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# RENTIERISM AND THE WEST ASIAN ECONOMIES: CASE OF QATAR

ANU SHARMA

## INTRODUCTION

West Asia is one of the most volatile regions globally and is ailing with armed conflicts, inter- and intra-state wars, sectarianism and oil politics. The geographical positioning of the region has made it a theatre of power play between a number of major powers of the world. At the same time, the region also exhibits sharp inequalities in wealth and poverty, as well as persistent authoritarianism. One of the important sources of the persisting conflicts in the West Asian region pertains to oil. In fact, it will be correct to say that the West Asian political economy has been examined through this prism in order to understand as to how the presence of this valuable resource has in a way undermined this region's economic and political development. While many of West Asia's deviations from the normal course of regional politics are also rooted in an economic structure that is heavily dependent on external payouts resulting from their oil trade. In this regard, this article will discuss the concept of Rentierism with respect to the West Asian region, specifically the case of Qatar, in order to understand and analyse the role of Rentierism in the Qatari

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economy. The article will also look into whether the theoretical concept of Rentierism has an implication on India's relations with the West Asian region.

In the past few decades, various theories have emerged related to rentier economies and rentier states. These theories have received growing attention in the fields of political science and political economy. The theoretical basis developed related to the oil monarchies of the Gulf States has contributed a great deal to explain the reasons behind the survival of neo-patrimonial way of exercising power in the contemporary world. Therefore, the theories dealing with rentier economies have been largely applied to the West Asian region too. Since 2000, the social and political upheavals and various other factors, such as globalisation, the emergence of newer technologies, free trade and investments techniques and agreements, social fluctuations and development necessities have dramatically affected the political economy of the West Asian region. This eventually led to the prolonged debates and discussions related to the concept of late rentierism which was developed in order to explain how various factors related to the concept of rentierism have affected the economic scenario of the West Asian region.<sup>1</sup> The situation—both politically and economically—was quite different when the concept of rentier states was introduced in the context of the West Asian nations. The increasing modernisation and globalisation led to some significant transformation, such as in the United Arab Emirates (UAE) and Qatar. These two nations became more globalised with the cities of Dubai and Doha becoming world class cities; the quest to diversify their economies and decrease their reliability on the oil sector by investing the rentier income in other fields was somewhat greatest in these nations compared to other Gulf nations.<sup>2</sup>

The fact is that most of the nations of this region have picked up the path to development quite late. When the process of modernisation and industrialisation began it was quite rapid in that these nations were able to circumvent the usual industrialisation phase of growth. It cannot be ignored that the significance of these nations—both

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1. Matthew Gray, "A Theory of 'Late Rentierism' in the Arab States of the Gulf", *CIRS Occasional Paper* no. 7, 2011, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3447014](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3447014). Accessed on April 12, 2021.
  2. *Ibid.*

strategically and economically—was mostly due to their oil and gas wealth. At the same time, it can be said that in the case of their oil wealth, a few of these nations have been able to shape relatively large and efficient bodies—both government and state-owned firms—by providing them with an economic structure that is controlled by the state. However, it has been argued to also be a dynamic form of state capitalism, being slightly demagogic and having economic nationalism that characterised other post-World War II capitalist models.<sup>3</sup>

### **DEFINING RENTIER ECONOMY**

The concept of the Rentier State/Economy can be defined as—in oil exporting nations, the nation-state is remunerated by the oil rent, which accrues to it directly from the rest of the world, and supports the society through distribution or allocation of this rent, through a number of circulation mechanisms. This concept was first introduced by Iranian economist Hossein Mahdavi in 1970. The concept was further systemised by Hazem Beblawi and Giacomo Luciani (1987). In simpler words, it can be explained as the government that derives its incomes mostly from the sale of valuable resources (oil, in the case of West Asia) to clients in other nations. Most of the nations of the West Asian region, such as Saudi Arabia, the UAE, Qatar, Kuwait, etc., can be considered good examples of being rentier states which earn almost all of their revenue by selling their oil to the rest of the world. However, several experts believe that it is questionable that the rentier states are accountable to their people as they are not dependent on tax revenues for their survival. But there are chances that this can make these governments more oppressive than other governments. In economic terms, the concept of “rent” is defined as income arising directly from the sale of natural resources rather than from the production. Therefore, a “rentier economy” can justifiably be described as a national economy wherein a large part of the state revenues is usually earned by exporting natural resources, i.e., oil. However, in the case of a rentier economy, it is typically based on some natural resources, even though it could also depend on diverse outside resources. According to Giacomo Luciani, the unique aspect

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3. Ibid.

of a “rentier economy” is not its dependence on exports of raw materials but rather the fact that national incomes originate from outside sources, instead of originating from domestic productive sectors.<sup>4</sup> The West Asian region has had an economic growth through the utilisation of its hydrocarbon reserves. From 1960 to 1972, the economic growth rate was quite high, with an average approximate value of 10 per cent increase per year. Therefore, the economic affluence earned through the production and export of oil brought attention to the way this excess income was being managed by the resource-rich governments of this region.<sup>5</sup> Following the oil shocks of 1973 and 1979, scholars placed much significance on the instruments that identified the “rentier” nature of economies with a profusion of oil or some other primary resources. In fact, Hazem Beblawi discusses that entrepreneur is the antithesis of rentier. The contrast between the rentier and Schumpeter’s entrepreneur is striking as well as instructive. He discussed that Schumpeter’s entrepreneur is dynamic, innovative, risk-bearing, thereby standing in contrast to the definition of rentier.<sup>6</sup> He further explains that there are a number of characteristics which should be kept in mind while discussing rentier states: (1) There is no fully rentier economy but each and every economy has some aspects of rents. Therefore, it can be said that in rentier economies rent situations dominate. (2) According to Hossein Mahdavi, any rentier economy depends on significant external rent received in exchange of the sale of their natural resources—such as oil in the case of West Asian nations.<sup>7</sup> (3) In any rentier state, there is only a small section of people that are engaged in the initiation of this rent. The majority of the population is involved only in the

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4. Giacomo Luciani, “Oil and Political Economy in the International Relations of the Middle East”, in Louise Fawcett (ed.), *International Relations of the Middle East* (United Kingdom: Oxford University Press, 2016, 4th edn.), pp. 105-30.

5. Anaïs Özyavuz and Dorothee Schmid, “Persistence and Evolutions of the Rentier State Model in Gulf Countries”, *Note de l’Ifri—Institut français des relations internationales (IFRI)*, April 2015, <https://www.ifri.org/sites/default/files/atoms/files/rentier-state-final.pdf>. Accessed on April 10, 2021.

6. Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State* (London & New York: Routledge, 1987); Hazem Beblawi, “The Rentier State in the Arab World”, *Arab Studies Quarterly*, vol. 9, no. 4, Fall 1987, pp. 383-98.

7. Hossein Mahdavi, “The Patterns and Problems of Economic Development in Rentier States: The Case of Iran”, in M. A. Cook (ed.), *Studies in the Economic History of the Middle East* (United Kingdom: Oxford University Press, 1970), pp. 428-67.

distribution or utilisation of this rent. (4) One of the effects of a rentier economy is that the government of any rentier state is the primary receiver of this external rent. So, from the above discussion it can be derived that a rentier economy is the one where the building of wealth is based around a small section of the society. Also, it can be inferred that an open economy with much valued foreign trade is not a rentier state because it depends on the rest of the world, even if it generates its revenue from natural grants or contributions since the major section of the society is engaged in the process of wealth generation.<sup>8</sup>

Rentier state economies suffer from significant inadequacies concerning the external character of their main earned revenue. Exporting nations have limited authority over variations in the global energy market. Furthermore, the relation between the oil producers and their consumers is one of the significant aspects of this market. Thus, the beneficiaries of this rent are never protected against likely crises, and their behaviour increasingly integrates this weakness. Additionally, the rentier states are clearly aware that the utilisation of resources will eventually cause these resources to come to an end. They have to prepare for this post-rent phase which is clearly visible in the introduction of visions or plans by a number of West Asian nations, signifying the diversification of their economies.<sup>9</sup>

At the same time, there are a number of scholars who have proposed the deconstruction model of rentierism. Gwen Okruhlik identified that “wealth generated through oil receipts is a catalyst for opposition to the state, rather than a tool to placate dissent”, because it is “distributed inequitably ... and provides potential dissenters with the resources necessary for mobilization against the regime.”<sup>10</sup> In her discussion, the case referred is that of Saudi Arabia wherein the negligence of its eastern provinces by the rulers eventually led to rising dissent within the minority Shi’a community in the Kingdom in the 1990s. In continuation of the above argument Michael Herb also

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8. Hazem Beblawi, “The Rentier State in the Arab World”, *Arab Studies Quarterly*, vol. 9, no. 4, Fall 1987, pp. 383-98.

9. Özyavuz and Schmid, n. 5, p. 12.

10. Gwen Okruhlik, “Rentier Wealth, Unruly Law, and the Rise of Opposition: The Political Economy of Oil States”, *Comparative Politics*, vol. 31, 1999, pp. 295-15, <https://www.jstor.org/stable/422341?seq=1>. Accessed on April 12, 2021.

noted that a number of Gulf Arab nations visualise "... themselves, as citizens, own the oil, *not* the ruling families."<sup>11</sup> He was making this observation while discussing whether rentierism prevents democracy or not. It is therefore apparent that even though the system of oil rent distribution is comparatively less transparent than the Western model of government finance, it is supervised with great interest by the citizens of the nations of the West Asian region. It can be inferred that they are certain that the oil rent will be disseminated justly, only then do the inhabitants of the rentier states give consensus to their regime's legitimacy.<sup>12</sup>

### RENTIERISM AND WEST ASIA

The presence of oil resources greatly affects the domestic political order of many rentier nations and this explains the situation of the West Asian region in particular. Various academics and experts have dealt with this interplay between oil and domestic politics in which the above defined concept of rentier state paradigm has become an instrument to interpret the internal political dynamics of the oil producing nations. Rentierism in the region had originated both from substantial external rent and from state-owned model of development providing each other with the legitimacy made available through rent distribution. The imbalance thus created due to this rent led to intra-societal inequalities between the state and the society in the West Asia and North Africa (WANA) region. In fact, this aspect has been less documented and studied. Depending upon the resources of the nations—including their population and political system—rentierism had an effect on them in diverse ways. However, this has concurred on extensive disparities and deprivation in a number of rentier societies.<sup>13</sup>

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11. "The Politics of Rentier States in the Gulf", *Project on Middle East Political Science—Report*, January 2019, no. 33, [https://pomeps.org/wp-content/uploads/2019/02/POMEPS\\_Studies\\_33.pdf](https://pomeps.org/wp-content/uploads/2019/02/POMEPS_Studies_33.pdf). Accessed on April 12, 2021.

12. Zach J. Hollo, "Rethinking the Rentier State Theory: Qatar and the Rise of Smart Money", *Fair Observer*, October 11, 2013, [https://www.fairobserver.com/region/middle\\_east\\_north\\_africa/rethinking-rentier-state-theory-qatar-rise-smart-money/](https://www.fairobserver.com/region/middle_east_north_africa/rethinking-rentier-state-theory-qatar-rise-smart-money/). Accessed on April 11, 2021.

13. Sameena Hameed, "Political Economy of Rentierism in the Middle East and Disruptions from the Digital Space", *Contemporary Review of the Middle East*, vol. 7, no. 1, 2020, pp. 54-89. DOI:10.1177/2347798919889782. Accessed on April 11, 2021.

The utilisation of the rent received by the rentier states has been the key focus of the rentier debate for quite some time now. However, in contemporary times, it has focused more on how the revenue is utilised as well as related to the good management, or rather mere management, under socio-political constrictions being faced by the rentier states in the West Asian region. The economic analysis of the rent initially more or less ignored the macro- and micro-economic issues and did not discuss the development of the local financial systems. A significant fact is that the rent can become sustainable if it is invested in such a way that it leads to the generation of new sources of revenue. In this regard it can be assessed whether the rentier nations of the West Asian region have reached a sustainable growth model in order to achieve the diversification of their economies.<sup>14</sup>

The authoritarian political systems prevalent in the nations of the West Asian region are reinforced through this broader system of rents—both external and internal. The aid and remittances which form part of the internal rents also play a significant role in the economies of these nations. It should be noted that the contribution of internal rents to the economies is much smaller compared to the external rents—but its impact cannot be ignored. It can be said that the internal rents in a way generated through government handling of the economy play a key role in linking the business classes to the dominant political order prevailing in the country.<sup>15</sup> At the same time, the significant role of these internal rents in the West Asian rentier economies often receives less appreciation. The West Asian region has abundant hydrocarbon resources which eventually lead the exporters of this resource to maintain ample current account surpluses, which are often utilised to fulfil their financial and diplomatic agendas abroad. Through their overseas investments and purchases, traders from the rentier nations often leverage significant geopolitical influence. This also helps them to strengthen their authoritarian systems domestically.

Another important factor concerning a rentier economy is related to the rent curse that often forms part of this debate. It can be said

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14. Özyavuz and Schmid, n. 5, p. 12.

15. S. Hertog, et al., *Business Politics in the Middle East* (United Kingdom: Oxford University Press, 2013).

that the economies of this region are invariably trapped in either the oil curse or rent curse—the former being a variant of the latter. In West Asia there are specifically focused economic and political structures which are involved in the formation and dispersal of these rents. The emphasis on the wider rentier structure leads us to understand the political economy of this region. It is according to the unfolding patterns and models thereby connecting rents and institutional development. With their subsequent role in constraining the economic prospects, rents essentially define the ambit of political action. In the context of West Asia, the entrenched rentier structures are also critical to comprehending the reasons responsible for making the authoritarian regimes robust. It is notwithstanding the sporadic challenges to their rule.<sup>16</sup> Another important aspect is related to the diversification of the rentier economies of this region. Rentier nations at present are faced with the challenges to develop and introduce various policies related to their economic diversification. In fact, many West Asian nations are developing plans to diversify their economies and move away from their dependence on the revenues generated from rents. Of course, the governments of these nations are trying to do that in a bid to avoid economic recession and social upheaval without compromising their influence on the affairs of the nation.<sup>17</sup> But many nations in the region are still dependent on the revenues generated from oil and gas trade with negligible results coming from various diversification schemes that have been launched in the past few years.<sup>18</sup> Therefore, economic diversification to reduce dependence on rent revenues is a somewhat urgent issue faced by the rentier states along with maintaining their economic prosperity as well as political

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16. Adeel Malik, "Rethinking the Rentier Curse", *International Development Policy—Revue internationale de politique de développement*, 2017, <http://journals.openedition.org/poldev/2266>. Accessed on April 10, 2021.

17. M. T. Callen, et al., "Economic Diversification in the GCC: Past, Present, and Future", *International Monetary Fund*, December 2014, <https://www.imf.org/external/pubs/ft/sdn/2014/sdn1412.pdf>. Accessed on April 11, 2021.

18. S. Hertog, "Defying the resource curse: explaining successful state-owned enterprises in rentier states", *World Politics*, vol. 62, 2010, pp. 261-301; I-Tsung Tsai and A. Kaya, "Economic Diversification and the Emergence of Inclusive Economic Institutions in the Gulf Cooperation Council States", in I-Tsung Tsai and Abdullah Kaya (eds.), *Policy-Making in the GCC: State, Citizens and Institutions* (London, United Kingdom: I. B. Tauris, 2016), pp. 118-43.

and social stability.<sup>19</sup> At the same time, the volatility of this region and the fragility of political and social structures in some weaker nations of this region make the plans of economic diversification a bit difficult to achieve. On the other hand, the successes of rentier states like the UAE or Qatar also show that the rentier states can attain economic development and reduce their dependence on the rent. Furthermore, this aim of maintaining the political status quo along with economic diversification is a somewhat exacting task for these rentier nations, considering the fact that most economically advanced nations of this region have inclusive political systems. The next section will analyse the case of Qatar to better understand and assess the rentier system in the West Asian region.

### CASE OF QATAR

Qatar is one of the members of the Gulf Cooperation Council (GCC). It has recorded the highest economic growth in the past decade, with the highest GDP per capita. Geographically, it is a comparatively small nation in the West Asian region with the world's largest gas reserves. However, it is deliberately committed to a relatively slower economic diversification process than other GCC nations.

Qatar is often referred to as the nation which has adopted rentierism quite late, i.e., since the 1990s, in the region. In fact, its economy is often regarded as "energy-driven" instead of being an "energy-centric" nation, when compared to other rentier states.<sup>20</sup> Like many other West Asian nations, Qatar also introduced a national development policy referred to as *The Qatar National Vision 2030* launched in October 2008. This vision document is based on the development of four main points, i.e., human development, social development, environmental development and economic development.<sup>21</sup> The main objective of this vision plan is to ensure the diversity and sustainability of the Qatari economy as well as to

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19. M. E. Tok, et al., "Policy-making in a transformative state: The case of Qatar", in M. Evren Tok, Lolwah R. M. Alkhater and Leslie A. Pal (eds.), *Policy Making in a Transformative State* (London: Palgrave Macmillan, 2016), pp. 1-35.

20. Matthew Gray, n. 1, p. 35.

21. "Qatar National Vision 2030", Government Communications Office, Qatar, 2008, <https://www.gco.gov.qa/en/about-qatar/national-vision2030/>. Accessed on April 12, 2021.

develop an action plan to face the emerging future challenges and to provide its citizens with high living standards. This helps in liberalising its economy to become a global hub and project itself as having a positive state-society relationship.<sup>22</sup>

In all of the above-mentioned targets, the role of soft power is eminent. It helps in creating a global awareness about the niche diplomacy of these small nations in the region and outside of foreign policy circles. One of the functions of Qatari media has been to promote the “brand” awareness of the nation. Saudi tourists were one of the chief revenue providers of Qatari tourism. This was negatively affected by the Qatar crisis of 2018 wherein the seven Arab nations cut diplomatic ties with Qatar. Qatar was able to sustain this blockade by its Arab counterparts by forging ties with other nations of the West Asian region.

In all of this the geo-economic significance of the hydrocarbon sector in the West Asian nations cannot be ignored. The Arab nations are widely involved in oil and gas exports globally, and are earning huge revenues.<sup>23</sup> The major trading partners of the GCC nations are the East Asian nations, the top export destinations being Taiwan (15 per cent of all exports), China (13 per cent), the US and Japan at 12 per cent, and South Korea and India importing 9 per cent of the hydrocarbon resources from them. Qatar, however, is also affected by the sudden shocks due to price fluctuations in the global oil and gas sector. It should be noted that Qatar is investing a large portion of the revenue earned from the sale of oil and gas in infrastructure development within the nation.<sup>24</sup> As mentioned above, the GCC-Qatar crisis became somewhat threatening to the Qatari economy and trade equations. However, it survived significantly in the first year.<sup>25</sup> In overall assessment it can be said that Qatar’s late rentier state model has made the provisions for the developmental path to lead Qatar’s *National Vision 2030*. Diversifying its economy and reducing its sole dependence on oil and gas revenue can help Qatar in not falling into the abstract rentier model. However, it can help Qatar to utilise

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22. Ibid., p. 32.

23. Matthew Gray, *The Economy of the Gulf States* (New York: Columbia University Press, 2019).

24. Ibid., p. 100.

25. Ibid.

its rentier income as a source of income for investment in various industries and infrastructure and telecommunications projects; in other words, help Qatar follow the late-rentier model. It has been clearly demonstrated that the state-capitalist model<sup>26</sup> has proven to be a successful model for Qatar. It helps in enhancing Qatar's role and influence not only regionally but also internationally. This has been made possible by diversifying the Qatari economy, stabilising its income and job-creation in non-energy sectors. This model is based on the four pillars as enumerated in Qatar's *National Vision 2030*. The development of each sector fits into the larger picture that is being promoted by Qatar to become a global destination point that can sustain its economy and ensure a high standard of living.

Often referred to as the late-rentier state, Qatar is now seemingly becoming reactive to the needs of the socio-economic players, especially in the political arena and policymaking domain. This is due to the fact that these socio-economic actors are trying to modernise and expand their validity by creating semi-governmental organisations and introducing regional cooperation. This will help in creating a shared approach for the governance of the labour market.<sup>27</sup> The growing internal socio-economic challenges and with the society becoming more entrenched in the national and international political economy, the late rentier model of Qatar is depicting itself as a progressive and modern society government. It is doing so by creating a space for expressing opinions and engaging in various policy development projects that affect socio-economic activity as well as welfare.<sup>28</sup> According to the late rentier model, there will be some pluralisation in the political domain by the formation

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26. State capitalism can be explained as capitalism in the scenario wherein the capitalist undertaking is the constituent element of the state bureaucracy and the receivers of this capital surplus are the state appointed bureaucrats. A number of social scientists have regarded Russia as the state capitalists' social formations because the GDP generated in there by the capital enterprises were under the state bureaucracy and the officials in state bureaucracy were appropriators of the surplus value generated by any enterprise.

27. Mehran Kamrava, "Royal Factionalism and Political Liberalization in Qatar", *Middle East Journal*, vol. 63, no. 3, 2009, pp. 401-20, <https://www.jstor.org/stable/20622928>; Matthew Gray, "A Theory of 'Late Rentierism' in the Arab States of the Gulf", *CIRS Occasional Paper*, no. 7, 2011, at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3447014](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3447014). Accessed on April 12, 2021.

28. Mehran Kamrava, "Royal Factionalism and Political Liberalization in Qatar", *Middle East Journal*, vol. 63, no. 3, 2009, p. 419.

of comparatively weak representative organisations. In the case of Qatar, this is achieved by the institution of workplace committees and trade unions.<sup>29</sup> Therefore, even though there is minor role that the Qatari society continues to play in the political scenario of the country, they do have some form of representation. Based on this they have access to legally authorised workplace committees and unions that provide them with an official platform to express their opinions related to various policies regarding the labour market.<sup>30</sup> This indicates that in the late-rentier model there is a need for the political elite class to be responsive as well as be accommodating and understanding that political space is to be provided for interaction and consultation between government and the society regarding various policy frameworks which can directly influence their socio-economic activities.<sup>31</sup> Similarly, the late-rentier model adopted by Qatar needs to include various mechanisms due to the emerging changing scenarios and technologies in the fields of telecommunications and communication, thereby presenting the hazard of social uprising against the political elite due to the vulnerable political authoritarianism. This leaves the Qatari government with no option but to offer its society a platform in the political and policy domain.<sup>32</sup>

Quasi-governmental organisations such as the Qatar Foundation have significant effect on the authority of the labour market as propagated by the late rentier model. It illustrates that Qatar is looking forward to larger regional integration concerning how they organise their domestic socio-economic scenario, at the same time supporting the nation to become more involved in the globalised political economy.<sup>33</sup> The Qatari government has tried to modernise their techniques by becoming more receptive to the political stipulations of various socio-economic actors. Through this it has become evident that the purpose

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29. "The Politics of Rentier States in the Gulf", *Project on Middle East Political Science—Report*, January 2019, number 33, [https://pomeps.org/wp-content/uploads/2019/02/POMEPS\\_Studies\\_33.pdf](https://pomeps.org/wp-content/uploads/2019/02/POMEPS_Studies_33.pdf); Matthew Gray, "A Theory of 'Late Rentierism' in the Arab States of the Gulf", *CIRS Occasional Paper*, no. 7, 2011, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3447014](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3447014). Accessed on April 12, 2021.

30. Mehran Kamrava, "Royal Factionalism and Political Liberalization in Qatar", *Middle East Journal*, vol. 63, no. 3, 2009, pp. 401-20, <https://www.jstor.org/stable/20622928>. Accessed on April 13, 2021.

31. Matthew Gray, n. 1, p. 25.

32. Ibid.

33. Ibid., pp. 19-20, 25-26.

of the Qatari government to underpin this pluralisation in the political and policy domain is for the governing elite to maintain their status quo. Thus, there are few chances that these somewhat weakened representative platforms will have an adequate impact in altering the political structure towards a more democratic regime.<sup>34</sup> It is quite evident that Qatar has an active economic policy and development agenda which is further exemplified by its *National Vision 2030*. As part of this vision plan, it wants to restructure and diversify its economy towards a more knowledge-based establishment. All of this forms part of the development course under the late rentier model.<sup>35</sup> On the other hand, in spite of adopting the new development vision and policies with the aim of restructuring the Qatari economy, the rentierism model still basically reinforces coordination in socio-economic and political activity of the state, society and private sector. It is likely to hinder the transformation of Qatar's political economy in the next few years.<sup>36</sup>

Academicians and scholars argue that the reform process for diversification of the Qatari economy should accelerate with the upcoming World Cup in Qatar in 2022. This has led to an increase in government expenditure in the fields of infrastructure, housing and construction of stadiums. However, Qatar still has to adopt the wide-ranging diversification approach for its labour force in its economic growth and to increase the private sector activity. These are two significant challenges that the Qatari nation will face in the next few years.

## **RENTIERISM, WEST ASIA AND QATAR: IMPLICATIONS FOR INDIA**

Undoubtedly, India's dependence on the West Asian oil and gas is far too much to be ignored. The concept, application and the implications of rentierism prevalent in a number of West Asian states do not directly apply to New Delhi's hydrocarbon trade with this region. At the same time, should social or cultural conflicts emerge within the societies of this volatile region—already plagued with several traditional and non-traditional issues—they might have an

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34. Ibid., pp. 23-25.

35. Ibid., pp. 21-28.

36. Ibid., p. 36.

impact on India's trade with West Asia. It is true that rentierism can affect the domestic politics and, to a certain extent, the lack of it can also alter the social structure of the nations. Still, the involvement of external major powers (such as the US, United Kingdom, Russia and China) in West Asia has been responsible for the somewhat unstable or transformed region, regardless of the nation's oil wealth. Indeed, it has been often argued that oil reserves as well as the struggle for acquiring energy resources and geostrategic influence has been responsible for the interventionism during the Cold War years. The situation will continue to be the same as the US and the emerging Asian powers, such as China and India become increasingly focused on tackling their energy security issues.

As discussed, rentierism and democracy do not go hand-in-hand especially in the case of the West Asian region which still has authoritarian forms of government in most of its nations. In such a scenario, in case any nation takes a step towards establishing a democratic political set-up, it will always look towards India—India being the oldest and largest democracy amongst the Third World. Also, the economic scenario in India is based on the indirect contributions which usually amounts to three-quarters of the overall federal state revenue. Therefore, in the case of West Asia, the collective effect of the rentierism is the economic dissatisfaction that eventually leads to a high unemployment rate, inflation, and rising socio-economic disparities. The deprivation faced by the larger sections of society due to the lack of productive opportunities is also hidden in the official figures. The inability of the larger population to participate productively in the economic growth eventually led to the creation of a rentier society that favoured patronage over productivity. This led to the proclivity for unearned income, emanating out of protection and privileges.