



How Intertwined Are the Revolutionary Guards in Iran's Economy?

By Ali Alfoneh

As the Islamic Republic of Iran nears its thirtieth anniversary, the political elites in Tehran are working hard to maintain an appearance of continuity rather than change. But as the political elites of Iran change, the Islamic Republic is also experiencing a metamorphosis of its own. One indication of this change is the transformation of the Islamic Revolutionary Guards Corps (IRGC) into a business conglomerate independent of state regulation. The Islamic Republic, once governed by the Shiite clergy and guarded by the IRGC, is developing into an economy dominated by the military. Moreover, the IRGC's close involvement in the Iranian economy makes sanctions against Tehran tricky for the United States and European Union (EU) to implement in their quest to stop Iran's nuclear weapons program.

On August 15, 2007, the *Washington Post* reported that U.S. officials would soon label the IRGC a terrorist organization.¹ While the designation has not yet happened, the subsequent discussion focused U.S., European, and Iranian attention on the confluence of the IRGC's political and business interests inside Iran.

Far from being a rogue element within the Islamic Republic's governing structure—as academics have suggested²—the Revolutionary Guards exert great influence and reflect the Islamic Republic's leadership. After leading the Islamic Revolution in 1979, Grand Ayatollah Ruhollah Khomeini founded the IRGC³ to balance the remnants of the armed forces of the Imperial Army and to disarm non-Islamist members of the broad revolutionary coalition.⁴ Its sacrifices and gradual adoption of classical warfare doctrines during the Iran-Iraq War (1980–88) established its reputation as an efficient military force,⁵ and political influence soon followed.⁶ And while discussion of the IRGC's cultural and religious activities remains muted outside

narrow academic circles,⁷ these are as real as the IRGC's political activities.

Iranian reaction to the *Washington Post* leak was swift. “The Guard is greater than the U.S. imagines,” read a headline in the *Sobh-e Sadeq*,⁸ a weekly published by the political office of the representative of the supreme leader in the IRGC.⁹ After the U.S. Senate passed a nonbinding resolution condemning IRGC terror activities on September 26, 2007,¹⁰ former president Mohammad Khatami, considered by Western journalists and many diplomats to be a reformer, condemned the Senate's action and came to the IRGC's defense.¹¹ The IRGC's influence is intertwined with and perhaps inseparable from the Islamic Republic today.

As important as its political influence may be, however, the IRGC also has economic influence. Within the Islamic Republic, and increasingly in Iran's external trade, the IRGC is an economic powerhouse. From its modest postwar reconstruction activities, it has reconfigured itself as the dominant player in large infrastructure projects. It has sought to leverage its experience in defense industries to enter the lucrative consumer goods sector, even at the expense of private enterprises.

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Its involvement in the black market frustrates Iranian businessmen.

Throughout the 1990s, the IRGC also extended its influence into the lucrative oil and gas sectors. While mapping such enterprises is difficult, given the opacity of the Iranian economy in general and the IRGC in particular, official and commercial Iranian reporting provide enough data to show just how intertwined the IRGC has become with the economy of the Islamic Republic.

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An Amorphous Legal Framework

The IRGC's role in the Iranian economy is constitutionally mandated. In an interview with *Shargh*¹² (an Iranian daily banned on the fifth anniversary of the September 11 attacks for a political cartoon likening President Mahmoud Ahmadinejad to a donkey), IRGC functionary Abdul-Reza Abed justified IRGC involvement in Article 147 of the Iranian constitution, which states that

[i]n time of peace, the government must utilize the personnel and technical equipment of the Army in relief operations, and for educational and productive ends, and the Construction Jihad, while fully observing the criteria of Islamic justice and ensuring that such utilization does not harm the combat-readiness of the Army.¹³

The spirit of Article 147 is reflected in the founding statute of the IRGC.¹⁴ Other IRGC commanders have repeated this justification,¹⁵ and the homepage of the Construction Base of the Seal of the Prophets (*Gharargah Sazandegi-ye Khatam al-Anbia*, or GHORB) references Article 147.¹⁶ In addition, Article 150 of the constitution assigns the IRGC the "role of guarding the Revolution and its achievements,"¹⁷ a responsibility which IRGC leaders interpret broadly.

On June 11, 2003, the Ministry of Defense and Armed Forces Logistics issued an directive calling upon "units designated and identified by the Islamic Revolution's Guard Corps . . . the Islamic Republic Army, Ministry of Defense and Armed Forces Logistics and its affiliated

institutions" to act as contractors in development schemes and projects.¹⁸ Any profit, the directive continued, should be "transferred to the Chancery," which in turn would fund not only the contract in question, but would use any surplus to purchase and upgrade equipment for the Revolutionary Guards and fund its other activities. The IRGC claims the right to involve itself in any project under the guise of "supporting the programs of the government of the Islamic Republic" and to mobilize the Basij, a paramilitary volunteer force affiliated with the IRGC, to advance economic development.¹⁹

The IRGC now interprets its operational freedom so broadly that it accepts no constitutional restrictions. Brigadier General Hossein Yasini, deputy chief of human resources of the joint command of the armed forces, argues that the constitutional phrase "economic developmental plans and projects" also encompasses "economic, societal, and cultural developmental programs."²⁰ IRGC leaders base such a broad mandate upon "orders of the Supreme Leader and Supreme Commander in Chief of the Armed Forces," which they suggest trumps Article 147 of the constitution.²¹ In effect, as long as the supreme leader supports the IRGC, any action it takes is legal.

And he does. In Iran, the daily newspaper *Kayhan* reflects current supreme leader Ayatollah Ali Khamenei's thinking. He appoints the editor in order to ensure that it accurately conveys his thoughts. On October 18, 2006, the current editor, Hossein Shariatmadari, editorialized, "At the time of the victory of the Islamic revolution, the founder of the Islamic Revolution proposed development of the country as the most important issue." He supported his argument with a reference to a sermon Khomeini delivered less than a week after his return to Iran. "We must build from scratch a country constructed anew," Khomeini said, "since this government cannot do so."²² *Kayhan's* citation, though, twists the context. Khomeini's sermon sought to discredit the shah's last prime minister, who was still holding onto power. Khomeini's words referred to Iran's political structure, not its physical development.²³ A further reference in the same *Kayhan* editorial to a December 3, 1991, speech by Khamenei is equally amorphous.²⁴

Military Industries

Many historians criticize the shah's billion-dollar purchases of foreign weaponry, especially at a time of growing economic disparities in Iran.²⁵ But the shah also developed a large domestic arms industry in order to reduce Iran's dependence on overseas suppliers. In 1963, he established

the Military Industries Organization,²⁶ an umbrella group which consisted of such firms as the Iran Electronic Industries²⁷ and the Iran Advanced Technology Corporation.²⁸ After the shah's ouster and the subsequent creation of the Islamic Republic, Khomeini transferred authority of the renamed Defense Industries Organization²⁹ to the IRGC.³⁰

Most countries embargoed weapons shipments to Iran during the Iran-Iraq War, although Tehran was able to purchase weaponry from Damascus, and it received some spare parts as a result of the Iran-Contra scheme.³¹ But it still needed to manufacture its own arms to carry on its fight. Here, the IRGC's domestic arms production filled the gap.

Because some of the Iranian economy's most advanced technological undertakings occur under the aegis of the IRGC and within the framework of the Iranian arms industry, the IRGC can monopolize the transfer and adaptation of high technology to civilian applications, leaving little room for private producers and service providers. The homepages of the Iran Electronic Industries,³² its sister Integrated Electronic Industries,³³ and their subsidiaries³⁴ display many consumer goods produced by the arms industry for sale in the Iranian market. The list includes personal computers, scanners, telephone sets and intercoms, mobile phones, and telephone sim cards. These purchases support not only IRGC operations but also augment the personal wealth of the IRGC leadership due to a lack of transparency in the IRGC.

The Construction Sector

During the Iran-Iraq War, the IRGC developed expertise in fortifications and quick construction of shelters.³⁵ At the conclusion of the war, as its leadership sought to stay relevant, the IRGC engineering corps formed GHORB.³⁶ Directing GHORB is a council chaired by the IRGC commander in chief, currently Major General Mohammad Ali Jafari.³⁷ Other board members include the chief of Joint Forces Command, the chiefs of the five component forces of the IRGC (the IRGC Air Force, the IRGC Ground Force, the IRGC Navy, the IRGC Quds Force, and the volunteer-based Basij), the head of Imam Hossein University; the commanding officer of the IRGC Cooperative Foundation; and the head of the IRGC's Self Sufficiency Directorate.³⁸

Today, GHORB is "one of the largest and strongest contractors in Iran."³⁹ GHORB's homepage lists activities in sectors ranging from civil engineering, industry and mines, cultivation, and design.⁴⁰ It boasts of receiving

"750 important contracts in different construction fields such as dams, water diversion system[s], highways, tunnels, buildings, heavy duty structures, three dimensional trusses, offshore constructions, water supply system[s], water, [and] gas and oil main pipelines." GHORB claims to have been a consultant in an additional 170 projects. By June 26, 2006, GHORB said that it had completed 1,220 projects⁴¹ and that it was involved in almost 250 ongoing jobs.⁴²

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While opportunities for dissent are limited within the Islamic Republic, there are four publicly controversial issues concerning IRGC involvement in the economy. First, there is a bidding process that favors GHORB and other IRGC companies in large and lucrative contracts. Second, GHORB is large enough to underbid private contractors. Third, there are low standards for the work completed by GHORB and its subsidiaries. Finally, GHORB can get capital and hard currency through its connections to publicly owned banks. Absent from much of the public debate is criticism of the IRGC's opaque economic activities, discussion of the fact that GHORB finances are audited by an accounting firm owned by GHORB itself,⁴³ and talk of GHORB's exemption from taxation.⁴⁴

Mohsen Rafiqdoost, the author of the founding statute of the Revolutionary Guards and later minister of the IRGC until falling to a corruption scandal, denied that "a single rial" was used for IRGC economic activity under his leadership.⁴⁵ While defending current IRGC involvement in infrastructure projects, he is critical of excessive IRGC involvement in economic enterprises. "There are public projects which can be done by the private sector," he said. "Corruption in the bureaucracy, inflation . . . are all due to the intervention of the state in all economic matters."⁴⁶

Shargh asked how the private sector could compete with the IRGC, a concern GHORB deputy chief Abed dismissed.⁴⁷ The Islamic Republic's Management and Planning Organization (MPO)⁴⁸ criticized both the bidding process and GHORB work on the sewage system in

the western Iranian town of Kermanshah⁴⁹ and on the Sabalan Dam near the Azerbaijan border.⁵⁰ Rather than hold GHORB accountable, however, a July 2007 presidential decree incorporated the MPO into the presidency, thereby denying it any further powers of independent audit or evaluation.⁵¹ Because of the number of contracts which Ahmadinejad awarded to GHORB even before he dismantled the MPO, the newspaper *E'temad Melli* proclaimed GHORB the real winner of the 2005 presidential elections.⁵² GHORB's reputation has indeed become so disreputable that Bizhan Namdar Zangeneh, a former minister of oil and the longest-serving minister in the history of the Islamic Republic, has rallied against the conglomerate in an attempt to boost his own popularity.⁵³

Oil and Gas

On June 25, 2006, the National Oil Company of Iran gave GHORB a no-bid contract to develop the fifteenth and sixteenth phases of South Pars Gas Field, one of Iran's most valuable gas development projects.⁵⁴ Several members of parliament demanded an inquiry into how the grant was awarded.⁵⁵ Government spokesman Gholam-Hossein Elham defended the project,⁵⁶ and no inquiry occurred.

The South Pars project is not the IRGC's only foray into the oil and gas sector. The National Iranian Gas Company awarded GHORB a contract to build a 600-mile "peace pipeline" from Iran to Pakistan and India.⁵⁷ The Supreme Audit Court⁵⁸ criticized "extensive irregularities in oil and gas contracts of the country," a concern which Iranian oil minister Kazem Vaziri-Hamaneh brushed aside.⁵⁹ Yahya Rahim Safavi, then commander in chief of the IRGC and head of GHORB, defended the IRGC activity. "The IRGC has a corps of young specialists with the required technical knowledge and full engineering support," he said. Safavi denied the IRGC had ever opposed competition with private industry, but said the IRGC has "gotten involved wherever other contractors were not ready to work."⁶⁰

The IRGC has also expanded its influence in the oil and gas sector by assuming ownership of public enterprises. On July 1, 2006, GHORB acquired the Oriental Kish Company (sometimes called Oriental Oil), a company drilling for oil and gas in various Persian Gulf fields, assuming control over both its activities and \$90 million in equipment after Iran's Bank Saderat, in cooperation with Credit Suisse, suspended the financing upon which Oriental Kish depended.⁶¹ IRGC involvement changed Oriental Kish operations. GHORB resolved a commer-

cial dispute with the Romanian-owned Grup Servicii Petroliere by firing on Romanian workers from both military helicopters and ships before boarding the Romanian rig and holding its crew hostage.⁶²

Telecommunications

The IRGC has also muscled its way into the Iranian telecommunications sector. In February 2002, Turkish cell phone company Turkcell—the largest Turkish company traded on the New York Stock Exchange—won a bid to inaugurate a second mobile phone network for Iran,⁶³ which would end the state's monopoly in the telecom sector. The Iranian government welcomed Turkcell.⁶⁴

That is, Turkcell was welcome until the IRGC complained. Turkcell would have been in direct competition with IRGC communications technology and electronics firms. The Council of Guardians—an executive body close to the IRGC and the supreme leader—protested that Iranians would have only 30 percent ownership of the new company.⁶⁵ Even after the National Bank of Iran bought out foreign investors to achieve a 51 percent Iranian stake, the IRGC was not satisfied.⁶⁶ The IRGC-operated Iran Electronic Industries and the Foundation of the Oppressed⁶⁷—an independent financial body traditionally run by a retired IRGC commander and used by the state as a proxy to fund off-the-books IRGC operations—erected a cascade of legal and practical obstacles leading the Turkish investors to retreat from the Iranian market.⁶⁸

The IRGC rooted its rhetoric on Turkcell in national security. How could the Islamic Republic allow foreigners to control an Iranian telephone company? During the 1999 student protests, the Iranian government was able to shut down the cell phone network and close Internet cafes to prevent further opposition organization. But regardless of whether the IRGC's concern about Turkcell was security or economic self-interest, the net result is the same: the IRGC expects to maintain its dominant position not only on the battlefield, but in civilian sectors as well.

The Shadow Economy

The IRGC is also heavily involved in Iran's underground economy. It leverages its control over Iran's borders and airports into financial gain. Take, for example, Payam International Airport near Karaj, northwest of Tehran.⁶⁹ Payam is state-owned and IRGC-operated. In theory, it is a post airport, but there is no customs control. In 2005, an Iranian newspaper disclosed that "two thousand tons of

goods, mainly cosmetics, performance-enhancing medication [Viagra] and computer electronics” entered Iran on cargo carrier Payam Air, a company owned by the transportation ministry.⁷⁰ There may be four smuggling flights each day and as many as twice that number on holidays.⁷¹ The subsequent trial ballooned into a public spectacle.⁷² It ended not with any accountability for senior leadership, but with a single street vendor being found guilty for masterminding the operation.⁷³

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Payam Air is not alone. Mohammad Ali Moshaffeq, an aide to former speaker of the parliament and 2005 presidential candidate Mehdi Karrubi, said that “more than twenty-five entrance doors of Mehrabad International Airport in Tehran are publicly claimed to be outside customs control, and no measure has been taken to exert control.”⁷⁴

Mehrabad, once on the outskirts of Tehran, has, with the capital’s expansion, become encompassed by urban sprawl. Even before the Islamic Revolution, officials proposed building a new airport outside the capital. Imam Khomeini International Airport, a new facility in the desert south of Tehran, was meant as a state-of-the-art showplace. The transportation ministry awarded operation of the new airport to a consortium of Austrian and Turkish companies. On May 8, 2004, transportation minister Ahmad Khorram opened the airport. The first plane to land was an airliner from the United Arab Emirates. The second plane had to abort its landing after the IRGC drove tanks onto the runways, stormed the control tower, and demanded that the IRGC—not foreign companies—run the facility.⁷⁵ Several hours later, the joint command of the armed forces claimed in a communiqué that the closure was due to “security concerns” and “the presence of foreign firms operating at the Imam Khomeini International Airport.”⁷⁶ At issue was not national pride or safety, but rather the IRGC’s ability to receive equipment and goods illicitly. Any foreign-run operation would have closed the loopholes through which IRGC smuggling is permitted. The IRGC’s ploy worked. Iranian officials severed the foreign contracts at significant penalties.

On October 3, 2004, the IRGC forced Khorram’s impeachment. The broken contract forced then-president Khatami to delay a state visit to Turkey. It took another six months before Imam Khomeini International Airport could finally open under the new IRGC-friendly management.⁷⁷ In a head-to-head clash of interests, this episode illustrates the IRGC’s ability to trump the power of the cabinet, if not the presidency itself. For the IRGC, though, the move has been profitable. According to the daily *Iran*, billions of dollars in “luxury goods, mobile phones and cosmetics [were] smuggled through Imam Khomeini International Airport” during the facility’s first eighteen months of operation.⁷⁸

The IRGC is also involved in operating a series of what Iranians often call “invisible jetties” [*eskeleh-ha-ye namar’i*] along Iran’s 1,500-mile Persian Gulf and Indian Ocean coastline. While the IRGC may use smaller facilities for low-level smuggling of alcohol and other contraband, larger facilities such as the Martyr Rajai Port Complex in Hormuzgan Province are the linchpin of a lucrative oil-smuggling business.⁷⁹ Because the Iranian government subsidizes fuel—a gallon of gasoline may cost only forty cents in Iran—Revolutionary Guardsmen can realize a 200 to 300 percent profit by selling subsidized gasoline abroad. One Iranian parliamentarian suggested that “[i]nvisible jetties . . . and the invisible hand of the mafia control 68 percent of Iran’s entire exports.”⁸⁰ Another parliamentarian estimated that IRGC smuggling might amount to \$12 billion per year. “This smuggling business is of such a magnitude that it can not be done by donkeys or by passengers,” he said. “This volume is entering the country through containers and via illegal and unofficial channels [such as] ‘invisible jetties’ supervised by strongmen and men of wealth.”⁸¹

It is this type of profiteering that antagonizes the more reform-oriented factions within the Islamic Republic’s leadership. After Mehdi Karrubi came in third in the 2005 presidential elections, a poll marked by irregularities and accusations of fraud, he lashed out at the IRGC and its involvement in both the elections⁸² and the shadow economy. “We had no money from jetties, no money from smuggled goods, no sugar business, but [my supporters] sacrificed their lives,” Karrubi said. “We suffered for months and fought at two to three fronts in order to secure an honorable election,”⁸³ he added, implying the IRGC now cared more about material gain than revolutionary principle. Karrubi’s aide, Mohammad Ali Moshaffeq, specifically pointed his finger at “sixty jetties with no customs control” that compose “60 percent of the illegal imports to the country.”⁸⁴

Another presidential candidate, Mohammad Bagher Qalibaf, also criticized IRGC smuggling,⁸⁵ and Hossein Loghmanian, a parliamentarian from Hamadan disqualified from office by the Council of Guardians, called the IRGC the “mafia of power and wealth.”⁸⁶

Sanctions: Threat or Opportunity for the IRGC?

The nature of the Islamic Republic is changing from a system governed by the Shiite clergy and guarded by the Islamic Revolutionary Guards Corps into a regime dominated by the military. As current and former IRGC members infiltrate most centers of power, and as the IRGC itself develops into a business conglomerate independent of state regulation, the Islamic Republic increasingly resembles other military regimes: a military-industrial complex hiding behind a civilian façade.

This makes attempts to sanction Iran tricky. If the international community adopts only general sanctions against Iran, it may enhance the IRGC’s relative power. Mohammad-Reza Naqdi, head of the Iranian Armed Forces’ Logistics Industrial Research Center, said sanctions could be an opportunity to catalyze further IRGC activity in the Iranian economy,⁸⁷ a point seconded by Gholam-Hossein Nozari, the deputy minister for oil.⁸⁸

Conversely, the IRGC stranglehold on the economy undercuts the engagement strategy favored by many European diplomats and some American politicians. Between 2000 and 2005, for example, EU trade with the Islamic Republic almost tripled.⁸⁹ EU diplomats argued that trade would moderate Tehran by better integrating it into the world economy and potentially giving it more to lose should it act irresponsibly on the world stage. In practice, however, the IRGC’s domination of the oil and gas sectors and the hard currency–generating import-export business means that bolstering trade strengthens not moderate forces, but the most hard-line segment of society in the Islamic Republic.

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Notes

1. Robin Wright, “Iranian Unit to Be Labeled ‘Terrorist,’” *Washington Post*, August 15, 2007.
2. Ali Ansari, “Blame It on the Changing of the Guards,” *Times* (London), March 30, 2007.

3. See Khomeini’s April 22, 1979, decree (*farman*) to the Council of the Islamic Revolution (*Showra-ye Enghelab-e Eslami*) on creation of the IRGC. According to Sepehr Zabih, the decree first appeared in *Enghelab-e Eslami* on May 6, 1979. See Sepehr Zabih, *The Iranian Military in Revolution and War* (London and New York: Routledge, 1988), 225n3.

4. Sepehr Zabih, *The Iranian Military in Revolution and War*, 14–15, 209–10; and Kenneth Katzman, *The Warriors of Islam: Iran’s Revolutionary Guard* (Boulder, CO: Westview Press, 1993).

5. Sepehr Zabih, *The Iranian Military in Revolution and War*, 17–19, 187; and Anthony H. Cordesman and Abraham R. Wagner, *The Lessons of Modern War, Volume II: The Iran-Iraq War* (Boulder, CO: Westview Press, 1991), 146–150.

6. For some of the earliest non-Persian language reports on the expanding political activities of the IRGC, see A. William Samii’s Radio Free Europe/Radio Liberty analyses in 2002 and 2003; Vali Nasr and Ali Gheissari, “Foxes in Iran’s Henhouse,” *New York Times*, December 13, 2004; and Ali Alfoneh, “Den Tredje Republik” [The Third Republic], *Udenrigs* [Abroad] (Copenhagen), no. 1 (2006): 37. For one of the earliest Persian language sources on the subject, see IRGC cofounder Mohsen Sazegara’s open letters of warning to current Iranian supreme leader Ali Khamenei: “Agha-ye Khamenei, kojaa miravid?” [Mr. Khamenei, Where Are You Heading?], September 30, 2005, available at www.sazegara.net/persian/archives/2005/09/050930_160716.html (accessed October 9, 2007); and “Sepah va Se Enheraf” [The Guards and the Three Deviations], July 23, 2006, available at www.sazegara.net/persian/archives/2006/07/060723_154435.html (accessed October 9, 2007).

7. See Peter Chelkowski and Hamid Dabashi, *Staging a Revolution: The Art of Persuasion in the Islamic Republic of Iran* (New York: New York University Press, 1999), 218, 282–91.

8. “Sepah Bozorgtar Az Tassavor-e Amrikast” [The Guard Is Greater than the United States Imagines], *Sobh-e Sadeq* (Tehran), August 27, 2007, available at www.sobhesadegh.ir/1386/0315/p01.pdf (accessed October 9, 2007).

9. Persian translation: *Edareh-ye Siyasi-ye Setad-e Namayandegi-ye Vali-ye Faqih dar Sepah*.

10. *National Defense Authorization Act for Fiscal Year 2008*, HR 1585, S Amdt 3017, 110th Cong., 1st sess. (September 26, 2007).

11. “Mossavabeh-ye Kongreh-ye Amrika Fara-fekani Ast,” Fars News Agency, September 26, 2007, available at www.farsnews.com/newstext.php?nn=8607040745 (accessed October 9, 2007).

12. “Dar goftegouye *Shargh* ba janeshin-e Gharargah Sazandegi barresi shod: Hozour-e Sepah dar gharardad-ha-ye Eqtesadi” [Investigation from the Conversations of *Shargh* with the Deputy Head of the Construction Base: The Presence of the Guards in Economic Contracts], *Shargh* (Tehran), June 26, 2006,

available at <http://sharghnewspaper.com/850405/html/index.htm> (accessed October 9, 2007).

13. Constitution of the Islamic Republic of Iran, art. 147, available at www.iranonline.com/iran/iran-info/Government/constitution-9-3.html (accessed October 9, 2007).

14. Government of the Islamic Republic of Iran, "Asas-nameh-ye Sepah-e Pasdaran-e Enghelab-e Eslami" [Founding Statute of the IRGC], available at <http://law.majlis.ir/law/lawview.asp?key=5787> (accessed October 11, 2007).

15. Commander Sattar Vafai, interviewed in "Eqtesad-e Sepah" [The Economy of the Guards], *Eqtesad-e Iran Monthly* (Tehran), December 2004, available at www.iraneconomics.net/archive/articles.asp?id=666&magno=70&grid=2 (accessed October 9, 2007). On April 30, 2007, Iranian president Mahmoud Ahmadinejad appointed Vafai as an adviser.

16. See website of *Khatam al-Anbia*, available at www.khatam.com (accessed September 19, 2007). *Khatam al-Anbia* is an Arabic phrase included in the Persian title.

17. Constitution of the Islamic Republic of Iran, art. 150, available at www.iranonline.com/iran/iran-info/Government/constitution-9-3.html (accessed October 9, 2007).

18. Ministry of Defense and Armed Forces, "Logistics Implementation Directive," June 11, 2003, quoted in Islamic Republic of Iran, *Official Gazette*, June 28, 2003, available through www.iraneconews.com (accessed September 12, 2007).

19. Ibid.

20. Brigadier General Hossein Yasini, "Directive for Guards Participation in Economic, Societal and Cultural Development Schemes of the Country," April 10, 2006, available at www.iraniec.ir/FilesArchive/733_mosharekat%20sepah.pdf (accessed September 12, 2007).

21. Ibid.

22. "Razmandegi va Sazandegi" [War-Fighting and Construction], *Kayhan* (Tehran), October 18, 2006, available at www.kayhannews.ir/850726/12.htm (accessed October 9, 2007).

23. Khomeini's February 6, 1979, sermon is not included in the otherwise extensive online version of Ruhollah Khomeini: *Sahifeh-ye Nour*, vol. 5 (Tehran: Markaz-e Nashr-e Asar-e Emam Khomeini. Ketabkhaneh-ye Tebyan, 2004), available at <http://library.tebyan.net/books1/5647.htm> (accessed October 9, 2007). The quote may be found with no reference to the date of the speech on the official Khomeini website at <http://imam-khomeini.com/Didgahha/negahi%20be%20osoul%20toseh.htm> (accessed September 21, 2007).

24. "Razmandegi va Sazandegi" quotes Khamenei's speech on September 20, 1990.

25. Nikki Keddie, *Roots of the Revolution: An Interpretative History of Modern Iran* (New Haven: Yale University Press, 1981), 143–44.

26. Persian translation: *Sazeman-e Sanaye' Nezami*.

27. Persian translation: *Sanaye' Elektronik-e Iran*.

28. A. T. Schulz, "Iran: An Enclave Arms Industry," in *Arms Production in the Third World*, ed. Michael Brzoska and Thomas Ohlson (Stockholm: Stockholm International Peace Research Institute, 1986), 147–48.

29. Persian translation: *Sazeman-e Sanaye' Defa'*.

30. See the website of the Islamic Republic Defense Industries Organization at www.diomil.ir/en/home.aspx (accessed September 17, 2007).

31. Anthony H. Cordesman and Abraham R. Wagner, *The Lessons of Modern War, Volume II: The Iran-Iraq War*, 53; Shahram Chubin and Charles Tripp, *Iran and Iraq at War* (London: I. B. Tauris, 1988), 180, 221; and Efraim Karsh, *The Iran-Iraq War, 1980–1988* (Oxford: Osprey, 2002).

32. See the website of Iran Electronics Industries at <http://ieimil.com/main.aspx> (accessed August 28, 2007).

33. See the website of Integrated Electronic Industries at www.ieicorp.com (accessed September 17, 2007).

34. Subsidiaries include Shiraz Electronics Industries, established in 1973; Iran Communication Industries; Information Systems of Iran, established in 1971; Electronics Components Industries; Isfahan Optic Industries, established in 1987; and the Iran Electronics Research Institute, established in 1998.

35. See the website of the Construction Base of *Khatam al-Anbia* (GHORB) at www.khatam.com (accessed September 29, 2007).

36. Persian translation, including the Arabic phrasing "Seal of the Prophets": *Gharargah-e Sazandegi-ye Khatam al-Anbia*. See also Commander Sattar Vafai, interviewed in "Eqtesad-e Sepah" [The Economy of the Guards].

37. "Farmandeh-e jadid-e Sepah-e Pasdaran kist?" [Who Is the New Commander of the Revolutionary Guards?], *Baztab* (Tehran), September 1, 2007, available at www.baztab.com/news/74278.php (accessed October 9, 2007).

38. Brigadier General Hossein Yasini, "Directive for Guards Participation in Economic, Societal and Cultural Development Schemes of the Country."

39. See "Eqtesad-e Sepah" [The Economy of the Guards].

40. See the website of GHORB at www.khatam.com (accessed September 29, 2007).

41. Ibid.

42. "Dar goftegouye Shargh ba janeshin-e Gharargah Sazandegi barresi shod: Hozour-e Sepah dar gharardad-ha-ye Eqtesadi."

43. For an example, see the GHORB-owned company SEPASAD, which is being supervised by Hesam Accounting Firm, which in turn is owned by *Khatam al-Anbia*. See Islamic Republic of Iran, "Agahi-ye tasmiat-e sherkat-e mohandesi-ye SEPASAD" [Announcement with Regard to the Resolutions of

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