



*The dialectic of the relationship between inflation and growth -
an econometric study of the case of Mauritania during the period
1990-2021*

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Received:03/07/2023

Accepted:05/08/2023

Abstract

This article seeks to address, highlight and know the dialectical relationship between inflation and growth for the period from 1990 to 2021 in Mauritania, where the reality of inflation and growth in Mauritania was reviewed, relying on the analytical study.

This study showed that the economic growth was strong at the beginning of the study period, and this is due to the annual increase in the standard of living, and although it was in favor of the poor and despite the weak economic performance, it was not comprehensive because it did not benefit the poor and the middle class, Despite the public expenditures due to the discovery of oil and the irregular fluctuations as a result of the poor performance due to climatic factors, it negatively affected growth, The Action Program for the Least Developed Countries (Istanbul Action Program) has also made progress in many areas, but it is much less than what the government aspires to, Also, Mauritania was unable to reach the desired inflation rate, and this is due to many reasons, the most important of which are: It is partially recovered from a monetary asset, consumer price indices, economic actors, the benefits of the applied policy, and the weakness of the economic governance system.

✓ Inflation. Growth. Mauritania

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1. INTRODUCTION

Inflation is an economic problem that all countries of the world suffer from without exception, whether these countries are developing or developed, This phenomenon is characterized by regularity and recurrence, High inflation rates are a fear that frightens the economies of the world, Because it has great and varying effects from one country to another because its presence leads to a devaluation of the currency and limits the growth of its economy and exhausts even its citizens, Mauritania, like other countries, has suffered and continues to suffer from the problem of its rise due to its political instability at a certain stage, the lack of diversification of its economy, the weakness of its productive apparatus, the inefficiency of its banking system, and the inability to respond to this aggregate demand on the one hand, and to other factors related to the conflict of economic policies (financial, monetary, and commercial), Also, the economic effects of the Corona pandemic, which shook the economies of the year, also the economic growth in Mauritania is the main concern of the government in order to catch up with neighboring and developed countries, Especially how to make economic growth sustainable as the main objective of the government, With this in mind, this research paper came to address the following problem:

The main problem:

Is there any relationship between inflation and growth rates in Mauritania during the period 1990-2021?

Sub questions:

To answer the problem, we pose a set of sub-questions:

- What is inflation and what are its positive effects?
- What is economic growth and what are its determinants?
- What is the nature of the interrelationship between economic growth and inflation rates?

Study hypotheses:

- Inflation is the perceptible rise in the general level of prices during a specific period, usually a year. It also has positive effects on the economy, represented in the credit system, the production structure, the marketing and distribution structure, the internal monetary system, and the external economic sector.
- Economic growth is an increase in the standard of living of the nation's population associated with its growth from a simple, low-income economy to a modern, high-income economy. The scope of economic growth includes the processes and policies through which the nation improves economic well-being and social policy technology, and human capital.

- Since the Mauritanian economy is not clear, this also led to a lack of clarity in the relationship between economic growth and inflation.

Objectives of the study:

The objectives of the study are based on the following:

- Addressing the evolution of inflation rates in Mauritania.
- Addressing the development of economic growth in Mauritania.
- Shows a relationship between inflation and economic growth in Mauritania.

The importance of studying:

The importance of the study lies in the importance of the topic because Mauritania is among the developing countries with a fragile economy that is known for a continuous rise in inflation rates and a decrease in economic growth rates, and this is due to several reasons, the most important of which are: financial corruption, obsession with poverty, agricultural and climatic shocks, and poor economic performance.

The methodology used in the study:

We relied on a descriptive analytical approach because this study needed that, as the first axis was about the theoretical aspect of inflation and growth, while the second axis was an analytical study of the development of inflation in Mauritania during the study period, while the third axis was also an analytical study of the development of growth for the same period.

Study divisions:

The study was divided into three axes:

- The first axis: the conceptual aspect of inflation and growth.
- The second axis: an analytical study of the evolution of inflation in Mauritania for the period 1990-2021.
- The third axis: an analytical study of the development of growth in Mauritania for the period 1990-2021.

Previous studies:

Study: Laour Satahi Elham, entitled: **Analyzing the Problem of Economic Growth in Light of International Financial Separation and the Reality of the Algerian Economy**, a thesis submitted for a PhD in Science, Division: Monetary Banking and Finance, 2018/2019, University of Baji Mokhtar, Annaba, Algeria. The study concluded that the sector Financial is the main engine of economic growth, but with the recurrence of crises, it was necessary to reconsider the relationship between financial development and economic growth in the environment of the Algerian economy.

Study: Al-Aifah Al-Wiza, Tommy Saleh, entitled: **The Impact of Monetary Variables on the Inflation Rate in the Framework of Inflation Targeting Algeria Case Study for the period 2002-2017**, Journal of the Institute of Economic Sciences, Volume (23), N (02), Algeria, 2020 The study concluded The Algerian economy needs to develop financial markets, in addition to developing models capable of predicting inflation rates, in order to achieve price stability in the long term.

Study: Abd al-Samad Ibn Abd al-Rahman, entitled: **Financial Liberation and Economic Growth in Algeria: An Econometric Study**, a thesis submitted to obtain a third-cycle Ph. Sidi Bel Abbes, Algeria. The results of the standard study in the long term showed that all variables exert a significant effect in the long run on the rate of economic growth, and each of the parameters of loans directed to the private sector, trade openness and foreign direct investment exert a positive impact on the rate of economic growth, but the rate of The effect remains slight due to the characteristics of the Algerian financial system, while the parameters of the exchange rate, financial intermediation, interest rate and inflation have a negative impact on economic growth.

Study: Ben Azza Hana, entitled: **The Effectiveness of Monetary Policy as a Tool to Influence Inflation: A Case Study of Algeria (2000-2018)**, Le Cahiers du Mecas, Vol. (17), N (03), 2021. The study aimed to verify the extent the effectiveness of monetary policy variables, including supply and the real exchange rate, in influencing inflation rates in Algeria.

2. Conceptual Aspect of Inflation and Growth:

Inflation is an economic problem that all countries of the world suffer from without exception, whether these countries are developing or developed, this phenomenon is characterized by regularity and recurrence, the high rates of inflation constitute an obsession that frightens the economies of the world, because it has large and varying effects from one country to another, because the high level of inflation leads to a depreciation of the currency, limits economic growth and exhausts the citizens, Just as economic growth constitutes a preoccupation for the governments of developing countries in order to catch up with developed countries, this does not reassure their concerns about achieving equality in the division and distribution of the returns of this growth, And the way through which individuals get their share of the fruits of development.

2.1. Definition of Inflation and its Effects:

The phenomenon of inflation is one of the most prominent economic issues that have attracted the attention of economists and politicians, as it is a dilemma facing modern economies in light of the continuous development of all social, economic and political systems, Inflation is an economic condition in which the purchasing power of the monetary unit weakens, due to the rise in prices to high levels, and this phenomenon is almost characterized by regularity and recurrence in its occurrence.

2.1.1. Definition of Inflation:

Despite the multiplicity of definitions and writings that dealt with the concept and meaning of inflation, they all refer to the successive and continuous rise in the general level of prices with the decrease in the purchasing power of the monetary unit.

- A number of market participants often struggle when trying to verbally define the definition of inflation, as it represents the rise and fall of prices, which means a slowdown in the increase in prices, but in the world of inflation, investments are seen in terms of cash paid without taking into account the loss of purchasing power. (Neil C & Troy, 2011, p. 02)

- Economic inflation is one of the most common economic terms. However, despite the widespread use of this term, there is no agreement among economists regarding its definition. This is due to the division of opinion on defining the concept of inflation, as this term is used to describe a number of different cases, such as: (Mohsen, 2014, p. 14)
- Excessive rise in the general level of prices, which is called (price inflation).
- Inflation of monetary income or an element of income, such as wages or profits, is called (income inflation).
- The increase in costs is called (cost inflation).
- Excessive creation of cash balances is called (monetary inflation).

It is not necessary for these different phenomena to move in one direction and at one time, in the sense that it is possible for a rise in prices to occur without being accompanied by a rise in cash income, and it is also possible for a rise in costs to occur without being accompanied by a rise in profits, and it is possible that an excess will occur. In creating money without being accompanied by a rise in prices or money incomes. The term inflation is distinguished by the phenomenon that it is called, and thus a group of inflationary terms is formed, as mentioned in the four cases presented.

- Inflation is a continuous rise in the general level of prices, as it results from a group of local and external factors, and it is important to record a number of observations, namely: (Ahmed Dunia, 2017, pages 119-120)

The first: Inflation is the phenomenon of rising prices, not high prices.

The second: the continuity of these heights.

The third: that the cause of the rise is neither the absolute prices nor the relative Prices, but rather the general level of prices.

2. 1. 2. Characteristics of Inflation:

Despite the multiplicity of definitions and writings that dealt with the concept and meaning of inflation, they indicate that it represents successive and continuous rises in the general level of prices in conjunction with a decline in the purchasing power of the monetary unit. What can be said is that inflation includes the following characteristics: (Abdul Latif, 2016-2017, pages 117-118)

- Inflation means the continuous increase in the prices of all goods and services.
- Inflation is measured by the general level of prices.
- Inflation expresses a tangible rise in the general price level, which takes a relatively long period.

One of the characteristics of inflation that must be emphasized is that the rise in prices is an increase in the general level of prices; It is not a rise in the prices of specific commodities or a group of commodity prices, Society may be swept by a wave of rising food prices, and this is not considered inflation, This is because the rapid rise in food prices may be due to the rapid decline in the prices of other commodities such as electrical appliances, fuel, cars, etc, These changes may have an impact on society, but they are not considered inflation, It can be said that they are changes in relative prices.

2. 1. 3. Effects of Inflation:

There is a group of inflationary effects, including positive in building the economy and others negative.

2. 1. 3. 1. Positive Effects of Inflation:

The positive effects of inflation are represented in the following elements: (Ahmed Hamid and Ibrahim Jaber, 2020, p. 31)

Effects on the credit system:

Since inflation expresses the imbalance between relative prices, its impact is reflected on absolute prices and tends to rise, which leads to a deterioration in the efficiency of the price system in the process of resource allocation in the economy, and thus this device moves away from economic rationality.

Effects on Production Structure:

Inflation leads to directing part of the capital to the branches of economic activity that do not benefit development in its early stages, such as the productive branches allocated for consumption, especially recreational commodities, while the other part of it is directed to import trade, speculation on the prices of agricultural lands, and building luxury homes, the effect of inflation on the productive system appears through the decline in economic growth rates due to the occurrence of bottlenecks in the centers of the productive system and is reflected in all economic sectors.

Effects on Marketing and Distribution Structure:

Inflation leads to activating the commercial cycle and speculation, and thus the prosperity of the commercial sector and the increase in marketing channels, which results in an increase in commercial profit over industrial profit and the multiplicity of intermediaries, which increases price inflation, the sense that inflation may generate in the economy a costly, parasitic commercial sector that does not add real value to the volume of commodities, but works to raise the prices of the latter.

Effects on the internal monetary system:

Inflation results in weakening the confidence of individuals in the currency and weakening the incentive to save. The continued deterioration in the value of money leads to the loss of its function as a store of value, and therefore the tendency of individuals to spend on consumption increases and their tendency to save decreases, And the remaining cash balances they convert into gold and foreign currencies of stable value, as well as the purchase of durable goods and real estate.

Effects on the External Sector of the Economy:

Inflation results in an imbalance in the balance of payments resulting from an increase in the demand for imports and a decrease in the volume of exports. The inflationary increase in national spending leads to an increase in the total actual demand, not only for domestic goods, but for foreign goods as well. Therefore, the marginal propensity to import increases and the ability to export decreases because part of some of the export commodities will be directed to the local market to cover part of the excess demand, On the other hand, inflation leads to a rise in production costs, and this means a rise in the prices of local products compared to foreign goods, which indicates that

the country is unable to compete in foreign markets, so the value of the national currency fluctuates against foreign currencies.

2. 1. 3. 2. Negative Effects of Inflation:

Contrary to the above, inflation has some negative effects on society, especially if it continues after the stage of hyperinflation: (Samer Boutros, 2012, p. 156)

- Real investment may encounter insufficient resources in the face of increasing demand.
- The emergence of a shortage of labor in most industries.
- A significant increase in prices leads to an increase in wages and thus an increase in costs.
- Continuing inflation increases the demand for holding goods and reducing the demand for keeping money.
- Significant increase in the speed of circulation of money, and thus the unwillingness to keep it.
- Deficit in the balance of payments when export prices rise.
- Loss of confidence in the monetary unit, which leads to the use of other types of foreign currencies.

2. 1. 3. 3. The Social Effects of Inflation: (Abdul Aleem Abdel Wahhab, 2015, p. 320)

- Stripping social segments of their level of adequacy and attaching them to the poor and needy.
- Increasing inequality in the distribution of income and wealth.
- Low real content of social welfare expenditures.
- Low health, nutritional and educational levels for many social segments, which could have negative effects on employment and the overall productivity of society.
- Disease outbreaks, crime and political unrest.
- The widespread feeling of marginalization and injustice is one of the biggest risks that impedes development and may even lead to it.

2. 2. Economic growth and its determinants:

In view of the importance of the subject of economic growth in the past and present, we find that definitions have multiplied as well as concepts, features and determinants, and this is of course due to the differences of thinkers and researchers.

2. 2. 1. Definition of Growth:

Economic growth in general is an increase in the standard of living of the nation's population associated with its growth from a simple, low-income economy to a modern, high-income economy, the scope of economic growth includes the processes and policies through which a nation improves economic welfare and social policy (Tome, 2015, p. 07).

Growth from the verb grow, grow, grow, increase, multiply, or expand, and according to these meanings, growth is the increase, abundance, supply, or expansion of the environment surrounding a living organism (Khaled, 2018, p. 84).

Economic growth means an increase in the percentage of public production calculated at constant prices, the real rise in national income, as a country whose economy depends on the production and export of oil, gas, coal, coffee and iron can achieve economic growth by raising the production of these materials, provided that the prices of these materials do not decrease in global markets (Muhammad Ali, 2015, p: 46).

2. 2. 2. Features of Economic Growth:

Economic growth has characteristics that we mention as follows: (Nadia, 2019 - 2020, p: 79)

- High rates of both per capita output and population growth.
- High rates of total factor productivity.
- High rates of structural transformation.
- High rates of social, political, and ideological conversion.
- International economic reach.
- Limited spread of economic growth.

2. 2. 3. Determinants of growth and the difference between it and economic development:

2. 2. 3. 1. Determinants of Economic Growth: (Eina Mustafa, and Radwan, 2022)

Through the interest of economic theories in economic growth, there must be basic components and determinants to be relied upon in determining economic growth. We will explain the most important determinants of economic growth, as follows:

- Physical investment: It is represented in the machinery and equipment necessary for the establishment of productive projects, whether agricultural, industrial or service.
- Employment and productivity: It is represented in the human element and its participation in the productive factor in the process of economic growth.
- The technological level through international patents, the volume of investments in research and development, or the volume of high- and medium-tech industries, and their levels vary in determining the level according to the conditions of the country, whether advanced or developing.
- Human capital: Human investment is the most important factor affecting economic growth, so attention must be paid to training it and developing its capabilities and skills.
- The role of governments in directing economic and institutional policy contributes to increasing the rate of economic growth.
- There are also other factors such as the social and political reality that contribute to determining the speed of economic growth.

2.2.3.2. The difference between economic growth and economic development:

Among the most important aspects of the distinction between economic growth and economic development are the following: (Jalila, 2019-2020, pp. 35-36)

- Economic growth is the result of development efforts, and the opposite is not true.
- The state of growth can be the result of chance or transient conditions that allow for a positive exchange in the size of the national product. As for the state of development, it is the result of deep and wide changes, and is not affected by fleeting

coincidences, and it can only take place through generations of purposeful and persistent work.

- Economic growth simply refers to the quantitative increase in average real per capita income, which is not necessarily associated with the occurrence of economic or social structural changes.
- It is possible to achieve rapid economic growth while slowing down the development process, due to the failure to complete the fundamental transformations that accompany or precede the development process in various technological, social, political, economic and cultural fields.
- Economic growth is spontaneous and automatic, but development is an intentional effort. It is guidance and intervention on the part of the state and the people. Growth does not require the development of programs and various strategic plans. It comes spontaneously without any prior preparation or planning.
- Growth occurs even under occupation or colonialism, but development does not occur under occupation, because occupation comes to destroy, not to build.

3. An analytical study of the evolution of inflation in Mauritania for the period 1990-2021:

The period from 1985-2008 showed us that the Mauritanian authorities were not able to reach the inflation rate to the desired level. This phenomenon has several reasons, perhaps the most prominent of which is the financial corruption that has swept the Mauritanian economy, including the banking sector, as well as the political fluctuations that the country has known since the early eighties of the last century until that period. Since its inception, the Central Bank has applied a strict exchange control system to all transactions with the outside world, whether those related to current deals or capital flows (Abdullah, 2010-2011, pages 131-132). During the period 2001-2004, the average annual inflation rate was 7.2%, against a target of 2.4% specified in the strategic framework for combating poverty. It was mainly driven by agro-climatic shocks, expansionary fiscal and monetary policies, and the rise in international oil prices after a sharp rise in 2005 of 12.1%. Inflation fell sharply in 2006 to 6.2% before stabilizing at 7.3% in 2007 and 2008 (BCM, 2012). In 2009, the United Nations Development Program conducted a study on the determinants of inflation in Mauritania within the framework of following up on the implementation of the poverty reduction strategy with the review of the global strategy for poverty reduction and the development of an action plan for the period 2011-2015. This study led to the following results: (Foad, Khatry, & Mohamed, 2013,)

Modeling inflation in Mauritania showed that, in the long run, it is partly imported out of monetary origin, in the short term, we must also add the effect of inertia due to inflationary expectations fulfilling themselves in some way; three types of causes are distinguished, representing three levels of influence on price formation.

Level 1: There are direct causes of inflation, corresponding to higher job prices and the Harmonized Consumer Price Index, which are highlighted in the monthly note published by the Office of National Statistics (ONS).

Level 2: There are intermediate causes that highlight the games of the different actors and the effects of the policy choices applied.

Level 3: There are deep causes of inflation that follow from the weakness or limitations of the economic governance system and are evident in the inability of many of the country's development policies to adequately address the factors that generate inflation in the country in Mauritania.

The relative control of inflation is the caution that characterized monetary policy and the care given to the regular supply of food and energy to the market, the monetary policy objective approved by the Central Bank during 2010, according to its articles of association, was before everything, In parallel, it worked to increase the flexibility of the conditions for financing the economy in support of growth after the contraction of economic activity witnessed in 2009 (The Central Bank of Mauritania, 2010, p: 03-05), Despite the high prices of food and energy at the global level in 2010, the inflation rate was controlled at 5.7% in 2011, at a slightly regressing rate compared to the 6.3% recorded in 2010, This decline is partly due to the slowdown in food and energy prices during the last months of 2011. The unified consumer price index increased by 1.3% in the last quarter, a slight decrease from the 2.2% observed in the third quarter. Mauritanian Central Bank during 2011 by following a cautious monetary policy, In addition, the emergency program implemented by the government allowed to mitigate the impact of high food and energy prices and the repercussions of drought on the production of some local crops (Central Bank of Mauritania, 2011, p: 34), the inflation rate reached 3.4% in terms of annual slippage and 4.9% as an annual rate in 2012. This decline is due to the continuation of a cautious monetary policy approach and the implementation of the emergency Amal program approved by the government to mitigate the effects of high prices on the vulnerable classes of the population (Central Bank of Mauritania, 2012, p. 35), due to the adoption of prudent monetary policy, the extension of the Amal program and the weighting of managed prices in the harmonized indices of consumer prices, the inflation rate was contained to acceptable levels during the first nine months of 2013, The Central Bank of Mauritania indicated in a press release that inflation recorded an increase of 5.1% in the annual average, and the inflation rate increased by 3.9% in September 2013 (Mauritania, 2013), The Central Bank of Mauritania indicated in a press release that inflation recorded an increase of 5.1% in the annual average, The inflation rate increased by 3.9% in September 2013 (Mauritania, 2013). In a speech before Parliament, Mauritanian Prime Minister Yahya Ould El Haddine said that the inflation rate in his country stabilized at 1.5% during the period 2014-2017. The fisheries sector achieved foreign exchange revenues of about \$780 million in 2017, which corresponds to an increase of 12% over the previous year in the share of the fishing system, and the citizen recorded an increase of 49% thanks to the gradual Mauritanian efforts of the sector, which currently provides 60,000 job opportunities (Mauritania, 2017), The National Consumer Price Index in 2018 showed an increase in inflation rates, reaching 3.2% as an annual decline and 3.1% as an annual average, compared to 1.2% and 2.3%, respectively, in 2017. This increase is mainly

due to the increase in food prices, especially bread and cereals. Fish, seafood, fruits, vegetables, oils and fats, Food prices are still the main driver for the rise in the consumer price index, mainly due to the high demand for these materials. Factors including weak supply of local products and the impact of the exchange rate have also contributed to this development, despite the downward trend of the food price index in the market. International (Central Bank of Mauritania, 2018, p: 24), It should be noted that in 2019, the increase in the national consumer price index declined significantly, and the annual inflation rate stabilized at 2.3%, compared to 3.1%.

In 2019, measures were taken to support the population as well as improve agricultural production. The inflation rate increased from 1.8% as an annual slide in December 2020 to 2.4% in May 2021, while the inflation rate decreased from 2.4% as an annual average to 2.1% during The same year (The Central Bank of Mauritania, 2019, p: 25), Annual inflation averaged 9.5% in 2022 and is expected to decline to 8% in 2023 as external price pressures recede. (La Banque Mondiale, 2022).

4. An analytical study of the development of growth in Mauritania for the period 1990-2021:

Mauritanian economy has been largely liberalized, Conditions were favorable for foreign and national investments, the first sector is the engine of the country's economic growth, and Mauritania has been producing iron ore for nearly half a century, In recent years, it has witnessed the development of new projects to explore, exploit and extract other mineral resources such as gold, diamonds, cobalt, phosphate, salt, gypsum, zinc, iron, copper and uranium (Amine Yousfi, 2022, p: 01), Mauritania's GDP is also divided into three main sectors: the first sector, which includes agriculture, livestock and fishing, represents an average of about 33% of the GDP, while manufacturing, construction and public works represent a share of 32% of the GDP and finally the third sector, which combines transportation activities, commercial communication and other services, represents 27% (Taher Mohamed, 2017, p: 37 - 38), During the years 1990-1996, economic growth was strong at 4.8%, and this is due to an annual increase in the standard of living estimated at 1.9% (Jean Pierre, pp. 51-52), The analysis also indicates that growth had an uneven impact over the past decade, as growth was in favor of the poor during the period 2000-2004, despite the weak economic performance, as the annual growth of real GDP reached 1.1%, and the growth during the period 2004-2008 was not comprehensive. Because it did not benefit the poor and the middle class, and benefited greatly from the discovery of oil in 2006, which sharply fueled the increase in public spending, and here it witnessed an increase in per capita real consumption by 3.4% annually (IMF, 2012, p. 04), The primary sector, which represents 3.1% in an average of the gross domestic product (GDP) between 2001 and 2015, recorded a growth of about 2.7% during the period with irregular fluctuations as a result of poor performance resulting from climatic factors, which is one of the pillars of the Mauritanian economy (Mauritanie M., 2022), During the period 2010-2014, the average growth rate was 5.4% (Mauritanie R., 2019), And after the remarkable slowdown in economic growth in 2015 due to the decline in iron prices, with a growth

rate of 2% compared to 6.6% in 2014, It so happened that in 2016 there was a slight recovery in growth at an estimated rate of 3.1%, driven in particular by the good performance of the primary sector (agriculture, livestock and fishing), In fact, the primary sector, on which more than 50% of the population depends, has an increasing contribution to growth since 2014, and thus its share in real GDP increased to 29.1% in 2016 compared to 28.6% in 2015 and 27.7% in 2014. Thus, this sector becomes the second contributor to the real GDP after the services sector and before the secondary sector (Selma Cheikh, 2017, p. 04), In Mauritania, the implementation of the “Action for the Least Developed Countries” program for the decade 2011-2020 (the Istanbul Program of Action) has made progress in several priority areas of action, This is the case with basic infrastructure, access to information and communication technologies and sustainable energy, And some aspects such as health, education, gender equality, diversification of exports, Economic growth accelerated slightly over the past two years after declining in 2015-2016. Average growth was 3.75%, slightly higher than population growth but well below the target of 7% set in the Istanbul Program of Action and the Sustainable Development Goals in 2018. Growth was lower. than 3.6% of the rate recorded in the least developed countries. That is 5% in 2018 (Rapport, 2020, p: 09 -10), Due to the COVID-19 pandemic and the recession in the world, the annual growth rate of GDP in Mauritania declined -3.6% in 2020 from 6.7% compared to 2019. The annual growth rate of GDP in Mauritania is expected to reach 4.1% at the end of 2022. This is according to global macroeconomic models and forecasts of analysts, It is expected that growth will return during 2021 in the event of the global epidemic receding and the global economy recovering, i.e. the recovery of global demand for iron, which is the main engine of growth in Mauritania. (Mauritania, 2023).

4. CONCLUSION

Mauritania has not been able to reach the inflation rate to the desired level due to several reasons, perhaps the most prominent of which is the financial corruption that has swept the Mauritanian economy, including the banking sector, as well as the political fluctuations that the country has known since the early eighties of the last century until that period, The emergency program implemented by the government allowed mitigating the impact of high food and energy prices and the repercussions of drought on the production of some local crops, given the adoption of a wise monetary policy and the extension of the Emel program and the weight of managed prices in the harmonized indicators of consumer prices, and the inflation rate was contained to acceptable levels, This moderate development in the price level is partly due to the continuation of a cautious monetary policy and the relative stability of the exchange rate. Other factors that played a role in reducing inflation must be taken into account, such as measures to support the population, as well as improving agricultural production.

As for the economic growth, it was strong at the beginning of the study period, and this is due to the annual increase in the standard of living, Although it was in favor of the poor and despite the weak economic performance, it was not comprehensive because it did not benefit the poor and the middle class. Despite public expenditures due to the discovery of oil and irregular fluctuations as a result of poor performance due to climatic factors, it negatively affected growth, as the program of action in favor of the least developed countries achieved (program of action Istanbul) progress in many areas, but it is much less than what the government aspires to.

Recommendations:

- The need to keep inflation in Mauritania at low and controlled levels so that economic growth can be achieved and the Mauritanian Bank must take into account this because its rise costs a lot.
- Reliance on inflation targeting as a new framework for managing monetary policy.
- Benefiting from the experiences of developed countries in achieving their success and reaching a specific goal represented in reducing inflation rates.

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