

# A Dual-track Strategy for Managing Mauritania's Projected Oil Rent

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## Abstract

High rent creates contests for its capture that, unless skilfully managed, degrade political institutions and distort the economy, leading to a collapse of growth if unreformed. Mauritania's projected oil stream risks such an outcome because past rent-driven growth has left a legacy of Dutch disease effects, rent-seeking and dependent social capital. This article proposes a dual-track strategy for deploying the oil rent as a *politically* practical means of managing social tensions and improving the economic outcome. Track one promotes a dynamic market economy in the hitherto neglected rural areas, while track two gradually reforms the rent-driven urban sector, thus postponing confrontation with established rent-seekers while the dynamic sector drives competitive diversification of the economy and builds a pro-reform political constituency.

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