At the heart of that legal structure there is the true, internal structure, which must be protected. . . . History of the revolution shows us that anyone that wanted to transform the Establishment and halt the revolution has withered.

—Major General Mohammad Ali Jafari, former commander of the Islamic Revolutionary Guard Corps, April 2016

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair.

—Charles Dickens, A Tale of Two Cities

Introduction

The concept of the deep state has its origins in twentieth-century Middle Eastern authoritarian states that developed parallel but shadow decision-making structures designed to pursue an agenda that was independent from that of the elected government. Often referred to as the “state within the state,” the deep state operates in contrast to the modern concept of the “state.” Although there is no uniform consensus on the definition of the state and its impact, most scholars concede that the state consists of institutions that have legitimate authority to govern. In contrast, the deep state consists of networks that operate covertly without said legitimacy.

The Middle East’s long history of authoritarianism with political authority concentrated in the hands of those with coercive power has given way to the emergence of many a deep state. Networks consisting of political parties, intelligence services, the military, presidencies, and economic actors, both public and private, have come together in various countries to create a deep state. As suggested by academic Robert Springborg, “MENA [Middle East and North Africa] deep states were intended to impose control over potentially fractious, disobedient populations; to gatekeep the ruling coalition to ensure its members’ disproportionate shares of power and material resources; and to prevent or mitigate conflict arising within that elite. The logic of deep states was inimical to good governance.”

In the Middle East, scholars have identified and written about the presence of a deep state, particularly in Turkey, Egypt, and Iraq. Scholars have traced similar origins and
rationales in each context. However, in each country the deep state does not share similar characteristics or motivations.

Traditionally in the Middle East context, the deep state has been associated with Turkey’s secret network (derin devlet) developed within the armed forces by founding father Mustafa Kemal Atatürk. The Economist defined the Turkish deep state as a “network of individuals in different branches of government, with links to retired generals and organized crime that existed without the knowledge of high-ranking military officers and politicians.” From 1960 to 2016, the Turkish deep state played an influential role in a number of political coups designed to protect the secular Turkish republic from the influence of political Islamic parties.

The deep state was then further detected in Egypt after the 2011 Arab Spring that saw the deep state, composed of the bureaucracy, the military, and security services, undermine the elected presidency of Muhammad Morsi and the Muslim Brotherhood in an effort to return the military-dominated system to power. Unlike the Turkish model, the Egyptian model operates as an extension of the regime rather than in opposition to it.

British historian Charles Tripp addressed the nature of the Iraqi deep state, attributing its origins to British colonial rule, which set up a parallel system of patronage and networks. This network has had a lasting impact on political life in Iraq as the current Iraqi state bears traces of a shadow state operating between the surfaces throughout Iraq.

The Iranian deep state remains understudied as compared to the aforementioned cases. Although Iran’s deep state bears some similarity to those seen in Turkey, Egypt, and Iraq, its history, composition, motives, and activities differ by displaying markings that are intrinsic to the politics, culture, and institutions of the Islamic Republic. Understanding the intricate composition of the deep state is critical to mapping the visible and invisible centers of power in the Islamic Republic. Identifying the goals and objectives of the deep state will be particularly important when considering Iranian foreign and domestic policy as well as the critical issue of supreme leader succession.

The Iranian deep state can be identified through an examination of the economic and political networks of the unelected entities of the Iranian state. Using Persian-language desk research that includes accessing online Persian media and news sources and in-country, off-the-record interviews as well as our analysis of speeches and history, this paper traces the deep state’s growth and development and maps the role, relevance, power, and influence of the institutions connected to the Iranian deep state. The
following sections of this paper will identify and draw together these institutions making up the Iranian deep state.

**Who or What Is the Iranian Deep State?**

The Iranian deep state is composed of “an intricate security, intelligence, and economic superstructure” whose goal is to preserve the fundamental revolutionary nature, vision, and security of the Islamic Republic of Iran. Some analysts have argued that the Iranian deep state is composed of the Islamic Revolutionary Guard Corps (IRGC) and is evident in the IRGC’s growing representation within the Iranian economy and political institutions. We argue that the deep state goes beyond the IRGC, though. The deep state includes essential institutions such as the Office of the Supreme Leader (Beit-e Rahbar); the intelligence and security services; the judiciary; a religious bureaucracy; the foundations (bonyads); and quasi-private entities and their subsidiaries such as Setad Ejrayi Farmane Hazrate Imam (Executive Headquarters of Imam’s Directive, i.e., HEDI), Economic Organization of Astan-e Qods-e Razavi (Imam Reza Shrine), IRGC Cooperative Foundation, and Bonyad-e Mostazafan. This network of institutions forming the deep state combine to safeguard the security and stability of the Islamic Republic.

The deep state has not just a monopoly of force but also a monopoly on wealth. According to Springborg, the nature of the Iranian deep state is accurately captured by the “relational resources that consist of formal and informal linkages that connect the deep state internally to formal institutions, and outward to civil and political institutions including the economy.” Access to money and resources is critical for its patronage networks, employment, loyalty, and survivability—all defining features of Iran's deep state. Outlining the resources of the deep state is necessary to understanding the breadth of its influence alongside the challenges in unraveling it.

The story of the Iranian deep state is a cautionary tale of two competing states. The visible elected bodies such as the executive and legislative branches have been struggling to contend with a deep state that is camouflaged within the unelected bodies of the state. Over time and under pressure, the visible elected bodies may collapse or become engulfed by the invisible, thereby changing the shape and composition of the Iranian political system.

Ideologically, the deep state is most fearful of a transformation (estehaaleh) of the Islamic Republic into a Soviet-style collapse (as seen in the Soviet Union from 1989 to 1991). As domestic dissent has grown in the Islamic Republic, the deep state has drawn from the experience of the Soviet model. To maximize the chance of regime survival, the deep state is already engaged in an overt battle over succession to protect its stake.
in the system. Starting with the student protests of 1999 and later with the Green Movement protests in 2009, it demonstrated its willingness to use violence. The deep state also controlled the 2017–18 protests and again exerted its influence through force in the 2019 protests after the gas subsidy cuts. It continues to send messages to President Hassan Rouhani and the wider public that it will defend the system through continued pressure and intimidation. Regime survival remains the paramount objective of the deep state. To keep the system intact, the deep state is currently defending its power and influence and protecting Iran’s Shia identity embodied through the only Shia political system and through patriarchal authority, regional influence, and anti-American posturing. Maintaining this hegemony is achieved through dominance of the economic and security system.

History

To date, limited academic or public information exists regarding the nature, growth, and composition of Iran’s deep state. The deep state has evolved in response and in reaction to political change in Iran, where a divide between state and society has resulted in limited popular support for the Islamic Republic. The deep state today is made up of a variety of pivotal interest groups, organizations, and individuals that have grown in power and influence under Ali Khamenei’s tenure.

The deep state in Iran has its roots in the postrevolutionary factionalism pitting political and ideological groups against one another. During his tenure as leader, Ayatollah Ruhollah Khomeini effectively balanced and managed the right and left ends of the spectrum of forces loyal to the Islamic Republic, holding the system together at the top with the backing of the clerical establishment—the original power brokers behind the revolution. Although sometimes differences ran deep, indicative of opposing motivations (i.e., revolutionary versus traditionalist), Khomeini was the counterbalance that gave each group a share of power. But tension between the two factions was not resolved and often ended in favor of the revolutionaries. Balance of power between the groups was thus fragile.

During the Iran-Iraq war years lasting from 1980 to 1988 in particular, internal competition between groups was kept at bay, although not diminished, through the large-scale war effort and the towering influence of Khomeini himself. Nevertheless, groups were also separated between those on the left who were seeking to preserve state control over the economy and those on the right who frowned on government intervention. In the post-Khomeini era, the revolutionaries gradually moved toward pragmatism, internally and externally, whereas the traditionalists sought to preserve the traditional revolutionary principles of the Islamic Republic. This group was aligned with the hard-liners close to the supreme leader, favoring an aggressive foreign
policy and sharia-inspired domestic policy. Parliamentary politics and alliances during the first decade of the Islamic Republic reflected the underbelly of factional and economic competition that would come to embody post-Khomeini Iran and the soul of the contemporary deep state.

Khamenei’s shifting relationship with the clergy, with former president Ali Akbar Hashemi Rafsanjani, and with the IRGC has helped to cement his authority and base of support. Moreover, the growth of the Office of the Supreme Leader has extended tentacles into all aspects of government life. From these shifts has emerged a circle of loyalists from the military, security, intelligence, and economic and financial organizations that coalesce around the supreme leader.

A gradual shift away from clerical support took place with the selection of Khamenei as the new supreme leader. Despite having clerical backing to become supreme leader, Khamenei was challenged by certain members of the clergy in 1994 when he began to publish his fatwas—a move that would elevate him to the position of marja (the highest source of emulation or following within the Shia clerical community). Many senior ayatollahs such as Ahmad Azari Qomi and Hossein Ali Montazeri were reluctant to grant him the much-needed clerical recognition. Grand Ayatollah Mohammad Ali Araki died in the autumn of 1994. He was the last among a group of emulation sources, including Khomeini, that had filled the shoes of the late Grand Ayatollah Hossein Ali Boroujerdi. A vacuum had appeared. Following Araki’s death, the Society of Seminary Teachers of Qom for the first time released a statement listing a group of seven prominent clerics that from its point of view possessed the necessary qualifications to be a marja. Khamenei’s name topped the list, while the names of other prominent ayatollahs such as Montazeri and even Grand Ayatollah Ali Sistani were conspicuously absent. To this day, the Society of Seminary Teachers of Qom releases the list annually.

To counter the perceived weakness in his clerical credentials, Khamenei would cautiously embark on a decade-long journey to fortify his position by building a network of loyalists that would come to define and support his rule. In doing so, he would subordinate the autonomous clerical structure of Qom under his financial authority, thereby stripping ayatollahs of their once-cherished independence. Critics of the supreme leader, such as Azari Qomi, Montazeri, and Ayatollah Yousef Saanei would eventually be marginalized, while regime supporters such as Ayatollahs Nasser Makarem Shirazi, Mohammad Yazdi, and Ahmad Jannati, among others, would benefit from Khamenei’s munificence. In August 1989, two months into his supreme leadership, Khamenei established his office and appointed Mohammad Golpayegani as his chief of staff and Ahmad Marvi as the Qom Seminaries liaison. He created the Hefazat-e Vali-e-Amr Sepah (Leadership Security Corps), which became an important
security apparatus for the deep state, as its commanders eventually were elevated to important positions throughout the security system.

The rise of the deep state is characteristic of the second republic that emerged after Khomeini’s death. As part of a larger objective directed to limiting factionalism and political obstruction, the rise of the deep state can be tied to the diminishing role and influence of the elected government. This pattern began during Muhammad Khatami’s presidency (1997–2005) and continues more forcefully today. Gradually, real power became concentrated in the Supreme Leader’s Office or in state entities that fall outside government oversight. Security forces most closely affiliated with the IRGC began to play a stronger role in politics, while a parallel, yet more powerful, intelligence apparatus was created. Resolution of disputes between the various branches of government was given to a para-constitutional committee that Khamenei established. He also appointed its chairman. Khamenei has even created his own Strategic Council on Foreign Relations.

Equally important to this story is Khamenei’s own relationship with Hashemi Rafsanjani, which would evolve from a tactical alliance to one of direct competition. During Rafsanjani’s first term as president, from 1989 to 1993, the two men coexisted, with Khamenei cautiously supporting Rafsanjani’s economic liberalization and postwar regional integration plans while being deeply skeptical of Rafsanjani’s cultural liberalization efforts. Statist conservative groups, however, were opposed to such liberalization efforts, and domestic opposition to Rafsanjani’s economic agenda began to mount. Conservatives won a majority in the 1992 parliamentary elections, giving them a pulpit from which to challenge the president. Khamenei seized on this growing conflict to come out openly against Rafsanjani in 1994 over the budget. Rafsanjani’s government was criticized for the growing economic malaise, including rising inflation and corruption.

During this period, Khamenei began to cultivate a strong relationship with the IRGC that would build and develop through the years. Khamenei made strategic appointments, including the appointment of Ali Shamkhani to head the navy and Mohsen Rafiqdust to head the Bonyad-e Mostazafan, replacing Mir Hossein Mousavi.

Khamenei’s political ascent coincided with the postwar, and naturally post-Khomeini, struggle for power and influence in Iran. Khamenei was now in a position to establish new alliances and contain or remove old adversaries. Thanks to the transitional period, an ideological and political purge had never been easier. The Revolutionary Guards, too, were striving to redefine their role in the state. They had the potential to provide the manpower of support. As president and commander of reconstruction, Rafsanjani was willing to give them a slice of the economic reconstruction pie while limiting their
political ambitions. Khamenei, however, was happy to share both the economic gains and political space with his new subordinates. Khatam al-Anbiya became an economic powerhouse for preferential state engineering and construction contracts. The IRGC membership base served as a recruiting tool of employment and patronage while IRGC contacts with para-statal foundations provided access to resources. The membership base and contacts would enable the IRGC to become a large engine of independent economic growth.

The IRGC has taken advantage of its national security authority to extend its control. In 2004, the Guards intervened to block a Turkish company from building the Imam Khomeini International Airport on national security grounds. The takeover of the Telecommunications Company of Iran by a Guards-affiliated consortium in 2009 was backed by similar motivations. Continued access to no-bid contracts under Mahmoud Ahmadinejad’s presidency allowed the IRGC to benefit from international sanctions imposed on Iran for its clandestine nuclear program.

Economic empowerment would lead to greater political influence, making the IRGC indispensable within the deep state. It was during the Khatami years, from 1997 to 2005, that the IRGC would emerge from the shadows to defend its interests and later those of the deep state. The July 1999 closure of the newspaper Salam resulted in massive student demonstrations, threatening the Tehran Spring. IRGC commander General Yahya Rahim Safavi personally called President Khatami, stating that if the demonstrators proceeded, they would be shot at. As events unraveled with attacks on dormitory students, twenty-four IRGC commanders wrote Khatami, implicitly calling for his resignation and stating, “With all due respect, we inform you that our patience is at an end, and we do not think it is possible to tolerate any more if [the issue is] not addressed.” Such direct intervention in domestic politics was a first for the Guards, the result of which neutralized the reform movement and President Khatami’s effectiveness. In effect, it was a deep-state coup against the government.

Another important shift came in 1998 as a result of a succession of murders of intellectuals. The assassinations became public when Dariush Forouhar, his wife, Parvaneh Eskandari Forouhar, and three dissident writers were murdered. These followed a series of dubious deaths of dissident intellectuals, which back then were interpreted as stern warnings against anyone who was plotting for a cultural transformation of the system. In reaction to the murders and to demonstrate accountability, President Khatami ordered a purge of the Ministry of Intelligence. Khamenei in turn brought a number of these marginalized officials into the Supreme Leader’s Office. With this shift, both the IRGC intelligence and the judiciary began to take over the detention of politically inclined civic actors who were considered threatening to the state. No longer part of the formal government, these intelligence
officers had closer proximity to the supreme leader. They began stoking fear that Khatami could be Iran’s Gorbachev. From this period on, Khamenei began to hint at an overthrow of a state.

From there, under Ahmadinejad’s presidency, from 2005 to 2013, IRGC members infiltrated various facets of government. Twelve former Guard members were appointed to Ahmadinejad’s cabinet while a number of Guards entered parliament and received governorships. The 2009 contested election brought the deep state into full view. Interior Minister Sadegh Mahsouli, a former Guards officer turned businessman, became an important government official who assisted with the elections. Moreover, the wholesale political and social crackdown that ensued was led by the IRGC—a move that would lead to its continued authority within the deep state.

The Iranian deep state supported the nuclear talks that culminated with the Iran nuclear agreement, the Joint Comprehensive Plan of Action (JCPOA). Because the deep state has economic investments throughout the country, we argue that the deep state calculated that a resolution of the nuclear issue with the West would open the door to increased investment and access to global markets. For the deep-state entities, access to technology and capital would improve their economic patronage within Iran. Indeed, many conservative elites, some of whom are associated with the deep state including Supreme Leader Khamenei, had reservations about the JCPOA dividend. Others, seeking to guarantee preferential access to domestic development contracts within the energy sector, exerted pressure in the negotiations over the new Iran Petroleum Contract (IPC). As a result, eight domestic organizations were approved alongside foreign ones to develop oil and gas projects. As a sign of their influence, the first IPC was awarded to Persia Oil and Gas Industry Development Company, which is an affiliate of Tadbir Energy Group.

Since taking office in 2013, President Rouhani has tried, albeit unsuccessfully, to curtail the economic influence of the deep state. In his 2017 reelection campaign, Rouhani directly accused entities associated with the deep state, including the judiciary and the IRGC, of corruption and mismanagement. Referring to them as “they,” Rouhani blamed the “they” for blocking his internal reform efforts.

President Donald Trump’s May 2018 withdrawal from the JCPOA and Washington’s maximum-pressure campaign have been a blessing and a curse for the deep state. On the one hand, the sanctions have severely damaged the Iranian economy, thereby also affecting deep-state patronage networks. On the other hand, President Rouhani and reformists who strongly supported the JCPOA have been blamed for the country’s economic woes. Political apathy evidenced in low voter turnout in the February 2020 parliamentary elections gave way to a conservative victory and the emergence of a
younger generation of politicians who favor resistance and resilience over compromise and integration, and who enable the deep state’s interests within the legislature. Through this period, the deep state has seen its regional forward defense strategy of pushing threat beyond its borders as successful compared to Rouhani’s JCPOA strategy.

We argue that as he consolidated power, Khamenei was guided by what he saw as the cautionary tale of the downfall of the Soviet Union. Seeking to prevent a similar event in the Islamic Republic was a theme that would appear in many of his speeches over the coming years. In fact, in 2000, a year after the student protests, in a speech to top officials of the state, he spoke about the collapse of the Soviet Union and how the big global powers had plans for the Islamic Republic too, stressing that “architects of those plans have similar dreams for the Islamic Republic.” He went on to underscore that Khatami was no Gorbachev and Iran was no USSR. In 2009, after the fateful elections and protests, he stated, “This American or Western plot [for the collapse of the Soviet Union] was not a military one. Primarily, it was a media scheme carried out with the use of newspapers, films, and the like. . . . Some fifty or sixty percent of it was about the impact of the media and cultural instruments. After the media factor, political and economic factors were important.” He went further to state that “the responsibility of the leader is to safeguard the Establishment and the revolution. You gentlemen run the affairs of the state. . . . The main responsibility of the leader is to ensure different parts are not out of harmony with the Establishment, Islam and the revolution.” The establishment became more synonymous with the deep state, through rhetoric such as “infiltration,” “soft warfare,” “transformation,” and “soft overthrow.”

The deep state is fixated on the jang narm (soft war) they fear is coming to Iran. Caught off guard in the 2009 postelection protests that resulted in a cycle of embarrassing demonstrations and revealed profound popular discontent, today the deep state is standing sentry against American infiltration and the impact of Western investment, both of which the deep state’s members believe are designed to weaken the Islamic Republic. This history and consolidation does not mean that the deep state is opposed to dealmaking with the West. In any negotiation, the deep state will seek to preserve its political relevance and commercial interests and protect against internal subversion.

The Deep State’s Economic Impact

Today, a significant portion of the economy is controlled by the state and the quasi-private sector, including individuals with political links to powerful circles in the deep state. Effectively, privatization in Iran has transferred the lion’s share of government-controlled assets to companies and businesses associated with the deep state. The economic tentacles of the armed forces and foundations such as Astan-e Qods-e Razavi,
Setad Ejrayi, the 15th Khordad Foundation, and even the Komite Emdad, among others, have large control over the quasi-private sector.

Patronage remains key to the deep state’s power. The assets of Setad, for instance, are estimated to exceed $100 billion and are vested in pharmaceutical, real estate, telecommunications, and oil and gas sectors. It is important to remember that opposition to the new petroleum contracts (IPCs) designed to attract foreign investment into the country subsided only after Setad’s Persia Oil and Gas Industry Development Company signed a deal. Moreover, Khatam al-Anbiya, the IRGC consortium, employs 135,000 people, and 300,000 more have jobs associated with the firm. Including their families, an estimated two million people are dependent on the organization for their livelihood.

Revenues from these institutions are diverted to fund the deep state that is controlled through the Office of the Supreme Leader, giving the office a key role in coordinating the deep-state machine. Khamenei has engaged a huge network of representatives and staff serving as the eyes and ears of the Beit-e Rahbar’s bureaucracy. The size and scope of the organization will survive beyond Khamenei.

The following sections identify and describe relevant institutions of the deep state:

**The Office of the Supreme Leader (Beit-e Rahbar)**

Khomeini relied on a very small coterie of officials to run his office. Khamenei has engaged a huge network of hundreds of representatives and staff. They are placed everywhere and report directly to Khamenei. Representatives are appointed to ministries, universities, the armed forces, and religious institutions. There are officials responsible for overseas affairs. For example, Ayatollah Mohammad Taghi Shahrokhi was selected for Southeast Asia and Hojjatoleslam Mohsen Rabbani for Latin America.

Another example of the breadth and soft-power influence of the Supreme Leader’s Office is the Al-Mustafa Open University, which has an annual budget of more than $80 million. The university has branches in more than 70 countries and more than 50,000 students from 125 countries. It even owns businesses in several countries. The supreme leader appoints the university’s director. The current director is Ayatollah Ali Reza A’rafi, who also heads the centralized apparatus for management of all nationwide seminaries.

The inner circle of Khamenei’s confidants, led by Hojjatoleslam Mohammad Golpayegani, the former Intelligence Ministry deputy, oversees the central command of the deep state. Mohammad Javad Iravani, former head of Setad Ejrayi and minister
of finance, oversees the performance of the economic wing. Brigadier Vahid Haqanian
conveys guidelines to the various branches of the state, while Hojjatoleslam Ahmad
Marvi coordinates with the religious establishment, including ayatollahs and relevant
seminaries. Hojjatoleslam Mohsen Qomi manages the parallel foreign ministry for
the Islamic world, making sure numerous foreign policy centers are all ideologically
aligned, while Brigadier Mostafa Izadi is deputy to the Grand Command for Strategic
Affairs and Oversight, which liaises with the armed forces managing Syria, Iraq, or
missile defense. Asghar Mir Hejazi, also a former Intelligence Ministry official, liaises
with the intelligence and security apparatus. Ali Moghaddam handles the department
receiving petitions from ordinary Iranians, who appeal for financial support or
assistance, or who make complaints. Alongside these deep-state personalities sits
staunch hard-liner Brigadier Ebrahim Jabbari, who commands more than 12,000 forces
of the IRGC’s Vali-ye Amr Independent Division, which is responsible for guarding
the leadership compound. At times, he is called in to maintain order in Tehran or is
rumored to be fighting in Syria.

Finally, Hojjatoleslam Hossein Taeb, who rose to prominence via the Supreme Leader’s
Office, now runs the Intelligence Organization of the IRGC, the most powerful
intelligence arm of the state. Taeb has the unusual distinction of being a trained
cleric and having served in the IRGC and in the Counter-Espionage Department of
the Ministry of Intelligence. He then moved to the Supreme Leader’s Office (after the
overhaul of the Ministry of Intelligence and Security [MOIS] under Khatami following
the serial killings of dissidents), helping to establish the parallel intelligence apparatus.
In 2009, he replaced Hojjatoleslam Gholam Hossein Ramezani, a close friend of
Mojtaba Khamenei, who was implicated for pulling strings from behind the scenes
during the 2009 protests, becoming commander of Basij, the IRGC’s paramilitary force.
Taeb’s mission is to immunize the Islamic Republic against “infiltration,” prevent its
“transformation,” and fight the “soft war strategy of World Arrogance to undermine
and finally overthrow the Establishment.”

Mojtaba Khamenei’s role is also important to consider. Mojtaha plays the role of
gatekeeper for his father, protecting his resources, reputation, and network. This
position is readily apparent in the howzeh (seminary), where a cleric’s son or close
family member becomes a close, trusted interlocutor for his father or relative.

Under the stewardship of Ayatollah Khamenei, these parallel institutions have grown
more powerful than the elected executive and legislative bodies. Sweeping authority is
evident when Khamenei’s office approves the ministers of foreign affairs, intelligence,
interior, and defense before they receive parliamentary approval. The Beit also
approves the appointment of Iran’s ambassadors to countries such as Syria, Iraq, and
Afghanistan. The IRGC’s Intelligence Organization, born inside the Supreme Leader’s
Office with extra-administrative jurisdiction to arrest and detain citizens and dual nationals, serves as yet another critical illustration of the deep state’s influence.

**Military Institutions**

**The Islamic Revolutionary Guard Corps (IRGC)**  The IRGC conducts the major part of its economic activities through the IRGC Cooperative Foundation and Khatam al-Anbiya Construction Headquarters.

The IRGC Cooperative Foundation was established in 1986. According to its Articles of Association, this foundation is a nonprofit managed by a board of trustees appointed by the supreme leader. The aim of the foundation is to deal with the financial and housing needs of the IRGC staff through providing land and construction materials. Its income comes from production, construction, and commercial activities; the IRGC; and no-interest banking institutions. The IRGC Cooperative Foundation has been active in housing, telecommunications, the automotive industry, and banking as well as in financial, agricultural, industrial, mining, and food sectors. Also, twenty-four housing cooperatives affiliated with the foundation are active in various provinces of Iran. This foundation entered the telecommunications market in 2009 by purchasing shares in major telecommunications companies. It sold its shares in these companies in 2018 following the US sanctions.

The Khatam al-Anbiya Construction Headquarters was officially founded in 1989 by the decree of the supreme leader of the Islamic Republic and in accordance with Article 147 of the Constitution. According to Article 147, the government must utilize the potential and the equipment owned by the military forces in the areas of relief and rescue, education, production, and construction jihad. Government support for war reconstruction quickly expanded such that it is active in petrochemical industries; ports and coastal structures; transportation; telecommunications and information technology; mining and related industries; the property market; agriculture; health and environment; heavy machinery and equipment production; procurement of not readily available products; cultural issues; and poverty eradication. According to officials, Khatam al-Anbiya has 30,000 permanent and 140,000 contract-based staff and indirectly employs an additional one million people.

In the current climate, Khatam al-Anbiya as a contractor itself works with 5,000 private contractors. It does not get involved in projects worth less than $23 million. According to its managers, Khatam al-Anbiya has carried out more than 2,500 development and economic projects. The size and the wealth of the company are indicative of its political influence.
The Basij  

The Basij conducts its economic activities through the Basij Cooperative Foundation and the Construction Basij Organization. The Basij provides structure and economic opportunity and serves as a fraternity and recruitment base for young Iranians.

The Basij Cooperative Foundation was formed in 1996. According to its Articles of Association, it is a nonprofit organization with independent legal and financial status and is affiliated with the Basij Resistance Force of the IRGC. It aims to educate Basij members and to lead, support, and cooperate with them in the areas of culture and the arts, science and education, housing, loans, provision of consumer goods, and health and health care. The Cooperative Foundation must support members to form cooperatives and to obtain permits, substantive agreements, and government credits and facilities. According to its Articles of Association, the activities of the foundation are limited to six institutions (Islamic Combatants Cultural Institute, Artistic Institute, Basij No-Interest Banking Institution, Basij Healthcare Institute, Combatants Scientific Institute, and Educational Services Institute), but in practice, the foundation has established many companies in financial, banking, health care, transportation, and trading sectors.

The Construction Basij Organization was formed in 2000 to replace the Construction Jihad. The aim of establishing this organization was to mobilize youth for development activities in deprived areas. The government provides its budget. The Construction Basij was allocated $3.2 million for 2018–19. The activities of this entity have spread to housing, industry, and agriculture. According to its director, this military-economic entity has established 145,000 production units in thirteen different sectors.

Law Enforcement Force  

The main economic arm of the Law Enforcement Force (LEF) is the Cooperative Foundation. The foundation started its activities in 1996, and its aim is to improve the living standards and welfare of the LEF staff through its activities in development and construction, services, technology, and finance and investment.

The LEF’s Cooperative Foundation began its activities on August 15, 1996, in the framework set by its Articles of Association. The foundation is designed to carry out its activities in four areas: development and construction, services, technology, and finance. According to its CEO, in 2014, the assets of the foundation were worth $14 million. The foundation has investments and interests in banking, construction, retail services, the hotel industry, transportation, mining, clothing manufacturing, information technology, and insurance.

Armed Forces Welfare Organization  

The Armed Forces Welfare Organization was established in 2002 by merging the Insurance and Retirement organizations of the
army, the IRGC, and the Law Enforcement Force with the Armed Forces Healthcare Organization. The supreme leader supervises this organization. The organization is responsible for providing social services, insurance, medical care, and retirement services to retirees, employees, or benefit recipients through its financial and commercial activities, investments, affiliated funds, and the revenues from legal deductions from the sums paid to the armed forces.

This organization carries out the major part of its economic activities through the Armed Forces Welfare Investment Company (Shastan) and the Ghadir Investment Company. The Armed Forces Welfare Investment Company was established in 2007 with the aim of achieving the highest profits for its beneficiaries. Through investment and the establishment and expansion of profitable businesses, this company is active in the fields of construction, mining and related industries, commerce and finance, petrochemical industries, and energy.

The Ghadir Investment Company was established in 1991 with $500,000 in primary capital. The company was originally called the Saderat Bank Investment Company and was owned by the Saderat Bank. In 1995, it was transformed into a public joint stock company and was accepted on the Tehran Bourse in the same year. In 1996, the shares of the subsidiary companies of the Saderat Bank were transferred to this company and were renamed the Ghadir Investment Company. In 2008, ownership of the Ghadir Investment Company was transferred from the Saderat Bank to the Armed Forces Welfare Organization. The economic activities of this company are carried out by eight holding companies in the petrochemical sector, electricity and energy, mining and related industries, transportation, construction, commerce and finance, and information technology and communications.

**Holy Shrines (Astan)**

**Astan-e Qods-e Razavi** The Razavi Economic Organization carries out most of the economic activities of Astan-e Qods-e Razavi. The Razavi Economic Organization was founded in 1997, and according to its Articles of Association, its aim is to secure lasting financial resources for the cultural and social activities of Astan-e Qods-e Razavi. The organization’s economic activities have expanded significantly over the years. To date, it is active in various business sectors such as the pharmaceutical industry, food production, carpet production, the development and construction industry, agriculture and animal husbandry, the oil and gas sector, information technology, and finance and investment.

According to its website, the Razavi Economic Organization owns more than seventy companies such as Quds Razavi Bread Company, Razavi Oil and Gas Development,
Ghods Niroo Engineering Company, MAPNA group, Shahab Khodro Company, FAVA Razavi Company, and Razavi Holding and Construction Company. The organization employs 12,000 people directly and indirectly, which makes it the largest holding company in eastern Iran.

**Astan-e Hazrat-e Masumeh**  The economic activities of the shrine of Hazrat-e Masumeh (in Qom) are carried out by the Zaer Karimeh Cultural-Economic Institute.

The Zaer Karimeh Cultural-Economic Institute is active in agriculture and animal husbandry, fish farming, real estate, and publishing in Qom Province. According to the institute's Articles of Association, all the revenues from these activities are allocated to Astan-e Hazrat-e Masumeh.

**Foundations (Bonyad) and Headquarters (Setad)**

**Bonyad-e Mostazafan**  Bonyad-e Mostazafan was founded in 1979 by a decree of Ayatollah Khomeini that called for the confiscation of all the movable and nonmovable properties belonging to the Pahlavi monarchy and the Pahlavi Foundation, and additional properties related to the dynasty. Bonyad-e Mostazafan was to protect the interests of the lower classes, impoverished workers, and government employees.

According to available accounting documents and the foundation’s website, most of the foundation's economic activities are concentrated in the service sector (mainly in finance and information technology), mining and related industries, energy, construction, and agriculture in the framework of eleven specialized holdings and 189 companies and institutions. This entity also owns cultural and social companies and institutes, which have extensive operations in their fields of activity.

According to the foundation’s financial records, in 2016, its assets were worth more than $1.3 million. Revenues from retail and services in the same year amounted to more than $600,000, 35 percent of which came from retail (mainly food, agriculture, oil, energy, industry, and mining) and 65 percent from services (mainly finance, banking, and information technology). The foundation’s net profit in 2016 amounted to $64 million, and the accumulated annual profits were more than $32 million.

**Foundation of Martyrs and Veterans Affairs**  The Foundation of Martyrs Affairs was founded in 1979. Following various modifications in 1994 and after merging with the Organization of Islamic Revolutionary Veterans and the Headquarters for Liberated Veterans Affairs, it continued its activities under the name Foundation of Martyrs and Veterans Affairs. According to the laws and regulations concerning nonstate public
entities, the government under the supervision of the supreme leader manages the organization. It received a budget of 13,958b tumans (Iranian currency) from the public budget in 2018. The Shahid Savings Fund, Kowsar Economic Organization, and the Day Bank are the three arms that carry out the economic activities of this foundation.

The Shahid Savings Fund was established with the aim of amassing some of the savings and belongings of the children of the martyrs (of the war) to invest and preserve their original value while creating accumulated value. The company is active in various fields such as commerce, real estate, investment and finance, fuel and energy, and infrastructure. The company was accepted on the Tehran Bourse in 2005.

The Kowsar Economic Organization has been active in the economy for four decades. Its mission is to play an effective role in the national economy, carry out social activities, and serve the families of the martyrs and veterans.

Established in 2010, the Day Bank, or, more precisely, the Day Financial Group, is the foundation’s arm in banking and financial markets. Like other banks, the Day Bank owns an extensive network of companies in the financial sector, which include money exchange bureaus, leasing, and stock-brokerage firms.

**Executive Headquarters of Imam’s Directive (HEDI)**

According to Article 49 of the Constitution, HEDI is responsible for the management of the assets at the disposal of the supreme leader. HEDI is mainly active in charity work and economic activities. In 2013, Reuters reported that this entity’s assets were worth $95 billion.

The economic arm of HEDI is engaged in real estate ventures and carries out investments through the Barakat Foundation and the Tadbir Economic Development Group.

The Barakat Foundation is active in the fields of entrepreneurship and development. It was established in December 2007 with 12,000b rials in capital. It has helped nearly forty companies become active in the construction of schools in rural and deprived areas. It also leads projects in deprived areas of the country with an emphasis on job creation and implementation of infrastructural projects such as road construction, housing for the poor, provision of water, electricity and telephone lines, mosque building, and agriculture. The assets of this entity have been estimated to be more than 50,000b tumans.

The Tadbir Economic Development Group started its activities on the basis of the motion approved by the general assembly of its founders on January 4, 1998. Tadbir
has seven specialized holdings that are active in various fields such as pharmaceuticals, energy, finance, construction, industry, telecommunications, and agriculture. It manages around sixty companies.

**The Housing Foundation** The Housing Foundation of the Islamic Revolution was established in 1979 by the decree of Ayatollah Khomeini to provide housing for the poor. The Housing Foundation was put in charge of the development of the country's villages and construction of housing units in cities within the framework of the policies and plans of the government. Rural development, reconstruction and construction of rural housing, the Mehr Housing, and Housing Providers’ Charity are among its most important projects.

The Housing Foundation has a central office in Tehran, 31 branches in provincial centers, and more than 278 subsidiary branches nationwide. In addition to these, seven organizations carry out the special tasks of the Housing Foundation related to housing development for the less privileged classes in cities and villages and reconstruction of areas damaged by natural disasters.

The Housing Providers’ Charity is currently active in thirty provincial centers and ninety-two cities. In 2015, it built 23,000 housing units. In the few reports provided to the media regarding the foundation's performance, in April 2018 the executive director of the foundation stated that for the reconstruction of rural houses, the development budget in 2016 had been 1,912 billion tumans, of which 60 percent was allocated to the projects at hand and 47 percent was received from the treasury. From the time of its establishment until the end of 2015, the Housing Foundation had built 123,102 housing units.

**Imam Khomeini Relief Committee** The Imam Khomeini Relief Committee was established in 1979 with the aim of overseeing relief activities offered to the impoverished. Similar to other revolutionary entities, the Relief Committee very soon entered the economic sphere. Its economic activities gradually moved beyond its initial goal of eradicating poverty, and today the organization is one of the country's largest cartels.

The Relief Committee is also allocated a budget from the country's public budget, which in 2018 amounted to 5,400 billion tumans. Moreover, 1,400 billion tumans of no-interest loans from banks to this entity has been allocated in the budget.

The supreme leader appoints the board of trustees of the Relief Committee. Its most recent members are Mohsen Kazeruni, Parviz Fattah, Mansour Borqai, Hamid-Reza
Taraqqi, Morteza Bakhtiari, and Marzieh Vahid-Dastjerdi. Its managing director is Parviz Fattah.

In addition to the budget allocated by the government, this entity receives gifts from the supreme leader, popular domestic and foreign donations, sums paid as religious gifts or duties revenues from its subsidiary economic and commercial companies, and funds from the sale of transferable and nontransferable assets.

The economic activities of this entity are concentrated in the Economic Collective of the Imam Khomeini’s Relief Committee, which covers twenty-six main companies grouped in four specialized holdings. The Real Estate Department of this entity is active in six geographical areas of the country.

**The Judiciary**

The judiciary plays the critical role in protecting the state by prosecuting against any and all dissent in the name of national security. The judiciary has been an influential and instrumental institution that in tandem with the intelligence services has indicted domestic detractors, including members of the political elite, civil-society activists, clerics, students, journalists, and dual and foreign nationals.

Western and Iranian nongovernmental organizations have often criticized trials for indicting the accused with little evidence, not respecting the basic principles of due process, and denying access to legal counsel. Many detainees in such cases have experienced long solitary confinement and been subject to forced confessions obtained during lengthy and grueling interrogations.

The judiciary manages the general courts that include civil, criminal, and family courts, appellate courts, and the revolutionary courts. The revolutionary courts manage all cases involving issues of national security. These include intelligence cases, corruption trials, drug smuggling, terrorism, and cases of insulting (moharebeh) Ayatollah Khomeini and Supreme Leader Khamenei. Following the 2009 presidential election and the subsequent protests, the judiciary took the lead in pressuring activists and prosecuting protestors who were seen to be involved in stoking dissent. The revolutionary courts broadcast the confessions and trials of journalists, activists, and even reformist politicians, many of whom were handed lengthy sentences.

In the first decade of the Islamic Republic, the revolutionary courts were responsible for purging the system of political dissidents, mainly through executions. In 1988, the judiciary was behind a mass purge that saw the retrials and executions of an estimated four thousand already prosecuted prisoners. The executions were apparently carried
out with the approval of Ayatollah Khomeini. Ebrahim Raisi, Iran’s current head of the judiciary, appointed in 2019 after a failed presidential bid, was reportedly part of a panel of judges involved in the executions. Since his judicial appointment, Raisi has spearheaded an anti-corruption campaign that has sought to cleanse the judiciary alongside other institutions from an entrenched culture of corruption. Through this period, high-level indictments from across the political spectrum have been witnessed.

Alongside the revolutionary courts, the judiciary has military courts, administration courts, and a special court for the clergy. Clerical courts have been used to manage clerical activism and indict clergy members who are more critical of the regime or have spoken out against the supreme leader.

**The IRGC Intelligence Organization**  In two separate speeches in 2019, the coordinating deputy of the IRGC, Mohammad Reza Naqdi, publicly acknowledged that the IRGC Intelligence Organization had not been solely dedicated to military intelligence. In fact, the IRGC had been given permission by Khamenei to expand its operations to that of an intelligence organization. The IRGC Strategic Department was thereby incorporated into the IRGC Intelligence Organization in early 2019. This suggests that the IRGC Intelligence Organization that was formed in 2009 had not originally been meant to permanently replace the IRGC Intelligence Department. Yet over time, Khamenei chose to empower the organization, giving it greater authority. Three years ago, in response to growing domestic threats, it was converted into a full-fledged intelligence service operating parallel to the Intelligence Ministry.

The IRGC also has a separate anti-espionage body. It was reported that the Intelligence Organization began creating units as early as 2013. Hossein Taeb was appointed head of the broader organization in April 2019.

The IRGC Intelligence Organization has a center for dealing with “organized crime,” including cybercrime, terrorism, espionage, money laundering, cultural onslaught, and insulting Islamic sanctities and the values of the Islamic Revolution. This organization has authority beyond that of the Intelligence Ministry. As a parallel intelligence body managed by the military, this entity is supervised only by Khamenei.

**Conclusion**

In identifying the range and breadth of institutions that are intrinsic to the deep state, it is clear that Iran’s deep state has become an indelible feature of the Islamic Republic. Born out of the factional tensions of the second decade of the revolution and the growing clout of the Supreme Leader’s Office, the deep state has morphed into a web of political, economic, and security influence that has penetrated both formal and
informal institutions. Ultimately, behind the facade of the elected government lies the structure of an embedded deep state.

Having learned from the Soviet experience, deep-state actors have worked to defend the system, impede the transformation of the state, and thereby prevent the redundancy of key individuals. Monopolizing financial resources has become necessary to sustain the deep state, its loyalists, and its network of employees and is key to blocking any liberalization effort that would result in an unseating of the deep state.

Although the deep state is ideologically dedicated to the idea of the Islamic Republic, it is unclear how committed the deep state is to its Islamic identity and ideology. The deep state is currently held together by Khamenei’s leadership, which has continued to hold fast to religious ideology. After Khamenei’s demise, though, in order to adapt and adhere to changing popular conditions and demographic realities, we expect that the deep state will demonstrate ideological flexibility.

Under the twin pressures of internal dissent and US sanctions, the deep state has become more visible to the public eye. Key individuals and institutions have become easier to identify. However, the economic offshoots and smaller tentacles of the deep state are more difficult to classify.

One of the biggest challenges for negotiations with the Islamic Republic has been confusion over the key individuals and decision makers inside the regime. Because a deep-state monopoly of power is underway in the country, it might be easier for the United States or Arab countries in the region to strike a deal with Iran. A consequence of this outcome, though, would be a deep-state consolidation of power and a marginalization of reformist and moderate stakeholders. In this climate, dialogue and interaction remain important tools to understand and engage with the diversity of perspectives that exist in Iran.

Because its network has been built over many decades, the deep state will most likely outlive Khamenei. How the deep state will evolve, though, particularly in the aftermath of Khamenei’s death, remains a key question. With no central party holding the state together, a China model, while desirable for the deep state, is not seen as a likely scenario for Iran’s evolution. Instead, we anticipate that a Russia model is more viable and attractive to Iran’s deep state because it sees contemporary Russia as centrally strong, nationalist, and opportunistic—all traits that are celebrated by Iran’s deep state.
NOTES


2 Scholars have also identified deep states in Algeria and Syria.


8 Traditionalists sought to maintain principles of social justice and Islam associated with revolutionary ideology. Revolutionaries who were originally statist in economic orientation shifted toward pragmatic economic and foreign policies.


11 In 2011, Ayatollah Mahmoud Shahroudi was appointed chairman of this committee, known as the Supreme Dispute Resolution and Coordination committee. After Shahroudi’s death, in August 2019, the committee has not been visibly active and no new head has been appointed.


24 Many conflicting estimates of private-public ownership of the economy exist. The authors have not found an accurate or credible figure that reflects the reality.


26 Sahimi, “The Chain Murders.”

27 “IRGC acknowledge they have arrested people who were protected like a president,” Dana News, April 28, 2019, https://www.dana.ir/news/1542215.html/%D8%A7%D8%B7%D9%84%D8%A7%D8%B9%D8%A7%D8%AA-%D8%B3%D9%BE%D8%A7%D9%87-%D8%A7%D9%81%D8%B1%D8%A7%D8%AF-%DB%8C%DA%A9-%D8%B1%D8%A6%DB%8C%D8%B3-%D8%AC%D9%85%D9%87%D9%88%D8%B1-%D9%85%D8%AD%D8%A7%D8%B8%D8%AA-%D9%85%DB%8C-%D8%B4%D8%AF%D9%86%DB%8C-%D8%B1%D8%A7-%D8%AF%D8%B3%D8%AA-%DA%AF%DB%8C%D8%B1-%DA%A9%DB%8C%DA%9F%DB%8C%DA%9F.
The Middle East and the Islamic World Working Group

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