among issues’ means that military security is not the premise of a state’s agenda. National security is argued to be multidimensional, such as incorporating ecological and economic security instead of merely being dominated by military security.⁹

Thirdly, military security is not utilised ‘within a region’ where the case of complex interdependence between states exists, unless for the purpose of creating a military alliance with a state in another regional bloc. Force is regarded as an inappropriate means for a state to achieve desired ends. Where the utilisation of the military is regarded as irrelevant in resolving economic discrepancies between members of an alliance, complex interdependence prevails (Keohane & Nye, 1977: 21–2).

The justification for the existence of complex interdependent scenarios does not deem realism null nor does it deem military security or conflict irrelevant. Yet, Keohane and Nye (1977) mention that, despite cases where complex interdependence exists, two qualifications pertaining to conflict persist: Firstly, in the event of drastic political and social change, force is likely to become a key policy instrument; secondly, despite complementary interests between elites, a state exercising force to protect another has significant political influence over that state (Keohane & Nye, 1977: 23).

1.5.3 Theoretical limitations

One could provide various limitations to complex interdependence, but this dissertation intends to reflect on ones more relevant to the application of the dissertation’s analysis.

With the first principle of complex interdependence of ‘multiple channels’, the primacy of the state is questioned due to the increasing amount of non-state actors that have taken the stage as spheres of influence in world politics. However, in *Globalisation: What’s new? What’s not? (And so what?)* (2000: 118), Keohane and Nye acknowledge that the content of world politics has changed in the midst of globalisation. However, they admit that the sovereign state is likely to remain the predominant actor in world politics.

⁹ States’ sources of power are decreasingly defined by defensive capability, but power is also determined by factors such as education, economic growth and technology (Keohane & Nye, 1977: 20).

D'Anieri (2015: 82) mentions an interesting realist counter to complex interdependence's descriptive world imagery as one with a wide-ranging list of actors, relationships and goals. A realist can acknowledge this description, but is not necessarily concerned with presenting an accurate description of the world. Instead, the realist is more concerned with providing the explanatory tools to identify endlessly existing dynamics of self-interest. A realist could claim that complex interdependence provides an answer to a very different set of questions, but its nuance loses sight of the 'bigger picture'.

Arguably, realism can be applied in more cases. Keohane and Nye (2000: 115) themselves state that complex interdependence is 'far from universal'; it is trickier to apply.¹⁰ On reflection of the prevalence of military conflict in the 1990s, they explain that the relevance of their theory is more applicable to pluralist democracies and 'advanced information-era democracies bordering the Atlantic and the Pacific', as well as 'poorer states of Latin America and increasingly Eastern-Central Europe' (2000: 115).

The 'spectrum' of world politics that Keohane and Nye perceive is between the two ideal types of realism and complex interdependence, but the determinants for selecting an appropriate model of analysis are not clearly defined and situations that would be regarded as 'in-between' are also not accurately identified. Therefore, complex interdependence is critiqued for its ambiguity (Zheng, 2014: 38–9).

1.6 Synopsis of chapters

Chapter Two provides an historical background spanning from the colonial era to the apartheid era. Consideration of the colonial context allows one to understand challenges that have persisted up until today. The run-up to Lesotho's independence and thereafter is elaborated on in relation to the competing political parties, and how this complicated bilateral relations, as Lesotho had to maintain relations with the apartheid government while Lesotho accommodated ANC exiles. The chapter shows how the asserted dominance of the apartheid regime, further complicated by Lesotho's extreme dependence on South Africa, meant that Lesotho was forced to forge cooperative relations with its only neighbour.

¹⁰ Realism has a parsimonious emphasis on self-interest and can be applied in more cases (Keohane & Nye: 2000: 115).

Chapter Three is centred on themes pertaining to migrant labourers' (from Lesotho) generation of remittances. General themes include the Lesotho 'labour reserve' for South African mines up until the 1990s; sensitivity dependence factors and the decline in employability of Basotho in South Africa and how this has impacted on remittance gains; and the increase, persistence and changed trends of Basotho immigration due to factors such as survival at the household level in Lesotho, the demise of apartheid, the 2002 Immigration Act and illegal migration. Related to labour migration is the shared cultural Basotho community between South Africa and Lesotho and the border, where these themes form part of interdependent interactions.

Chapter Four explores Lesotho's regional economic agreements including the CMA and more importantly SACU. SACU's and the post-apartheid reform of the Revenue-Sharing Formula (RFS) and institutional frameworks are addressed. More importantly, this chapter explores the considerable reliance of Lesotho on the revenue generated from SACU, and the sensitivity and vulnerability dependence related to issues such as the extent of Lesotho's dependence, economic fluctuations and the economic 'convergence' of the two countries.

Chapter Five addresses the means by which the LHWP dam scheme signals interdependence between Lesotho and South Africa. Interdependence concepts and ideas from complex interdependence are applied more thoroughly in this chapter, Operation Boleas and Lesotho's political culture is explored, drawing upon the role of military involvement of South Africa and the protection of the countries interests, but also the persistent internal political instability in Lesotho.

Chapter Six provides an overall assessment and conclusion.

Chapter 2: Historical background

2.1 Introduction

The following chapter provides an extensive history of Lesotho and the region. From the period as a British protectorate, one is able to see Lesotho's unique predicament that largely set the stage for its high dependence on South Africa that has persisted up until today. Upon gaining independence in 1966, Lesotho was challenged with maintaining a relationship with apartheid South Africa to sustain its economic transfers, while trying to resist South Africa's assertive dominance. This relationship was further complicated or 'intensified' due to the establishment of the interdependent relationship from South Africa's desire for augmented water supplies to be supplied from Lesotho.

2.2 Basutoland: A British protectorate

During the first half of the 1800s in the Zulu Kingdom, Chief Moshoeshe gathered mainly Sotho-speaking groups during the *Lifaqane* and migrated to the lowlands, where he formed the Sotho kingdom – which eventually became known as Lesotho (Cobbe, 1983: 293). The Boer settlement along the Caledon River in 1834 threatened the independent livelihood of the Basotho as the Boers annexed territory, resulting in conflict over land that frequently occurred over four decades (McKenna, 2011: 93). From 1868, Moshoeshe requested that Britain rule over the territory of Basutoland (as it was referred to until gaining independence), in order to safeguard territory against further Boer invasion (Ward, 1967: 357). The British reluctantly accepted the offer to rule Basutoland, as Moshoeshe thought colonial rule would protect the Basotho Kingdom. Much territory had been lost to the Boers' Orange Free State (OFS) by 1868 and, in 1869, the Treaty of Aliwal North confirmed territory seized by the Boers as part of OFS and declared the boundaries of Basutoland, a landlocked nation-state (Lemon, 1996: 265). The defined territory forced the Basotho to move off lands annexed by the OFS, where a small territory housed an overpopulated Mosotho kingdom. In 1884, the British deemed its rule over Lesotho under the Order of Council of 02 February 1884 (Van Wyk, 1967:

7). As shall be demonstrated in the dissertation, Lesotho's landlocked status played a critical role in confining Lesotho as a state within another state that eventually became the Union of South Africa in 1910.

The British intended to maintain low costs of administration and thus confined their rule as they paid no concern to the socio-economic wellbeing of their protectorate before the 1930s (Van Wyk, 1967: 7–8). European traders monopolised commercial activity in the early period of Basutoland's rule as a protectorate right up until the 1990s. Surplus revenue accumulated from the 1910 agreements on customs and excise duties of SACU, export duties and taxation was frequently spent on ventures other than social and economic development. The main objective of the administrators was to maintain law and order (Ward, 1967: 355). The drafted legislation for the unification of four colonial territories stipulated general conditions for the incorporation of three British protectorates in the South Africa Act of 1909 (Van Wyk, 1967: 4). Potential incorporation was vehemently contested by the respective African leaders of the protectorates. Once the Union of South Africa in 1910 came into effect, South Africa's anticipation to incorporate Lesotho remained, but with practices of segregation culminating into apartheid, traditional and new Basotho elite leadership united to become stronger in retaining their sovereignty (Lemon, 1996: 265).

Under British colonial rule, Basutoland's local economic landscape negatively altered from a net exporter of grain to an underdeveloped and impoverished land. Subsequent to the issue of agriculture, sources of local employment declined and a trend emerged where the Basotho increasingly sought labour in South Africa. In addition, increased pressure to purchase imported commodities and the inability to pay local taxes forced many Basotho to seek employment in South Africa. From 1911 to 1956, the total male migrant population increased from 10.6% to 29.4% and the female population from 1.3% to 10.2% (Bardill & Cobbe, 1985: 27). While the inclining trend of depleting agriculture and labour migration resulted in increased dependence on South Africa, dependence was enhanced by the need for 'power, communications, transport, banking, currency, and customs revenue', whereby some of these needs were eventually facilitated by revenues generated from SACU (Bardill & Cobbe, 1985: 27). However, by the time of independence, modern-sector services, industry and mining were, according to Cobbe (1988: 72), 'non-existent'.

This vital historical background complements further factors for consideration, as Lesotho's period of colonial subjugation set the stage for its challenges as an independent nation-state. It was vital to show how Basutoland became an enclave and a poorly developed country that

increasingly became economically dependent on South Africa for employment opportunities and revenue generated from SACU.

2.3 Lesotho's political independence and the establishment of an interdependent relationship with South Africa

Repeated calls for representative government occurred in the 1940s and 1950s (Bardill & Cobbe, 1985: 35). BCP, the expected victor, had radical conservations, held close links with South Africa's Pan-Africanist Congress (PAC) and received aid from China (Weisfelder, 2014: 112). Surprisingly, the more conservative BNP narrowly came out victorious in the 1965 national elections with Chief Leabua Jonathan as the new Prime Minister. It is significant to point out these political developments to gauge the attitudes of the parties towards South Africa. A paradox arose where Lesotho's entry into statehood was overshadowed by it being one of the poorest countries in Africa, if not in the world, with the two main parties separated between the BNP that was content with Basutoland existing peacefully alongside its only neighbour in contrast to those who resented the 'high dependence' on apartheid South Africa, but could not think of any viable alternatives (Spence, 1964: 441). Despite the BNP's narrow victory, the first-past-the-post (FPTP) electoral system conferred from the British colonial administration ensured that the BNP became the sole representative of government (Matlosa, 1999: 171). This early period during 1965 to 1970 is referred to as the 'embryonic democracy' with relative stability, but with a sour BCP which was both shocked and distrustful of the outcome (Matlosa, 1999: 171). This early phase set the stage for later challenges affecting Lesotho's internal politics to levels of conflict as the FPTP ultimately ensured one-party rule. These electoral details are significant up until today as shall be made clear later, it has been a crucial factor in consideration of Lesotho's internal contestations of the unsuitable political systems bequeathed from the colonial administration. In addition, South Africa comes in as it has played an intervening role in Lesotho's conflicts both in the apartheid and post-apartheid periods.

Prior to 1963, Lesotho–South Africa border controls were non-existent. As the incorporation of Lesotho into South Africa became inconceivable, specifically due to the imposition of apartheid, the significance of Lesotho's border increased (Weisfelder, 2014: 112). In 1964, the constitution adopted by Lesotho for its independence as a constitutional monarchy sealed the prevention of

South Africa annexing Lesotho (Hassan, 2002: 2). In 1965, at Maseru Bridge on the side of Lesotho, border controls merely involved signing a list administered by one policeman. In contrast, in South Africa, the apartheid system was in full swing, with separate lines for white and black people. Several Africans were harassed in the case of the smallest irregularity of one's documents. Africans waited tiresomely for services, whereas the white queues had faster and more efficient services (Weisfelder, 2014: 112). After Lesotho's independence, South Africa restricted cross-border movements further. As a landlocked country, even at this time, Lesotho had been entitled to transit rights under international law. However, in the 'national interest', South African border authorities increasingly conducted cargo and passenger inspections to check for potential defence equipment (Bardill & Cobbe, 1985: 75).

During his campaign, Chief Jonathan emphasised the importance of maintaining good relations with South Africa as a bread-and-butter matter. He also mentioned the opportunity of partnering with South Africa to implement a dynamic credit policy and cooperative farming. Chief Jonathan regarded friendly relations with South Africa as a realistic matter of survival for continued migrant employment as well as trade, despite South Africa being an apartheid state that he was morally in dispute with (Weisfelder, 2014: 112). More significantly (for the purpose of this dissertation), he mentioned the establishment of the Oxbow Hydroelectric Scheme (later referred to as the Lesotho Highlands Water Project), which also speaks to the sensitivity of South Africa and the fact that Lesotho had a vital resource for the economic growth of South Africa, namely water, to strengthen friendly diplomatic relations to the benefit of both countries.

On 4 October 1966, Basutoland assumed the title of Lesotho as a newly independent nation-state. BNP, under King Moshoeshoe II and Chief Leabua Jonathan as Prime Minister, celebrated independence. These leaders inherited the difficult task of administering an LDC with a rudimentary infrastructure. Once relinquished of its administrative duties, British interaction with regards to Lesotho's development was further diminished to aid (Ward, 1967: 355). It is argued that, once Lesotho gained independence from the British colonial administration, the level of dependence on South Africa increased. In addition to Lesotho's increased dependence on South Africa, the strangling grip of Pretoria became increasingly overt over Lesotho from thereon. Pretoria exercised unilateral application of its superior military, economic and administrative capabilities (Weisfelder, 2014: 112). Ward (1967: 355) describes how Lesotho became an

‘economic hostage’ to South Africa to an even larger extent after independence. The 1910-established SACU generated revenue that in turn allowed for the purchase of commodities, telecommunications and transport by Lesotho, meant that it was a no-brainer for Lesotho to maintain stable diplomatic ties with the apartheid government. Besides SACU and Lesotho’s dependence on employment in South Africa, South Africa also provided electoral assistance to Basutoland in the run up to the 1965 elections and, from 1967 to 1973, South Africa provided military assistance to Lesotho, assisting Jonathan in building the Police Mobile Unit (Weisfelder, 2014: 112). These factors of dependence forced Lesotho to forge friendly relations with the apartheid regime. As the apartheid government’s hostility increased and presented itself in overt forms such as P.W. Botha’s ‘total strategy’ and assassination missions, Lesotho’s dependence was unapologetically manipulated through coercive measures to force Lesotho into compliance (Weisfelder, 2014: 113).

Originally proposed by the British High Commissioner for Lesotho while still a British protectorate, economists advocated the idea of the heavy rainfall in Lesotho as an opportunity where water could be sold for currency (Ryan, 2015: 243). To this day, South Africa’s semi-arid climate results in socio-economic vulnerability under water-stressed periods. Recorded droughts from the early nineteenth century, of both summer and winter rainfall, in South African regions show exceptional conditions of below average rainfall that have played a role in socio-economic harm (Schwabe, Albiac, Connor, Hassan & González, 2013: 18). From the 1950s, worsening trends in average rainfall resulted in South Africa’s increasing interest in Lesotho’s water and thorough assessments of inter-basin transfer schemes were conducted to augment water supplies (Abukhater, 2013: 151). Feasibility studies resulted in the first project proposals presented in 1956 of what was called the ‘Oxbow Scheme’, a dual-purpose outcome of dams that would transfer water from the Orange-Senqu River to gold-mining industries in Gauteng and form part of a hydroelectric scheme, not only to serve to Lesotho, but to sell electricity to South Africa. However, this proposal was rejected by South Africa, sceptical of furthering interest in Lesotho’s water, firstly, as the idea of transferring water and electricity from an extremely poor and small country did not appeal to South Africa, and secondly, as Lesotho lacked the necessary infrastructure to facilitate construction which would make it reliant on South Africa’s investment

into the project (Abukhater, 2013: 152). Termination of ongoing negotiations was also as a result of disputes over setting the price of water transfers.

Apartheid was the thorn in the side of Lesotho, and Charles Dube Molapo who was Lesotho's Minister of Economic Development, mentioned the fears that an IBT scheme would mean for South Africa's increasing economic power and the potential this could have for South Africa to impose the policy of apartheid in Lesotho (Turton, Meissner, Mampane & Seremo, 2004: 248). Such fears would not come to reality, because by 1968 South Africa had relinquished its pursuit of incorporating Lesotho into South Africa. However, since independence, the political landscape easily allowed for mistrust, motivating Lesotho's efforts to preserve 'political independence and national identity' from the powerful South Africa's apartheid policies (Abukhater, 2013: 153). Chief Jonathan stressed Lesotho's diplomatic commitment towards South Africa in establishing a water transfer scheme, despite his moral sentiments towards apartheid, pressure from domestic groups to sever ties and South Africa's increasing international isolation.

During the five-year democratic rule of the BNP, Chief Jonathan's rule resulted in notable successes, including the initiation of various agricultural projects, the paving and reconstruction of a portion a large south–north highway and the erection of a major hotel, as well as a considerable increase in foreign aid (Rosenberg & Weisfelder, 2013: 10). Of course, such improvements were not nearly enough to prevent subservience to South Africa. Jonathan's early rule is characterised by Matlosa as an 'embryonic democracy', but the BNP's manipulation of the military into stringently maintaining its rule despite its loss to the BCP in the 1970 elections, sowed the seeds of future political instability in Lesotho.

It was in the 1970s that Jonathan's wavering compliance with South Africa eventually resulted in direct conflict. A turn in Jonathan's rule was signalled by his changed direction in his relationship with Pretoria in 1971. In 1976, South Africa had decided to transfer the authorities of the Transkei border posts with Lesotho to the Bantustan authorities. A dispute arose as Lesotho declined to recognise Transkei, a South African 'homeland', as an independent state (Williams & Hackland, 2015: 216). In 1978, South Africa enforced harsh border controls between the Transkei and Lesotho. This crisis led to Jonathan appealing to the United Nations

(UN) for international aid, as the border closing partly aimed to economically debilitate Lesotho. South Africa organised numerous military raids in their attempt to batter Lesotho into banishing the ANC.

As a result of the border controls, Lesotho established diplomatic ties with the Mozambique Liberation Front (FRELIMO). As a result of Lesotho's persistence in seeing the Transkei as administered by Pretoria, FRELIMO's Joaquim Chissano mentioned the importance of mutual cooperation to consolidate independence (Henderson, 1982: 3). The Foreign Minister of Lesotho, Charles Malapo, took part in discussions in Maputo as a return courtesy call, eventually resulting in Jonathan visiting Mozambique in 1978. Weisfelder (2014:112) characterised this diplomatic venture as Lesotho's 'risky underdog strategy' to build support. Such relations explicitly centred on strengthening African unity in retaliation to the colonial sentiments of the apartheid regime that also felt threatened by losing control of its 'dissenting' neighbours. What further alarmed and angered the apartheid regime was that Jonathan established diplomatic links with Cuba, the Soviet Union and other communist states. Jonathan rejected Botha's propositions of a non-aggression pact and the Constellation of Southern African States. Instead, Jonathan supported the Southern African Development Coordination Conference (SADCC) and the Frontline States group, both of which were founded on the political basis to unite in retaliation to South Africa's asserted dominance (Weisfelder, 2014: 113). SADCC also aimed to unite to consider means to reduce economic dependence on South Africa.

By 1979, the cycle of conflict in Lesotho's internal politics commenced as Ntsu Mokhehle's faction of the BCP, called the Lesotho Liberation Army (LLA), initiated an insurgency (Rosenberg & Weisfelder, 2013: 11). Ironically, yet conveniently, the LLA established ties with the apartheid regime. This was South Africa's strategic counter to the BNP's newly established links with the ANC. With the incentive of increased influence in Lesotho and a cooperative relationship, South Africa provided the LLA with logistical assistance and access to the borders, and even accommodated Mokhehle by providing sanctuary at the infamous Vlakplaas counter-insurgency base. It is significant that, by 1977, rising gold prices combined with the peak in Mosotho migrant workers on South African mines generated a notable increase in customs revenue and remittances that alleviated political pressures on the BNP. As a 'pleasure periphery', Lesotho was also an attractive tourist destination where South Africans could engage in activities

outlawed in South Africa, for example, interracial relationships (Rosenberg & Weisfelder, 2013). As a coercive strategy to pressure Lesotho, South Africa reduced migrant labour recruitment and ended the subsidisation of Lesotho's grain products. This economic coercive measure convinced Jonathan to meet Botha. In August 1980, the counterparts met at the Peka Bridge border crossing. However, these negotiations failed to culminate in a lasting agreement (Weisfelder, 2014: 113). In addition, media reports of the ongoing violence crippled Lesotho's tourism industry.

An abrupt end to any meaningful compromise was signalled by the 1982 apartheid officials' assassination of ANC exiles on Lesotho's soil (Weisfelder, 2014: 113). Thus, in 1983, Chief Jonathan threatened to completely halt any potential water transfer negotiations. In retaliation, South Africa threatened to militarily invade and placed economic pressure on Lesotho to force the highly dependent country into subservient behaviour (Weisfelder, 2014: 113). Further border controls were unilaterally imposed, resulting in food shortages in Lesotho. Thus, South Africa was able to successfully economically coerce Lesotho into acting, as Lesotho expelled 3 000 refugees from Lesotho, many of whom were already exiled from South Africa. Despite this, South Africa continued to impose new border restrictions in January of 1986, as it demanded that all ANC cadres be expelled from Lesotho (Williams & Hackland, 2015: 216).

Then in 1986, Jonathan's 20 years as prime minister came to a reckless end as Lesotho's army general, Justin Lekhanya, ousted Jonathan in a coup d'état. It is unclear as to whether Lekhanya was assisted by the apartheid regime, but many speculators were convinced of South Africa's assistance in the plot to oust Jonathan. Days prior to the coup, Lekhanya had met with the South African government in Pretoria (Abhukater, 2013: 172; Weisfelder, 2014:). What was clear was that, once Lekhanya took office, relations between the neighbours stabilised and, in that very year, the LHWP Treaty was signed.

With the signing of the treaty, the ties between South Africa and Lesotho 'intensified' (Lemon, 1996: 266). Similar to critiques of the undemocratic nature of SACU's 1910 and 1969 RSF and decision-making mechanisms, it has been argued that South Africa had more leeway with regards to the formulation of the LHWP. While political officials on both sides generally welcomed the treaty, it was not devoid of criticism. Sceptics from both countries perceived

Lekhanya's wilful acceptance of the LHWP as a 'sell-out' (Abhukater, 2013: 172). At the local level, Basotho perceived the treaty as a means to manipulate and control Lesotho's water resources. Despite the dual-purpose of the LHWP to provide water to South Africa and to develop hydropower for Lesotho, the project was critiqued as being detrimental to Lesotho's development. Nonetheless, LHWP was also considered as vital to Lesotho due to its generation of employment, customs revenue, a new income source, an opportunity to be energy efficient and benefit from infrastructural developments (Cobbe, 1988: 80). From this point relations continued to improve. Regionally hostility was relaxed with the collapse of the Soviet Union and with F.W. de Klerk's speech on 06 February 1990, which emphasised the importance of cooperation to replace the 'season of violence' (SAHO, 2015; Meissner, Mampane, Seremo & Turton, 2004: 250). Under the evolving climate of the negotiated settlement underway since the late 1980s, the former adversaries, the ANC and the National Party (NP), became negotiating parties in the anticipation of the democratic elections of April 1994.

As apartheid came to an end, scholars were curious as to whether the relationship between South Africa and Lesotho would result in a continuation of the various regional and bilateral agreements. In the 1991 article, titled 'What will happen after apartheid goes', Cobbe considered Lesotho's various indicators of dependence and the fact that a new government would likely usher in more friendly relations. However, the future trajectory was unclear, especially with regards to regional economic agreements. Some of Cobbe's predictions are considered further in the dissertation, but as his time focus of predictions are now also points of history, it can be mentioned that various reforms have taken place with the new government in power that represents a bilateral relationship that is a far shift from the apartheid's coercive 'style', but the nature of extreme dependence has not witnessed a fundamental shift.

Chapter 3: Migrant labour, remittances and the ‘shared community’

3.1 Introduction

The following chapter explores the underlying themes of migrant labour and the extreme reliance of Basotho on either employment or remittances. A brief history of Mosotho labour migration to South Africa is presented. South Africa’s internalisation policy is a significant theme that reflected Lesotho’s sensitivity dependence. Yet as the chapter goes on, the web of challenges faced by both countries with regards to remittances and the persistence of Mosotho immigrants becomes apparent. The dissertation also briefly explores three main developments or consequences and changes in trends that occurred as a result of South Africa’s reduction in foreign labour in the mining sector. While the apartheid government used the reduction of Mosotho labourers as a coercive measure, the post-apartheid government’s actions span over three decades where policies and trends are mixed yet determined a different set of priorities and influences than the apartheid government.

Then, this dissertation explores relations in terms of culture and language, where one could argue that the ‘Basotho nation’ crosses the boundaries between Lesotho and South Africa. With a history of migration, complications with regards to citizenship and millions of Basotho nationals residing in South Africa reflect a sense of a ‘shared community’. Following on from this, but also tied into the ‘shared community,’ interdependence that exists on a micro-level is addressed, directly between the Free State border and Lesotho.

Take note that there are information gaps on diaspora statistics and various issues with regards to identification creates problems to accurately measure migrant movements.

3.2 The mining sector & the decline of foreign labourers in mining

Migration has historically been an intrinsic factor of South Africa with a marked increase of labour migration stretching back to the nineteenth century (Tati, 2008: 424). Mozambique, Swaziland, Malawi and Lesotho were peripheral countries all characterised as ‘labour reserves’, serving as a source of cheap labour to the gold, diamond and other mining industries.

Historically, labour migration has accounted for the main pattern of movement, where migration flows mainly consisted of unskilled and semi-skilled male labourers.

For many Basotho across the country, migrant labour in South Africa is a fundamental means of survival (Wallman, 1976: 105). With the late nineteenth-century mineral revolution in South Africa, an increased demand for labour attracted Basotho men who were drawn to the opportunity of higher earnings in mining as opposed to local employment in Lesotho (Bardill & Cobbe, 1985: 20–1). As the lucrativeness of grain production declined, Basotho commodity dependence increased the imposition of debt and hut taxes, forcing Basotho to seek more promising wage earnings and employment outside of their poorly industrialised country. Thus, Basotho dependence on employment in South Africa increased and, by the 1960s, a quarter of the working age population (approximately 100 000) of Lesotho was employed in South Africa (Akokpari, 2005: 89). Cobbe (1988: 72) states that, by the time of independence, about half of Lesotho's adult male labour force was employed in South Africa. With South Africa's Bantu Laws Amendment Act No. 76 of 1961, labour migration was institutionalised in the peripheral labour reserves, through the utilisation of labour bureaus such as the Employment Bureau of Africa (TEBA) (Tati, 2008: 424).

After gaining independence, Lesotho became independent and Basotho increasingly relied on remittances from migrant miners (Rosenberg & Weisfelder, 2013: 249). Between 1963 and 1976, the number of men employed on mines in South Africa rose from 58 678 to 121 062. Surpassing Mozambique, by 1977 Lesotho became the main source of labour (Tabela & Wentzel, 2006: 75). By the 1980s, Lesotho was regarded as a 'pure labour reserve' as labour supply was reserved for a single industry in South Africa: mining (Bardill & Cobbe, 1985: 80).

A 1986/87 nationwide survey revealed that remittances from mining migrant workers accrued for '44.7% of total household [income], and for 52.7% for rural household income' where '35% of all households, and 37.4% of rural households' relied on remittances from migrant mineworkers as the main source of income (Cobbe, 1991: 20). Cobbe's article, published in 1988 and titled 'Economic aspects of Lesotho's relations with South Africa', claimed that more than half of Lesotho's gross national product (GNP) relied on the employment of Basotho migrant workers (Cobbe, 1988: 76). Data comparing annual migrant earnings as a percentage of GDP shows an

increase in the 1980s of migrant earnings, with slight declines in 1985 and 1988. By 1990, 47% of the country's GNP was accumulated from migrant remittances (Cobbe, 2012). Therefore, in macroeconomic terms, it is suggested that the latter half of the 1980s presented an increased dependence on remittances accrued from migrant labour (Cobbe, 1991: 22–3). At the time of Lesotho's high dependence, scholars emphasised the dangers and sensitivity of relying on remittances. Speculations emphasised the instability of relying on external sources for the national budget.

In the 1980s, a high unemployment rate of black males in South Africa was estimated at various levels from half a million upwards. This indicated that the elimination of migrants would be easy as plenty of South African citizens were willing to be employed in this sector (Bardill & Cobbe, 1985: 80). Such high dependence on employment in South Africa was used as an instrument of economic pressure during the apartheid years to make the Mosotho government more compliant. As mentioned earlier, Botha reduced the amount of Basotho as mineworkers as a coercive strategy, convincing Jonathan to meet with Botha to negotiate peaceful relations. However, the end of apartheid saw a more notable reduction in migrant mineworkers from Lesotho due to South Africa's internalisation policy. The norm of labour migration meant that mainly Basotho men became accustomed to a culture of mobility. Not long after Cobbe (1988: 76) emphasised the extreme sensitivities Lesotho would face at the possibility of a reduced demand for Mosotho labour, this 'fear' became a reality. In the 1990s, migrant workers from Lesotho in mining in South Africa steadily declined following large-scale retrenchment due to advancements in mining mechanisation, gold mining's relative stagnation and an internalisation policy that prioritised labour opportunities in South Africa for its citizens (Akopari, 2005: 89; Cobbe, 2012).

The internalisation policy was cost-effective for mining companies who no longer had to rely on recruitment agencies (Maphosa & Morojele, 2013: 163). Although varied statistical data exists on South Africa's unemployment rates and the shortfall in registering the unemployed, it is safe to say that there have been sustained high levels of unemployment in South Africa (OECD, 2010: 93). Some analysts estimated that the mid-1990s unemployment rate in South Africa was as high as 50%. Some analysts estimate that unemployment rates were lower at 30%, while other analysts are sceptical of both 'guestimates' and cite lower numbers (Sender, Standing & Weeks,

1996: 107). Tati (2008: 423) mentions how a major challenge for the ANC was how to

implement an immigration policy regime that suited the developmental and transformative needs of the country it governed. In addition, South Africa had a population estimated at around 38.9 million in comparison to Lesotho's population of around 1.78 million. Therefore, high domestic unemployment meant that the ANC prioritised labour in terms of the state's self-interest while also introducing amnesty legislation for Basotho workers to obtain.

In 1995 and 1996, South Africa implemented amnesty legislation in order to grant labour migrants permanent residence (Cornellison, 2007: 132). This 'amnesty ruling' would be granted to those who resided in South Africa up until the inception of democracy in 1994 (Kok, 2006: 56). One could be granted citizenship regardless of one's initial immigration status. While it is difficult to discern the amount of applicants who benefited, there was a particularly high amount of applicants from Lesotho. Among all mineworkers in South Africa in 1995, 55% of Basotho applied, in comparison to other amounts that were also high yet lower than the Basotho. For example, 40% of Batswana, 39% of Mozambicans and 44% of Swazis had applied for amnesty. Around two-thirds of the amnesty applicants were citizens from Lesotho, followed by Swaziland, Mozambique and Botswana, each with around 8% of the applicants. Such a high number of applicants from Lesotho emphasises its extreme dependence on its only neighbour (Oucho, 2006: 56).

The increased price of gold in 2001 placed a temporary halt on the declined demand, but migrant mining labourers from Lesotho continued to decline where in 2000 some 58 000 migrant Mosotho mineworkers decreased to 46 000 in 2006. From 2002, no more Mosotho novices were employed on the mines. By 2005, the bulk of mineworkers were older, more experienced Basotho. Mineworkers under the age of 25 accounted for less than 3%, fewer than 11% were under the age of 30 and more than half of the miners were over 40 (Crush, Dodson, Gay, Green & Leduka, 2010: 13). By 2010, one estimated number of Mosotho migrant mineworkers was as low as 43 000 (Cobbe, 2012). Retrenchment had a devastating effect as the households in Lesotho lost their income. One estimate claimed the deferred transfer scheme during the early 1990s remitted an average of R20 million a month from about half a million Basotho nationals working in South Africa (Khonje, 2015: 309); this illustrates the substantial income mining labour had for households in Lesotho. Furthermore, the proportion of households in Lesotho that

received income from at least one family member on the mines dropped from about 50% in the early 1980s to 12% in 2002 (Crush et al, 2010: 12).

The 1995/96 amnesty applications were a means to deal with illegal migration and the miners who would be retrenched were deemed unsuccessful, but South Africa's popularity as a destination based on livelihood opportunities means that immigration has been a persistent factor (Cornelissen, 2007: 133).

Therefore, what was once a norm for many decades among young males seeking employment became a 'privilege' to the few still granted the opportunity to work on the mines. It became more competitive for foreign labourers to seek employment on South African mines (Tati, 2008: 425). Yet, mining labour still makes up a meaningful proportion of Mosotho immigrants and a large proportion of young immigrants forms part of the bulk of the economically active group with 87% of Basotho migrants between the ages of 25 and 54 years (Chikanda, Crush & Nalane, 2012: 9). Ultimately, with years of foreign labour from Lesotho that is as long as the mining industry in South Africa itself, one cannot deny the contribution of foreign labourers to the survival of the mining industry that subsequently contributes to the development of South Africa (Akopari, 2007: 72). South Africa continues to grapple with employment dilemmas as the 'Europe of Africa' is a magnet for refugees and economic migrants, but has an excessive amount of unskilled labour with a shortage of skilled labour (Wöcke & Klein, 2002: 441).

While complex interdependence presents globalisation trends of the twentieth century, incorporating the idea that migration transfers undermine the sacrosanctity of borders, Lesotho's immigration history dates back prior to migration trends that coincided with globalisation. Migration triggers reflects a 'repeat of history' as typical triggers including a lack of cultivatable land, poverty, limited employment opportunities and low wage levels persist as triggers of emigration (Khonje, 2015: 312). Such triggers resemble problems faced as far back as when Lesotho was a British protectorate. With South Africa's self-interested internalisation policy, immigrants from Lesotho surely did not become redundant, but various consequences led to new trends that are addressed later on.

3.3 Remittances & development

In 1974, Lesotho's government implemented the Deferred Pay Act in order to cultivate a savings culture among miners, but more importantly to ensure that more money earned by mineworkers would be invested and spent domestically (Chikanda, Crush & Nalane, 2012: 20). Remittances remain an essential safety net for households and remittance trends indicate that Lesotho remains a labour-exporting country (Khonje, 2015: 316). Remittances was earlier addressed in the context of mining, but gains a more central focus here as an aspect of Lesotho's dependence.

Measured in terms of a percentage of GDP, Lesotho is a leading recipient of recorded remittances in the globe. In 2009, remittance inflows were 24.8% of Lesotho's GDP, thereby making Lesotho the third largest remittance recipient after Tajikistan and Tonga (Chikanda, Crush & Nalane, 2012: 7). In 2014, the World Bank Factbook presented Lesotho as fifth in the category of 'top ten remittance recipients', where 17.4% of its GDP was accumulated from remittances. In 2015, in the category as a remittance recipient in US dollars, Lesotho accumulated \$0.4 billion in third place after Jamaica and Montenegro (Eigen-Zucchi, Plaza & Ratha, 2016: 50).

Although trends showed a decline in official remittance inflows of migrant mineworkers, remittance inflows have actually significantly grown over the past few decades. According to Crush, Chikanda and Nalane (2012: 7), between 1975 and 2010, remittances growth occurred at an annual rate of 5.5%. This growth is partly attributed to the higher average salaries of mineworkers that rose from M12 321 per annum in 1992 to M82 076 in 2008. Crush, Chikanda and Dodson (2012: 7) also contend that remittance inflows to Lesotho dominates over other areas of external financial flows, such as SACU revenues, foreign direct investment and official development assistance (ODA). In 2009, remittance inflows were officially recorded to have been seven times more than FDI, commercial service exports, and then three times more than the amount of ODA.

Southern African Migration Programme (SAMP) remittance surveys revealed the extreme dependence of households on remittances. The survey also revealed that more than 78% of migrants rely on sending remittances home at least once a month (Crush, Chikanda & Nalane, 2012: 11). Through ensuring the household's availability of cash, electricity, food, medical

treatment and fuel, remittances are considered to demonstrably alleviate poverty (Chikanda, Crush & Nalane, 2012: 12). Homes reliant on remittances are known to have higher incomes in comparison to those who are reliant on other sources such as domestic employment and informal/formal businesses in Lesotho (Chikanda, Crush & Nalane, 2012: 10). This is argued by some to have a positive effect on development through raising household incomes, alleviating poverty, and then improving 'household resilience' on a general scale (Khonje, 2015: 311).

A United Nations Development Programme (UNDP) official emphasised that the many decades of labour migration have led to new skills brought home. In the rural areas, returning migrants have also brought home social remittances in the form of ideas, skills and expertise, which contribute to local development (Khonje, 2015: 315). Officials from Lesotho's Ministry of Labour contended that returning migrants provide experienced labour to low-skill segments of the market and also encourage entrepreneurship. Nonetheless, statistical evidence is difficult to retrieve and demonstrate the direct impact of social remittances on Lesotho. While Khonje presents optimistic claims from interviewing political officials and organisations, a 'bottom down' approach to interviewing returning miners found that the skills developed on South African mines are irrelevant and returning mining migrants return home uneducated (Maphosa & Morojele, 2013: 154). Some scholars contend that migrant labour and remittances have had a negative effect on development and poverty alleviation. There is not much current evidence that suggests the generation of large multiplier effects on a local and national scale (Chikanda, Crush & Nalane, 2012: 15). Due to the immediate consumption needs that remittances are spent on, an insignificant amount is directed towards investment ventures. The reliance on South African foodstuffs and manufactured goods means that remittances promote the economic development of South African businesses and not Basotho businesses.

Various studies have been conducted to discern the relationship between development and remittances in Lesotho; yet, they are based on mainly survey data and are not longitudinal. Motelle (2011: 241–51) conducted a longitudinal study on the nexus between remittances and financial development. Motelle's research concluded that, while remittance inflows are positively related to financial development, they did not have an impact on financial development and credit allocation. The results suggest that an improvement in the efficiency, quality and quantity of financial intermediation that draws formal remittance inflows (Chikanda,

Crush & Nalane, 2012: 15). One challenge is the lack of utilising formal remittance transfer schemes. Not only is there poor financial infrastructure to facilitate formal channels of remittances, but migrant labourers also commonly utilise informal remittance channels. The National Union of Mineworkers (NUM) and the Chamber of Mines of South Africa are not in favour of the compulsory deferred pay scheme. Human rights groups have also expressed discontent, because the scheme is considered a violation of migrant labourers' rights to earn their full salary (Khonje, 2015: 319). Lesotho's government is supportive of the scheme as it improves the balance of payments and provides foreign exchange. Furthermore, household surveys revealed that wives residing in Lesotho who are married to the mineworkers are supportive of the scheme for household income (Khonje, 2015: 319).

There is a need for the governments of Lesotho and South Africa, recruitment companies, and the private sector to more thoroughly address the risks and costs faced by remittance patterns, while simultaneously considering issues related to skills enhancement, duration of stay, and the return and reintegration of migrant workers (Khonje, 2015: 319). Thereby, temporary migration could be orientated around human capital development. National frameworks of migration are also regarded as insufficient as national poverty reduction strategies (Khonje, 2015: 319). Besides this issue, there are various other policy gaps related to rights of migrant workers and poverty alleviation. Such weak immigration policy undermines socio-economic development.

3.4 Other migrant labour patterns

Despite the decline in demand for foreign labour in South Africa's mining sector, the twenty-first century witnessed a significant increase in labour migration from Lesotho (Khonje, 2015: 309). A census conducted in 2006 estimated the population of the country to be 1.87 million. By 2011, the population had marginally increased to 2.1 million, with 20.5% of the total population living outside of Lesotho. Accordingly, Lesotho is identified as a classical emigration nation.

Lesotho's enclave status and the fact that labour immigrants prefer South Africa as a suitable employment destination, make it obvious that South Africa would be the likely destination for many from Lesotho. In 2013, the Lesotho–South Africa migration corridor was one of the top ten migration corridors in the world (Eigen-Zucchi, Plaza & Ratha, 2016: 51). Such an extensive history of migration patterns reflects the idea of the fluidity of a nation-state's borders. Lesotho's

poverty conditions and marginal employment opportunities mean that Lesotho remains a labour-exporting country. Despite the rapid decline in employing mineworkers and the arguable decline in the relevance of its contribution to remittances, overall migrant labour to South Africa still occurs in significant numbers.

Khonje (2015: 313) identified three consequences of declined mining employment where new trends developed including diversification, increased female immigration and an increase of undocumented migrants.

Diversification occurred as a result of Basotho seeking employment in other sectors in South Africa. Despite positive indicators, this process of migration still presents considerable challenges as various low-skilled migrant workers face exploitative conditions and are only afforded limited labour rights or difficulties in monitoring labour rights under the Labour Relations Act No. 66 of 1995 (Griffin, 2016: 27). In addition, Lesotho has suffered from a 'brain drain' as skilled professionals have sought employment in South Africa. With the demise of apartheid, the predicted migration did not occur as anticipated as South Africa's internalisation policy was restrictive towards skilled immigration (Crush et al, 2010: 22). Those who did receive work in South Africa were either exceptionally skilled or were able to obtain identity documents and residence permits. However, with South Africa's own 'brain drain' concerns, the Immigration Act No. 13 of 2002 came about as a means to address the increasing emigration of skilled South African workers (South African Institute of International Affairs [SAIIA], 1999: 2). Although there are limitations to this statistic as not all emigrants declare their intent of leaving, Statistics South Africa (Stats SA) revealed that 39 000 South Africans emigrated between 1994 and 1997, of whom 36% were managers and professionals (SAIIA, 1999: 2). This reveals a reality that South Africa has been able to benefit from Lesotho's skilled force at the expense of Lesotho's skilled citizenry.

Basotho were also able to take advantage of affirmative action programmes and the 'deracialisation' of South Africa's workforce, where speaking Sesotho, an official language of South Africa, has served in Basotho nationals' favour (Crush et al, 2010: 22). Then, with the implementation of the South Africa's Immigration Act of 2002, it became easier for skilled migrants to obtain work in South Africa. A SAMP survey conducted among final-year students

at the National University of Lesotho (NUL) and other technical colleges revealed that 31% (or one-third) of students expressed interest in either permanently or temporarily seeking work in South Africa. As a destination, South Africa received the highest percentage of votes, with Botswana second with 25%, followed by United Kingdom at 10% (Crush et al, 2010: 23). These sentiments reveal the high likelihood skilled workers will migrate in search of substantially higher wages, stronger advancement prospects, and a better social and infrastructural environment in South Africa (Cobbe, 2012).

Huge salary differentials between Lesotho and South Africa means that Lesotho suffers from a constant shortage of health professionals, engineers, accountants and various other skilled and semi-skilled occupations (Cobbe, 2012). The sector that has suffered the most from the brain drain is Lesotho's health sector. The health sector has been undermined with over 50% of doctors, nurses, pharmacists and other health workers migrating out of Lesotho (Khonje, 2015: 315). This is particularly concerning seeing as the Mosotho population's increased prevalence and transmission of HIV is partly related to migrant mineworkers. A loss of such human capital defeats the purpose of those health workers receiving their qualifications through state-subsidised education (Khonje, 2015: 315). Furthermore, as countries compete for skilled labour, poor countries such as Lesotho are 'doubly disadvantaged' in terms of limited capital as well as the restraints such 'push' factors have on their ability to develop a comparative advantage in the global neoliberal economy (Wöcke & Klein, 2002: 441).

The second consequence (which ties into the first) is that an increasing amount of female labourers have sought work in South Africa from the mid-1990s, commonly in commercial farming and domestic service (Khonje, 2015: 313). In addition, apartheid's demise saw the relaxation of laws that prevented female migration to South Africa, subsequently allowing more women in the tertiary sector to seek employment opportunities in South Africa (Maro, 2011: 40). While migration by women has considerably increased, it is still in much smaller numbers in comparison to men. Apartheid's demise made it more convenient for women, but also Basotho in general, to find work in South Africa without the threat of constant deportation and harassment at the border (Crush et al, 2010: 14). Yet, harassment by police is still prevalent among police officials, especially if one is considered an undocumented migrant. Furthermore, it is considered to be more economically sensible for women to seek work in South Africa where for the same

work they would receive less remuneration in Lesotho. It has been argued that if it were not for the dramatic employment growth in Lesotho's textile industry, which favourably employs women, more women would likely have immigrated to South Africa (Crush et al, 2010: 20).

The third consequence identified as a result of decline foreign miners, whereby many migrants returned to South Africa as undocumented migrants. Khonje (2015: 313) contends that most Basotho nationals migrate to South Africa utilising the legal means at established border posts, for example at the Maseru Bridge. However, there is an increasing stream of undocumented migrants. While this dissertation does not consider this thoroughly, this factor further emphasises the porousness of the border. Whether legal or illegal, the South Africa–Lesotho migration corridor is a persistent and inevitable factor. In response to this, South Africa has only recently introduced special permit legislation. Basotho, including those who currently work in South Africa illegally, can apply for the Lesotho Special Permit (LSP) if they worked, studied or conducted business in South Africa before 2015. The application date spans from 11 December 2015 and 31 December 2016, and if successful, allows one to legally work and conduct business in South Africa. The permit is valid until 2020. According to Lesotho's Home Affairs Minister, Lekhetho Rakuoane, the permit is 'hailed' by undocumented Basotho who can now work in South Africa without being harassed by police officials (Mohloboli, 2015b). Although harassment may be difficult to monitor and police can still harass, Basotho will no longer be deported unless they have a criminal record or other immigration-related offence. More importantly, South Africa has implemented legislation that now caters towards unskilled or 'low' skilled migrants, such as farmworkers or domestic workers, as opposed to immigration policies that focus on skilled workers. However, a more detailed analysis of this policy thus can only take place after it has been implemented for a longer period of time.

3.5 Citizenship, identity and the border

The Basotho experience of being a part of South Africa economically and culturally, yet differentiated on a political basis, means that multiple fungible identities have been created and have persisted over time (Weisfelder, 2014: 110). This persistent factor of migration shows how the idea of the imperviousness of borders does not stand, especially in the case of South Africa as

a popular destination for migrants in southern Africa. Transnational migrants live, work and even express political interests in more than one country (Levitt, 2004).

Besides employment, Basotho travel across the border for business, cultural, religious and family functions. Prior to traffic backups that started in 2010, Mosotho nationals commonly travelled to South Africa for shopping purposes. At the same time, people from Free State towns such as Ficksburg and Ladybrand travel to malls in Maseru in order to purchase from South African-branded supermarkets and other shops. Weisfelder (2014: 110) contends that such interdependent interactions maintain a ‘strong sense’ that Basotho cannot consider themselves as foreigners in South Africa; however, they can at least acknowledge that they have a legitimate right to employment in South Africa. While it is not the purpose of this dissertation to discern attitudes of Basotho towards their place in South Africa, it is important to note that it is too simplified to discern Basotho as not considering themselves as foreigners in South Africa due to sentiments of a ‘rightful place’ in the country. However, what is important here is the high dependence of Lesotho.

Although this dissertation utilises the term ‘Basotho’ to refer to citizens of Lesotho, regardless of ethnicity, the term is also used to refer to those of Sotho ethnicity (Rosenberg & Weisfelder, 2013: 48). There are about four million Sesotho speakers who reside in South Africa as opposed to about two million in Lesotho. There may be ambiguity with regards to the term where one could even regard the Basotho nation, in terms of language or ethnicity, as extending to South African-born citizens.

3.6 Overall assessment

Scholars have commonly looked upon the issue of Mosotho mining labour as a debilitating and exploitative endeavour through the manipulation of Lesotho’s internal employment challenges. A nuanced picture has been provided here, revealing the complexity of this theme. Remittances are evidently a major factor of dependence for the basic needs of various households that gain a higher income. There is a conflict of interest between migrant labourers who want their full salary and the government of Lesotho that prefers the deferred pay scheme, but remittances ensure the survival of many families in Lesotho. While the development potential and benefits of remittances are ambiguous, the reality is that remittances are a financial crutch that sustains a

degree of financial institutional relevance in Lesotho. While South Africa benefits from the brain drain, many Basotho have searched for higher wages and infrastructural environment in South Africa prior to apartheid's demise.

The state and relevant policies do play an obvious vital role in determining opportunities for migrants. Lesotho's sensitivity has been triggered by South Africa's internalisation policy and the Immigration Act of 2002 that sped up the brain drain. It is too simplistic to regard South Africa's role as exploitative, but South Africa also faces unemployment challenges internally while having to deal with the regular inflow of migrants. Indeed, there are actors who exploit migrant labourers, especially illegal migrants. Whilst South Africa's LSP legislation is an enactment in awareness of Lesotho's employment dilemma, the benefits as such are not explicit as of yet. For a longer period, it was more challenging for semi-skilled or unskilled workers to obtain work permits. However, in regularising migrant labourers from Lesotho, it benefits undocumented Basotho with amnesty and among other benefits it can also arguably play a role in reducing exploitation.

With a history of migration that spans over a century, what continuously emerges is the porousness of the borders as migration to South Africa is a persistent factor. Lesotho's unique position as an enclave and for various other reasons already explored has not been a 'black box' within another state. What can be pointed out here is that the immigration to South Africa for the purpose of labour and remittances is a constant transnational factor. Not only does the transfer of labour reflect the fluidity of the nation-state and the border between South Africa and Lesotho, but other elements of mobility and Basotho in South Africa reflect a significant element of a 'shared community'. Yet, one cannot undermine the challenges faced due to borders as Basotho citizens seek labour outside of Lesotho.

Chapter 4: The South African Customs Union

4.1 Introduction

The following section elaborates on the Southern African Customs Union (SACU) as another factor of Lesotho's high dependence, in this case due to SACU's revenue generation. Labour migration presented how strongly connected Lesotho's economy is to labour prospects in South Africa. This chapter demonstrates the formal interconnection of Lesotho's economy with South Africa's economy as long-term institutional economic agreements dominated by South Africa. The evolution of SACU from its colonial origins of 1910, to the 1969 SACU Agreement and finally the 2002 Agreement is considered. After considerations of South Africa's role on a regional level, Lesotho's dependence on SACU for its national budget becomes the central focus.

4.2 The colonial and apartheid iterations of SACU

4.2.1 1910

Although SACU can be traced back all the way to its 1889 Agreement, negotiated on behalf of British colony and one of the Boer republics, for the sake of brevity the analysis starts from 1910 (Gibb, 1997: 73). The 1910 Customs Union Agreement (CUA) was the precursor to the current SACU arrangement. The colonial iteration allowed for the High Commission Territories to be members, as negotiated by Britain, albeit with diminished rights. The territories did not have their own customs administrations, but it was then not perceived as necessary as South Africa and Britain anticipated the incorporation of the territories into South Africa (Gibb, 1997: 74–5). The 1910 Agreement allowed for a common external tariff, the free movement of manufactured goods within the CUA territory and a revenue-sharing formula (RSF) among signatories. The RSF accrued 98.7% of the joint revenue to South Africa and collectively the territories received 1.3%. Basutoland received 0.8%, Bechuanaland (Botswana) received 0.27% and Swaziland received 0.15% (Gibb, 1997: 75).

The RSF was regarded as static and South Africa couched the benefits of the customs union. A primary purpose of the customs union is to expand trade flows among member countries, frequently at the expense of non-members (Andriamananjara, 2011: 113). Decisions were made unilaterally by South Africa, including state-centred protectionist policies or incentives for the

expansion of businesses and industry, to the detriment of other SACU members. For example, a unilaterally imposed 1925 import substitution industrialisation (ISI) programme meant the Territories experienced trade diversion by buying more expensive South African goods as opposed to cheaper goods manufactured elsewhere. As a colonial policy, the governance of Territories in the operations of the customs union was in such a way that they were part of the integrated South African space economy (Gibb, 1997: 76). A primary goal of the agreement was for the promotion of economic development through regionally coordinating trade, but the development goals of the Territories were of least priority in the functional operations (Gibb, 1997: 76; Rossouw, 2016: 5). By the 1930s, an increased amount of pressure was placed on South Africa for reform and, with the win of the Nationalist Party in 1948, it became clearer that the Territories would not be incorporated into South Africa.

4.2.2 1969 Agreement

Negotiations for a new agreement were delayed as the independence of the Territories was pending. After the dependence of the BLS (Botswana, Lesotho and Swaziland) countries from Britain, these landlocked countries' revenue concerns meant that they became increasingly dependent on South Africa and maintaining the RSF 'benefits' from SACU (Gibb, 1997: 75–6).

Once the Territories gained independence, a new agreement was negotiated and signed in December 1969, establishing the SACU Agreement (Gibb, 1997: 75–6). The agreement was renegotiated with the apartheid government and the recently independent states of BLS were signatories. Although a de facto member, Namibia only became an official member in 1990 once it had gained independence. The 1969 Agreement came about in cognisance of the 1910 Agreement that undermined BLS contribution to the revenue pool (Ngalawa, 2014: 147). The new RSF did lead to rapid growth in revenue in the early 1970s, but after the 1976 Soweto Uprising, oil shocks and ensuing fluctuations in the economy, sanctions against South Africa increased that resulted in a significant decrease in revenues accrued to the BLS states (Grynberg & Motswapong, 2013: 7). Thus, a stabilisation formula was introduced in 1976 to address BLS concerns, resulting in a formula that ensured support if revenues accumulated from the common revenue pool (CRP) were less than 17% and accumulated revenue could not surpass 23%. Negotiating parties remained desirous of the free interchange of goods between borders and the

application of the same trade and tariff regulations to trading partners outside the customs area (Rossouw, 2016: 5–6). Eventually, all members considered the agreement as heavily flawed as South Africa still unilaterally determined the external tariff policy of the customs union. Effective procedures were not in place to deal with dispute resolutions or to ensure compliance of ‘reform’ measures (Rossouw, 2003: 6).

Ngalawa (2014: 148) identifies two schools of thought with polarised viewpoints on the idea of dependence and SACU. The one school represents the ‘dependency’ school that is suspicious of SACU as a colonial iteration. The dependency school emphasises that South Africa has been able to take advantage of cheap resource extraction from BLS countries. Gibb and Treasure (2014: 820) describe the apartheid government as utilising SACU to assume the role of ‘paymaster’ through a complex RSF that dispensed compensatory payments. Thus, the economic might of South Africa created and embedded a governance framework that gravitated around Pretoria. Grynberg and Motswapong (2013: 1) explain that, even though the 1969 agreement came about to correct previous imbalances, the RSF ‘perhaps intentionally’ created a fiscal dependence of the BLS states on South Africa.

The other school of thought, referred to as the ‘interdependence school’, sees SACU as a mutually beneficial, sophisticated and functional customs union (Ngalawa, 2014: 148). The interdependence school emphasises the benefits that SACU generated for all member-states and regards the CRP as a successfully implemented policy to compensate trade diversion and polarisation. In addition, this school attributes the survival of SACU to the ‘mutual gain’ enjoyed by all members.

On the one hand, the interdependence school is too simplistic in not acknowledging South Africa’s power advantage within SACU, and the colonial and apartheid decision-makers that overtly created a customs union with unilateral control. In addition, the inequitable policies can be demonstrated by examples such as the trade diversion entrenched by South Africa’s import substitution policy and implemented in the 1920s. Another example is in 1968, just prior to the 1969 Agreement, when the BLS share of trade rose to 4.1%, but the RSF remained static at 1.3% as per the 1910 formula (Grynberg & Motswapong, 2013: 3–4). Ultimately, South Africa

prioritised ISI, not as an instrument for region-wide industrialisation, but as a policy purely for South Africa's industrial advancement (McCarthy, 2003: 10).

On the other hand, a degree of interdependence can be acknowledged, whereby the history of SACU involved South Africa prioritising its industrial policy with SACU as an instrument of industrial development (McCarthy, 2003: 23). Even more recently, scholars such as Gibb acknowledge the economic domination of South Africa that is able to practise economic subordination through the regional organisation, but SACU remains the only effective and functioning case of economic regionalism in southern Africa (Gibb & Treasure, 2014: 821).

Despite various discussions about the 1969 Agreement prior to 1994, there was no serious commitment to reform on behalf of South Africa. Although the diverse economies of each member are still a persistent issue, an asymmetrical interdependent relationship was developed through SACU where South Africa has been able to take advantage of divergent administrative capacities, development levels and economic capabilities of member-states in SACU (Kirk & Stern, 2003: 11). Ngalawa (2014: 148) states that there was no scope for convergence between the two schools of thought. However, it is tricky to apply each school of thought in its totality in the post-apartheid context when the newly elected dispensation *inherited* an unequally crafted system.

4.2.3 2002 Agreement

The inception of democracy in South Africa brought about a 'seismic shift' in SACU. In November 1994, renegotiations for a new SACU agreement began. The negotiations from 1994 to 2002 were not merely based on reforming the RSF, but were predicated on establishing de jure equality for all signatory states (Grynberg & Motswapong, 2013: 9). Members of the newly elected ruling party, the ANC, were anxious for South Africa to depart from SACU due to its colonial origins, which Nelson Mandela described as based on a 'colonial oppressor's mentality' (Gibb, 2006: 595). Although SACU remained, the ANC was quick to reject the power relations that underpinned the 1969 Agreement (Gibb & Treasure, 2014: 829). The lengthy negotiations reflected the difficulty Pretoria faced in balancing its ideological goals of, firstly, diminishing the extreme power imbalances engrained in the architecture of the 1969 Agreement, and secondly, sustaining stable development and South Africa's trade opportunities.

Finally, in 2002, an agreement was signed between South Africa and the BLNS states, providing a far more comprehensive agreement than the previous two (Gibb, 2006: 595; Rossouw, 2016: 6). Overall, the following three provisions were stipulated to address the previous explicit architectural inequalities of SACU: governance and institutions, trade liberalisation, and the RSF. From this point, customs revenues have also been distributed according to intra-SACU trade, as a means to compensate for South Africa's structural advantage in the union that results in polarisation effects (Alden & Soko, 2005: 372).

The following focus is on assessing the 'reform' of the governance and institutions in addressing the 'democratic deficit', and the transformation of the RSF. With regards to the reform of governance and institutions, the 2002 Agreement was reformed to rightfully stipulate provisions for joint decision-making processes. The institutional architecture and governance mechanisms aimed to address the institutional architecture and governance mechanisms through establishing a 'democratic' foundation (Gibb, 2006: 595).¹¹ Article 3 allowed for the establishment of an independent administrative secretariat to oversee SACU, namely the Customs Union Commission (CUC) (Rossouw, 2016: 6). Articles 7 to 17 established six new institutions in SACU, including the Commission. The Council of Ministers assumed the role as the supreme decision-making body (Gibb & Treasure, 2014: 830). In terms of tariffs, the Tariff Board was set up as an independent institution where national bodies can provide recommendations to the Board that are considered. A symbolic break from the past was the relocation of the Tariff Board's offices from Pretoria to Windhoek, Namibia (Gibb, 2006: 596). Thus, the reformations were set up to provide SACU with an intergovernmental nature, whereby decision-making would be based on consensus (Gibb & Treasure, 2014: 829).

The 2002 Agreement presents a significant break from the past, but the 'democratic deficit' arguably remains. The 2002 Agreement surely represents a strong contrast from the 1969 Agreement that Grynberg and Motswapong (2013: 9) describe as one with 'no pretence of equality' as Pretoria enjoyed the prerogative of determining decisions. However, throughout the years there have been various indicators as to how South Africa is able to maintain and exercise its dominance. Problematically, the new democratic government of South Africa inherited a task

¹¹ The word 'democracy' can imply that there is an electoral process, but this conventional notion does not apply to SACU.

of maintaining but reforming SACU. However, the fundamental reality was that member-states had significantly different technical capacities to deal with issues of trade policy that could not merely be changed by a treaty alone (Grynberg & Motswapong, 2013: 9).

The RSF was adapted by incorporating three separate components, including the distribution of customs revenue, excise duties and a development component (Gibb & Treasure, 2014: 830). The customs revenue is shared according to intra-SACU trade and, therefore, the country that imports the most within the union obtains the largest bulk of the customs union. Most of the redistribution to the BLNS from South Africa is based on the sharing of customs revenue. Excise duties are separated into the development component that constitutes 15% of excise duties and the remaining 85% is divided in proportion to a member's share of GDP (Ngalawa, 2014: 150).

Although the governance of SACU is dominated by South Africa, the RSF economically favours the BLNS (Gibb & Treasure, 2014: 832). The impact of the RSF on South Africa is argued by some to be problematic as it is regarded as unsustainable and burdensome. Kirk and Stern (2005: 16–7) mention that the new RSF provides 'greater security to the BLNS', but it was expected to moderate the formula for the BLNS share of the pool in the future. In criticism of South Africa's economic strength in SADC, Hervey and Schollij (2012: 336) describe how, at a sub-regional level, SACU member states are provided with compensation in order to mitigate negative impacts. However, the new formula is also problematic as Kirk and Stern (2003: 4–5) argue that it would sustain Namibia, Swaziland and Lesotho's dependence on the SACU revenues. Nonetheless, a SAIIA report by Chapman and Grant (2011) describes the argument that South Africa benefits from SACU to the detriment of BLNS as a myth, using the example of how in 2008 South Africa generated over R45 billion towards the revenue pool that amounted to 98% of the revenue pool, but only received about R21 billion. Between 2009 and 2010, the RSF ensured that 1% of South Africa's GDP was redistributed, where the intelligibility of such has been questioned as South Africa is itself a developing country (Gibb & Treasure, 2014: 832). Mzukisi Qobo argues that these funds provided to the BLNS are ultimately 'development aid in disguise' as the money comes from the same pool that could also be used to tackle socio-economic issues in South Africa (cited in Chapman & Grant, 2011). Makoia (2008: 68) quotes McCarthy when he states that, while the development component is small, the BLNS enjoy 'protection against the

decline in real value revenue pool resulting from bilateral and multilateral trade, and increased tariffs and duties’.

Besides the RSF, a broader regional economic goal outlined in the 2002 Agreement is for SACU to be an instrument that facilitates cross-border movement of goods between member states, ensures equitable benefits, promotes conditions for fair competition, and enhances industrialisation and economic development (Rossouw, 2016: 6). Kirk and Stern (2003: 16–7) state that a challenge for the BLNS is to optimally utilise their received transfers from the sharing arrangement in order to improve competitiveness in the region.

The BLNS are highly dependent on imports from South Africa, whereas South Africa relies on only a small share of imports from the BLNS (Flatters & Stern, 2005: 2). Thereby, the economic dominance of South Africa and SACU’s commitment to trade liberalisation leads to the functionality of SACU to be undermined as it is seen as a market for South African goods instead of facilitating SACU’s transformation into a common market (Makoa, 2008: 63). Between 2000 and 2007, the formal share of intra-regional trade accounted for 6.5% to 10% in SACU, showing how trade between SACU countries is extremely low. In relation to intra-SACU trade, the BLNS receives more than 90% of their imports from South Africa, while South Africa receives a more diversified percentage of imports from each BLNS state, albeit a significantly lower portion. South Africa has a more diversified economy than the BLNS that brings up a criticism of the need for BLNS countries to aim towards diversifying their economies. However, diversification of BLNS economies is easier said than done. By virtue of the BLNS countries being in a customs union with South Africa, the BLNS can be described as captive markets that are victim to South Africa’s protective goods and the polarisation effects of the customs union (Prys, 2012: 94). Furthermore, comparing national development strategies shows that there is no harmonisation of industrial policies, with disparities in wealth, technological and industrial development, posing a major hurdle or even impediment to harmonisation of industrial policy (Makoa, 2008: 68).

Weisfelder (2014: 120) points out that, while weaker SACU partners have undergone serious economic distress as a result of variations in SACU revenue, the ‘weaker’ partners are of the

view that South Africa is doing little to alleviate their economic distress. In turn, South Africa remains concerned with its own share of customs revenue.

4.3 Lesotho's fiscal dependence

Within the BLNS, Botswana is one impressive example of formidable economic growth that has transformed it from an extremely poor country to a middle- to upper-income economy, thereby making Botswana one of the lesser SACU dependents. Swaziland and Lesotho sit on the other extreme as LDCs that are two of the few countries in the world that are fiscally reliant on transfers from abroad. Lesotho is the most dependent on SACU revenues and the poorest country of SACU (Ngalawa, 2014: 146). As is shown below, not only is Lesotho's expenditure affected by the amount available in the SACU revenue pool, but intertwined into this is the deeper monetary ties of Lesotho to South Africa. Ultimately, the wellbeing of Lesotho's economy is largely determined by South Africa's economic performance.

Due to its membership within SACU as well as the CMA, Lesotho has little discretion in key policy-making processes. Although the CMA is not elaborated on in depth, it is important to briefly elaborate on the formal exchange union in the context of Lesotho's monetary dependence on South Africa. Since the introduction of Lesotho's currency in 1980, the Loti has been pegged to the South African Rand at par and the Rand has also served as the legal tender in member-states of the CMA (Aziakpono 2008: 190). Accordingly, Lesotho inevitably has similar interest and inflation rates to South Africa, of which such 'monetary convergence' is perceived favourably by the International Monetary Fund (IMF) (Ngalawa, 2014: 149). Lesotho is sensitive to the fluxes of the flexible exchange rate of the Rand. Among the CMA member-states, the South African Reserve Bank (SARB) is the central bank that has the discretion in terms of monetary policy. Even though the union does have a commission and governors of the other central banks do meet to raise concerns, South Africa is not obligated to consult with the other CMA central banks (Aziakpono, 2008: 190; Weisfelder, 2014: 119).

The open economy of Lesotho, its monetary integration in the CMA and its proximity to South Africa indicates how closely integrated Lesotho is into the regional and global economy. Its economy can benefit from growth spillovers, but these linkages also demonstrate the high sensitivity dependence Lesotho faces to its external environment (IMF Country Report, 2012: 8). Although SACU does not have the mechanisms to ensure that member-states utilise their revenue strictly for development, a 2012 national economic assessment by the Central Bank of Lesotho (CBL) indicated the positive impact that an increase in SACU revenues has on the government's expenditure as it is largely utilised to fund infrastructure and investment (CBL, 2012: 4). With a reduction in SACU receipts, it is difficult for the government to use domestic tax as a substitute to SACU receipts; thus, Lesotho would have to opt for external assistance.

Despite Lesotho receiving one of the lowest portions of SACU revenue, the receipts accrued from the CRP has made up a large amount of total government revenue: between half and two-thirds of the country's income. Figure 1 (at the end of this chapter) provides a good perspective in comparing the amount of SACU revenue in comparison to other forms of revenue (CBL, 2012: 4). In 2001/02, CRP made up about 51% of the total government revenue (Ngalawa, 2014: 151). It then dropped to 48.6% of government revenue in the 2005/06 fiscal year. In the 2008/09 fiscal year, it increased to 64.66% of total government revenue. A significant reduction in SACU revenues as a portion of Lesotho's income occurred in 2012/13, as it made up 44.9% of total government revenue (CBL, 2012: 4). In the fiscal years of 2004/05 and 2007/08, excise and customs collections were consistently greater than anticipated as a result of 'booming import growth in the region' (Fontaine, Verdier, Benicio, Mongardini & Pastor, 2011: 1). The 'boom' was regarded as a permanent increase and was largely used to finance recurrent expenditures, such as wage increases for civil services. Lesotho and Botswana were notably positively impacted as the fiscal surpluses generated gross international reserves at a comfortable level. However, this unexpected increase was not sustainable and, between the fiscal years of 2008/2009 and 2009/2010, revenues (particularly collections from customs duties) were far lower than expected as a result of the 2008 global financial crisis.

With the negative impact of Lesotho's fiscal position as a result of the crisis, SACU revenues significantly reduced to about 30% of total government revenue in the 2010/11 fiscal year (International Monetary Fund [IMF], 2014: 1). The 'liabilities' faced in terms of vulnerability dependence were further budgetary cuts to an already low-income country. Therefore, while some have considered the possible benefits to a free-standing currency, some view the macroeconomic stability of Lesotho favourably due to its peg to the rand that has been successfully maintained. A freestanding currency could be risky as Lesotho has a small economy and an uncertainty in macroeconomic factors such as fluctuating remittances and a textile industry vulnerable to cheaper manufacturers in China (Weisfelder, 2014: 119).

As mentioned, South Africa has the upper hand in decision-making. Intertwined with this issue is trade liberalisation. South Africa has acted unilaterally for the sake of its own interests, as evident in the formulation of the Trade, Development and Cooperation Agreement (TDCA). The TDCA was signed with the Europe Union (EU) in 1999 and has reduced revenue of an estimated US\$350 million and reducing payments to Lesotho by 11 to 14% (Weisfelder, 2014: 121). South Africa could not form part of the interim Economic Partnership Agreement (EPA) in 2007 with the European Union (EU) that gave preference to less developed countries. SADC members including Lesotho did sign the agreement, resulting in a backlash from South Africa that contradictorily questioned sustaining the agreement outside of SACU parameters. Such overlapping agreements are highly questionable in terms of its benefit to Lesotho. On the topic of SADC, considerations of a SADC customs union are regarded by the IMF and Lesotho's CBL as a serious threat to Lesotho as it would significantly reduce Lesotho's share of revenue (Weisfelder, 2014: 119–21).

South Africa has played a key role in negotiating trade deals such as the preferential trade agreement with SACU and the Mercosur group, the *SACU–India Preferential Trade Agreement (PTA)* and European EFTA group with SACU (SACU, 2016; Weisfelder, 2014: 121). While Lesotho is limited at the decision-making table, SACU benefits from South Africa's superior bargaining power (Weisfelder, 2014: 121). South Africa is a key player in drawing global interest into SACU, in addition to other regional economic agreements in Africa. The Multilateral Infrastructure and Co-Financing Agreement for Africa came about as a result of a BRICS (Brazil, Russia, India, China and South Africa) Summit. The agreement supports the co-

financing of infrastructure projects across Africa. Besides being facilitated by South Africa's membership in BRICS, such projects are also facilitated by South Africa's membership in the G20. South Africa's leaders act as negotiators with heads of states, central bank governors and finance ministers from far more powerful economic players. However, one must also consider that within such organisations South Africa is still weaker than its compatriots and has less leverage in bargaining economic agreements for itself, let alone southern Africa (Weisfelder, 2014: 2014).

4.4 Overall assessment

Thus, the evolution of SACU is vital to show how SACU was an instrument that was designed in favour of South Africa with marginal benefits to the BLNS. It then reformed with the arguably generous post-apartheid RSF. South Africa's newly elected government officials considered SACU as an unequal colonial iteration, but South Africa has still been able to prioritise its interests in a neoliberal global political economy. Theoretically, the BLNS are part of a more 'democratic' regional agreement, but for various reasons (such as South Africa's necessary capacities or expertise), South Africa remains the dominant decision-maker of SACU. Nonetheless, the BLNS and their national budgets benefit significantly whereas South Africa gains less than it contributes to the revenue pool. It is thus regarded as sensible for Lesotho to defend SACU, as without it Lesotho's budget could suffer from debilitating effects. This analysis has also demonstrated the extreme level of dependence of Lesotho on South Africa, whereby not only does South Africa's contribution to the revenue pool affect Lesotho's economy, but also the currency peg. Such high dependence should be reduced due to the high sensitivity Lesotho faces, for example after the 2008 financial crisis. Arguably, the importance of SACU is such that some economic analyses have hypothetically considered the consequence of Lesotho becoming a 'failed state' if SACU was to be dissolved (SAIIA, 2010). Considerations of Lesotho's development hindrances as a result of neoliberalism are beyond the scope of this essay.

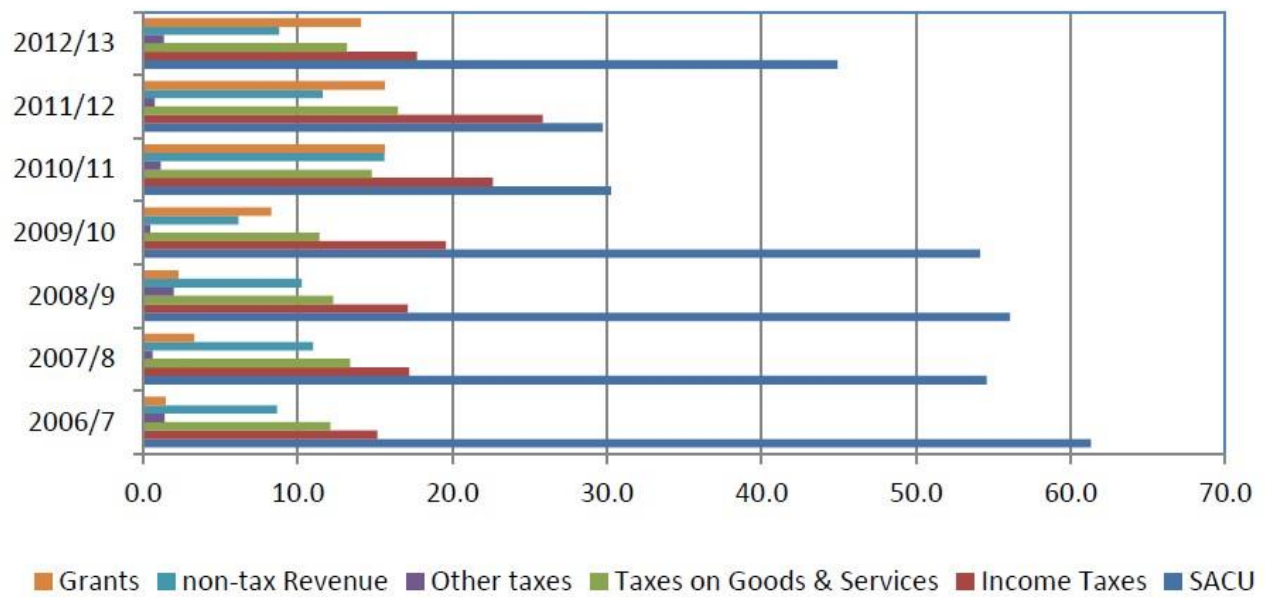


Figure 1: Government revenue figures presented as a percentage of total revenue

Source: Central Bank of Lesotho, 2012: 4

Chapter 5: Lesotho Highlands Water Project and political instability

5.1 Introduction

The dissertation now approaches the fact that South Africa's industrial heartland of Gauteng has been dependent on water transfers from the LHWP. Interdependence theory is applied in more detail than in previous chapters. For South Africa water transfers are the prime benefit, while for Lesotho the financial benefit is gained from royalties. After considering the benefits each state enjoys in relation to interdependence theory, albeit with criticisms, Lesotho's recurring political turmoil is addressed with particular focus on Operation Boleas. This chapter explores the polarised debate on the nature of the military mission and further political crises while also considering the political culture of Lesotho.

5.2 A reflection on interdependence

5.2.1 'White gold'

With a semi-arid climate, South Africa's freshwater resources are highly constrained. Since the 1950s South Africa has experienced an intensity of drought, with frequency, duration and occurrence increasing since the 1980s (Water Research Commission [WRC], 2015). In areas where rainfall is less than 500 mm, the socio-economic impact is likely to be severe. South Africa's annual average rainfall is about 450 mm, making the country prone to the recurrence of droughts. The distribution of water is uneven, with some areas more stressed than other areas (Moseki, Ruiters & Tlou, 2011: 166). A common feature in southern Africa is that industrial heartlands of states are spatially distributed unfavourably when it comes to access to water resources. Urban settlements were developed by colonisers in response to opportunities for mining instead of proximity to water resources (Muller, Schreiner, Smith, Van Koppen, Sally, Aliber, Cousins, Tapela, Van der Merwe-Botha, Karar & Pietersen, 2009: 18). Pretoria and Johannesburg, in the province of Gauteng, are both economic powerhouses of South Africa, situated inland on a watershed between the Orange-Senqu River and Limpopo River basin (Turton, 2008: 181). Due to the growth of the tertiary sector, the boom of energy provision, industrialisation and projected population increases pressure on consumption demands, the

scarcity of water on the Highveld in Gauteng became a growing concern. Therefore, in the 1950s water augmentation schemes had to be considered (Schreiner & Hassan, 2011: 7).

Lesotho has had an abundance of water in its mountainous areas, holding the basin of the Orange-Senqu River (Turton, 2010: 36).¹² Thus, an LDC has been able to offer a resource that an economic tiger in southern Africa has been dependent on. As mentioned in the historical background, the first feasibility plans for water transfers from Lesotho to South Africa were conducted in the 1950s to accommodate South Africa's water-stressed environment (Abukhater, 2013: 152). The apartheid regime's political officials were reluctant to accept the plans as they were not comfortable with South Africa being dependent on a far weaker country (see Chapter Two). In 1966 and 1967, a drought occurred and the South African government realised that water transfers from the Vaal Dam located in the Free State were rapidly dwindling (Meissner, Mampane, Seremo & Turton, 2004: 242). South Africa was forced to reconsider inter-basin transfers and the LHWP Treaty was signed in 1986. In order to meet the demands of rapid urbanisation and industrial development, the LHWP became a priority for South Africa's economic growth and Lesotho became diplomatically more significant to South Africa.

This situation of South Africa being compelled to negotiate with Lesotho for its water resources reflects a situation similar to a factor that led to the rise of interdependence theory. The theory challenged the notion of states as wholly self-sufficient 'black boxes' and emphasised weaker countries having resource advantages over powerful countries. Thus, with South Africa's dependence on water transfers from another country's river basin, an interdependent relationship was established. As Keohane and Nye (2000: 118) more recently acknowledge, states remain the most important international actors, but possess a decreasing capability 'to control their own destinies' (Holsti, 1989: 12). Applying Keohane and Nye's concept of interdependence and the reciprocity of states' aims to describe how states that share resources and infrastructure are obligated to cooperate and how cooperation allows for states to enjoy long-term benefits over

¹² While Lesotho has been seen to have an 'abundance' of water, Lesotho is also sensitive to the depletion of water. An impact assessment's preliminary results, published in January 2016, revealed that Lesotho is facing a severe crisis related to water availability and food security (United Nations Office of the Residence Coordinator, 2016: 1). As a result of the El Niño drought, Lesotho's government declared a state of emergency. The assessment predicted that just over 25% of households were not able to meet survival needs until June 2016; however, expectations further would worsen. The report also revealed that around 70% of households were not able to meet crop yield requirements due to low rainfall (United Nations Office of the Residence Coordinator, 2016: 2).

time (Furlong, 2006: 445). These theoretical notions of Keohane & Nye complement the fact that without the deep-seated cooperation of the LHWP, this ‘feat of engineering excellence’ (Wentworth, 2013: 1) would not have been possible.

There is an element of interdependence not only a bilateral level, but also on a regional level, where shared river systems reflect best as to how one should characterise SADC as a region as opposed to a collection of autonomous states (Hervey & Schollj, 2012: 346). Furlong (2006: 450) describes how IBTs have been a decade-long feature of southern Africa due to the region’s water scarcity that has resulted in a high water demand in areas where water availability is low. Such large-scale projects are perceived as interdependence from the large amounts of investment in the engineering works and subsequent provisions for public goods. These public goods include human health, poverty alleviation, food security and economic development. Thus, growing interdependence has become a feature of SADC’s waterscape with IBTs being a durable and arguably growing feature of this waterscape (Furlong, 2006: 450).

The second principle of complex interdependence stipulates the importance of ‘low politics’ themes such as ecological security that gain salience, as opposed to military security being the prime agenda of the state (Keohane & Nye, 1977: 24). With this principle, one sees how Keohane and Nye (1977: 26–7) break away from the traditional realist concept of national security as a state’s safety from the threat of war. Instead, the contemporary non-traditional concept of security incorporates threats from social, economic, political and environmental factors. Keohane and Nye (1977: 27) do refer to ‘ecological’ security, a term conceptualised broadly that can be applied differently, for example: the term can refer to natural resource interdependence or negative environmental factors where one country’s activities can affect resource availability of another country (Pan, 2016: 125). In this case, South Africa’s semi-arid landscape necessitates IBTs, the positive financial factors and industrialisation for Lesotho, as well as the negative environmental factors and impacts on sustainable livelihoods. While South Africa is seen to benefit, the outcomes for Lesotho is presented as a mixed bag of results in this analysis.

5.2.2 Institutional cooperation

As a bi-national project, equal representation of the two countries has been necessary in decision-making processes. Although a joint technical commission was set up in 1978, prior to the Treaty, the formal implementation of the 1986 LHWP agreement required more rigorous feasibility plans ('An African success story', 2010). Three institutions were set up to oversee implementation: the Joint Permanent Technical Commission (JPTC), the Lesotho Highlands Development Authority (LHDA) and the Trans-Caledon Tunnel Authority (TCTA). The LHDA was set up to oversee all project-related activities in Lesotho, including construction, maintenance and operation of the dams, tunnels, infrastructure and power stations (Ramaili & Cloete, 2008: 118). The TCTA is responsible for the expenditure of the project and activities related to the project in South Africa (Haas, Mazzei, O'Leary & Rossouw, 2010: 3). TCTA, also responsible for certain management components of the project, was created by the then-South African Department of Water Affairs and Forestry – now administered by the Department of Water and Sanitation (DWS). The JPTC, later renamed the Lesotho Highlands Water Commission (LHWC), holds responsibility for feasibility planning and implementation of the project. The LHWC takes on a role of dispute resolution and due to the different interests, whereby South Africa desires in alleviating the cost of water transfers and Lesotho's economic interests, the LHWC acts as a mediator between competing interests (Abukhater, 2013: 158). Members from both the TCTA and the LHDA report to the LHWC, which holds bi-weekly meetings. These institutional roles present an intergovernmental approach that operates to functionally organise activities for the necessary implementation of such an intricate dam scheme. Cooperation has been an imperative for such institutions to function effectively.

Cooperation leads to implementation and outcomes

The LHWP Treaty contained the feasibility of Phase I of the project and the next phases were negotiated thereafter (Haas et al., 2010: 3). In total, the LHWP consists of four phases and the first two are elaborated on here. Phase 1, divided into Phase 1A and Phase 1B, was completed in 2004 (Bigala, 2011). The construction of Phase 1A started in 1991 and included the construction of two dams: the Katse Dam and Muela Dam on the Malibamatso River and Lique River respectively (Meissner, Mampane, Seremo & Turton, 2004: 241). The Muela Hydropower Station (MHS) was also constructed. Finally, Phase 1A also included the construction of 82

kilometres of subterranean water transfer tunnels that transfer water to South Africa at 18 cubic meters per second (Haas et al., 2010: 36). Phase 1B feasibility plan aimed to transfer 11.8 cubic meters per second with the construction of another two dams: the Mohale Dam on the Senqunyane River and Matsoku Dam on the Matsoku River (Haas et al., 2010: 37).

In August 2011, Phase 2 was approved in order to further augment water supplies to South Africa under increasingly water-stressed conditions and to augment electricity supplies to Lesotho. Phase 2 involves the construction of the 165-metre-high Polihali Dam within the Mokhotlong District and is expected to increase the volume of water transferred by 50% (Chimombe & Ngatane, 2015; Jacobs, 2012: 86; ‘SA, Lesotho start phase two...’, 2014). In addition, the construction of support infrastructure in Phase 2 includes the construction of roads, a 38-kilometre tunnel and the 1 000 megawatt Kobong pump.

Prior to the MHS, Lesotho was wholly dependent on South Africa for electricity, but the construction of the MHS has allowed for 299 kilometres of power lines (Kolver, 2014). In the late 1980s up until the early 1990s, high GDP growth rates were attributed primarily as a result of the LHWP. Annual fixed royalties were estimated to be about US\$55 million and, after the completion of the first phase, the LHWP contributed to 28% of Lesotho’s government revenues and 14% of Lesotho’s GDP (Mirumachi, 2015: 91). By 2010, over 8.36 billion cubic metres of water had been transferred and Lesotho gained R3 091 million in royalties and R368 million from electricity sales (Cele, 2014; Haas et al., 2010: 5). The LHWP led to further infrastructural benefits for Lesotho, including newly built roads and road rehabilitation, the construction of eleven bridges (including three between South Africa and Lesotho) and telecommunication services (Chimombe & Ngatane, 2015).

The LHWP generated employment opportunities. Mashinini (2010: 3) presents two figures: one estimates that more than 7 000 jobs were created under Phase 1A with a total income of R380 to R400 million whereby the contracts won by Basotho were worth around R87 million, while another more moderate figure cited by Mashinini (2010: 3) estimates that 4 000 labourers were employed under Phase 1A. Haas et al. (2010: 5) mention that Lesotho benefitted from the direct employment of around 9 000 Mosotho nationals during Phase 1B.

The interdependence of the scheme has been demonstrated in relation to the bilateral institutional mechanisms and outcomes of the transnational project. Besides the mutually cooperative outcomes of the LHWP, one can draw upon Keohane and Nye's (1977: 9) conceptualisation of interdependence in terms of the high 'costly impact' if the flow of a good is prevented. The Orange-Senqu River is a key economic resource for semi-arid South Africa and a SAIIA report published in 2010 revealed that Gauteng's gross geographic product (GGP) is 100% reliant on inter-basin transfers (Turton, 2010: 36–7).

In the case of South Africa, with Gauteng supporting about 25% of South Africa's population and generating around 10% of Africa's economic output, if its inter-basin transfer from Lesotho were hypothetically stopped, then such economic output would not be able to be sustained (Turton, 2010: 25). More recently, in 2015, South Africa faced its worse drought since 1982, affecting farmers and food prices, and further reiterating the sensitivity South Africa faces (Essa, 2015). Turton (2010: 25) highlights how this dependence is particularly concerning in the event that future governments fail to 'appreciate the need to invest heavily in operations and maintenance of infrastructure, rendering such economic development vulnerable to collapse'. The hydraulic infrastructure is thus pinnacle to South Africa's economic development.

As mentioned, South Africa's dependence on Lesotho for an augmented water supply demonstrates a situation emphasised in the rise of interdependence theory whereby a state has a resource advantage over a state that is militarily and economically stronger. The difference here is that, while interdependence theorists provided OPEC as an example of how countries could band together and exercise power or have the means to independently influence outcomes suited to its own interests, Lesotho is obviously incapable of exercising such power. The asymmetrical interdependent relationship, due to South Africa's superior military, economic capabilities and geographical location, inevitably forces Lesotho to sustain cooperation.

Shortfalls and critiques of the benefits

The criticisms of LHWP have to be addressed, as various scholars, environmental or human rights groups, and journalists have emphasised the negative impact of the project, for example on the livelihoods of the rural communities. Article 7 of the 1986 Treaty on the LHWP proclaims that the LHDA 'will be enabled to maintain a standard of living not inferior to that obtaining at

the time of the first disturbance' (LHWP Treaty, 1986; Matlosa, 1998: 37). This commitment was not necessarily upheld and is even more problematic in consideration of the fact that the treaty was not subject to public debate before it was signed and was not informed by the interests of the local communities (Matlosa, 1998: 38–9). The mountain communities were affected by the loss of 1 900 hectares of arable land with the construction of the Katse and Muela dams, which affected about 2 345 households. The construction of the Mohale Dam led to a loss of arable land of about 1 000 hectares, which affected about 1 000 households (Mashinini, 2010: 4). Mountain communities had to resettle, losing their houses. A policy brief from the Africa Institute of South Africa (AISA) indicated that 25 households were forced to resettle and 46 volunteered to resettle (without stipulating the time period or due to which part of Phase 1). Mashinini (2010: 6) contends that the LHWP rural development programmes failed as an independent venture as opposed to being an integrated programme. For example, any form of irrigated agriculture by the rural communities using water from the dam is strictly forbidden. Besides the fact that a negative ecological impact of the dam is the reduction in the diversity of fish, fishing is inaccessible and highly regulated to small-scale fisherman (Mashinini, 2010: 6). The poor compensation for losses can also be criticised. For example, resettled households during Phase 1 received R558.40 as compensation which is considerably low in comparison to the sustainable livelihood means lost. The projected loss to the downstream communities varies from M2.9 million to about M8 million (Davis & Hirji, 2009: 107). In 1993, the Rural Development Programme (RDP), financed evenly between Lesotho and South Africa, was established to deal with mitigating the social impacts that the project broadly has had on education and health facilities, as well as communal natural resources (Mashinini, 2010: 4). The LHDA also had a health unit to provide health facilities to mountain communities and South Africa has inserted social and environment programmes in the planning of Phase 2 to further compensate for the impact the LHWP. Nonetheless, comparing estimated losses in overall economic assessments reveals that these losses are relatively minor in comparison to the major economic benefits generated overall (Davis & Hirji, 2009: 107).

A prime objective of the LHWP for Lesotho is its utilisation as a poverty reduction strategy (Haas et al., 2010: 13). During the early implementation of the first phase of the LHWP, Lesotho's government made the decision to explicitly use the revenue generated from the project

towards poverty reduction activities and projects under the Lesotho Highlands Revenue Fund (LHRF). A Community Development Support Project (CDSP) was set up, utilising the LHRF as a base institution. Strategically targeted towards supporting local communities' involvement in the project, this strategy was vital in reaching the poor, specifically in the rural highlands. However, the LHRF had become corrupted, influenced by the vested interests of politicians (Independent Evaluation Group, 2010: 2). In the Project Appraisal Document of Phase 1B, the World Bank (WB) identified the weaknesses as a result of poor accountability and technical review mechanisms (thereby bringing into question the sustainability of investments into local community projects), as well as a lack of transparency (Haas et al., 2010: 13). In addition, members of Lesotho's parliament identified the poor guidelines for their constituencies to access funds (Haas et al., 2010: 14). The Appraisal Document also identified that the fund needed substantial reformation that would require:

'[...]new guidelines on selecting and approving sub-projects, building capacity to provide technical assistance to communities, and institutional restructuring to provide the skills and mechanisms to be effective (Independent Evaluation Group, 2010: 3).'

Subsequently, the LHRF was replaced with the Lesotho Fund for Community Development (LFCD), which included annual financial and technical audits, new budgetary procedures, and procedures that also allowed these newly developed procedures to be made publicly available (Haas et al., 2010: 14). A preferential focus was given to five pre-identified poor districts in the highlands, as well as poor peri-urban areas in the core urban area, Maseru (Haas, 2009: 26). A World Bank Implementation Completion Report (ICR) identified the governance arrangements and the outcomes of the LFDC as 'highly unsatisfactory' (Haas, 2009: 26). Major limitations towards involving communities in infrastructure development persisted due to the lack of local capacity. A lack of transparency and poor benefit-sharing mechanisms remained a pertinent issue. The LWHP did make a substantial revenue contribution within the formal budget framework, subsequently contributing to poverty alleviation. This points to the fact that, while South Africa does play a role, Basotho governors or weak institutional mechanisms have also been a hindrance to effectively utilising the resources endowed through the LHWP. There are various actors at fault, but criticism is vital to not grossly glorify the benefits of the project.

While criticisms are important to acknowledge, they do not detract from the gains enjoyed by both countries. Matlosa (1998: 29) divides these gains into the quantitative and qualitative spectrums. Whereas the quantitative approach counts the general benefits to Lesotho from a technocratic perspective, specifically the financial returns, the qualitative approach transcends the financial benefits. The quantitative approach assumes that the financial gain trickles down to the local communities, but the critiques from the qualitative approach present how particularly local communities do not identify with these benefits due to various issues addressed, for example displacement or the destruction of sustainable livelihoods. It is important in the context of this analysis that Matlosa (1998: 30) argues that these approaches do not have to be mutually exclusive and one can acknowledge both positive and negative ramifications of the LHWP.

5.3 Lesotho, conflict and intervention

The trajectory of Lesotho's political terrain has been characterised by overt and covert internal conflicts, manifesting in long-term constitutional disorder and institutional decay. A technical count reveals three successful coups have occurred (Dionne, 2014).¹³ There is an uncertainty of incumbent ruler's terms due to the trajectory of attempted and successful coups in both the apartheid and post-apartheid eras. This thesis has already elaborated on the 1986 coup that ousted Jonathan and how the apartheid government manipulated tensions and facilitated the forced installation of the compliant BCP under Mokhehle. The second occurred in 1991 and the third in 1994 (Rosenberg & Weisfelder, 2013: xxxi). These 'struggles for power' among the political elite have hindered the long-term governance and functionality of meaningful governance processes in the national assembly (Matlosa, 1999: 163).

Matlosa identifies causal factors that have contributed to Lesotho's fragile political situation, including adopted Westminster British electoral system external dependence factors, addressed now. The 'struggle for power' is intertwined with the role of a government that is expected to deliver socio-economic development in a country where the majority of the population persistently lives in poverty-stricken circumstances (Matlosa, 1999: 176). The military has also

¹³ The *Washington Post* article by the cited author Kim Yi Dionne, titled 'There wasn't a coup in Lesotho, but will there be?', referred to a 'technical count' of coups (Dionne, 2014). This technical count is part of an ongoing data project by Jonathan M. Powell at the University of Central Florida that defines a coup d'état as 'illegal and overt attempts by the military or other elites within the state apparatus to unseat the sitting executive', whereby successful coups are 'episodes in which the perpetrators control power for at least 7 days' (Powell, n.d.).

been mired in controversy as it has been utilised as a tool in partisan games (Matlosa & Pule, 2001: 63).

Jonathan's early rule sowed the seeds of constitutional disorder. The manifestations of the unsuitable electoral FPTP electoral system and the series of events once Prime Minister Jonathan started to resist the expectations of the apartheid regime have already been addressed (see Chapter Two), and will not be discussed here. However, it will be mentioned that Jonathan's early rule was evidence of the fact that Lesotho was forced to forge 'friendly relations' with apartheid South Africa due to bread-and-butter issues. Once an adversary, South Africa was able to strategically utilise coercive measures to assert its dominance and force Lesotho into compliant behaviour. Prior to South Africa's formal joining of SADC in 1994 and well before apartheid's end, analysts were curious as to whether South Africa could play the role as a benign dominant power in SADC, specifically if apartheid collapsed (Weisfelder, 2014: 116). Although their memberships within SADC are beyond the scope of this analysis, Weisfelder (2014: 116) points out how 'well-informed Basotho [are of the persuasion that South Africa's] regional actions in Lesotho' are merely 'the dominance of its enveloping neighbour in a new guise'.

While South Africa's capability to coerce Lesotho into compliance remains, hostilities between the two countries subsided after 1986 and improved further along with the international euphoria of the end of white-minority rule in South Africa (Meissner, 2015: 36). With apartheid's demise, South Africa concerted towards reframing its regional identity as a benign power far-off from the aggressive tactics of the preceding rulers (Hamill, 1998: 1). To 'shed the skin' of its predecessors and abandon aggressive tendencies of the apartheid regime, South Africa expressed its adoption of new anti-militaristic regional policies of 'non-interference', thereby not interfering in the domestic affairs of other nation-states (Nordiska Afrikainstitute, 2001: 59). This early post-apartheid period of 'reframing' South Africa's role on a regional and international scale did not dissolve suspicion or predictions. Nonetheless, expectations were commonly positive as an end to the 'era of hostilities' sustaining white-minority rule and the end of the Cold War all contributed towards an overall friendlier regional political landscape.

Prior to the formal inauguration of the ANC as the leading political party in April 1994, ANC political officials were decision-makers to the means adopted to quell internal conflict in Lesotho

(Weisfelder, 2014: 116). Transformations in South Africa's domestic political environment coincided with a series of mutinies that manifested from fraught political instability in Lesotho. The leaders of the ANC and NP, Nelson Mandela and the then-President F.W. de Klerk respectively, met in January 1994 along with President Robert Mugabe of Zimbabwe and then-President Ketumile Masire of Botswana to form a task team. As opposed to a unilateral action, South Africa consulted on the response towards a series of mutinies in Lesotho as a task team with its neighbours in the region (Weisfelder, 2014: 116). After King Letsie III suspended the constitution and dissolved Mokhehle's democratically elected government, a coercive strategy became necessary to restore constitutional order (Nathan, 2012: 82). The task team set a deadline for constitutional order to be restored, but the King remained intransigent. Subsequently, Letsie was compelled into compliance after Pretoria mounted a mass drop of paratroopers and deployed a combat aircraft near Lesotho's border (Nathan, 2012: 82).

The SADC troika partook in Lesotho's Defence Force Commission of Enquiry that investigated the reasons behind the military indiscipline that saw the Lesotho's Defence Force (LDF) turn against an elected government (Weisfelder, 2014: 116). To address the manipulation of the military for partisan quarrels and thereby 'professionalise' the army, experts from the USA and Britain engaged with Lesotho's officer corps. The LDF was also encouraged to partake in regional dialogue with its regional colleagues in the Inter-State Defence and Security Committee. In addition, from 1998, Lesotho has been encouraged to partake in triennial regional military exercises, resulting in the deployment of numerous peacekeepers to Darfur, Sudan (Weisfelder, 2014: 119). Maaparankoe Mahao, the LDF brigadier who also participated as head of the SADC Planning Unit for the Joint Standby Force, stated that such professional, instructive and inclusive military projects have 'immunised the LDF from future intervention in domestic political disputes' (Weisfelder, 2014: 119).

Then, in 1997, internal disputes within the ruling party, BCP, culminated in a fractious political environment on the doorstep of the 'new South Africa'. The BCP's faction fighting resulted in the split by the conservative strand, led by the then-Prime Minister Ntsu Mokhehle, and the establishment of the LCD (Poku, 2001: 92; Matlosa, 1997: 104). The LCD made up the majority of parliament as BCP members crossed floor to the new party, leaving a bitter BCP as the formal opposition party (Matlosa, 2006: 23). In addition to the LCD's popularity, the state resources

utilised for political mileage facilitated a successful outcome in the 1998 elections. Upon the resignation of Mokhehle, Pakalitha Mosisili became the new Prime Minister. As emphasised in the historical background, the FPTP electoral system was the bone of contention among competing political parties and this contention resurfaced in 1998 as ‘the worst violent conflict in Lesotho’s history involving the government and some opposition parties’ (Matlosa, 2008: 26).¹⁴ Despite discrepancies and accusations by opposition parties of chicanery, the election outcome was deemed ‘free and fair’ by international observers. Lesotho became ungovernable as the BCP and BNP joined forces to contest the election through launching strikes, demonstrations and confrontations (Weisfelder, 2014: 116). Mutinous LDF members seized arms and ammunition, and imprisoned or expelled commanding officers, while government officials were virtually held hostage. LDF soldiers allegedly supplied youths with AK47s and assault rifles, resulting in havoc in Maseru and other urban areas. Lesotho’s broadcasting station was closed, government-owned vehicles were vandalised or hijacked, illegal road blocks were set up and Lesotho’s police ultimately lost control (Molomo, 1999: 141; Neethling, 1999: 1).

High-ranking mediators from South Africa attempted to diffuse the conflict through diplomatic ventures. The then-Deputy President of South Africa, Thabo Mbeki; Minister of Defence, Joe Modise; Minister of Safety and Security, Sydney Mufamadi, and Minister of Foreign Affairs, Alfred Nzo, all failed at alleviating the tensions (Weisfelder, 2014: 117). Mbeki appointed a commission of inquiry into the alleged electoral fraud (Matlosa & Pule, 2001: 60–1). The SADC-sponsored Langa Commission of Enquiry resulted in ambiguous findings that only further added fuel to the conflict (Motsamai, 2015: 3; Rosenberg & Weisfelder, 2013: 213). After Mosisili’s repeated pleas for military intervention and conclusions by South Africa and Botswana that the only means to resolve the conflict would be via a military intervention, a military intervention was sent into Lesotho under the auspices of SADC (Weisfelder, 2014: 117).

The military mission, codenamed Operation Boleas, saw the South African National Defence Force (SANDF) and the Botswana Defence Force (BDF) intervening in September 1998 (Molomo, 1999: 133). Operation Boleas was the first deviance from South Africa’s aversion policy on military interventions. Six hundred soldiers entered Lesotho on 22 September in the

¹⁴ See Chapter Two: ‘Historical Background’ under ‘Lesotho’s political independence’.

early morning (Neethling, 1999: 1). Despite the fact that mission was meant to be a combined task force, the BDF only entered after nightfall. The operation was met with unexpected resistance from the LDF, resulting in the death of an estimated 58 Basotho and six South African soldiers (Nathan, 2012: 82).

In the context of this analysis, it is important to lay out that there is a polarisation in the literature relating to the intentions, legality, desired outcomes and nature of Operation Boleas. The ‘invasion-intervention’ dichotomy within the literature on the topic presents opposing ideas and justifications on the process of external military involvement in Lesotho in 1998. Proponents of the military involvement as a SADC military intervention emphasise Lesotho’s constant political instability and some look upon the intervention as a necessary peacekeeping mission. Other political officials justify the legality of the operation due to the fact that: it took place under the auspices of SADC, it emanated from a SADC decision not to permit unconstitutional changes of government in southern Africa and it formed part of the 1994 Memorandum of Understanding with South Africa (Nathan, 2012: 83). The request by Mosisili is deemed legitimate by some based on the fact that the King undertakes a ceremonial role, but does not take part in day-to-day processes, much like the Queen of England. The King still plays a much more important role than the Queen due to his interactions with Basotho (Allison, 2014). Furthermore, the question can then be raised of what would have happened if the intervention did not take place.

Proponents of the nature of South Africa’s military involvement as a military invasion of Lesotho emphasise the operation’s illegality. Makoia identified Operation Boleas as an ‘invasion’, evident of the ‘apartheid mould’ mirrored by the new South Africa (cited in Weisfelder. 2014: 117). Likoti identifies the illegality and illegitimacy of the intervention as it is mandatory to consult the King (2007: 253). In addition, the SANDF military presence and the notable loss of Basotho lives brought up old wounds of an invasive neighbour (Molomo, 1999: 144). Hence, it may be understandable as to why South Africa’s military presence may lead to some associating the intervention as an infringement upon the vulnerable nation-state’s sovereignty.

While recognising the internal factionalism and the concern of a potential civil war, Matlosa argues that the operation was not a peacekeeping mission, but merely a military intervention

(1999: 189). The technical authenticity of the operation as a peacekeeping mission is also questionable as Lesotho, Botswana and South Africa did not share a common defence agreement (Matlosa, 1999: 189). In addition, the military intervention had no authentic stipulations to be justified as a peacekeeping mission from the UN Charter. Regardless of the validity of whether the intervention was legally justified or necessary, a pertinent point to make is that Operation Boleas demonstrates the military, legal and political complications that can arise in the absence of clear and agreed-upon measures, rules and procedures (Nathan, 2012: 85).

A particularly controversial factor was South Africa's 'deviance' from its policy of non-interference in other states' domestic affairs (Prys, 2012: 114; Nathan, 2012: 44–5). Questions arose as to why South Africa did not intervene in the conflict in the Democratic Republic of Congo (DRC) or other countries in southern Africa. Scholars on both sides of the spectrum clearly identify the interests of South Africa as its assets located in Lesotho, as well as the prevention of a civil war and potential ramifications in a state within South Africa. Lesotho's enclave status means that South Africa is directly impacted by any spillovers of the conflict. With regards to the LHWP, South Africa was anxious to secure the Katse Dam. The LDF had threatened to 'damage' the dam if South Africa intervened and South Africa would not jeopardise the multi-billion-rand project.

Scholars commonly analysed the propensity of conflict in situations where sovereign states share material or immaterial resources. Interdependence theory, and more specifically complex interdependence, is an explanatory model for the absence or irrelevance of conflict or military security in a more closely interconnected world where cooperation is more beneficial than conflict. Conflict is generally looked upon as an occurrence between states. The predicament of South Africa's interventions in Lesotho does not directly reflect the theoretical notion of conflict between two states, fighting over control of water resources. As will be illustrated, there is a different set of variables at play. The issue here is that the conflict within Lesotho did not start off as a conflict with South Africa, but was an *internal* conflict that could have potentially manifested into a coup or further civil strife. Although the concept of 'interdependence' applies, especially in the case of the LHWP, in the case of Operation Boleas the theory cannot do explanatory justice to the predicament. Thereby, the reality at hand runs counter to the political bargaining envisaged by 'interdependence theory'. The extreme power disparities are of a nature

where South Africa could exercise its domination and, in return, South Africa would not be threatened by Lesotho militarily. The military involvement was an intervening variable as in South Africa implementing a 'Big Brother' approach and coercing political peace and stability at that point in time, but for its own interests. Placing emphasis on South Africa's prime interest as the LHWP thus leads scholars such as Likoti, and Solomon and Mahlakang to look upon the intervention through a realist paradigm (Likoti, 2007: 256; Solomon & Mahlakang, 2013: 35).

'Interdependence' is theoretically and conceptually useful to apply in demonstration of how countries cannot or are weary to stop a transfer/s in case of a useful transfer being stopped in return (Keohane & Nye, 1977: 8). The asymmetrical relationship is of such a nature that Lesotho is obliged to cooperate as Gauteng relies wholly on the water transfers from Lesotho, but in return Lesotho's financial dependence on the LHWP is in itself a factor that obliges its own political officials to maintain the project for the financial returns, infrastructural benefits and employment opportunities.

South Africa has an apartheid and post-apartheid trajectory of military intervention in Lesotho's domestic tensions. Negotiated settlements failed to quell friction in 1998, but there have been arguably more constructive and peaceful means adopted to address Lesotho's political predicaments. An extended troika oversaw the Interim Political Authority (IPA), established to facilitate political reconciliation and electoral reform (Rosenberg & Weisfelder, 2013: 419). The results of this political engineering introduced necessary changes to Lesotho's electoral process, of which the most significant change was the introduction of the mixed-member proportional (MMP) system (Matlosa, 2006: 25). The MMP system, adopted in the 2002 election, allowed for broader representation of political parties and ridding of the one-party rule that manifested from a mere FPTP electoral system (Motsamai, 2015: 3). Regarded as constructive reform, the outcome of the new election did not result in protracted conflict over its legitimacy. After the election, Lesotho engaged in SACU and SADC deliberations 'without the prior cloud of illegitimacy', partook in the African Peer Review Mechanism and entered into an agreement with South Africa on conducting a feasibility study for Phase 2 of the LHWP (Weisfelder, 2014: 118). However, the economic woes took its toll on Lesotho within an altering configuration of southern Africa, a rising Aids epidemic and bitter faction fighting within the LCD set the stage for yet another political crisis five years down the line (Weisfelder, 2014: 118).

In 2007, the LCD manipulated a loophole in electoral law to maintain its majority in the national assembly, depriving its splinter party, the All Basotho Convention (ABC), of its 18 proportionally determined seats from the election (Weisfelder, 2014: 118). A nationwide strike was called off after SADC agreed to find a resolution, resulting in the SADC Summit of Heads of State and Government appointing a troika where cabinet ministers visited Lesotho to assess the conflict. This fact-finding mission established that the key causes were: the manipulation of the electoral system, party alliances and miscommunication among political leaders. In 2007, the Chairman of the Christian Council of Lesotho took over as mediator after Mosisili rejected findings of the manipulation of the MMP system (Weisfelder, 2014: 118). With no military or coercive diplomatic leverage, this latest SADC intervention was not effective, but facilitated the necessary pressure for Basotho leaders to find an urgent resolution (Weisfelder, 2014: 118). Then, in 2012, ABC, BNP and LCD formed a coalition, securing Thomas Thabane the position as Prime Minister ('Analysis: Did Lesotho's...', 2014). However, the coalition collapsed after dissatisfaction with Thabane's sacking and reappointment of appointments in key state institutions, especially in 2014 (Motsamai, 2015: 7). Members of Parliament proposed a motion of no-confidence in Thabane and called for Mosisili to once again assume the role as prime minister, but Thabane suspended parliament. Particularly controversial was the sacking of LDF commander, Tlali Kamoli, who rejected his dismissal and led an invasion of police headquarters and stations in Maseru, and carried out operations at the residences of rival political officials, including Thabane's (Motsamai, 2015: 6). Subsequently, Thabane fled to South Africa.

In June 2014, South Africa was the first to point out the concerning threat of a military coup in Lesotho and cautioned against 'any unconstitutional change of government' (Motsamai, 2015: 10). Following on from this, SADC envoys conducted a number of working visits with South African President Jacob Zuma and Namibian President Hifikepunye Pohamba to facilitate a dialogue between the conflicting coalition partners ('Analysis: Did Lesotho's...', 2014). Subsequently, Lesotho's military indiscipline led to its chairmanship of the SADC Organ on Politics, Defence and Security being handed over to South Africa after a unanimous vote within SADC (Motsamai, 2015: 10). At a SADC troika emergency meeting in Pretoria on 01 September, 2014, Thabane requested a military intervention, but this was rejected with SADC opting for political dialogue through bilateral means between South Africa and Lesotho

(Motsamai, 2015: 10). SADC mediations were characterised as having a heavy South African presence. After SADC failed to ensure the implementation of various agreements from mediation and Lesotho's parliament failed to reconvene, South Africa provided Thabane with protection from the South African Police Service (SAPS).

South African Deputy President Cyril Ramaphosa led negotiations after being mandated as the SADC facilitator at the Double Troika Summit on 15 September 2014 (Motsamai, 2015: 10). As a result of the political gridlock, Ramaphosa brokered an early election that was held in 2015, which was thought to have resolved the issue (Fabricius, 2016; Motsamai, 2015: 13). The outcome of the snap elections saw a coalition of seven parties and the voting in of Mosisili as Prime Minister (Mohloboli, 2015a). However, Ramaphosa soon found himself mediating further tensions after the assassination of the former army chief, Maaparankoe Mahao, which was carried out by soldiers led by rival Kamoli (Vollgraaf & Ralengau, 2015). Mahao's death was argued to be a preventative measure to a potential coup. SADC appointed a commission of inquiry that was headed by Botswana High Court judge, Mpaphi Phumaphi, to investigate Mahao's death (Fabricius, 2016). In January 2016, SADC leaders – including representatives from South Africa, Botswana, Swaziland and Zimbabwe – provided Mosisili with a lengthy list of demands. Some of the demands included a request to sack Kamoli and to create a stable political environment to which exiled politicians could return. The leaders endorsed Phumaphi's report and requested Mosisili publish and implement the report's recommendations by 1 February. Mosisili defied the demands and Lesotho was then threatened with suspension from SADC. Thus, Mosisili bowed under pressure of suspension and accepted the report. During the interim period up until the next elections, South Africa would maintain a military and police presence in Lesotho (Mahlaoli, 2016).

South Africa has played a key role in mediations, albeit under continued suspicion as a self-interested manipulator. Even though one can acknowledge the asymmetrical relationship and South Africa's anxiety to secure its infrastructure assets, the military intervention Operation Boleas resulted in unnecessary deaths and has been costly to South Africa. Besides media scrutiny, the violence that ensued from Operation Boleas raised suspicion on the continent of an ANC-led government mimicking the hegemonic tendencies of the apartheid regime (Likoti,

2007: 258).¹⁵ However, Operation Boleas, military reform programmes and continued external intervention as peaceful means to resolve tensions have all failed to provide a lasting solution in Lesotho. These seemingly endless quarrels led to South Africa's Minister of the Department of International Relations and Cooperation (DIRCO) expressing that South Africa had lost its patience with Lesotho (Mohlali, 2016). Some further stress Lesotho's weak economic base and external economic dependence as part of a perpetuating cycle, leading to scepticism of whether the transfers Lesotho is so dependent on can be indicative of 'gains'. At the same time, Basotho political officials and the military also need to step up their game as analyses pointing fingers to South Africa have to acknowledge the toll these persistent conflicts take on Lesotho's constitutional governance processes, functionality and much-needed investment.

While Lesotho may have been suspended from SADC, peaceful political bargaining measures have been adopted to quell the conflict that were not of the more extreme measures the apartheid government utilised (for example: sanctions, withholding SACU revenue and threatening to sack mining labourers). Instead of allowing Operation Boleas to completely taint the 'win-win' situation the LHWP has resulted in, the broader metamorphosis of the bilateral relationship from denial strategies (boycotts, blockages and sanctions) during apartheid to co-optation strategies more frequented in the post-apartheid era has to be considered. Denial strategies are not compatible with the LHWP's implementation (Chan, 2006: 4). Co-option strategies include compensatory side-payments, loans, preferential treatment and other forms of financial assistance, both unrelated or related to the LHWP.

On the one hand, Turton (2010: 36) explains that there has not been prolonged military conflict on the Orange-Senqu River. However, despite the transnational elements surrounding the dual reliance on the LHWP, the realist reaction to 'complex interdependence' argues that, regardless of the intricate channels and ties bilaterally, regionally and with the broader regional community, this still does not take away an underlying factor of self-interest that drives both individuals' and states' courses of action. While South African state undoubtedly has the self-interest of water transfers and the protection of the dams, where critiques have commonly pointed this self-

¹⁵ Even in the post-apartheid period, countries on the African continent are suspicious of South Africa's power interests on the continent. The benevolent leader it has intentionally framed itself is treated with skepticism by some African countries (Schoeman, 2003: 361).

interest as detrimental to Lesotho, Lesotho would too have the interests of the gains from the LHWP. In addition, as has been demonstrated, internal conflicts in Lesotho also incorporate the self-interest of individuals that disrupts political and social peace and stability.

An overall assessment is not incorporated in this chapter, but forms part of the conclusion chapter.

Chapter 6: Conclusion

6.1 Overall analysis

A comprehensive and highly descriptive analysis has provided much scope into the various channels and interactions between Lesotho and South Africa that have persisted and evolved from the colonial era to the post-apartheid period. A nuanced description of three themes aimed to provide context of the highly complex bilateral relationship. Ideas were drawn from interdependence theory to gauge the level of cooperation and the transfers each country gains under formal and informal interactions, cooperative agreements, and diplomatic ventures.

The historical background and reflections in each chapter reveal how, with the political independence of Lesotho, the BNP understood that Lesotho's enclave status, dependence on aid from Britain, a weak industrial and infrastructural base, and migrant labour patterns from the late 1800s meant the friendly cooperation with South Africa needed to be sustained. In the post-apartheid period, the ANC was tasked with drastically reviewing and reforming exclusionary and unequal national policies and foreign policy objectives that had been crafted over a lengthy period. The new government inherited the responsibility of leading a deeply entrenched and embedded unequal socio-economic landscape with its 'dependents' in southern Africa. With high and often unrealistic expectations, the immediate post-apartheid 'honeymoon' phase meant that South Africa was anticipated to be the 'provider', showering Lesotho with public goods. However, the post-apartheid trajectory of South Africa's bilateral relationship with Lesotho has resulted in a mixed bag of results. In terms of interdependence, the extreme dependence of Lesotho on South Africa was demonstrated through migrant remittances, SACU and the LHWP, versus Gauteng province's total dependence on water piped from another state. The development of each theme illustrates how South Africa is able to indirectly or directly, intentionally or unintentionally exercise its dominance. The asymmetrical interdependent relationship is evident in each theme where South Africa is able to assert its political and economic dominance in pursuit of its national interest. However, there is an apparent high level of cooperation intensity and low in explicit conflict intensity.

Firstly, this dissertation explored the theme of migrant labour. Basotho emigration to South Africa for employment is a persistent factor. In the case of the decline of remittances after the drop in the need for foreign miners, South Africa prioritised unskilled labour opportunities for a far larger population than the small enclave state. Amnesty legislation was introduced in 1995 and 1996 in an attempt to not completely dissolve all Basotho labourers, but the resultant changed trends did result in a significant amount of retrenchment. This reduced remittance flows and affected the national budget. South Africa prioritised its national interest to address its skilled labour shortage to the detriment of Lesotho with the Immigration Act of 2002, most notably in the health sector. Higher wage prospects and a better infrastructural environment have attracted Basotho to South Africa. Nonetheless, overall emigration to South Africa from Lesotho has increased as remittance flows maintain the survival of households and sustain Lesotho's financial services. More recently, the Lesotho Special Permit aims to regularise Basotho immigrants, allow for Basotho to maintain or start businesses in South Africa, and reduce exploitation of migrant labourers. Ramifications of the Lesotho Special Permit over a long-term period remain to be seen. The transnational feature of labour immigration, social, language and cultural ties, and the geographical proximity of areas between the border is evident of the 'shared community'. Part of this shared community incorporates interdependent interactions between the Free State and Maseru.

Secondly, this dissertation explored SACU. In the post-apartheid era, SACU is an asymmetrical interdependent customs union that predominantly reflects the dependence of the BLNS on South Africa. During apartheid, South Africa more explicitly and through various means of SACU solely prioritised its revenue gains, industrial development and market expansion. However, once the new South Africa inherited this unequally crafted system, typically Lesotho is dependent on it to such a level that the removal of it threatens the revenue gains for its national budget and balance of payments. South Africa does still grapple with its economic development in a highly competitive and self-interested global political economy. However, South Africa does benefit from the neoliberal order more than Lesotho, while Lesotho struggles to maintain financial relevance and prevent further budgetary deficits. Unlike in SADC, South Africa does however provide a significant proportion of revenue to the BLNS, despite being the most significant economic contributor. In addition, 2002 reforms of the RSF incorporated a development

component to further deal with trade diversion. South Africa clearly has the capability and bargaining power to take the lead and has the upper hand in SACU. For a 'small' economy such as Lesotho, its lack of economic clout and South Africa's superior capacity gives Lesotho little decision-making power in SACU or the CMA. The economic integration of Lesotho shows that its economic wellbeing is dependent on and sensitive to the economic performance of South Africa. The currency peg and customs revenue show that one cannot merely undervalue Lesotho's membership of these regional bodies as the idea of their performance without these bodies poses significant financial harm. It is questionable as to whether Lesotho could stand afloat independently in the global economy. On the one hand, Lesotho does gain from a stronger economy such as South Africa's and the superior international standing South Africa has to negotiate trade deals. On the other hand, its external dependence factors are intertwined in further issues, requiring diversification of its economy and innovative means to resolve the marginalisation of its economy that struggles with a largely poverty-stricken majority.

Finally, the LHWP is particularly interesting as it revolves around an interdependent scheme of water transfers to one country and financial and infrastructural gain to another, but incorporates the controversial theme of South Africa pursuing its economic interests through military means. The project has been successful through improved relations and under cooperative mechanisms that have robustly institutionalised a project of a transnational nature.

Interdependence theory is useful to demonstrate how South Africa's economic heartland of Gauteng depends completely on inter-basin transfers for industrial and consumptive water demands from its neighbour. Lesotho, a country where reviewing its economy cannot be analysed without looking towards its extreme dependence on South Africa, has a resource that cannot be manufactured. Although an asymmetrical relationship, LHWP presents a 'win-win' situation and presents a 'jewel in the crown' of an impressive intricately planned and world-class engineering scheme that is shared between two countries. It shows what is possible when states partner for development goals. Some of the most significant gains to Lesotho include royalties that have a notable positive financial impact, hydroelectricity (which reduces reliance on South Africa) and various infrastructural gains. However, while there are such financial gains to Lesotho, one cannot ignore the detriment to the rural communities and their livelihoods.

A critical theme is the series of events surrounding Operation Boleas. South Africa deviated from non-interference and was anxious to protect its economic assets in Lesotho. In addition, South Africa also tried to prevent further spillovers of Lesotho's crisis as political instability in Lesotho is effectively a crisis within South Africa's borders. There are factual disparities of whether the military intervention was legitimate or not. However, as time has progressed, there have been repeated cases in Lesotho of military indiscipline, constitutional crisis, dissatisfaction or manipulation of the electoral system, and a fractious political environment. This frequent political turmoil is a hindrance to the national development of Lesotho. While causes may be pinned to a power struggle intertwined with a struggle to control state resources sourced externally, the political culture is damaging and unnecessary as it has, at times, necessitated external interference to avoid a situation such as 1998. South Africa is often criticised for exercising its dominance for its own gain, but a more nuanced picture provided in this analysis has pointed to various causal factors and a political culture in Lesotho where political instability has become a norm. One has to balance criticism, acknowledgment of South Africa's capability to coerce Lesotho, Lesotho's political culture and its external dependence, in addition to the progressions and various conflict resolution means in the political trajectory after Operation Boleas. Furthermore, the *internal* political instability was a causal factor linked to South Africa's anxiety to protect its assets, but Operation Boleas was not a 'water war'. Therefore, all these factors point to how one needs to unpack the various factors and layers that contribute to a highly complicated predicament that complex interdependence cannot provide the answers to.

Within limitations, the theoretical paradigm has provided some conceptual tools and ideas to identify how this interdependence represents a complex set of interconnections that ties and binds interactions of landlocked Lesotho, completely enveloped by South Africa. The theory does not deem military security as a completely irrelevant tool of the state, but points to the costly impact and the increasingly interdependent world where cooperation and political bargaining is more constructive and beneficial than pursuing one's interests through military means. Especially in the context of the apartheid government's hegemonic tendencies, the new South African government entered a phase where it did not want to be equated with an archetypal realist actor – typically through the example of the 'total onslaught' and 'total strategy'. Operation Boleas was costly to its reputation, especially on the African continent.

However, scholarly consensus highlights cooperative relations surrounding the LHWP and more broadly on the Orange-Senqu River. There has not been prolonged conflict between the riparian states, as even within the SADC region, scholars commend a cooperative landscape due to the common understanding of the implications of water-stressed areas.

The overall analysis of interdependent relations demonstrates that the extent of Lesotho's dependence hinders its political bargaining power. The issue is that the theory of complex interdependence is more appropriate to apply to countries with similar levels of development or similar capacities to influence outcomes beyond military means. Lesotho's sensitivity to South Africa demonstrates that, if South Africa makes a decision in its interests, even if not intentionally directed towards having debilitating affects to Lesotho, such decisions can still negatively impact the country (for example, the internalisation policy for labour). However, there are other interests, such as the signing of the TDCA or broader considerations of South Africa's economic interests in the neoliberal global political economy that raise eyebrows. Although South Africa inherited an equally crafted system such as SACU, South Africa also needs to consider the beneficial standing it inherited when countries such as Lesotho tried to maintain political sovereignty from the apartheid regime. During that period, unilaterally imposed policies such as ISI contributed to its current advantageous economic standing in Southern Africa.

The relationship is asymmetrical when one considers that South Africa is less dependent on Lesotho than Lesotho is on South Africa. Yet, there is a break from the past and the relationship has evolved in various ways. Lesotho went from a territory expected to be incorporated into South Africa, where eventually Jonathan's dissidence and South Africa's 'strangling grip' increased hostilities. This relationship represented a typical case of Lesotho being coercively forced into compliance under South Africa's extreme tactics that were frequently adopted. After the 'cessation of hostilities' with de Klerk's rule, but more significantly with the inception of a democratic government, the nature of the relationship undoubtedly changed. It went from one of low cooperation to high cooperation intensity. This dissertation has considered the bilateral relationship in isolation of the apartheid government. There is an ambiguous set of findings, but each theme also points to the various areas of cooperation and how the relationship continuously evolves and changes more over time when new events occur, as policies are adapted or new ones are introduced or factors outside the control of each state affects the bilateral relationship.

Nonetheless, the reality is that the economic woes of Lesotho have not significantly improved since independence. The channels of dependence have largely persisted and, with its economy integrated and sensitive into that of a developing country's economy, negatively impacted by the global financial crisis of 2008, Lesotho is likely to remain an LDC as one of the poorest countries in the world. While factors such as geopolitical dependence cannot be changed, decreasing dependence of Lesotho rests on the backs of both sides as a long-term endeavour.

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Appendix A: Maps of Lesotho



Figure 2: A map of Lesotho showing the main cities and towns

Source: Central Intelligence Agency (2005)



Figure 3: A map of Lesotho showing the border posts and proximity to Bloemfontein, South Africa

Source: Google Maps (2017)