

Declining Oil Prices Will Not Lead to Iran's Surrender on the Nuclear Issue

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Global oil prices have plunged dramatically over the past six months, with the commodity now selling for under \$50 per barrel on world markets. The United States has been more than an idle spectator regarding that development. Low-cost producers--especially Washington's close ally, Saudi Arabia--can still operate profitably even at the current depressed prices, but higher-cost producers find their profit margins severely squeezed. Two such higher-cost producers are Russia and Iran, both geopolitical adversaries of the United States.

Contrary to conspiracy theories that have begun to circulate, there is little evidence that Washington and Riyadh orchestrated the price plunge to advance mutual foreign policy objectives. Global economic conditions, especially slowing growth rates in China and Europe, led to an oversupply of oil and the subsequent price correction. Nevertheless, the Obama administration is not unhappy about the economic discomfort that low oil prices are causing for Moscow and Tehran. U.S. officials hope that the mounting financial pressure will impel both countries to make concessions on key foreign policy issues. The decline in oil prices thus serves as a complement to the international economic sanctions that Washington and its allies have imposed to punish Russia and Iran.

U.S. leaders are likely to be disappointed regarding expectations of dramatic concessions from either country. It is wishful thinking to believe that Russia will ever relinquish its control of Crimea or tolerate Ukraine's membership in NATO. And prospects regarding Tehran's behavior are just marginally better. True, Iran has been increasingly willing to negotiate regarding its nuclear program, but that greater flexibility predates the decline in oil prices and seems primarily the result of a more moderate political leadership, especially President Hassan Rouhani, coming to power.

Throughout history, governments have been willing to watch their populations endure deprivation and even severe hardship if the strategic stakes were high enough. Tehran's conduct over the past two decades confirms that gaining international acceptance of Iranian rights with respect to nuclear technology is a high priority for the clerical regime.

The combination of international sanctions and depressed oil prices may inflict even greater pain on Iran's economy than it has so far, but that is still unlikely to change the government's stance

on the nuclear issue. Washington and the other Western powers need to be more realistic about what kind of agreement can be achieved. If the objective is to gain a commitment from Tehran not to build or deploy nuclear weapons, such a goal is probably attainable. Indeed, it is likely the Iranian leadership would have been amenable to such an arrangement even before the onset of additional economic pressure from the drop in oil prices. Rouhani and other Iranian leaders understand that deploying nuclear weapons would trigger a regional nuclear arms race that might well leave their country less secure than it is now.

However, if Washington seeks to eliminate Iran's ability to enrich uranium, even with limits and safeguards, there is little chance of reaching an agreement. Yet that is the apparent position of hardliners in Congress and the American foreign policy community. The increased fiscal and economic pain caused by the plunge in oil prices is not trivial for Iran, but it is unlikely to lead to capitulation on the nuclear issue. Anti-Iranian hawks who indulge in such expectations are deluding themselves. Unfortunately, given their strength in Congress, they may be able to sabotage prospects for a reasonable agreement.

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