

IMPACT OF THE RENTIER (OIL) ECONOMY ON OVERALL DEVELOPMENT IN IRAQ FROM 2010 TO 2020

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Abstract

The Iraqi economy is exposed to macroeconomic fluctuations due to the heavy reliance on a single source. Accordingly, the decline in oil revenues due to the coronavirus pandemic had a clear impact on the gross domestic product for the year 2020, as it decreased by (15.7%), which called for conducting this research to identify the extent of the impact of the oil-based rentier economy on the comprehensive development processes in Iraq. The study aims to identify the general theoretical framework of the rentier economy and clarify the concept and dimensions of extensive development.

The Iraqi economy is exposed to macroeconomic fluctuations due to the heavy reliance on a single source. Accordingly, the decline in oil revenues due to the coronavirus pandemic impacted the gross domestic product for the year 2020, as it decreased by (15.7%), which called for conducting this research to identify the extent of the impact of the oil-based rentier economy on the comprehensive development processes in Iraq.

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An Introduction:

Many workers and businesspeople were drawn to the oil industry in 1973 A.D. due to the increase in oil prices in the nations that produced it. The impact of financial remittances from immigrants in oil-producing or other developed countries, which are a significant source of rents for Arab countries, was particularly notable because it contributed to the emergence of new rents as rents in the Arab world became dependent on oil. Along with the rapid expansion in population in these areas, oil rents also played a role in the growth of real estate rents in major Arab cities. Iraq is one of the greatest nations whose economy is reliant on oil since it is seen as a wealthy nation for which the oil resource is crucial. At a rate of 90% of the state's total revenues, the rentier economy adds to the state's income. The rentier economy is one of the economies that provides excellent power to the state. Countries are classified based on the percentage of rents in their economy into countries with a rentier economy of more than 90%, countries of 50%, and countries of less than 40%. Iraq is one of the countries with a high percentage of a rentier economy and falls within the first classification category. What distinguishes Iraq is that it represents the second oil reservoir in the world, which helps provide tremendous opportunities to achieve comprehensive development in Iraq, as Iraq can rely on what it receives from the oil industry in developing the physical sectors, whether (industry, agriculture, or infrastructure).

Moreover, intangible sectors (the services they provide).

Conversely, oil rents might have a detrimental effect on the entire development procedure. Easy access to financial resources from oil causes traditional labor to deteriorate, business spirit to be less encouraged, and consumer spending to become unrestrained, all impacting society's overall development. Consequently, we shall gain knowledge of the rentier economy idea and its application and significance to Iraq's overall development process through this study.

Problem Statement:

Iraq is an oil-producing nation categorized as rentier because it heavily depends on the oil resource for its revenues. Oil revenues account for more than (90%) of the state's general revenues and roughly (42%) of its gross domestic product. As the most significant portion of this revenue is used in consumer trends that do not serve the achievement of the desired sustainable development, it is appropriately invested by creating a diversified base that supports the economic development process in general and achieves sustainable development that ensures the rights of current generations and the future of future generations.

In addition, the decline in oil revenues led to a significant decrease in public expenditures, especially investment expenditures, which may affect the comprehensive development process pursued by the Iraqi administration.

The Iraqi economy is exposed to macroeconomic fluctuations due to the heavy reliance on a single source. Accordingly, the decline in oil revenues due to the coronavirus pandemic impacted the gross domestic product for the year 2020, as it decreased by (15.7%), which called for conducting this research to identify the extent of the impact of the oil-based rentier economy on the comprehensive development processes in Iraq. Consequently, the study raises the following critical issue: How does the rentier economy impact the State of Iraq's overall development? As a result, the research aims to answer the following supporting questions: (What does "rentier economy" mean? What are the principles and components of holistic development? How has Iraq's rentier economy affected the country's economic, social, and political actions?)

Paper Aims:

The study's main objectives are to define the rentier economy's broad theoretical framework, define the idea and components of comprehensive development, and assess the rentier economy's effects on Iraq's economic, social, and political development between 2010 and 2020.

Significance of the Study:

The finding is significant because of the vital role the rentier economy plays in supplying the country's need for cash reserves for development. The significance of the study may be summed up as follows:

1. Providing information on explaining the importance of the rentier economy and its prominent role in delivering substantial cash reserves that help support the comprehensive development process.
2. The research is consistent with Iraq's Vision 2030 and meeting comprehensive development goals.
3. Highlight the importance of oil revenues in Iraq.
4. Analyze and evaluate the various aspects of the impact of the rentier economy on comprehensive development in the State of Iraq.
5. Providing a framework that allows for some proposals and recommendations that help support comprehensive development processes in Iraq.

Research hypothesis:

The primary hypothesis supporting the study is that Iraq's rentier economy will impact the country's overall development between 2010 and 2020.

Methodology:

As the descriptive analytical approach portrays the phenomenon under investigation as it is in reality and gathers, classes, and tabulates data and facts, the researcher will use it to suit the study's aims. Its complete, comprehensive, and in-depth analysis also offers some interpretation of the findings that respond to the researcher's study questions.

The rentier economy (its concept, sources, and characteristics)

The rentier economy is one of the economic patterns that the state has become dependent on in selling natural resources such as oil. It is also an essential resource for the oil-producing countries and constitutes a tremendous economic and financial power for them. The state obtains abundant revenues from the sale of oil, so it is the leading resource for oil-producing countries. (Abdullah, 2017, p. 273).

The concept of the rentier economy and its sources**First, The idea of a rentier economy**

The majority of opinions agreed that the concept of a rentier economy is the dependence of some countries on a single source of income.

In his book *Capital*, Karl Marx defines rentier capitalism as “any economic or social phenomenon through which he describes an economically unproductive capitalist class” (Al-Janabi, 2013, p. 7).

Adam Smith defined it in his book "The Wealth of Nations" as a form of financial return: "In a rentier economy, kinship and clan relations are strengthened, while in capitalist social formations, production relations dominate."

Ricardo defined rent as "additional income from agricultural land, which represents an economic advantage from using the same unit of area that exceeds the return on land used for the same purpose" (Saeed, 2016).

The rentier economy is defined as the economy in which the state depends on one source of income, which is a natural source, and the authority also takes possession of it and has the right to distribute and sell it (Mishari, 2011).

In general, the rentier economy is the state's dependence on one source of income: rent, which is essentially a natural source ((Al-Shami, 2019).

Economic theory expresses the concept of rent as “income resulting from a natural resource due to the technical characteristics of this resource” (Bishara, 2017).

According to researchers, the rentier economy is the one that displays financial gain through the exportation of non-productive goods like oil, gold, and copper. The Gulf economy is seen as rentier because of its complete reliance on crude oil and the sale of that commodity on the international oil markets. Significant financial gains are represented by it, whether through selling. Alternatively, the state may collect and spend these funds on building, paying workers, and importing whatever it requires, preventing it from investing in profitable industries that would boost its economy and create more jobs (Yasser, 2013, p. 4).

Second: Sources of the rentier economy

After learning about the concept of the rentier economy, we can divide the sources of the rentier economy into two parts (internal sources and external sources), as follows:

1. Internal sources

Internal rent depends on internal or local production sectors that share rentier elements. Internal rents are transfer payments from productive sectors to groups or elements with unique advantages. The internal sources of rent are:

- Sovereign rent and state services: The state interferes in the economy directly or indirectly through law or the budget, and government spending policies determine the pattern of economic activity. Leasing, investing, or participating in the economy can transfer sovereignty to those parties (Hafez, 2009, pp. 51–53).
- Financial speculation: Rent is the primary driver of speculation, as it seeks to achieve quick profit without exerting any mental or physical effort. The financial system contributes to the rise in speculation, and there is an institution for the speculative phenomenon known as sovereign funds, which secure income for the future by investing the money of these funds in bonds and securities in foreign financial markets (Hafez, 2009, p. 51).
- Real estate speculation: Rent results from rent and high prices (Hafez, 2009, p. 53).
- Revenue from services: Agriculture, industry, and services are three economic sectors. Agriculture makes up the first sector of the economy. Economic growth has led to the services and trade sectors, in particular, becoming autonomous in the future and a source of income for some nations (Ibrahim, 2014, p. 3).

2. External sources:

External rent means transfers that come from the external economy without the presence of other domestic productive sectors that contribute to the economy. The external sources are as follows:

- Oil and gas rents: This is the income that results from the sale of oil and gas, as there is a significant difference between the cost of extracting and selling oil and gas.
- Mineral rent: This type of rent is derived from the sale of minerals and is less significant than the rent derived from the sale of oil and gas. The extractive nature of mineral rent and oil and gas rent makes a significant difference. Mineral rents far outweigh the cost of producing metals and the price of metals.
- Revenues from strategic corridors and transportation lines: This is a rent resulting from some sea corridors and canals, such as the Suez Canal or oil or gas transport lines across countries, as well as land and rail transit revenues (Ibrahim, 2014, pp. 4-5).

The second section: Characteristics of the rentier economy and the rentier state

The characteristics of the rentier economy are diverse and include:

1. Accelerating the pace of development.
2. Countries' excessive dependence on oil revenues and considering them a pillar and leading resource for economic activity.
3. The need for productive links in light of the control and hegemony of the oil sector.
4. Tendency towards heavy industries and distance from agriculture and other production sectors.
5. The state controls oil revenues and the freedom to dispose of them.
6. Rentier income is a fixed and basic economic income (Morse et al., 2007, p. 118).

The rentier state " depends on the rentier economy to provide revenues and revenues in order to provide security and administration services."

One of the most significant signs of a rentier state is a weakness in the organization of local production, a rise in government spending rates without the need for taxation, and a dependence on external rentiers as the state's primary source of income with a decline in societal involvement in its development. Rentier oil exports are significant because they account for 80% of all exports (Al-Shammari, 2013, p. 7).

There are a set of characteristics that characterize the rentier state in the Arab world, including:

- Rents come from abroad, and the local economy does not need a strong production sector.
- Lack of labor that participates in rents.
- The state is the primary recipient of external rents (Al-Janibi, 2013, p. 9).

As for the relationship between the rentier economy and the rentier state, there are similarities and differences between them, and they will be presented in several points:

First - the similarities

1. There is a relationship between the rentier economy and the rentier state, which is determined based on the source of the external rent, whether it constitutes a large percentage of the state's income and contributes significantly to economic life. Thus, external rent describes the rentier state and the rentier economy together.
2. The rentier state is also linked to the rentier economy, as it constitutes an essential source for it and generates a rentier state that seizes the rentier returns.

Secondly - the differences

1. The rentier economy generates massive income for the state, while the rentier state contributes a smaller percentage.
2. The proceeds of rentier income are distributed to those who contribute to the rentier economy, while the proceeds of rentier income return to the government in the rentier state.
3. The rentier state controls the spending and distribution of rentier income returns on various activities, which differs from the rentier economy.
4. The rentier state is the product of the rentier economy. In contrast, the rentier economy does not necessarily generate a rentier state, as no rentier state exists without a rentier economy.
5. We can distinguish between the rentier state and the rentier economy, according to which the rentier state is the state in which external rents constitute a large percentage of income, where a small group of the population works, and in which the government is the one that controls the distribution of rentier income and its spending on members of society. As for the rentier economy, it is a circulation economy and not a productive economy. This is why the rentier state is a subsystem connected to the rentier economy (Fatih, 2012, p. 7).

Comprehensive development (its concept, goals, dimensions)

Development is a series of interconnected trends that emerge from human activity. The development of society in all facets, including the growth of its citizens, institutions, and all state structures, is its aim. This advancement aids in the advancement and prosperity of society. Development encompasses all spheres, including political, economic, social, and cultural, and is not just restricted to the economic sphere (Amal Touhami, 2017, pp. 299–310).

The first section: The concept of development and comprehensive development and its goals:

First: The concept of development and comprehensive development

The idea of development came into being as a method for bringing about change in all spheres of society—political, economic, social, and cultural. The result of this transition is to increase output, meet the population's basic needs, advance civilization, and raise the level of living. This development is essentially a community development process that results in development in its broadest sense, including an increase in national income, the achievement of justice in society, the provision of people's needs for food, drink, and housing, and the prevailing security in society (Al-Dalaeen et al.: 2015, 105-106).

Specifically, after World War II, the idea of progress started to catch on in the middle of the twentieth century. It started as a procedure intended to advance economic growth, raise living standards, and cater to individual requirements. Up until the emergence of a new stage, the term "inclusion" was introduced to the notion of development.

It was referred to as the concept of (comprehensive development), which denotes that it embraces all facets of society and human existence across all domains. Following that, the idea of independent development emerged. However, this was a partial concept of development, and the idea of sustainable development quickly spread to include everything that had been missing from development in the earlier stages, from the philosophy of social sciences to signs and trends of modern thought, to maximize benefits. According to the definition mentioned above, development is the series of deliberate and well-planned steps a society takes to advance from a state of backwardness to one of advancement and sustainability (Al-Hasanat, 2011, pp. 130–136).

Comprehensive development is considered one of the most important types of development, as mentioned, and it aims to provide job opportunities for members of society and overcome the level of ignorance and poverty. We find a noticeable gradual impact of environmental changes on development processes (Hajimirrahimi et al., 2017).

A multifaceted historical stage of growth known as "comprehensive development" was used to describe all state entities in politics, economy, and society. As it is a comprehensive development process or a continuous individual process of a different nature that works to develop the human condition, meet needs, and achieve stability, this change occurs in the context of political organizations to receive approval from everyone and allow continued development (Hajer, 2016).

Second: Comprehensive development goals:

All fields are included, as we previously stated. We discover, for instance, that from a political standpoint, comprehensive development strengthens the state structure and maintains its independence by addressing challenges (internal and external). In the social field, it works to increase awareness among citizens and improve their cultures by paying attention to science and scholars, increasing knowledge, and also paying attention to those with distinguished skills by training them and developing those skills, and also by emphasizing those with a high level of education; In terms of the economy, development activities are visible here. The sector increases and improves production, raising the standard of living for all members of society by expanding the volume of investment and providing job opportunities for all (ACSC, 2016). Among the most critical goals that comprehensive development works to achieve are the following:

First: In the political field:

In order to create a civilized society where freedom reigns, and people enjoy engaging in both private and public activities, as well as to establish a connection between the government and civil society organizations by developing the concept of serious participation, political development works to strengthen and strengthen the structure of the state to be sovereign. The state creates laws to support these groups, but organizations also create intellectual visions that can effectively assist the state in making decisions.

Second: In the social field:

Improved health care for society's citizens, a culture of patriotism and belonging, values of mastery in work, attention to higher qualifications of human resources in general and middle and lower qualifications in particular, as well as the participation of women in all fields are all goals of social development.

Third: In the economic field:

Development in the economic field works to increase the productivity of economic resources, which leads to achieving added value, supporting local resources and stocks, increasing reliance on it as a source of investment, developing local activity, searching for new ideas, paying attention to technology, and using it, as well as expanding the field of work, providing all opportunities for members of society, and diversifying areas of work. Work reduces unemployment and bridges the gap between the distribution of income and wealth among individuals.

The second topic: Dimensions of comprehensive development:

Several researchers have explained that the dimensions of comprehensive development include three dimensions (the environmental dimension, the economic dimension, and the political and social dimension) (Nguyen et al., 2018, p. 1), (Adeoye, 2017, p. 4), (Fulekar et al., 2014, p. 3). We will explain it in the following points:

1. Economic dimension:

"The use of resources today should not be less than the real income in the future," which means that economic systems must be managed in a way that is sufficient for us to live, is a saying that is specific to that dimension. The economic dimension is represented in two directions: (how to provide income and achieve economic stability for members of society). Based on the earnings from our resources, keeping up the material stock and working to embody it. Comprehensive development and achieving economic stability are directly related. Economic stability is when the economy does not adversely affect the development of natural, human, and social societies (Chelan et al., 2018, p. 113).

2. Social dimension:

The primary component of overall economic, environmental, and social growth is seen as society. Community concerns include various topics and aim to enhance social traits stably. To lessen environmental damage brought on by livelihood activities and recompense some of the world's poorest communities, the present trend in comprehensive development places a particular emphasis on the social dimension. We can see that the social dimension of comprehensive development is connected to the human element, addresses issues with living standards, and prompts decision-makers to think twice about the social costs of their potential actions (Hussain et al., 2018).

3. Environmental dimension:

The role of comprehensive development here is to preserve natural resources and avoid excessive depletion, regardless of the type of resources (renewable and non-renewable). The ecosystem is achieved by the ability to understand and live according to the existing physical and systemic limits so that we maintain its ability to meet the needs of individuals at present and in the future. Actions must be taken to rebuild environmental quality, support human life, and help everyone live well in the long term (Bibri, 2018, p. 41) (Ali, 2015, p. 124).

The impact of the rentier economy on the comprehensive development process in the State of Iraq.

The Iraqi economy is considered a rentier economy, dependent on oil rents, due to the lack of activities contributing to the state's public revenues. Also, this dependence on external rents made the state view external rents as a continuous and earned gift from selling oil in foreign markets, and that does not arise. Of the state's internal production processes, the Iraqi economy has gone through many transformations that affected its strength. The following are the stages that the Iraqi economy went through:

1. Agricultural economy: whose establishment began in the 1950s.

2. The oil economy: which started from the fifties of the last century until the end of the seventies of the last century.
3. The war economy began in the eighties until the fall of the political regime in Iraq in 2003.
4. The rentier economy: which began after 2003 until the present time and has resulted in the rentier state.

The continued dominance of the oil sector over the rentier economy explains the state's need for a central role in economic and social life. The most prominent features of the Iraqi economy at present are the following:

1. The oil sector's control over the composition of the domestic product and gross domestic product.
2. High rates of government spending without the need to impose taxes.
3. An increase in the percentage of oil exports in Iraq to reach more than 95% of total exports.
4. An increase in the proportion of oil revenues to reach 85% of the general budget revenues.
5. Dependence on imports due to the need for more commodity production capabilities (Al-Shammari, 2010).

This made Iraq utterly dependent on oil revenues and considered a significant resource, leading to the state's weak dependence on other resources, society, and individuals. There was also a vicious circle between the state's dependence on oil and the citizens' heavy dependence on the state (Ali, 2019).

The first topic: The role of oil in directing the Iraqi economy:

Iraq depends entirely on oil as it is an important strategic commodity that represents an essential resource for the state. We will learn about its role as follows:

1. Iraq's oil reserves: It refers to oil reserves that show the biological information accessible at a particular time and guarantee the ability to extract it under the current economic circumstances. According to geological studies, Iraq has 530 geological structures, meaning it has enormous oil reserves. Iraq's oil reserves increased from (143.1) billion barrels in 2010 to (145) billion barrels in 2020 A.D. This table shows that reserves have fluctuated little over the previous ten years, with the lowest level occurring in 2012 (140.3) and the maximum level occurring in 2016 (153). This shows that Iraq has a substantial reserve, as the table illustrates. the following

Table No. (1) Iraq's oil reserves (2010-2020)

the year	Iraq's oil reserves (billion barrels)
2010	143.1
2011	141.3
2012	140.3
2013	144.2
2014	143
2015	142.5
2016	153
2017	147.2
2018	145
2019	147
2020	145

OPEC: Annual Statistical Bulletin/ Vienna2009-2016: P22

GFE: <https://www.globalfirepower.com/>

2. Oil production: Since 2010, when it hit 2,358 thousand barrels per day, oil output in Iraq has steadily risen. In 2013, it increased to 2,979 thousand barrels per day. This shows that, despite its difficulties, Iraq is a country that consistently increases its oil production. Due to ongoing conflicts and the economic embargo on Iraq, this sector has been plagued by issues and high costs (Abdullah, 2017). According to a U.S. Energy Information Administration report, Iraq's oil output increased to 4,100 million barrels per day in 2021 (Shafaq News, 2021). The production of crude oil, its exports, its receipts, its percentage contribution to total income, and its relative importance to OPEC and the rest of the world are all shown in the following table for 2010 to 2020.

Table No. (2) Oil production and export, its revenues, the percentage contribution of these revenues, and their relative importance to OPEC

the years	Oil production M.B.I.	Crude oil exports M.B.E.	Oil revenues (million dinars)	Total revenues (million dinars)	Percentage of oil revenue contribution %	The ratio of Iraqi production to OPEC %	The ratio of Iraqi production to the % world
2010	2.35	1.845	66819670	70178223	95.1	8.06	3.37
2011	2.55	2.165	98094444	103989089	94.3	8.80	3.38
2012	2.94	2.423	116160781	119817224	96.9	9.08	4.04
2013	2.97	2.389	109650692	113840076	96.3	9.34	4.09
2014	3.45	2.515	98511504	105553850	93.3	10.70	4.60
2015	3.50	3.004	51312600	57215315	89.6	10.89	4.66
2016	4.16	3.302	4426706	5440927	81.3	-	-
2017	4.46	3.250	65071900	79011421	82.3	-	-
2018	4.45	3.900	95619820	106569833	89.7	-	-
2019	4.67	3.47	82529097	93543781	88.2	-	-
2020	4.04		58227094	67425220	86.4	-	-

Source: From the researcher's work based on:

OPEC: Annual Statistical Bulletin/ Vienna2009-2016

Central Bank, Statistical Data CBLESDk Economic Report for 2016, 2017, 2017.

World Bank statistics 2022

The previous table makes it clear that Iraq is a country whose economy is mainly dependent on oil rents, making the comprehensive development process dependent on the income from oil rents, making it susceptible to changes in oil production and prices, in addition to the possibility that the easy access to capital provided by oil may affect... We will discuss how the rentier economy affects the components of comprehensive development in Iraq and the state's development objectives and policies.

The second topic: The effects of the rentier economy on economic development:

Iraq is considered one of the countries most dependent on oil globally. Over the past decade, oil revenues constituted more than 99% of its exports, 85% of its government budget, and 42% of its gross domestic product. This excessive dependence on oil exposes the country to macroeconomic fluctuations. At the same time, budgetary stagnations restrict the available spending space in public finances and limit any opportunity to develop policies to countercyclical fluctuations. These returns represent rentier external returns, not productivity, which resulted in the production of a large government with huge expenditures and financial capabilities based on something other than collecting taxes. The fact that the state controlled the distribution of privileges and projects led to their use is restricted to the ruling elite and those who funded the international community. The significant rise in oil prices also led to an increase in Iraq's oil revenues, which led to the following problems:

Loss of production flexibility: The rise in oil revenues in Iraq led to an increase in the volume of government expenditures in the general budget on current public and investment spending, which led to a significant increase in the marginal propensity to consume without an increase in production levels to meet the increasing needs of individuals and governments.

Growing the structural imbalance in the Iraqi economy: This issue arises from the country's economy being entirely dependent on the oil industry, which also holds the lion's share of the market share. As other industries like agriculture and industry lost market share, this led to a rapid cycle in the local markets that the productive sectors could not keep up with. In terms of production and operation, in addition to creating several projects with low economic efficiency and little economic return on investment (Abdullah, 2017, pp. 291-292).

An increase in the proportion of operating expenses in the general budget: This is accompanied by a decrease in investment expenditures, and as a result of the weakness in local production and its inability to meet the increasing consumer demand, there has become a trend towards importing from abroad to meet the requirements of local consumption, which has led to a scarcity of assets in hard currencies and thus the emergence of a permanent deficit in the balance of payments (Mahdi, 2015, pp. 113-114).

There are effects of the rentier economy on political development. The emergence of oil coincided with the formation of the state in Iraq, where the ruling elite monopolized oil control to monopolize wealth and governance. Oil revenues have accumulated in Iraq from the 1950s until now, but this coincided with the misuse of these resources. Revenues weakened the state's power in front of its people due to insufficient awareness of Iraq's economic problems due to the wrong policies followed in Iraq. Manifestations of the state's political economy can be observed through the government's failure to provide basic infrastructure and the necessary needs and services for citizens, in addition to the varying severity of the discrepancy in the income of citizens and the accumulation of wealth among the wealthy few who benefited from the war and occupation and prominent politicians (Al-Bassam & Fawzi, 2013).

Oil revenues also impacted the centralization of the state, the ruling family's control over economic institutions, and the importance they accorded to the apparatus of oversight and political repression. As a result, Iraq became an authoritarian, totalitarian state that strived to infiltrate the national economic system and annex it to the state. The path to increased government spending, complete bureaucratic hegemony, and the combined control of the rentier state resulted in the hiring of numerous public servants and a rise in the number of persons enlisting in the military, which impacted the electoral process. It also led to the disintegration of all forms of cohesion between society and the state, leading to a decline in prestige (Abdullah, 2017, p. 289).

The reliance on oil revenues also contributed to a decline in democracy, strengthened bureaucracy, and prioritized the political, security-related approach over the administrative, technical approach. As a result, many financial resources were depleted, and attention was paid more to existing ministries than to specialized organizations like tourism, sports, Al-Bab, and others (Yasser, 2013).

The rentier economy's consequences on social development have widened the social divide, led to the rise of class segregation, and boosted social marginalization. The middle class, which is in charge of advancing society and assisting the entire development process, has also declined due to it. The rentier model and its misuse have emerged as a severe problem. It cannot be ignored in any way, which is represented by the problem of poverty and its high levels, in addition to the exacerbation of the unemployment problem that appeared as a result of the decrease in applications in the industrial and agricultural sectors, which is a problem that is considered one of the most important causes of other social problems, and until 2021, the unemployment rate in Iraq was With a population of 40.2 million people, it is more than ten percentage points higher than its level recorded before the outbreak of the Coronavirus (Covid-19) pandemic, which reached 12.7%. The unemployment rate remains high among

displaced people, returnees, women seeking work, and self-employed people and workers in the informal economy before the pandemic (World Bank, 2022).

The Human Development Report for Iraq for the year 2014 indicated that unemployment rates are directly proportional, as they are increasing among the categories of those with a university degree, as the unemployed among those with a primary degree constituted a percentage of (15.4%) of the group of unemployed in Iraq, while the percentage of unemployed people who hold university degrees is (31.6%). The percentage also varies between males and females and urban versus rural. The World Bank report indicated that the unemployment rate reached 14.2 of the total labor force in Iraq in 2022. The rentier economy leads to weak national will and initiative on the part of citizens, as the citizen becomes dependent, waiting for the return from oil more than the direction towards production or creativity (Abdullah, 2017, pp. 293-294).

Conclusions:

1. The need for clear Iraqi planning policies for a set of rational investments for the economic resources available in the country.
2. Comprehensive development in Iraq depends on the launch of human development in terms of health, education, culture, and others.
3. The collapse of the industrial and manufacturing industries, the lack of manufacturing industries, and the delay and weakness of agricultural industries.
4. The collapse of the private sector and local investments in human, social, and economic development and their failure to play any significant role in correcting the reality of the Iraqi economy.
5. There is a need to make more theoretical efforts and develop future and statistical visions to achieve comprehensive development and a sustainable development culture.
6. The Iraqi economy depends on oil revenues as the sole source of income, as oil revenues represent 90% of the state's general revenues.

Recommendations:

Based on the results of the research, the researcher recommends the following:

1. Support national action plans and programs to alleviate poverty, increase per capita income, and enhance the role of women.
2. Striving to extricate the Iraqi economy from the predicament of rentierism and taking serious steps towards diversifying it.
3. Increase technical and financial support to the National Authority to develop a comprehensive plan for building institutions and advancing society.
4. The need to work on building capabilities and, supporting youth and giving greater importance to vocational education, appropriate training, and sound management of human resources.

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