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# Peril and Progress in Zimbabwe

*Mugabe's political maneuvering jeopardizes his country's modest revival.*

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At a summit in Luanda last weekend, the Southern African Development Community rejected Robert Mugabe's plan to call snap elections and jettison Zimbabwe's 2008 power-sharing agreement. The Zimbabwean president announced his plan last month, fearing that he might be too infirm to stand for reelection in 2013 and recognizing that an election under the current constitution would favor his ZANU-PF party.

Thankfully, President Mugabe's maneuvering ran up against a wall last week in Angola, where the southern African neighbors who act as guarantors of the 2008 power-sharing agreement told the aging strongman that polls must wait until Zimbabwe adopts a new constitution.

Delivering a new constitution, which is almost two years behind schedule, could at last pave the way for a peaceful transfer of power from ZANU-PF to the Movement for Democratic Change, led by Prime Minister Morgan Tsvangirai. But more importantly it would keep Zimbabwe on the modest path of economic progress that the country has tread since 2008, when the power-sharing agreement ended most of the political violence that had plagued the country for nearly a decade.

The last four years have seen revival and renewal on a variety of fronts. The Zimbabwean dollar, made worthless by one of the worst hyperinflations in history, was replaced by the American dollar after foreign currencies were legalized in 2009. The economy expanded by 9% in 2010 and 2011 after contracting by 18% percent in 2008. That growth was driven primarily by the mining industry, but tourism and agriculture are beginning to show signs of life. Shops and pharmacies are full, and Zimbabwe's human-development indicators, including longevity and child mortality, have improved.

Renewed economic activity swelled tax revenues, which rose to $2.6 billion in 2011 from $133 million in 2009. But government expenditures grew even more quickly, to $3.2 billion from $257 million over the same period. Rapidly increasing public-sector payrolls and pensions are the key drivers of the deficit, and consume an estimated

59% of all government revenues. If the civil service is bloated, the government is equally so—Zimbabwe has 66 ministers and deputy ministers in Harare, most unnecessary and of dubious quality.

And despite hard-won economic gains, the government's performance has been by and large lamentable. Zimbabwe is still one of the worst places in the world to do business. Its indigenization law, which aims to transfer 51% of shares in private businesses to African hands, is still on the books—a disaster for property rights and investor confidence.

Quality leadership hasn't been absent in all government departments. When David Coltart took over as education minister in early 2009, 98% of all schools in the country were shut and 90,000 teachers were on strike. In 2008, Zimbabwean students benefited from only 28 full teaching days. There was no money for education in the government's budget, and the textbook-to-pupil ratio was 15-to-1.

Mr. Coltart responded by setting up an education transition fund that allowed the West to bypass Zimbabwe's government and finance education directly. He allowed parents to offer performance incentives to teachers, whose monthly salaries were only $100 back then. He broke the domestic textbook-publishing cartel, which has brought the cost of books down to 70 cents from $5. The textbook-to-pupil ratio is now 1-to-1—one of the best in Africa. These and other policies have brought educators back to work, and teacher attendance is now roughly 95% across the country.

There are plenty of risks to Zimbabwe's progress, but the political situation is still foremost among them. The country has an outdated constitution and no credible mechanism for future transfers of power. Unless the government can show a clear and irreversible break with the past, it cannot hope to convince the Zimbabwean diaspora—the country's would-be doctors, bankers and engineers—to return home and reverse the brain drain that has set in since Mugabe took office in 1980.

President Mugabe is now 88 years old, but his attitudes toward power have changed little in his 32 years in power. If he obeys last week's decision of the Southern African Development Community, he will almost certainly be voted out of power next year. If he ignores it, Zimbabwe risks a descent into violence. Once again, the future of an African state depends on the whims of an aging dictator.

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