



Policy Brief

Succession in the Shadow of Conflict: The Future of the Islamic Republic

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The death of Iran's Supreme Leader turns the current military crisis in the Middle East into a problem of political succession, and the central risk for the region lies not only in the prospect of new strikes, but in the broader cost of uncertainty for oil markets, trade routes, and regional security.

New Logic of the Crisis

[The death of Ali Khamenei](#) shifts the current conflict onto an entirely new plane. What is now unfolding can no longer be described simply as the familiar Middle Eastern conflict cycle of “US strike — Iran’s retaliation — pause or negotiations.” For the first time in many years, an external military escalation has coincided with a crisis of supreme authority inside Iran itself. That is why the central question today is far broader than when another missile exchange between Iran, Israel, and the United States is over. The real issue is whether the Iranian political system can survive a transfer of power at the very moment when it is coming under direct pressure from abroad.

This escalation is also taking place at a moment when Iran’s domestic political environment is preparing for a power transition. Since late 2025, the country has [experienced a series of protest](#) actions that point to a deep crisis of legitimacy within the existing political order. These protests also suggest that the social base of dissent is widening. In other words, the external conflict is intersecting with an internal crisis of confidence in the regime, and that combination makes the present moment especially dangerous. A state under military pressure can often survive if its internal hierarchy remains intact. Yet, when outside shocks overlap with weakening domestic cohesion, the risks multiply dramatically.

The military logic of recent events is relatively clear. Washington and Tel Aviv appear to have aimed not merely at degrading the infrastructure of the Islamic Revolutionary Guard Corps (IRGC) and Iran’s nuclear program, but at striking the state’s core decision-making centers and eliminating certain (not all) figures among the country’s leadership. In this regard, the recent negotiations were not aimed at the prevention of the conflict’s resumption but [a way of buying time](#) for the US and Israel before a new phase of escalation, one designed to remove a substantial part of the Iranian elite associated with the country’s anti-Western course. Tehran’s response, however, was also far from symbolic. Iran’s leadership seems to have had few illusions about the possibility of a renewed confrontation and had prepared its answer in advance, which explains both the speed and the scale of the response. Iran deployed its familiar missile-and-drone capabilities across several directions at once, extending pressure not only onto Israel, but also onto targets linked to the American military and political presence in the [Arab Gulf monarchies](#).

This is an important shift. In earlier crises, Iran often calibrated escalation carefully, probing the limits of its opponents' tolerance and preserving room for de-escalation. Now, by contrast, Tehran seems to be operating on the assumption that the previous rules of the game no longer hold. If that is indeed the case, then the conflict becomes less manageable for all sides. The logic of deterrence gives way to the logic of systemic uncertainty, in which actors are less confident that controlled retaliation will remain controlled, and less certain that signaling mechanisms still work.

From that follows the principal economic consequence of the war. The key danger to global markets lies not necessarily in a literal and immediate closure of [the Strait of Hormuz](#), but in the rising price of uncertainty itself. Energy markets do not require a complete halt to shipping in order to experience shock. It is enough for the probability of attacks to rise, for navigation to become less predictable, for insurance premiums to climb, and for freight costs to increase. Iran has already demonstrated that it is willing to use Hormuz as a lever of pressure, while the Arab monarchies of the Gulf have found themselves in the position of reluctant participants in a conflict in which they have little interest in a large-scale war. For business, the message is straightforward: even a limited military campaign quickly begins to function as a tax on trade, logistics, and energy security. Moreover, on 2 March, Iran raised the stakes again by targeting [the oil](#) and [gas infrastructure](#) of the GCC states.

Not Just Succession, but a New Model of Power

Yet the political dimension of the crisis is even more significant than its economic effects. For decades, Khamenei was not simply the Supreme Leader in a formal constitutional sense. He was the central arbiter among the clergy, the IRGC, the bureaucracy, and the country's elected institutions. His disappearance does not automatically destroy the system, but it does deprive it of its traditional balancing center. Formally, the Islamic Republic possesses a succession mechanism: the Assembly of Experts has a decisive role, and an interim leadership arrangement exists. In reality, however, the issue is not merely who will inherit the office. The deeper question is what kind of political order will emerge after Khamenei: a renewed personalist model, a collective leadership arrangement, or a system that is effectively military-bureaucratic in character.

That is precisely why the role of the IRGC increases sharply during a transitional moment. Over the course of Khamenei's rule, the Guard Corps evolved into an autonomous center of power with military, political, and economic interests of its own. In a succession period, it becomes the main guarantor of regime continuity. But that guarantee carries its own implications. If external strikes coincide with domestic protests and growing fragmentation among elites, the IRGC may cease merely to underpin the system and instead become its de facto manager. In that scenario, intermediaries between rival factions acquire special importance. Figures such as Ali Larijani become significant not because they command overwhelming power on their own, but because they may be capable of brokering compromise between the security establishment and the civilian political apparatus. For outside actors, however, this is hardly reassuring. The worldview of the

coercive bloc (i.e. IRGC) may be no better than that of religious hardliners leaving limited space for real changes in the system's foreign policy approaches (apart from changes in certain ideological colors). In this sense, the IRGC people might have little difference from their vis-a-vis in other military dominated political systems in the Middle East.

At the same time, the most probable outcome for now remains not systemic collapse, but managed succession. Historically, Iran's elite has shown a capacity for compromise when faced with what it perceives as an existential threat. In the coming weeks, the regime's central objective is likely to be the demonstration of unity at all costs. That will mean public mourning, symbolic mobilization, accelerated decision-making, and a deliberate suppression of any signals of division. There may be no ideal candidate for the office of Supreme Leader, but [there is no shortage of plausible names](#). Among those mentioned are Mojtaba Khamenei, son of the late second Supreme Leader (yet, it is not clear whether he survived the US-Israeli bombings of 28 February); Hassan Khomeini, grandson of the founder of the Islamic Republic; the system insider Alireza Arafii; the representative of the "old guard," Sadeq Amoli Larijani; Mohsen Qomi, who is closely tied to the office of the late Supreme Leader; and Hashem Hosseini Bushehri, a figure associated with the religious circles of Qom.

The comparison with 1989 is instructive, but the differences are even more important than the similarities. At that time, succession was secured by a relatively narrow revolutionary elite personally connected to Ayatollah Khomeini and united by a shared interest in preserving governability as quickly as possible. Neither the US nor Israel had the potential to kill and eliminate unwanted people among the top ranks of the Iranian elite. And the IRGC then remained dependent on the political leadership and was not an autonomous arbiter. Today, the situation is fundamentally different. The Guard Corps controls a significant share of the defense sector, major infrastructure projects, and much of the sanctions economy. Meanwhile, religious and political institutions have lost the monopoly over decision-making that they once enjoyed. Finally, the events of the last twelve months brought political assassination by a third country to a qualitatively new level as a leverage of influence on the political situation in Iran. As a result, whoever becomes the next Supreme Leader—whether a compromise cleric, a representative of the old establishment, or a candidate backed by the security apparatus—will almost certainly be weaker than Khamenei was. That makes a less personalized model of governance more likely, one in which real authority is distributed among several centers rather than concentrated in one figure.

Scenarios for Transition and the Future of the Region

From this follow three basic scenarios. The first is a controlled transition. In this case, the system rapidly agrees on a successor, preserves elite coordination, and gradually shifts the conflict into a familiar framework of limited coercive pressure combined with indirect negotiations through intermediaries. The second scenario is the militarization of the regime. Under the pressure of war and domestic anxiety, the IRGC expands its influence still further, while the new Supreme Leader

remains more a symbolic figure than a truly commanding political arbiter. The third scenario is a breakdown of the transition process itself, should elite fragmentation, street mobilization, and economic shock converge at the same moment. This last scenario still appears the least likely at present, but it is also the one with the greatest capacity to transform a regional crisis into a long-term destabilization of Iran itself.

Another critical variable is what other actors—above all the United States and Israel—actually want from the present confrontation. It appears that one goal has already been achieved: the Iranian elite has been shown that its previous level of security is no longer guaranteed. From here, two broad paths seem possible. In the first, the death of Khamenei becomes the [catalyst for major domestic destabilization](#), and Washington may choose to support a more radical dismantling of the existing power structure. In the second—and at this stage more likely—external actors may seek something closer to a conditional “Venezuelan scenario”: negotiations with that portion of the Iranian establishment that remains intact and may be prepared for a more pragmatic compromise. Indications of this can be seen both in [Donald Trump’s public signals](#) and in the very pattern of losses. The figures killed on February 28 were associated with the hardest line and with deep distrust toward the West, whereas those who remain inside the system are seen as potentially more flexible interlocutors.

Beyond the immediate Western-Iranian confrontation, other powers are also watching the transition very closely. For Moscow and Beijing, the central priority is to preserve the predictability of the Iranian state as a component of Eurasian logistics, trade corridors, and energy markets. For the Gulf monarchies, the priority is not Iran’s defeat as such, but the avoidance of internal Iranian destabilization that could export insecurity across the region. From their perspective, a weakened but governable Iran is preferable to a fractured Iran capable of generating instability along multiple axes—from maritime routes to proxy networks to refugee and security spillovers.

Ultimately, however, the main issue for outside actors and for global markets lies elsewhere. What is unfolding around Iran is not simply another episode of Middle Eastern confrontation. It is a struggle over a new security architecture stretching from the Eastern Mediterranean to the Gulf. Whether Tehran can maintain a controlled transfer of power, whether it will intensify its use of Hormuz (or Gulf hydrocarbons as such) as a geopolitical lever, and whether even minimal transparency around the nuclear file can be preserved—these are now the central questions in addition to those related to the future of Iran’s aspirations to dominate the region using its proxies, drones and missile program as means to achieve it. The answers to them will shape not only oil prices, but also the resilience of supply chains, the stability of maritime trade, and the scale of any future war.

In other words, what is now being decided is not only the fate of the Iranian regime. What is being determined is the price of instability for the entire region.