

# Inside Iran's Regime (Part 3): IRGC Economic Frustrations

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## ABOUT THE AUTHORS



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Brief Analysis

## Top commanders have purportedly raised a slew of concerns with the Supreme Leader, from funding shortfalls to corruption among regime elites.

**A**s described in [Part 1 \(https://www.washingtoninstitute.org/policy-analysis/inside-irans-regime-part-1-growing-fissures-and-poor-morale-irgc\)](https://www.washingtoninstitute.org/policy-analysis/inside-irans-regime-part-1-growing-fissures-and-poor-morale-irgc) and [Part 2 \(https://www.washingtoninstitute.org/policy-analysis/inside-irans-regime-part-2-clerical-crisis\)](https://www.washingtoninstitute.org/policy-analysis/inside-irans-regime-part-2-clerical-crisis) of this PolicyWatch, a group of top commanders from the Islamic Revolutionary Guard Corps (IRGC) are said to have met with Supreme Leader Ali Khamenei in January, and the alleged minutes of the gathering include wide-ranging complaints about the force's cohesion and the Islamic Republic's direction. They also touch on three familiar themes—corruption, mismanagement, and fiscal constraints, each of which has taken on new life in the aftermath of the recent protest movement.

## Corruption and Incompetence

**A**ccording to the purported minutes, several commanders specifically called out Ali Shamkhani, the secretary of the Supreme National Security Council. For example, they colorfully accused his son of sporting a watch that costs as much as an average soldier makes in four years. Shamkhani was said to retort that his office had found the children of many commanders spending some 10 billion rials per month (about \$20,000 at the open market rate)—well above what their fathers' salaries alone would permit. Other high-profile corruption cases were referenced by name as well, including those connected with former judiciary chief Sadeq Larijani.

The IRGC and Shamkhani have been at the center of numerous corruption allegations over the years, so such complaints would make sense if true. Through various direct and indirect mechanisms, the IRGC plays a prominent role in many economic sectors, including energy, construction, and transportation. This creates ample opportunities for corruption, theft, and nepotism.

One of the most infamous recent cases involved the IRGC Cooperative Foundation and one of its subsidiaries, Yas Holding, which was reportedly linked to the IRGC Qods Force. Last year, an old [recording emerged](#)

<https://www.rferl.org/a/farda-leaked-conversation-corruption-irgc/31710316.html>) of the IRGC's leader at the time talking about embezzlement tied to the foundation and the Tehran municipality, after an audit revealed that large sums of the foundation's money had disappeared. The recording specifically referenced major figures of the day such as Muhammad Baqer Qalibaf, who served as Tehran's mayor during the alleged malfeasance, as well as the late Qods Force commander Qasem Soleimani and then-chief of IRGC intelligence Hossein Taeb. IRGC-linked media [confirmed \(https://www.al-monitor.com/originals/2022/02/irans-irgc-confirms-leaked-audio-former-head-discussing-corruption\)](https://www.al-monitor.com/originals/2022/02/irans-irgc-confirms-leaked-audio-former-head-discussing-corruption) the recording's authenticity.

Shamkhani has faced [corruption allegations \(https://iranwire.com/en/politics/71342/\)](https://iranwire.com/en/politics/71342/) as well, including some related to his wife's real estate holdings, his sons' shipping business, his nephew's potential connection to a building collapse, and his son-in-law's home construction. He has [denied \(https://www.bbc.com/persian/iran-60452366\)](https://www.bbc.com/persian/iran-60452366) these claims.

Some IRGC commanders at the January meeting also purportedly expressed frustrations with the competence of President Ebrahim Raisi's government and its predecessor. One commander was said to complain that ineptitude was so rampant among senior officials in Alborz province that the regional electricity director did not know the difference between a kilowatt and a megawatt. Another allegedly said that officials were so out of touch with the needs of the people that he doubted whether any of the commanders present could name the current price of chicken or meat. If such comments are accurately portrayed, they indicate that even some of the system's sworn defenders are deeply disappointed with Raisi's performance, despite the full conservative control over all levers of state power.

## Fiscal Challenges

The IRGC commanders were also said to complain about resource limitations. Some supposedly stated that salaries cannot keep up with the cost of living, especially for soldiers who are trying to support their families or put their children through college. One commander purportedly spoke of soldiers being forced to take multiple jobs, while another complained about the disparity in pay between soldiers on the border (who face attacks from smugglers and terrorists) and those who have desk jobs in Tehran. Two generals were said to mention that soldiers had been caught selling intelligence for cash.

Again, these claims are not at all surprising given the country's economic malaise, and they underscore that the IRGC is not immune to fiscal constraints imposed by corruption, mismanagement, and U.S. sanctions. Despite facing the most intense protest movement in the Islamic Republic's history, the government was unable to muster enough resources to [increase the budget of the IRGC \(https://www.washingtoninstitute.org/policy-analysis/irans-new-budget-perpetuates-economic-challenges\)](https://www.washingtoninstitute.org/policy-analysis/irans-new-budget-perpetuates-economic-challenges)—the country's most important security institution—to a degree that will keep pace with inflation. Although the public budget does not capture the entirety of defense expenditures, it provides a useful indicator of the government's fiscal capabilities. For the current Iranian year, which began last week, the government proposed to increase the IRGC's allocation by a third compared to last year, but annual inflation is currently above 50 percent, so the force's public funding will fall in practice. Government and military salaries experienced de facto cuts as well, since [the approved increases](https://www.irna.ir/news/85058495/%D8%AD%D9%82%D9%88%D9%82-%D8%B3%D8%B1%D8%A8%D8%A7%D8%B2%D8%A7%D9%86-%D9%88%D8%B8%DB%8C%D9%81%D9%87-%D8%AF%D8%B1-%D8%B3%D8%A7%D9%84-%DB%B1%DB%B4%DB%B0%DB%B2-%D9%85%D8%B4%D8%AE%D8%B5-%D8%B4%D8%AF)

<https://www.irna.ir/news/85058495/%D8%AD%D9%82%D9%88%D9%82-%D8%B3%D8%B1%D8%A8%D8%A7%D8%B2%D8%A7%D9%86-%D9%88%D8%B8%DB%8C%D9%81%D9%87-%D8%AF%D8%B1-%D8%B3%D8%A7%D9%84-%DB%B1%DB%B4%DB%B0%DB%B2-%D9%85%D8%B4%D8%AE%D8%B5-%D8%B4%D8%AF>) of just 20 percent do not keep up with inflation either. That said, parliament has tried to give certain IRGC personnel a financial break, especially the Basij, who were [exempted \(https://www.etemadonline.com/%D8%A8%D8%AE%D8%B4-%D8%B3%DB%8C%D8%A7%D8%B3%DB%8C-9/600041-%D8%A8%D8%B3%DB%8C%D8%AC-](https://www.etemadonline.com/%D8%A8%D8%AE%D8%B4-%D8%B3%DB%8C%D8%A7%D8%B3%DB%8C-9/600041-%D8%A8%D8%B3%DB%8C%D8%AC-)

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[%D8%B4%D9%87%D8%B1%D8%AF%D8%A7%D8%B1%DB%8C\)](#) from paying electricity, gas, water, sewage, and municipal fees.

## Implications

The meeting minutes, if genuine, reflect a straightforward point that is often lost in conversations about Iran’s economic malaise—namely, that substantial parts of the IRGC face real pressures due to U.S. sanctions, not to mention from the regime’s internal mismanagement and corruption. Of course, other parts of the IRGC benefit from the status quo: sanctions tend to push trade underground, where IRGC-linked entities use their networks to evade U.S. restrictions and collect a portion of the revenue for themselves along the way.

Indeed, the IRGC’s complexity and diverse interests should give pause to any claims that the Guards have monolithic views about sanctions, diplomacy with the West, or the current government. Raisi’s cabinet is stacked with IRGC veterans, while conservatives and hardliners have the run of state institutions—a situation that led many analysts to assume the IRGC would be the biggest winner of his presidency. Yet this has apparently not been the case for many of the force’s members. The alleged complaints about government incompetence underscore the depth of Iran’s structural challenges and the difficulties that some Guards have had in trying to make ends meet.

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