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Research paper

The Impact of Global Oil Price Fluctuations on Household Spending Patterns in Iraq: A Field Survey Study in Baghdad and Basra

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Abstract

This study aims to analyze the direct impact of global oil price fluctuations on the spending patterns of Iraqi households, focusing on a field survey study in the governorates of Baghdad and Basra. The importance of the research stems from the rentier nature of the Iraqi economy and its high dependence on oil revenues, which makes it vulnerable to economic shocks whose effects are transmitted to the micro level, that is, households. Although there have been previous studies on the impact of oil prices on macro variables, there is a clear research gap in understanding how households respond and adapt to these fluctuations at the level of their daily spending. The study relied on the descriptive analytical approach with a quantitative design, where data were collected from a suitable sample of 1500 completed questionnaires from families in Baghdad and Basra. The questionnaire included demographic, so-cial, and economic information, as well as questions about household spending patterns and changes, their awareness of the impact of oil fluctuations, and the fiscal adjustment mechanisms followed. The data were analyzed using descriptive statistics (frequencies and percentages) and cross-tabulations to explore relationships between variables.

Key findings revealed a measurable impact of oil price fluctuations on Iraqi households' spending patterns. Low-income households showed a significant increase in their spending on basic goods (such as food), while significantly reducing their spending on luxuries and leisure. Recourse to borrowing has also been shown to be a common coping mechanism, especially among retirees. The study confirmed that the size of the family affects the extent to which it is affected, as larger families suffer from greater financial pressure in meeting basic needs. Overall, the majority of households in both cities perceived a negative impact of oil fluctuations on their livelihood stability.

Keywords: *Oil Price Fluctuations; Household Spending Patterns; Iraqi Households; Baghdad; BasRa.*

1. Introduction

Oil is the main pillar of the Iraqi economy, as oil constitutes more than 95% of the revenues of the state budget and represents the life-blood of the national economy and the most important source of generating national income 1. It is also the main and primary source that has no alternative in providing the necessary foreign currency for financing imports. Oil has remained one of the major and important factors in Iraq's progress and political and social stability (Tamimi and Abadi, 2019).

The reliance of the Iraqi economy on oil revenues meant that all sectors of the economy relied on their level of development on this natural resource, which has defined the Iraqi economy as a rentier economy since the start of economic planning and into the present and future. This overreliance on oil disposed of the Iraqi economy with a rentier nature (Salah Al-Din, 2016).

The impact of fluctuation of oil prices on the exporting nations differs based on the proportion they contribute to GDP. The unilateral countries are more susceptible to changes in the price of oil, and the changes have resulted in severe impacts on the price increment in general and inflation, where prices keep increasing (Al-Jubouri and Sakran, 2022). Meanwhile, energy changes that are happening globally, including the move to renewable energy and the quest to diversify economies to eliminate fossil fuels, present extra challenges to Iraq, highlighting the need to decrease reliance on oil and seek other options.

2. The problem of The Study

The issue of the research consists of the underlying structural problem that is the phenomenon of the global fluctuations of oil prices, which is a continuous source of economic instability among rentier states. Over the last years, there have been periods of unprecedented

highs and drastic drops in oil markets, because of multifaceted interactions between forces of global supply, demand, and geopolitical policies, as well as variability in the energy menu (Dalami and Mubarak, 2024). To Iraq, these swings can be interpreted as severe fiscal problems, with the government revenues, which are highly dependent on the prices of oil, exposing the population budget to both deficits and excesses based on market forces (Rashid, 2023).

Whilst the repercussions of such fluctuations on macroeconomic parameters, including GDP, financial stability, and the extent of government expenditure, have received extensive coverage in research (Al-Shammari, Al-Bakri, and Sanan, 2020), little is known about the same as applied to the micro level. Specifically, the mechanisms of how households vary their daily patterns of spending on food, housing, transportation, and health care are yet to be explored. This gap in the research indicates that it is important to go beyond macro-level studies of economic behavior at the household level in response to oil price shocks.

What impact do global oil price fluctuations have on Iraqi households' spending patterns, focusing on a field survey in Baghdad and Basra governorates?

3. The significance of The Study

3.1. Scientific significance

- The study contributes to a deeper academic understanding of the dynamics of rentier economies, specifically in a context that lacks detailed field studies that directly link oil price volatility to household-level spending patterns in Iraq.
- The study provides an applied model for using the descriptive analytical approach and statistical analysis tools (descriptive statistics and exchange tables) in the analysis of questionnaire data, which enriches the methodological tools available to researchers in this field.
- The study bridges an existing research gap by moving from macro-analyses of the impact of oil prices (such as their impact on government revenues or GDP) to an analysis of their impact on the basic economic unit, the household, providing new insights into consumer and financial behavior in the face of external shocks.
- The study provides empirical evidence from a dynamic and complex economic context such as Iraq, which contributes to building a broader knowledge base on family coping and response mechanisms in a volatile economic environment dependent on a single source of income.

3.2. Practical significance

- The study provides strong data and insights for Iraq's economic and financial policymakers, enabling them to gain a deeper understanding of the livelihood pressures faced by households due to oil price fluctuations.
- The findings form a solid basis for developing targeted and more effective policies and support programs, such as designing social protection mechanisms or economic safety nets that enhance the resilience of households to oil shocks.
- The government and relevant organizations can provide guidance or support by understanding response and adaptation patterns to enhance households' financial resilience, such as savings awareness programs or diversifying individual sources of income.
- The study contributes to supporting sustainable development planning efforts in Iraq by highlighting the need to reduce total dependence on oil and thinking about strategies to diversify the national economy, which reflects positively on the stability of household income.

4. Study Objectives

The present study aims to achieve the following objectives:

- Explore and understand the nature of the relationship between changes in global oil prices and how they are reflected in the spending patterns and behaviors of Iraqi households.
- Measure the magnitude and distribution of the impact of these fluctuations on basic and non-core household consumer spending items, including food, housing, transportation, health care, education, and recreation.
- Revealing how households' saving decisions are affected, and the extent to which they resort to borrowing as a coping mechanism, considering oil price fluctuations.

Formulate practical and targeted recommendations that can contribute to enhancing the resilience of Iraqi families and adapt to the economic challenges caused by fluctuating oil prices.

5. Literary Review

The theoretical framework is the main pillar on which any scientific study is based. It provides the lens through which phenomena are analyzed and relationships between variables are interpreted. In the context of studying the impact of oil price fluctuations on the spending patterns of Iraqi households, several related economic concepts and theories emerge.

To begin with, Iraq is among the countries that can be categorized as a rentier economy. The rentier state refers to any state that gets most of its revenues not due to the heavy productive activity of the state, but because of selling various natural resources, especially oil (Ruby, 2024). This type of economy causes the state to be less tax-dependent than its citizens, and can lead to various impacts on the relationship between the state and society, decrease incentives to concentrate on other sources of national income, and achieve maximum reliance on external shocks. In reference to the natural resources of Iraq, which Ndaka (2025) confirms, this rentier nature is established. Notably, this model also contributes to household-level vulnerability, where reliance on oil-based government incomes implies that the oil market shocks can readily turn into decreased government services or inflationary burdens on households.

Second, it is impossible to discuss rentier nature without referring to the Economic Paradox known as the Resource Curse, which states that countries with high rates of natural resources, particularly with oil and gas, tend to have slower rates of economic growth, an increase in corruption, poorer institutions, and lesser human development than countries with low rates of resource availability. This effect

is attributed to a variety of processes, such as the variability of commodity prices that leads to recurrent economic shocks, the influence of the Dutch disease that undermines the non-oil industries, and the lack of timely development of democratic and transparent institutions (Al-Yasiri et al., 2021). Such structural limitations hamper the general development endeavors and intensify the susceptibility of the economy to shocks based on the studies covering the environmental and economic problems of Iraq (Yusuf, Jumaili, and Baban, 2022). At the micro-level, the literature in household economics indicates that these vulnerabilities are reflected through changed consumer behavior- whereby households tend to focus more on their basic needs and cut down spending in discretionary expenditure, when subjected to external shocks.

Third, the variable of oil prices in the global arena is also important here. These drivers of oil prices are interrelated and interdependent, such as balancing the world supply and demand, geopolitics and technological development in energy production, and the global crisis, such as pandemics and wars (Murad, Majid, and Ahmed, 2025). They further result in sharp price swings, which in turn inject shocks into oil-seller country government revenues (Kahraman, 2021). These dynamics are imperative in the study of the effects of these changes that alternate between the macro level (state revenues) and the micro level (household spending). The consumer behavior models can become a useful perspective in this instance: as the income shock increases, the low-income households adjust an even larger proportion of spending towards necessities, which can be at the expense of either savings or luxury.

As for the theory of financial integration, it indicates the importance of an effective and integrated tax system that contributes to financing the public budget, which reduces the state's dependence on volatile external revenues. In rentier economies, financial integration is often weak, as governments prefer to rely on oil rents rather than develop a broad and stable tax base, which reinforces the state's dependence on oil price fluctuations and weakens its ability to respond flexibly to financial crises (Ruby, 2024).

Previous studies form an important knowledge base for understanding the impact of oil prices on different economies. Many of these studies have focused on macro levels, addressing the impact of oil price fluctuations on macroeconomic growth, financial stability, and government spending in oil-exporting countries (Rasheed, 2023). Some studies have also investigated the repercussions of these fluctuations on specific sectors or broader social issues, such as the impact of the COVID-19 pandemic and the decline in oil prices on poverty in Iraq (Al-Yasiri et al., 2021), or the economic and social effects of unemployment on aggregate demand and the labor market (Al-Ruby, 2021). The other studies have highlighted the need to diversify economies and invest in renewable energy to respond to fluctuations (Bakhit, Sudani, and Najm, 2023), and resource and waste management problems in the oil business (Glukhonina and Ibrahim, 2025). Additionally, the research on governance and development in the southern part of Iraq (Shamri and Haddad, 2023) and the connection between the process of state-building, climate change, and violence in Basra (Wilkinson, 2023) further emphasize the various vulnerabilities of the oil-dependent areas.

Nevertheless, regardless of how well this literature covers the macro and sectoral dimensions of the effect of oil prices, a research gap still exists: the lack of disciplined fieldwork studies that directly and in-depth examine household expenditure behavior in large Iraqi cities like Baghdad and Basra. The bulk of the literature either concentrates on government revenue and expenditure or simply covers more general social problems without exploring the direct and fine-scale aspects of household consumer behavior. The research paper is an effort to address this gap by integrating consumer behavior and fiscal policy theory, field information, and micro analysis of how the Iraqi families adjust spending, saving, and borrowing decisions to the oil price shock.

6. Methodology

The current research is founded on a rigorous research methodology, and its objective is to offer a rigorous methodological approach to the analysis of the effect of global oil price fluctuations on the spending pattern of Iraqi households (Singh et al., 2021). This kind of study is categorized as descriptive analytical because it is not aimed at manipulating or controlling variables; conversely, it is associated with describing the phenomenon under study (household spending patterns and their influence on oil fluctuations) and trying to determine the relationship between variables. The study design is designed according to a quantitative methodology, which presupposes the gathering of measurable numerical data and quantitative analysis, which will allow making objective and generalizable conclusions within the boundaries of the chosen sample.

The target population will be all households in the governorates of Baghdad and Basra, Iraq. The selection of these two cities was done with a lot of care due to their demographic and economic weight, and since they are major urban centers where the mechanisms through which the families are affected by oil price changes can vary. In terms of the study sample, it was chosen by adopting the proper sampling technique (Convenience Sampling), considering the significance of pursuing to maximize the diversity and relative representation of various demographic, social, and economic groups in the two cities, to increase the credibility of the findings. The total sample size from which the data were collected was 1,500 completed and valid questionnaires for analysis, which is considered sufficient to ensure the statistical strength of subsequent analyses and the possibility of drawing statistically significant conclusions.

The Structured Questionnaire was the primary data collecting instrument of this research. The questionnaire is well-designed to make it reflect all the dimensions of the research and meet its goals. The questionnaire was divided into several main sections; First, demographic and socio-economic of the households, which involved details of the city (Baghdad/Basra), age group of the head of the household, sex of head of the household, education level of head of the household, employment of the head of the household, average monthly household income, and household number. Second, household spending patterns, since this section was aimed at the measurement of the reported household spending changes on such vital consumption items like food, housing and rent, transportation, health care, education, and recreational items and accessories. The level of change (increased a lot, increased a little, did not change, decreased a little, decreased a lot) was measured by five-point Likert scales (Sabatini et al., 2025). Third, the effects of oil price changes and coping strategies because this section discussed how households generally perceive themselves in relation to the effect of oil price changes, how much they use borrowing as a coping strategy, how much they expect future oil prices to be, and how they evaluate the effects of oil price changes on their overall livelihood stability.

The study variables included a set of independent and dependent variables that were analyzed (Lee, 2022). The key independent variable is global oil price volatility, the impact of which has been measured indirectly by household self-perception and responses reported in the questionnaire on how these fluctuations affect their daily lives and spending patterns. As for the dependent variables, they included a wide range of household spending patterns and their financial and adaptive behaviors, namely: change in spending on food, change in spending on housing and rent, change in spending on transport and communications, change in spending on health care, change in spending on education, change in spending on entertainment and luxuries, change in saving/investment, resort to borrowing, and finally, the extent of the impact of oil fluctuations on the family's living stability.

A sequence of statistical analysis tools was used to interpret the quantitative data collected and achieve the objectives of the research by using the Python programming environment with the help of the pandas data processing module, numpy to perform some calculations, and matplotlib/ seaborn to create illustrative graphs. Such would include some of the following approaches:
Descriptive Statistics: Personal features. To give an overview and description of the fundamental features of the study sample and the most important variables, descriptive statistics were used. This worked with finding frequencies and percentages of categorical variables and finding the means, standard deviations, and minimum and maximum of quantitative variables.
Cross-tabulations: Associations between household spending behaviors and demographic and socioeconomic variables were analyzed by cross-tabulations. Their choice is largely because they allow one to easily identify patterns in categorical variables with large sample sizes. Although other improved methods, such as regression analysis, would have applied to test cause-and-effect relationships, the primary purpose of the research was not to test causality but to provide descriptive statistics and clarify associations instead. More research can be based on this study, or a regression or econometric-based model can be applied to generate deeper causal assumptions.
The table below presents some statistical summaries of the quantitative variables, which indicates that the average household size in the sample is approximately 5.44 people, as it typifies the average household size in the Iraqi setting, and that the questionnaire ID goes between 1 to 1500, which confirms the sample size.

Table 1: Descriptive Statistical Analysis of Quantitative Variables

	Survey	Household size
Count	1500	1500
Mean	750	5.44
STD	433	2.32221
min	1	2
25%	375	3
50%	750	5
75 %	1125	8
max	1500	9

The iterative distributions of key categorical variables are also presented in separate tables and graphs to illustrate sample characteristics and directions of responses. For example, the table and graph of the distribution of households by city show a convergence in the number of questionnaires between Baghdad and Basra, ensuring a balanced representation of the two cities in the analysis.

Table 2: Distribution of Households by City

city	Number	Weight (%)
Baghdad	753	50.2
Al-Basra	747	49.8

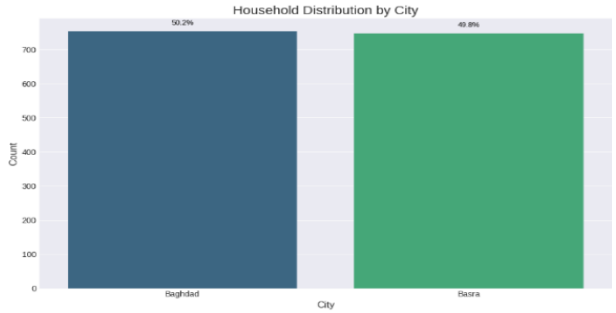

Fig 1: Household distribution by cities

The distribution of households by age group of the head of household, as shown in the table and graph, provides an insight into the age composition of the heads of households, with the largest proportion concentrated in the middle age groups (31-40 years), which may reflect the most economically active group.

Table 3: Distribution of Households by Age Group of Head of Household

Age Group	Number	Weight (%)
20-30	391	26.07
31-40	485	32, 33
41:50	394	26.27
51	230	15.33

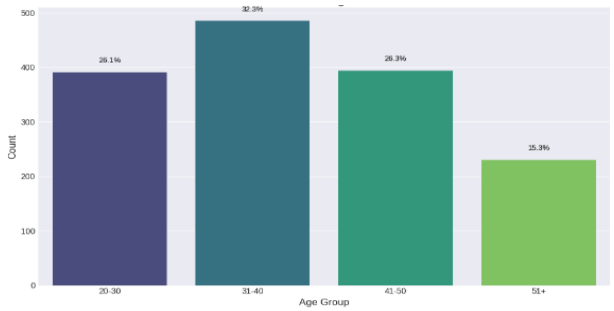

Fig 2: Households by Age Group of Head of Household

The distribution of households by sex of head of household shows, as expected in the Iraqi context, male dominance as heads of households in the sample, reflecting the traditional social structure.

Table 4: Distribution of Households by Sex of Head of Household

Gender	Number	Weight (%)
male	783	52.2
Female	717	47.8

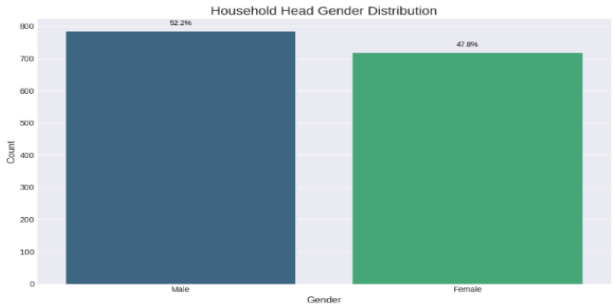

Fig 3: Households' Gender Distribution

The distribution of households by the educational level of the head of household highlights that the university category constitutes the largest proportion, which may affect the level of financial awareness and the ability to adapt to economic changes.

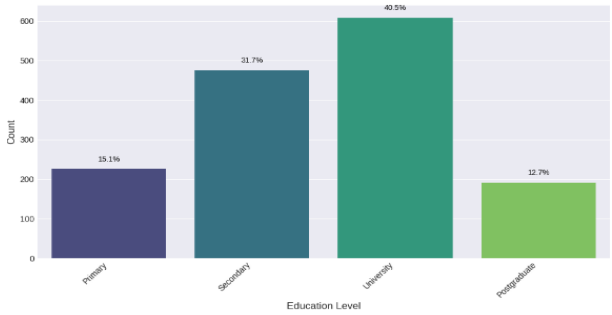

Fig 4: Households' Educational Level Distribution

Table 5: Distribution of Households by Educational Level of the Head of Household

Academic Qualification	Number	Weight (%)
Primary education	226	15.07
Secondary school education	475	31.67
Higher education	608	40.53
Postgraduate education	191	12.73

Regarding the employment status of the head of household, the distribution shows that the "government employee" represents the largest segment, which is expected in a rentier economy that relies on the public sector as the main operator.

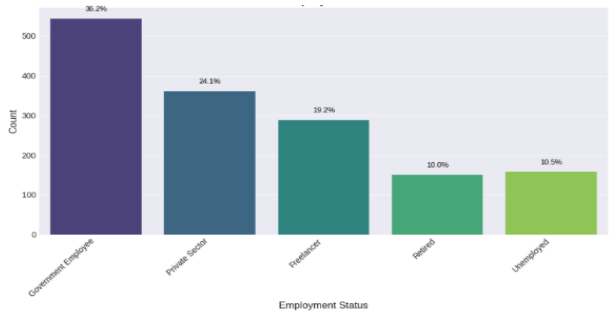

Fig 5: Households Distribution by Employment Status

Table 6: Distribution of Households by Employment Status of Head of Household

Employment Status	Number	Weight (%)
Government employee	543	36.2
Private Sector	361	24.07
Self-employed	288	19.2
Retired	150	10
Unemployed	158	10.53

The distribution of households by average monthly income shows that most households fall into the middle-income category, with significant proportions in the low- and high-income categories, providing a diverse base for analyzing vulnerability to economic shocks.

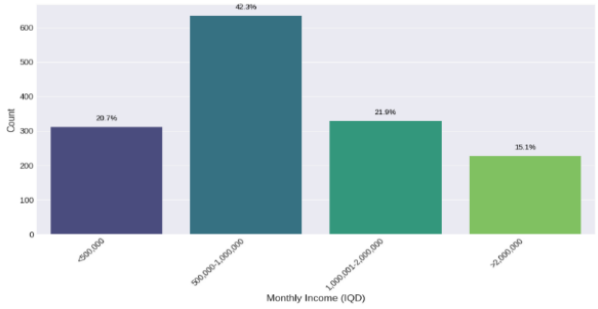

Fig 6: Households Distribution by Monthly Income

Table 7: Distribution of Households by Average Monthly Income

Monthly Average Income	Number	Weight (%)
<500,000	311	20.73
500,000-1,000,000	634	42 (27%)
1,000,001-2,000,000	328	21.87
> QAR 2,000,000	227	15.13

The distribution of households by number of household members provides a picture of household size in the sample, with households spread across a wide range of sizes, allowing analysis of the impact of household size on expenditure.

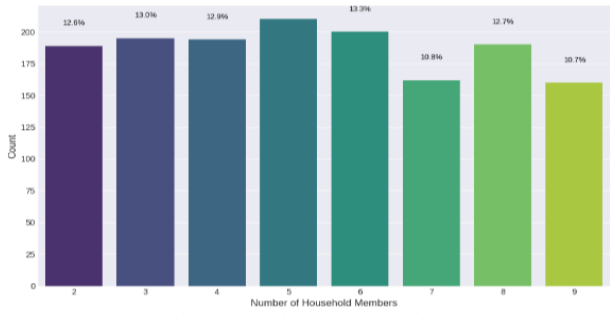

Fig 7: Households Distribution By Number of Members

Table 8: Distribution of Households by Number of Household Members

Household Size Cat	Number	Weight (%)
2	189	12.6
3	195	13
4	194	12.93
5	210	14
6	200	13.33
7	162	10.8
8	190	12.67
9	160	10.67

In terms of households' perception of their vulnerability to oil price fluctuations, the distribution shows that most households acknowledge the vulnerability, underscoring the importance of the problem considered.

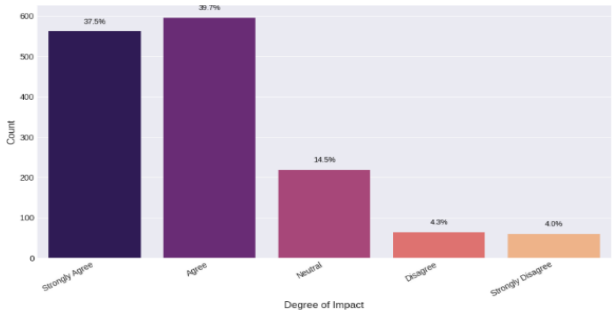

Fig 8: Households Distribution By Degree of Impact

Table 9: Distribution of Household Responses to Vulnerability to Oil Price Fluctuations (General Concept)

	Number	Weight (%)
Strongly agree	562	37.47
Agree	596	39.73
Neutral	218	14.53
Disagree	64	4.27
Strongly disagree	60	4

Looking at coping mechanisms, the distribution of household responses to resorting to borrowing shows that a large proportion of households have been forced to borrow, reflecting the financial pressures they face. Households' future expectations of oil prices provide insight into how optimistic or pessimistic households are about price stability, which may affect their future consumption and savings decisions. Finally, the distribution of household responses to the extent to which oil fluctuations affect livelihood stability demonstrates that a large proportion of households perceive a negative impact, underscoring the critical need for supportive policies.

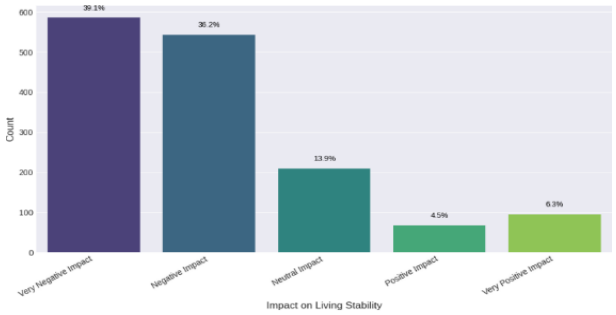

Fig 9: Households Distribution By Impact of living

Table 10: The Extent of the Impact of Oil Fluctuations on the Family's Living Stability

	Number	Weight (%)
Negative effect	586	39.07
Negative effect	543	36.2
Neutral effect	209	13.93
Positive impact!	67	4.47
Positive impact!	95	6.33

In terms of spending patterns, the intellectual distributions of each item of expenditure show that most households have seen an increase in spending on necessities such as food, housing, and transport, while luxury and savings items have seen a decline, reflecting the response of households to economic pressures.

7. Results and Discussion

This section provides a detailed presentation of the results obtained from the statistical analysis of the questionnaire data, followed by an in-depth discussion of these results considering the objectives of the study, the theoretical framework, and previous studies. These findings aim to answer the main research question on the impact of global oil price fluctuations on the spending patterns of Iraqi households in Baghdad and Basra. In this section, emphasis is placed on exchange tables and stacked graphs, as they show relationships between variables and provide direct insights into how households' demographic and socioeconomic characteristics influence their responses to oil price fluctuations.

7.1. The impact of the city on households' perception of oil price fluctuations

The findings indicate that there is a convergence between Baghdad and Basra regarding perception of vulnerability, with a slightly higher number of Basra households indicating strongly agree (40.16) than Baghdad (34.79). This is an indicator of the geographic and economic closeness of Basra to oil production and export regions, which supports the rentier state theory, since households in oil-producing regions are more directly impacted by the oil-sector processes. However, the general resemblance of the two cities depicts how the reliance on oil is central and penetrates the whole economy of the country, thereby forming a characteristic vulnerability. Similar results are observed in Nigeria, where oil-producing communities of the Niger Delta, as well as inland areas, have the same welfare effects of oil shocks, with local variations.

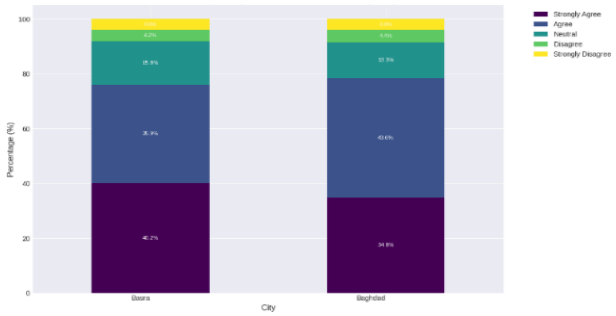

Fig 10: Cities Affected by Oil Prices

Table 11: Reciprocal Table: City Affected by Oil Price Fluctuations

City	Strongly Agree	Agree	Neutral	Disagree	I Strongly Disagree
Basra	40.16	35.88	15.8	4.15	4.02
Baghdad	34.79	43 – 56	13.28	4.38	3.98

7.2. The impact of average monthly income on the change in food spending

The greatest proportions of households with low levels of income (IQD 500,000) indicated the greatest increases in food spending (63.67% increased a lot), as anticipated by consumer behavior theory, which predicts necessities taking the forefront of expenditure when incomes are constrained. This finding concurs with the resource curse hypothesis, where it is hypothesized that the economies that are dependent on resources are spread external shocks disproportionately vulnerable to external shocks. The Iraqi scenario is like Venezuela, where oil collapses caused hyperinflation, leading to loss of purchasing power of basic items, which affected the low-income earners proportionately. These results show that the volatility of oil solidifies inequality by compelling poor households to devote a higher proportion of their scarce resources to survival.

Table 12: Exchange Table: Average Monthly Income * Change in Food Spending

Monthly Household Income IQD	Increased A Lot	Increased Slightly	Change	Decreased Slightly	Decreased A Lot
<500,000	63.67	26.05	10.29	0	0
500,000-1,000,000	28.86	41.32	20.66	6.47	2.68
1,000,001-2,000,000	88	38.41	21.04	7.93	2.74
> QAR 2,000,000	27.75	41.41%	21.59	7.49	1.76

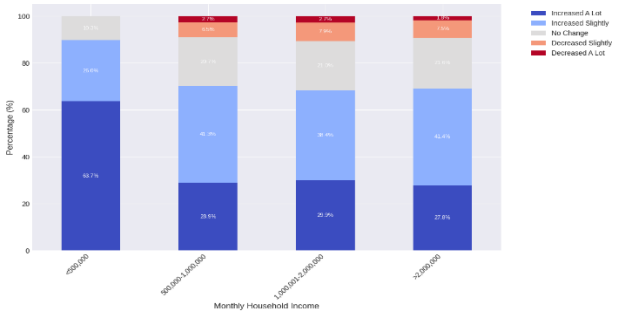

Fig 11: Average Monthly Income

7.3. The impact of average monthly income on entertainment and luxury spending

Households with high income (> IQD 2,000,000) were in a better condition to sustain spending on leisure, whereas low-income households cut it by a big margin. This shows disparities in resilience based on income: richer populations have buffers of financial resources, which enable them to buffer consumption, whereas poorer populations reduce non-essential expenditures initially. The findings are echoed in the world experience on oil-dependent countries such as Nigeria, which also show that oil-related shocks cause the poor to experience sudden disruptions in discretionary spending and the elites to continue living in their ways. The Iraqi data therefore confirms that the volatility of oil increases disparities in the living and welfare standards.

Table 13: Exchange Table: Average Monthly Income * Change in Leisure and Luxury Spending

Monthly Household Income IQD	Increased A Lot	Increased Slightly	Change	Decreased Slightly	Decreased A Lot
<500,000	8.04	15.76	26.37	28.62	21.22
500,000-1,000,000	9.46	14.51	24.13	32.02	19.87
1,000,001-2,000,000	9.45	13.11	26.52	98	14.94
> QAR 2,000,000	0	0	36:12	33.48	30.4

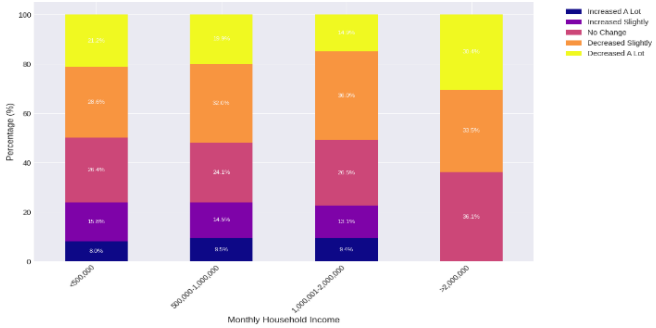

Fig 12: Average Monthly Income

7.4. Employment status and borrowing as a coping mechanism

According to the survey results, the most likely group to borrow is retirees (54%), which is a result of the limited and fixed sources of income. Uncertainty in global oil prices in a rentier economy such as Iraq translates to fiscal instability, given that pensions are mainly funded using oil earnings. The drop in oil revenues weakens the capacity of the government to uphold the impact of pensions, stimulating the retirees to sink into debt to sustain them. According to consumer finance theory, borrowing is generally the last resort that is pursued once all other methods of consumption smoothing instruments, such as decreasing discretionary spending or utilizing savings, are not working. The same has been experienced in Angola, where the retirees and low-income earners became increasingly reliant on credit during oil shortages. This tendency speaks of the necessity of social protection tools in Iraq, e.g., special cash transfer and inflation-linked pensions to the disadvantaged.

Table 14: Reciprocal Table: Employment Status of the Head of Household * Recourse to Borrowing

Head Employment Status	No (%)	Yes (%)
Government Employee	57.83	42.17
Private Sector	59.28	40.72
Freelancer	54.86	45.14
Retired	46.00	54.00
Unemployed	57.59	42.41

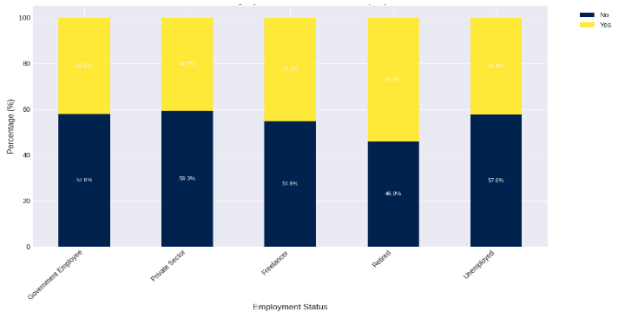

Fig 13: Employment status

8. Education and Perceived Stability of Living

According to the discussion, the household perceptions of the adverse effects of oil price changes were high across all education levels, with the percentage of very negative and negative responses standing at 75-78% of the sample. Despite its association with increased awareness and in some diversification of revenue streams, education does not protect households against systemic weaknesses associated with oil reliance. A slightly smaller number of pessimistic postgraduate households were found, but the general image proves the resource curse view; the structural dependence on oil revenues suppresses the human-capital individual benefit. The same trends are observable in Venezuela, as advanced degree professionals continued to experience the fading stability amid oil collapses that created inflation and currency crises.

Table 15: Exchange Table: Educational Level of the Head of the Household * Extent of the Impact of Oil Fluctuations on the Stability of Living

Head Employment Status	No (%)	Yes (%)
Government Employee	57.83	42.17
Private Sector	59.28	40.72
Freelancer	54.86	45.14
Retired	46.00	54.00
Unemployed	57.59	42.41

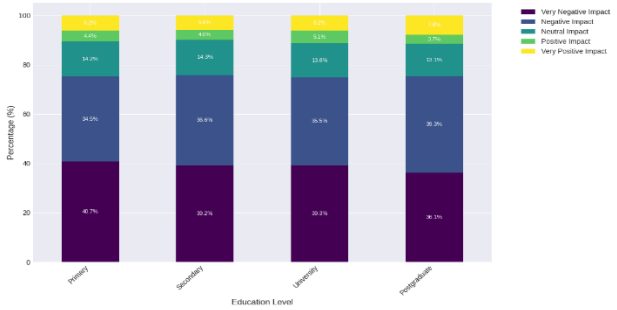

Fig 14: Educational level

9. Household Size and Food Spending

Vulnerability was also found to be highly dependent on the size of the household. Food spending increased the most (41.36% increased a lot) among larger families, especially families of 7 or more. Household economics: Larger families are disproportionately affected by shocks due to their inflexibility in terms of expenditure requirements. Cases of Nigeria and Venezuela point to the fact that bigger families will always experience food insecurity in times of oil crises. In Iraq, this would require specific subsidies and food aid policies when it comes to large households, to ensure that the demographic pressures are not converted to long-term vulnerability.

Table 16: Number of Household Members * Change in Food Spending

Household Size (Members)	Increased A Lot (%)	Increased Slightly (%)	No Change (%)	Decreased Slightly (%)	Decreased A Lot (%)
2	34.16	39.11	17.82	5.94	2.97
3	37.44	37.95	17.44	5.64	1.54
4	36.08	37.11	19.07	6.19	1.55
5	35.71	38.69	17.86	5.36	2.38
6	40.00	31.50	20.50	5.50	2.50
7	41.36	35.80	19.14	2.47	1.23
8	31.58	40.53	16.84	9.47	1.58
9	33.33	39.68	21.16	3.70	2.12

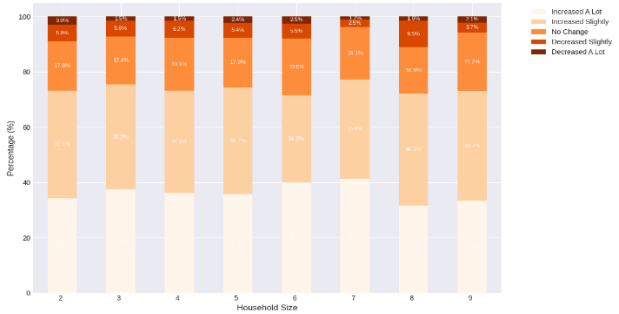

Fig 15: Food Spending

10. Conclusion

This paper has shown that the oil price volatility in the world has a direct and substantial effect on the households in Iraq that goes beyond the macroeconomic indicators to the microeconomic realities of life. The results of a field survey in Baghdad and Basra corroborated the findings that households always view oil changes as destabilizing factors, with low-income households, retirees, and large families facing the most significant burdens. These categories also recorded disproportionate growth in the consumption of necessities like food and drastic declines in the consumption of non-essential goods, and a higher dependence on borrowing as a buffer. Despite a few differences that exist between the two cities, the overall results reveal that the effects of the presence of oil shocks are widespread and systemic. Hypothetically, the findings are conducive to rentier state and resource curse theories, showing how fiscal vulnerability due to overreliance on oil incomes leaks over into the insecurity at the domestic level. The fact that education and employment diversity did not help families to avoid such vulnerabilities also contributes to the structural nature of the problem. Regarding household economics, the results indicate that the current asymmetry between households' potential to smooth consumption amid shocks, and income and household size, turns out to be a resilience predictor.

The study outlines some ways in which research and policy can be innovated in the future. Firstly, the role of digital financial instruments (mobile banking and microcredit platforms) might be discussed to cast some light on the new opportunities for households to cushion against volatility. Second, research is required on the potential impact of renewable energy changes and economic diversification to reduce the reliance on the oil system. Third, it is also urgently needed to quantify and create social safety nets, in particular, certain subsidies, pensions, and cash transfer programs, which can offer some shield to the most vulnerable categories.

To conclude, although the oil wealth of Iraq has always been an economic backbone of the country, the evidence proves that relying on one unpredictable factor will continue to contribute to fragility on the household level. To deal with this, it is crucial to have macroeconomic reform as well as micro-level interventions to increase resilience, mitigate inequality, and promote sustainable development against global energy transitions.

11. Recommendations

Strengthening social protection networks. Implement specific cash transfer schemes to low-income families, retirees, and large families in the style of the Brazilian Bolsa Familia to protect them against the effects of inflation. The idea of food baskets and energy allowances can be further subsidized to safeguard more vulnerable groups of people against the immediate impacts of the oil-related price shocks.

Diversify sources of national income by investing in non-oil production sectors such as agriculture, industry, and services, reducing the vulnerability of the economy and households to oil price shocks.

Spreading financial awareness among families through governmental or non-governmental programs that promote a culture of saving, budget management, and diversification of household income sources.

Improving the quality of basic public services. Instead of general appeals to better health and education, focus on subsidized health packages among the vulnerable, lower the cost of transporting people with fuel vouchers to the low-income workers, and offer students from poor families scholarship opportunities. These are all direct impacts on household spending and resilience.

Future studies should expand the research to include more Iraqi governorates, with longitudinal household surveys and qualitative interviews, to explore adaptation mechanisms of the behavior. The comparison between the oil economies (i.e., Venezuela and Angola) would give a better understanding of the global trends in household vulnerability and resilience.

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