

ZIMBABWE

Economic Freedom Score



World Rank: **175**

Regional Rank: **46**

Economic growth and the restoration of monetary stability have staved off complete collapse in Zimbabwe, but rampant corruption and government mismanagement have turned a once-diversified economy with well-developed infrastructure and an advanced financial sector into one of Africa's poorest and most repressed. The lack of property rights, reflected most vividly in a land redistribution program that gutted the agricultural sector, has suppressed entrepreneurial activity.

ECONOMIC FREEDOM SNAPSHOT

- 2016 Economic Freedom Score: **38.2 (up 0.6 point)**
- Economic Freedom Status: **Repressed**
- Global Ranking: **175th**
- Regional Ranking: **46th in Sub-Saharan Africa**
- Notable Successes: **None**
- Concerns: **Rule of Law, Regulatory Efficiency, and Open Markets**
- Overall Score Change Since 2012: **+11.9**

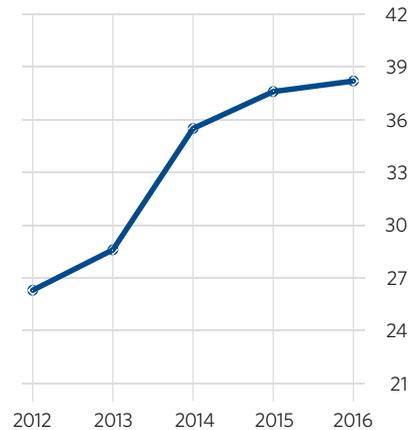
A rigid labor market and the many state-owned enterprises' lack of transparency create a hostile investment climate. These problems are compounded by the arbitrary implementation of taxes and regulations, which encourages graft and cronyism and leaves individuals and firms trying to operate in the private sector at the mercy of government bureaucrats and politicians.

BACKGROUND: Zimbabwe has suffered a downward spiral of increasingly erratic and often predatory governance since independence in 1980. In March 2013, voters approved a new constitution to roll back presidential power, but in July, President Robert Mugabe of the Zimbabwe African National Union–Patriotic Front was reelected to his seventh five-year term since the consolidation of his personal power in 1987. His party also won three-quarters of the seats in parliament in a mostly peaceful but hardly representative election. Zimbabwe's next presidential and legislative elections are due to be held in 2018. Zimbabwe relies on mining and agriculture, which are affected by uncontrollable factors like weather and global commodity prices.

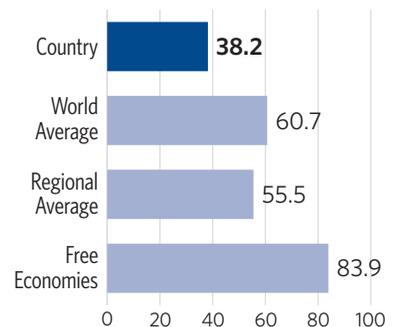
How Do We Measure Economic Freedom?

See page 467 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

Freedom Trend



Country Comparisons



Quick Facts

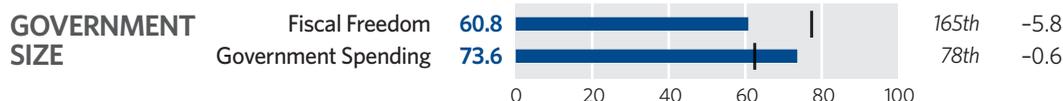
- Population:** 13.3 million
- GDP (PPP):** \$27.1 billion
- 3.2% growth in 2014
- 5-year compound annual growth 8.3%
- \$2,046 per capita
- Unemployment:** 5.4%
- Inflation (CPI):** -0.2%
- FDI Inflow:** \$544.8 million
- Public Debt:** 54.0% of GDP

2014 data unless otherwise noted.
Data compiled as of September 2015.

THE TEN ECONOMIC FREEDOMS



Corruption, including at the highest levels of government, has been endemic since 2000 and has led to a collapse in public-service delivery. The 2014 “Salarygate” scandal exposed top government officials receiving salaries of \$200,000 or more a month while their agencies had huge unpaid bills or deficits. The government has repeatedly violated property rights, and its chaotic and violent land reform program has badly damaged commercial farming.



The top personal income tax rate is 51.5 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 25.3 percent of total domestic income. Government spending amounts to 29.7 percent of GDP. The budget has been in chronic deficit, and public debt is equivalent to 54 percent of total annual output.



Starting a business takes over two months, and the cost of completing licensing requirements equals over 40 times the average annual income. The informal sector continues to be the main source of employment. In line with IMF advice, Zimbabwe’s finance minister tried to reduce the public-sector wage bill, which consumes 75 percent of GDP, by suspending annual bonuses for civil servants until 2017, but President Mugabe overruled him.



Zimbabwe’s average tariff rate is 14.9 percent. Importation of goods is expensive and time-consuming. Foreign investment levels in some sectors of the economy are capped by the government. State-owned enterprises distort the economy. Extensive state involvement in financial decisions and ongoing political instability have caused Zimbabwe’s financial sector to contract significantly in recent years.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-40.0	Fiscal Freedom	+10.7	Business Freedom	-17.4	Trade Freedom	-1.6
Freedom from Corruption	-9.0	Government Spending	+8.3	Labor Freedom	-12.8	Investment Freedom	-20.0
				Monetary Freedom	+24.4	Financial Freedom	-40.0