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Published by the Council on Foreign Relations

[Home](#) > How Deep Is Iran's State?

Tuesday, June 13, 2017

How Deep Is Iran's State?

The Battle Over Khamenei's Successor

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THE REFORMISTS FIGHT BACK

In "[Iran's Next Supreme Leader](#) [2]" (May/June 2017), Sanam Vakil and Hossein Rassam convincingly argue that the death of Iran's supreme leader, Ayatollah Ali Khamenei, will mark a turning point in the Islamic Republic. They are right that Khamenei desperately wants a smooth transition and is insisting that someone personally and ideologically close to him take over the helm once he dies.

But Vakil and Rassam err when they contend that "the deep state"—defined as "an intricate security, intelligence, and economic superstructure composed of underlings who are fiercely loyal to him"—will "safeguard the Islamic Republic long after he is gone." The problem with this argument is that the deep state is hardly invincible, and those in the regime who are aching for reform, including President Hassan Rouhani and his circle, are hardly impotent. In fact, the reformists consider Khamenei's departure a golden opportunity to steer the regime in a new direction, and they appear ready for battle.

A HISTORY OF FRICTION

Even though Vakil and Rassam are at times equivocal about it, Iran's deep state can be summed up in one name: the Islamic Revolutionary Guard Corps. As strong and sprawling as the IRGC is—consisting of not just a military-industrial complex but also media outlets and three separate intelligence agencies—it is innately aware of the limits to its power.

That's because the IRGC is but one of three legs of the Islamic Republic, after the office of the supreme leader and the presidency. Although the supreme leader and the IRGC do control much of the country's domestic and foreign policy, of the three institutions, the IRGC has the least claim to a political function. In his will, Khamenei's predecessor, Ruhollah Khomeini, explicitly asked the military to stay out of factional politics, warning, "The revolution belongs to all the nation." Even Khamenei, who has embraced the IRGC much more closely, has stressed the same message. In an October 2016 communiqué, for example, he forbade military, security, and intelligence forces from intervening in elections. Inside the labyrinth that is the Islamic Republic, no single group has an outright monopoly on power.

Indeed, the IRGC has long had a contentious relationship with the other centers of power, constantly resisting their attempts to marginalize it. It clashed first with President Ali Akbar Hashemi Rafsanjani in the late 1980s, when he sought, unsuccessfully, to incorporate the IRGC into the regular armed forces. Today, the group again finds itself in a struggle to maintain its stature. But this time, its rival is Rouhani, who, since Rafsanjani's death in January 2017, has emerged as the leader of an informal political network that has always been part of the Islamic Republic yet separate from the IRGC. In Tehran, they are usually referred to as "the technocrats."

In part, the mutual suspicions between the IRGC and the technocrats owe to their very different backgrounds and worldviews. The IRGC's leadership is made up of men who were in their early 20s when they joined Khomeini's movement for an Islamist utopia and first put on the IRGC uniform. They hail predominantly from poor urban or rural backgrounds and came to prominence during the Iran-Iraq War, when they managed to help repel the Iraqi army at a time when postrevolutionary Iran was seen as weak. The technocrats were also once young Islamist revolutionaries, but instead of donning IRGC uniforms, they manned the civilian ministries. Rather than rising out of poverty, they came from middle-class homes. Many were educated in the West.

Both groups were forged in the chaos that immediately followed the 1979 revolution, but each took a different lesson from that period. At the ministries in Tehran, the technocrats learned firsthand how revolutionary fanaticism—cutting off trade with the outside world, for example—could lead to international isolation and harm the economy. The IRGC, meanwhile, found that same fanaticism indispensable for mobilizing a small yet determined base to advance its interests, first on the battlefield against Iraq's Saddam Hussein and later against opponents on the home front. Today, the technocrats and the IRGC generals hold very different views on the merits of reform. The former want to bring Iran into the global economy, whereas the latter fear that the arrival of Western capital and technologies will endanger their economic interests.

As the principal beneficiaries of the regime, in terms of both power and money, the IRGC generals have all the reason in the world to oppose reform. Hence, after Rouhani was elected in 2013, the IRGC was quick to mobilize against his agenda. When Javad Zarif, Rouhani's foreign minister, managed to secure the international deal on Iran's nuclear program in 2015, the IRGC-controlled media portrayed him as not a real revolutionary, pointing out that he was pursuing a doctorate at the University of Denver when the IRGC's current leaders were in the trenches fighting Saddam. They have also pilloried Bijan Zangeneh, Rouhani's oil minister, for trying to bring Western investment into Iran's ailing oil and gas sector, never missing an opportunity to depict him as a sellout.

But the IRGC's efforts to defend its interests are not tantamount to a complete rejection of all Rouhani stands for; the generals recognize that they depend on the technocrats to keep the machinery of government running. After Rouhani became president, the IRGC engaged in another round of awkward give-and-take. Its official budget has increased, as has its meddling in Iraq and Syria, but at the same time, the president has tried to persuade the generals to lessen their domestic political and economic footprint. For example, he has used the nuclear deal to bargain with the IRGC: in exchange for staying further away from politics, its generals would get a share of the economic opportunities that result from the deal. The political tango is ongoing, but Rouhani is undeniably pushing back against the IRGC's penetration of state institutions.

Despite the ill will, all the factions within the regime engage in self-control, recognizing that a breakdown in political order could bring about the end of the Islamic Republic altogether. A desire to see the regime survive could compel the IRGC to compromise on its pick for supreme leader.

At the same time, Vakil and Rassam are far too dismissive of the power of Rouhani and the moderate-reformist ship he is now captaining; the technocrats will not sit idly by as the IRGC attempts to grab more power. After seeking to co-opt the IRGC, to no avail, Rouhani offered a blunt assessment of the group. "If you put intelligence services, guns, money, investment, and the media into the hands of one entity, then Salman himself would have been corrupted," he said in a 2014

speech, referring to the Prophet Muhammad's first Persian convert. Alluding to the IRGC's economic extortions, he added, "What used to happen under the table is now happening on the table." Rouhani's comments infuriated the IRGC's bosses. Mohammad Ali Jafari, the group's commander, reacted by implying that the president had a hidden agenda designed to undo the revolutionary character of the regime.

Rouhani also has something the IRGC and the supreme leader do not: legitimacy among the public. After all, the president is answerable to the ballot box. And unlike the security-focused IRGC, Rouhani and his technocrats can speak to the many socioeconomic problems affecting everyday life in Iran, from unemployment to environmental degradation to draconian social laws. Even in an autocracy, popular legitimacy matters, and in Iran, the technocrats come closest to reflecting the aspirations of ordinary Iranians.

KHAMENEI'S QUANDARY

No analysis of Iran's power struggle is complete without taking Khamenei into account. Vakil and Rassam do an excellent job outlining the supreme leader's patient consolidation of power since he took over in 1989. As they point out, Khamenei institutionalized the office of the supreme leader in ways his predecessor never did and greatly expanded his staff. But Khamenei made these changes not out of choice but out of necessity. He needed a well-oiled institution to compensate for what he lacked: the sheer stature of Khomeini. Khomeini needed only a microphone to mobilize his supporters; Khamenei has never had that luxury.

Indeed, Vakil and Rassam overestimate Khamenei's ability to drive events. It's worth noting, for example, that the constitutional changes that led to the creation of the Expediency Council—which is meant to be the final arbiter in the regime and whose members are chosen by the supreme leader—were decided before Khamenei became supreme leader. In fact, the idea of such a body had been floating around since the early 1980s. Khamenei became the key beneficiary of the 1989 constitutional changes, but he was not their instigator.

To secure his role, Khamenei entered into a marriage of convenience with the IRGC. In the 1990s, as the technocrats experimented with economic reforms, Khamenei and the IRGC were busy consolidating their power. At the end of the decade, as Vakil and Rassam explain, a group of IRGC commanders openly threatened to remove President Mohammad Khatami for not doing enough to crack down on student protesters. But contrary to the authors' account, rather than demonstrating the IRGC's power, the threat reflected its mutually dependent relationship with Khamenei. Khamenei needed the IRGC's muscle to deal with the protesters, and the generals needed his religious cover to act.

Khamenei and the IRGC have also shown themselves to be capable of political miscalculation. Consider their short-lived alliance with former President Mahmoud Ahmadinejad. Once the darling of Khamenei and the IRGC, the far-right politician eventually decided to go his own way, increasingly challenging the clergy. That proved to be his undoing. In April 2017, the Guardian Council, which vets candidates for elected office, let Ahmadinejad know that he was no longer qualified to run for president. In response, all Ahmadinejad could do was lash out, in coded language, against Khamenei and his IRGC allies. In the end, they had backed a man who proved more loyal to his populist supporters than to them.

What does all of this mean for the process of selecting Iran's next supreme leader? Given the regime's history of internal power struggles, Khamenei probably realizes that the IRGC cannot deliver a smooth succession on its own; that will require a broader compromise within the regime. Ahmadinejad and his cronies can be marginalized without disturbing the functioning of the state, but the technocrats around Rouhani, who actually run the government, are a key pillar of the regime. As one of the original revolutionaries from 1979 who brought the shah's mighty armed forces down, Khamenei knows that guns alone cannot keep the regime in power.

Meanwhile, the regime is far more divided today than it was in 1989, the last time it had to select a supreme leader. There are no towering figures who can oversee the process the way Rafsanjani did then. In other words, the probability of acrimony spilling out into the open during the transition is real, and the outcome of the process is hardly preordained. As for the Assembly of Experts, the body that elects the supreme leader, it is more likely to rubber-stamp whatever compromise is reached among the regime's elites than to actually influence the decision itself.

Yes, the IRGC is a far bigger power broker today, and yes, it sees Rouhani and his team as rivals with a soft spot for the West. But it is not so brazen as to suppose that it can handpick Khamenei's successor without risking deep disorder within the regime. Above all, what it and Khamenei cannot determine is the extent to which the technocratic faction will put up a fight. What they know for certain, however, is what they do not want: a bungled transition that drives the public out into the streets. At the end of the day, that fear should deter any single faction from imposing its choice on the others.

VAKIL AND RASSAM REPLY

Alex Vatanka is right to contend that "the moderate-reformist ship" captained by President Hassan Rouhani should not be underestimated in the forthcoming battle to replace Ali Khamenei. Seeking to transform the Islamic Republic from within, "revisionists," in the words of hard-liners, are indeed challenging the stability of the regime. The faction does retain relative popular legitimacy, as Vatanka suggests, and it represents a significant threat to Iran's deep state. But that is precisely why the deep state has actively sought to check the power of Rouhani and his technocratic team in advance of Khamenei's death.

The deep state is certainly not invincible, and it does have a track record of missteps, as Vatanka rightly claims. These errors are due to the reactionary and evolutionary process through which the deep state was created; it was not an organized conspiracy that commenced on a certain date and at a certain time. Above all, the deep state seeks to preserve the revolutionary nature of the Islamic Republic, and so its organization and capacity have grown in reaction to what it sees as internal threats.

Vatanka errs when he claims that the deep state is limited to the Islamic Revolutionary Guard Corps. As we wrote in our article, the deep state is "an intricate security, intelligence, and economic superstructure." Although the IRGC is an important pillar, the deep state contains a raft of other essential institutions, including the intelligence and security services, the judiciary, the religious bureaucracy, charitable foundations, various semiprivate entities, and even the office of the supreme leader.

Under Khamenei's stewardship, these institutions have grown more powerful than the elected bodies of the presidency and the legislature. Consider that Khamenei's office approves ministers of foreign affairs, intelligence, the interior, and defense before the parliament does. (It even vets Iran's ambassadors to Afghanistan, Iraq, and Syria.) Or consider that the IRGC's intelligence organization has the power to arrest and detain citizens and dual nationals without executive oversight.

Moreover, the deep state has a monopoly not just on force but also on wealth. The majority of the Iranian economy is effectively state-controlled—a share that is not limited to officially state-owned enterprises; it also includes semiprivate entities tied to the deep state. According to the research arm of the Iranian parliament, privatization has resulted in the transfer of almost 90 percent of government-controlled assets to companies and businesses associated with the deep state. As we wrote, one of those is the holding company Setad, which boasts an estimated \$95 billion in assets. To understand the company's power, consider what happened after Rouhani's crowd introduced a new system for oil contracts designed to attract foreign investment: it was only after Setad itself was able to sign such a contract that the hard-liners dropped their opposition to the program.

Revenues from entities such as these keep the deep state running—and will keep it running after Khamenei's death. That's because they have allowed the deep state to develop a patronage system that has secured the loyalty of millions of Iranians. As the succession battle heats up, that network will only prove more important, because the deep state will count on these constituents to support its political moves.

It is also important to correct Vatanka's misreading of the deep state's fear of foreign investment. Despite talk of self-sufficiency, the deep state does not oppose economic interaction with the wider world. In fact, in order to fund the deep state, the many private and semiprivate entities associated with the supreme leader, such as the charity Astan Quds Razavi, regularly do business with foreign companies. Their commercial ventures provide a critical source of revenue and employment. The difference between these economic links and what the revisionists want is that the deep state seeks a diversified portfolio of investment, from the United Kingdom, Russia, China, and beyond, rather than relying solely on Western capital and expertise. The hard-liners justify their version of foreign investment by arguing that only through diversification can Iran protect itself from future Western sanctions and from Western interference in issues of women's rights and civil society.

Ultimately, what the deep state fears most is a Soviet-style collapse of the Islamic Republic. During the 2009 protests, it demonstrated its willingness to use violence to prevent that outcome. Today, as it has signaled to Rouhani and the public, it is attempting to control the succession of the next supreme leader to do the same.

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