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# The war in Iran is the perfect opportunity to kick fossil fuels, and we're missing it

The war in Iran has strangled one of the world's most important oil producing regions and trade routes, and gas prices have soared. UC Santa Barbara's Paasha Mahdavi, associate professor of political science and affiliated faculty at the Bren School, argues that the current conflict provides a unique opportunity to transition toward renewable energy. He sat down to discuss how circumstances have aligned, why countries are digging in their heels, and what solutions are actually working.

**The ongoing conflict in the Middle East is doing what a thousand green initiatives couldn't — driving people away from fossil fuels. Why is this trend so pronounced this time, and what could it mean for a transition toward renewable energy?**

Every oil shock since the 1973 oil embargo up to the 2022 invasion of Ukraine was a chance to pivot away from fossil fuels towards renewables, but each time we ultimately failed to do so.

This shock is different. The world is less economically reliant on fossil fuels now. We can grow our economies with fewer barrels of oil or fewer tons of coal for each dollar of GDP. And there's also the lower cost and greater scalability of renewables like solar and wind, not to mention the long-term energy independence that renewables

provide. And that’s part of the reason why we aren’t in a world of $200/barrel oil despite one of the largest supply shocks in history: 12–15 million barrels per day (roughly 11-14% of daily consumption) have stopped flowing through the Strait of Hormuz for almost six months.

**In a recent editorial in Science, you mention this boon to sustainability and energy independence is being hobbled. What’s going on, and why?**

Despite society’s astonishing advancement in clean energy technologies — not just solar and wind, but also battery storage and electrification of transport, heating and industry — my colleague and I document that nearly half of the world’s governments have enacted emergency measures as a result of the Iran war to effectively subsidize fossil fuels in their home countries. This ranges from fuel tax "holidays” to expanding consumer subsidies already in place on everyday fuels like gasoline, diesel, and kerosene. All of this makes fossil fuels artificially cheaper than what the market would otherwise dictate, and makes the switch to renewables that much more difficult.

**What danger do these subsidies pose to social stability, human and environmental health, and technical innovation?**

Fuel subsidies are the worst kind of energy policy. They drain government budgets to boost the most polluting kind of energy while discouraging investments in renewables. And our research over the last ten years, has shown that fuel subsidies are exceptionally hard to reverse given the political costs of repealing them. The danger is then that governments are not only redirecting money that could have been spent elsewhere — whether on public health, education, or the clean energy economy — but they are doing it in a way that will last for years to come given the stubborn durability of fuel subsidies.

**Fuel price is, in some ways, more than just a number. You claim it occupies a special place in the minds of the public. Tell us more.**

There is no other product in the market that’s price is as visible and as ubiquitous as gasoline. It’s up there with staples like milk and bread as one of the few commodities that everyone around the world consumes in some form or another.

But even milk and bread prices aren’t plastered around town in 3-foot-tall letters. I’ve driven an EV for nearly 10 years, but I still pass by gas stations on my way to campus and see gas prices in bright neon red.

More than that, gasoline and diesel prices have a direct impact on prices for nearly all material goods because they affect the cost of transport and shipping. So the public views fuel prices as one of the key indicators for things like inflation and the cost of living. And when prices go up — especially in places that have had artificially low prices — they blame politicians, often leading to protests or even in a few instances, revolution.

**You’ve given a pretty good account of the problem. So what kinds of solutions have been effective at addressing this insidious problem?**

We have found that the best way to tackle high energy prices is not through fossil fuel subsidies or tax holidays, but through deep and sustained investments in clean energy, public transportation, and urban/rural planning. Some of this is long-term, like building new bike paths, EV charging networks, or new intercity trains. There are also emergency measures, like cash transfers and targeted assistance for low-income households and subsidies for public transportation.

We are already seeing this across the world in response to the Iran war, in places like Pakistan, Indonesia, Egypt, or The Philippines. Ultimately, by reducing demand for fossil fuels, governments can more effectively remove fossil fuel subsidies without political backlash.

**Is there anything else people should know about this state of affairs?**

Most people don’t realize just how unbalanced the playing field is, and has been, for fossil fuels. The amount that governments spend to subsidize fossil fuel consumption is staggering, reaching a record $1 trillion in 2022 according to the IMF. So for those who say that renewables should not be given “handouts” and need to prove their viability in the free market, I would say, what free market are we talking about?

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