

PolicyWatch 1273

Iran's Revolutionary Guards Corps, Inc.

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Policy #1273

August 17, 2007

Understanding the impact of Washington's expected designation of Iran's Islamic Revolutionary Guard Corps (IRGC) as a foreign terrorist organization requires knowing what role the Revolutionary Guards play in Iranian society. Apart from being a military force with naval, air, and ground components organized in parallel to the conventional Iranian military, the Revolutionary Guards are the spine of the current political structure and a major player in the Iranian economy.

Backbone of the Regime

In his 1988 last will and testament, Ayatollah Ruhollah Khomeini called on the military forces "to follow the regulation of non-interference of the military in the affairs of political parties" and "keep themselves away from political games." In the years since, the opposite has occurred. Once a theocratic state, the Islamic Republic has evolved into a "garrison state," to use an American political science term, in which the military dominates political, economic, and cultural life, and preserves the regime from domestic rather than external opponents. The Iranian constitution forbids the supreme leader from being fully autocratic, but Ayatollah Ali Khamenei has used his position as commander-in-chief of the armed forces, especially his tight control over the Revolutionary Guards, to expand his power.

Khamenei has appointed many former Revolutionary Guards commanders to top political positions, blurring the line between military and civil authority. Former IRGC senior officers hold significant positions throughout the Iranian government: the president, Mahmoud Ahmadinezhad; the secretary of the Supreme Council of National Security, Ali Larijani; the head of state television and radio services, Ezzatollah Zarghami; the secretary of the Expediency Council (charged with interpreting policy when the president and Majlis disagree), Mohsen Rezai; and the head of the powerful Mostazafan Foundation, Mohammad Farouzandeh; as well as several cabinet ministers and many members of parliament (Majlis).

The Revolutionary Guards actively prevent steps toward democratic reforms. For example, in 1999, following student protests, the conservative newspaper Jomhuri-e Eslami published a letter by twenty-four Revolutionary Guards senior officers to the reformist president Mohammad Khatami. The Revolutionary Guards, the letter threatened, "cannot tolerate the situation anymore" and would take action if Khatami did not change his policies. It was no idle threat. The IRGC's "Special Force" is trained for scenarios of suppressing political or social uprisings in urban settings -- especially in Tehran.

The Revolutionary Guards also possess their own large and capable intelligence agency. The "Unit of Reservation of Information" exists in parallel with and is quite influential within the Ministry of Intelligence. Like the ministry, the Revolutionary Guards' intelligence unit operates both within Iran and abroad. The IRGC also has responsibility for Iran's strategic missile force of Shahab missiles and is thought to control the country's suspected nuclear weapons program. Several Revolutionary Guards commanders have been named in UN Security Council resolutions applying sanctions intended to force Iran to reveal more information about nuclear projects.

Economic Force

The Revolutionary Guards are also an important component of the Iranian economy. They operate legal businesses, register themselves as foreign companies, and engage in illegal smuggling.

Following the end of the Iran-Iraq War in 1988, the Majlis enacted legislation permitting the IRGC to use "its engineering capability in rebuilding the country's economy." However, no oversight body exists with the capability of supervising the Revolutionary Guards' economic activities. IRGC-owned companies like the Bahman Group, which assembles Mazda cars in Iran, are examples of the Revolutionary Guards' expansion into a variety of economic sectors.

Speaking at a ceremony announcing a \$1.3 billion no-bid contract between Iran's Oil Ministry and the Khatam al-Anbia firm in June 2006, Revolutionary Guards Brig. Abdurreza Abedzadeh, Khatam al-Anbia's reconstruction deputy, stated that the company had completed 1,220 industrial and mining projects over the previous sixteen years, with 247 projects currently underway. Three days later, a \$2.4 billion contract was concluded with the Tehran Metro Company between the IRGC-owned National Company of Building working with the Mostazafan

Foundation. The Oil Ministry also ceded the fifteenth and sixteenth phases of expansion of the South Pars oil field to Khatam al-Anbia under a \$2.5 billion contract. In July 2007, the Ministry of Energy agreed that Revolutionary Guards contractors would operate all public infrastructures projects involving water, electricity, and bridges in western Iran. All contracts were awarded on a no-bid basis in violation of Iranian law on open bidding processes.

In 1999, then-speaker of the Majlis Mehdi Karrubi explicitly detailed the sixty unauthorized docks controlled by the Revolutionary Guards. Ali Qanbari, then a Majlis member, further explained, "One-third of country's import takes place through illegal markets, underground economy, and unauthorized docks". Several hours after the May 8, 2004, official opening of the new Imam Khomeini Airport in Tehran, the Revolutionary Guards closed it, citing security fears over the presence of the Turkish-Austrian consortium Tepe-Akfen-Vie. Iranian sources later revealed that the Revolutionary Guards had been using the old airport to import goods tariff-free and feared losing that ability.

Some reports suggest that the Revolutionary Guards have used force to assume control of large economic projects. In July 2005, soon after Oriental Oil Kish, one of the largest private oil companies in Iran, refused the IRGC's demand for equal partnership, Cyrus Nasser, the company's vice-chairman and a senior nuclear negotiator, was arrested and the Revolutionary Guards seized an offshore oil rig being rented by Oriental Oil from a Romanian firm. The Fars News Agency later wrote that negotiations were underway to transfer the ownership of the company to the Revolutionary Guards. Under the banner of economic privatization, the government has circumvented Iranian law to cede ownership of public companies to the Revolutionary Guards at below-market prices through no-bid contracts.

Less information is available about the Revolutionary Guards' role in foreign firms ostensibly belonging to private individuals. Many rumors, of uncertain accuracy, circulate, for instance about al-Makassib, a huge company based in Dubai. It is not clear who controls the firm, though its most public face is that of Nasser Vaez Tabassi, apparently a U.S. citizen, who is the son of Ayatollah Abbas Vaez Tabassi, one of the most powerful men in Iran in his role as the custodian of the Imam Reza Holy Shrine in Mashhad, which the Wall Street Journal describes as a \$6 billion a year enterprise.

Conclusion

Iranian writers widely use the economic jargon "rent-seeking" to describe those who prosper thanks to their political connections rather than their business acumen. Under Khamenei, the role of the Revolutionary Guards has expanded exponentially. Under Ahmadinezhad, the IRGC's influence in government ministries and state firms has grown apace. Its next target may be the Majlis. Ahead of a July 2007 registration deadline, more than fifty Revolutionary Guards commanders resigned in order to qualify as candidates for the next parliamentary election.

The IRGC is a major obstacle to democratization and economic privatization. Imposing sanctions on the Revolutionary Guards could help promote democratic reform and stability in the region. However, choking off the IRGC's financial resources will not be easy; it is quite adept at diversifying its sophisticated economic activities. The Revolutionary Guards have demonstrated both skill in politics and contempt for the law. As former Washington Institute visiting fellow Mohsen Sazegara, a founder of the IRGC in 1979, put it, "What was once a revolutionary guard is now a mafia."

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