

Why the US and Iran may exit a costly war

A popular narrative doing the rounds is that the US and Israel underestimated Iran and that the latter is giving them hell by fighting back heroically

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President Donald Trump's announcement that "very good and productive conversations" with Iran are underway has raised hopes that the long war that set the whole region on fire and sent the global economy into a tailspin could end soon. Notwithstanding the posturing by both sides about having won the war and having compelled the other to back down, the conflict has spiralled dangerously out of control, and a corrective course was imperative.



Also impinging on Trump's calculus are angry pleas from US allies in West Asia who have borne the brunt of Iranian counterattacks. The persistent insecurity complex in the region pitting Iran against American allies has exploded into an inferno during this war. (AFP)

For Trump, the surge in the price of oil from around \$73 per barrel when he launched the war along with Israeli Prime Minister (PM) Benjamin Netanyahu on February 28, to a high of \$120 per barrel by late March, is unviable. The SOS call by the International Energy Agency (IEA) that the war has had a worse impact on oil than the two oil shocks of the 1970s combined, and a worse effect on gas than the Russia-Ukraine war, reflects the gravity of the situation.

Trump's frustrated berating of his North Atlantic Treaty Organisation (NATO) allies as "cowards" and "paper tigers" for not heeding his demand to force open the Strait of Hormuz, the closure of which blocked nearly 25% of the world's oil supplies, reveals the limitation of even the world's most powerful military.

While the US itself no longer depends on crude oil supplies from West Asia, the overall global market prices affect the American oil industry. Rising gasoline

inflation for American consumers and the sharp downward trend in American stock markets seemed to have unnerved Trump, whose Republican Party is facing an uphill battle to retain control over the US Congress in the upcoming mid-term elections.

The war, dubbed Operation Epic Fury by the US military, has cost an estimated \$1 billion per day or \$1.3 million per minute. The exact timing of Trump's surprise announcement about secret talks with Iran leaves little doubt that he is most responsive to domestic economic pressures from within the US.

Also impinging on Trump's calculus are angry pleas from US allies in West Asia who have borne the brunt of Iranian counterattacks. The persistent insecurity complex in the region pitting Iran against American allies has exploded into an inferno during this war, leaving Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, Bahrain, Oman and Jordan vulnerable. While it has been reported that the Saudis pressed the US and Israel to keep attacking Iran until its threat is permanently neutralised, the Gulf monarchies cannot sustain debilitating direct strikes on their critical infrastructure and lifelines. If the US and Israel are unable to fully protect them, it is not in their interests to prolong the war.

Despite losing its entire top political and military leadership and reeling under relentless US and Israeli bombing, Iran's propaganda machinery has kept up the messaging that the US is staring at a second Vietnam in this war. Iran's counter-threats of an eye for an eye to every American and Israeli escalation are intended to convey not just defiance but project a balance of terror. But beneath the chutzpah and the posturing of a defiant national resistance against imperial foreign aggression lies a brittle and beaten regime whose economy and military are at rock bottom and whose domestic popular legitimacy has been dwindling for some time now.

Iran can still hurl lethal projectiles at Israel and the Gulf countries, but with decreasing intensity and effect. Iran's ballistic missile launches dropped by 95% from the first day of the war, when its Supreme Leader Ayatollah Ali Khamenei was killed, to the third week of the conflict. Claims that Iran has time on its side and that it can wait out the clock until the US and Israel fold up in exhaustion are contradicted by the ground reality that Iran is in no condition to be involved in a long war with dwindling resources, low public morale, and possible cracks in its elite governmental ranks after Khamenei's elimination.

A popular narrative doing the rounds is that the US and Israel underestimated Iran and that the latter is giving them hell by fighting back heroically. Such portrayals ignore lived realities inside Iran, where circumstances have gone from dire to unsustainable. Iran's religious military-industrial complex has to literally try to live to fight another day, for which a reprieve from the pressure of the war is an existential requirement.

Iran's revolutionary rhetoric and militaristic ego will not admit it, but its regional power and proxy networks lie in tatters today and it needs a pause in fighting more than its adversaries.

Iranian foreign minister Abbas Araghchi's lament that the US and Israel "deceived us with promises of no attack" after the June 2025 12-day war, and then "decided to attack us anyway", shows that at least some pragmatic elements in the Iranian regime are desperate for an end to wave after wave of crippling attacks. Araghchi's demand that Iran wants "guarantees to prevent the recurrence of aggressions" as a precondition for ending the current war indicates its vulnerability.

Given the rising risks for both sides, a ceasefire and end to the current round of fighting is certainly not irrational or unthinkable. It takes two to tango, and four weeks of mind-numbing violence has proved enough to underline their respective constraints and limitations to both sides.

While a permanent peace in the region is far from being achieved, the scale of the losses and disruptions conveys that brinkmanship is failing and pragmatism stands a chance.

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