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The Third Islamic Republic

A War's Unintended Consequences—for Iran, the Middle East, and the Global Order

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At a February 2026 gathering to commemorate the revolution that ushered in Iran's Islamic Republic, the country's supreme leader, Ayatollah Ali Khamenei, struck a reflective note. He remarked that it had been "a strange year," alluding to Israeli and American attacks on Iran's nuclear program eight months earlier, and offered an extended justification of the unprecedented violence deployed by regime enforcers to suppress mass protests that had erupted in late December. He described the unrest as an attempted coup orchestrated by Israel and the United States and boasted that it had been "crushed under the feet of the Iranian nation."

Predictably, Khamenei then turned to the United States, the regime's foremost adversary and a frequent focus of his invective. He dismissed "the crumbling U.S. empire" and President Donald Trump's threats of military action against Iran, insisting that "the Americans themselves who are constantly threatening that there will be a war . . . know that they don't have the staying power for such a thing." He added that "the U.S. President has said that for 47 years, the United States hasn't been able to eliminate the Islamic Republic . . . . That confession is true. I say, 'You, too, won't be able to do such a thing.'"

These would prove to be some of Khamenei's final public statements. Eleven days later, the United States and Israel launched coordinated airstrikes on Iran that killed him, along with members of his family and several senior military and political leaders. It was the first salvo in a war that would methodically degrade Iran's navy, air force, and ballistic missile program, as well as its broader security infrastructure and defense industrial base. "When we are finished, take over your government," Trump told the Iranian people in his address announcing the start of the campaign. "It will be yours to take."

But as thousands of American and Israeli strikes pummeled the country, Iran's leaders managed to regroup, installing Khamenei's even more hard-line son Mojtaba as his successor. And Tehran immediately began retaliating with missile and drone strikes that targeted American military bases and the economic and energy infrastructure of Iran's neighbors. U.S. Secretary of Defense Pete Hegseth derided Iran's response as "indiscriminate targeting, flailing recklessly." But Tehran's strategy soon became clear: its attacks had effectively closed the Strait of Hormuz, the strategic waterway through which one-fifth of the world's oil and liquefied natural gas exports pass.

The Islamic Republic's defiance and its geographic chokehold on the global economy dramatically intensified and expanded the crisis. For the Islamic Republic, the strait provides the ultimate insurance policy. Tehran cannot defend either its leaders or its territory against its adversaries, but it can impose unbearable costs on its neighbors and on the global economy. As Khamenei himself previewed, that leverage is a lifeline: neither Washington nor the rest of the world can withstand a prolonged reduction in oil supplies. And with supplies of fertilizer, helium, and other key commodities also limited by the strait's closure, the fallout from even a brief disruption will be felt in capitals around the world for months to come. For Iran's leaders, economic pressure is an effective way to protect the regime. As the conflict has intensified, Tehran has seized the opportunity to shift the postwar strategic

balance in its favor, with the aim of ensuring that the regime emerges from this crisis stronger, both internally and externally.

More broadly, what Iran's leaders want is to push their country's revolutionary project forward, ushering in what might be described as the Third Islamic Republic of Iran. The first republic, helmed by the Ayatollah Ruhollah Khomeini, was a revolutionary experiment that sought to impose religious rule at home and destabilize its neighbors. Ali Khamenei's rule launched the second republic, which institutionalized the dominance of the supreme leader's office and empowered the military through its role in reconstruction after the Iran-Iraq War of the 1980s. In engineering Mojtaba's rise, the regime is seeking to establish the third republic: an explicitly praetorian state, with the Islamic Revolutionary Guard Corps and the wider security apparatus firmly in control of decision-making over all aspects of governance, society, and foreign policy.

This is a grandiose ambition, and perhaps an act of overreach that will fail, especially given the gaping voids between the Third Islamic Republic's goals, the aspirations of its people, and the interests of its neighbors. Still, this regime has repeatedly demonstrated endurance, resilience, and a determination to preserve the regime by any means necessary. Those qualities, and the American and Israeli failures to appreciate them, may allow Iran to snatch a victory—albeit possibly a Pyrrhic one—from the jaws of defeat, and to deal a historic blow to the international order that Washington helped build and, until recent years, sought to sustain.

TEHRAN TURNS THE TABLES

For Tehran, the latest U.S.-Israeli war came as a shock, but not a surprise. After the 12-day war in June 2025, which buried the crown jewels of Iran's nuclear program deep underground, Iranians appreciated that additional strikes were a question of when, not if. When the more intense bombardment began in February, Tehran

quickly moved up the ladder of escalation: from small-scale strikes against the soft targets within reach in neighboring states, to more direct targeting of economic and energy infrastructure, and finally to high-stakes brinkmanship by choking off transit through the Strait of Hormuz.

Iran's readiness to escalate underscored the regime's preparation for the conflict and its willingness to assume risks, as well as the resilience of Iran's deliberately decentralized defense doctrine. "We've had two decades to study defeats of the U.S. military to our immediate east and west," Abbas Araghchi, Iran's foreign minister, boasted on social media, referring to the American wars in Afghanistan and Iraq. "We've incorporated lessons accordingly. Bombings in our capital have no impact on our ability to conduct war. [Decentralization] enables us to decide when—and how—[the] war will end."

As the comedian Jon Stewart quipped in mid-March, "War is God's way of teaching Americans geography," and within days of the first U.S. and Israeli strikes, Tehran's counterattacks on maritime traffic in the Strait of Hormuz quickly provided a refresher course on that critical artery. Almost overnight, traffic in the strait was severely curtailed, pushing up the price of oil, petrochemicals, and other key commodities and jeopardizing economic growth and stability around the world. Iran applied its coercion with tactical finesse: by maintaining a trickle of its own exports and exempting favored partners such as China from attacks—although charging some a premium for access, according to press reports and Iranian officials—Iran has maintained its revenue flows and strategic partnerships.

Leveraging its geographic position to threaten global energy markets also put time on Iran's side. Trump initially downplayed the war as "a little excursion," seeming to expect an abbreviated timeline, like that of the 12-day war. According to *The New York Times,* Israeli officials had persuaded the White House that decapitating the regime's leadership would inspire a new round of protests that could somehow

topple the revolutionary state. As of this writing, nothing of the sort has occurred. Instead of the brief war and rapid regime collapse that the United States and Israel anticipated, what emerged was a bloody and costly fight in conditions that have allowed Iran to dictate when the conflict would end.

Every day of disruption in the strait ratcheted up the urgency and prospective impact of the crisis—and for Iranian leaders, increased the potential rewards. This high-risk strategy was intended to force not just an end to the war but also a lasting improvement in Tehran's economic and regional sway. Mohammad Baqer Qalibaf, the speaker of the Iranian parliament and a significant leader within the regime, pledged that Iran would continue retaliating "until the enemy truly regrets its aggression," adding, "We believe this war will change many regional relationships, and we will not return to the conditions that existed before it. We are prepared to conclude lasting security agreements with countries in the region that can provide mutual guarantees and create stable, sustainable security for investors." In this way, Tehran made clear that any future cooperation must be predicated on the submission of its regional rivals—as well as on the premise of shared prosperity.

It may be tempting to dismiss this rhetoric as the death knell of a regime too intoxicated by its own ideology to recognize the collapse of its options. But the regime's perseverance in the face of crushing American and Israeli bombardment also recalls the fervor and determination that sustained the revolutionary state at previous times of systemic precarity. A recent refrain among American and Israeli pundits and policymakers holds that the Iranian regime is weaker than at any point since 1979. In fact, this is not quite accurate; the regime has experienced fiercer challenges to its survival from its inception. The foundational narrative of the Islamic Republic emphasizes that the revolution was improbable, imperiled, and embattled. The revolutionary generation lived through sustained and widespread

turmoil in the state's early years, including institutional disarray, purges and vicious power struggles, urban street fighting, tribal uprisings, deadly terrorist attacks, crippling economic pressure, a coup attempt, and the devastating Iraqi invasion in September 1980.

Despite all this, the revolution survived and managed to push out Saddam Hussein's forces and take the fight to Baghdad. The war ended without victory; nonetheless, its legacy further entrenched narratives of sacrifice, faith, and ingenuity in defense of the nation. And the war became the proving ground for Iran's doctrine of deterrence through asymmetric capabilities and its investment in a domestic defense industrial base.

LIKE FATHER, LIKE SON

The setbacks that Tehran has suffered over the past two years have indeed been severe and seemingly inexorable: its proxy militia network demolished, its nuclear ambitions buried by American and Israeli bombing, its citizens willing to risk their lives in hopes of a new revolution. But as their predecessors saw during the Iran-Iraq War, regime stalwarts sense an opportunity to fight back, crack down under the banner of a new sacred defense of the Iranian homeland, and add a new chapter to the history of their revolution.

Just as their predecessors did in the 1980s, the leaders of the Third Republic will lean heavily on a war to reconsolidate power, using the conflict as a pretext to impose de facto martial law while attempting to galvanize an intensely chauvinistic national mood, or at least coerce people into performing one. Today's regime enforcers have far more sophisticated tools at their disposal; as soon as the conflict erupted, Iran's security services began deploying electronic surveillance and text messaging to preemptively subdue any temptation among the public to return to the streets. And in case the message was unclear, the regime also maintained a brisk pace of executions.

The war has also helped ease what might have been a difficult succession process. After the unexpected death, in 2024, of President Ebrahim Raisi, whom Khamenei had been grooming as a successor, there was no obvious candidate who enjoyed the requisite administrative experience, religious stature, and the trust of regime elites. In ordinary times, Mojtaba Khamenei would have been a controversial choice; his own father is said to have opposed Mojtaba's appointment, wanting to avoid the appearance of dynastic rule.

At a moment of existential crisis, however, the younger Khamenei presented the ruling system with a golden opportunity to leverage his father's legacy and reinforce the primacy of the Revolutionary Guards, with whom he had built a close rapport. Reports that Mojtaba may have been seriously injured by the initial U.S.-Israeli strikes in February only underscored the connection; his father was wounded in a 1981 terrorist attack that cost him the use of his right hand. As a "living martyr," Mojtaba's symbolic value is considerable. He can remain a cipher to the general public while the influential network that his father assiduously constructed over his nearly 37 years in office ensures that the essence of Khameneism—an unyielding commitment to the authoritarian religious state—remains ascendant.

For however long the regime survives, its leadership will be dominated by hardened reactionaries. If they can avoid Israeli targeting, an array of experienced security officials will guide the system and orchestrate its defense. Some may be willing to compromise, but they will find it difficult in a country under siege and will skew toward assertiveness and belligerence. Targeted assassinations can eliminate individual figures, but this is a cadre that the regime has invested in building for nearly half a century. Decapitation will not dismantle the system.

As a result, for the foreseeable future, Iran's hard-liners will face no true counterweights. They already control vast swaths of the Iranian economy, a position secured by exploiting reconstruction after the Iran-Iraq War and, in recent years, by leveraging the sanctions regime.

The factional competition between the religious and republican elements of the postrevolutionary system has evaporated. The current president, Masoud Pezeshkian, offers a more affable image but wields almost no institutional power or policy sway. The last relative moderate who served as president, Hassan Rouhani, has been seeking a comeback but has so far found little traction. Many Iranians who have hoped for improvements in their government are frightened for the future. "This regime will become stronger, crueller, more monstrous even than before," a resident of Tehran told *The Wall Street Journal* in the early days of the war. "People don't have the weapons to fight back."

The regime's clerics and its security bureaucracy have always had a symbiotic relationship, underpinned by familial, political, and business cooperation and a common worldview. As the center of gravity within the system shifts in favor of the military, however, the regime's internal orientation will almost certainly evolve as well. It's possible that this will result in modest reforms, such as a less aggressive imposition of religious strictures, in line with the creeping relaxation of hijab enforcement that has been underway since the protests that erupted in 2022, after the death of Mahsa Amini, a young woman who was in the custody of the morality police.

WIN THE WAR, LOSE THE PEACE?

Although they may bend, Iran's power brokers are unlikely to break. Tehran has long deployed its geographic position to its advantage, routinely flexing its muscles against its neighbors and around the strait, but typically in fits of pique and with little evidence of strategic purpose. This time was different; Iran made clear to the world that it can impose painful costs on the global economy.

Iranians will be looking to the United States and its allies along their periphery, hoping for payback or a payout, or both. Tehran is counting on its ability to outlast its adversaries in hopes of driving a bargain

that enables the regime not just to live another day, but ideally also to escape the stranglehold of Trump's "maximum pressure" sanctions, which have cratered its currency and fed its popular fury. They hope to use the war as an entry point for reestablishing their regional sway. Iranian leaders believe that the country is owed compensation for the immense damages sustained in what they see as an unjustified attack, and should they emerge from this war still in power, they intend to collect on that debt.

Iran's neighbors appreciate the ominous possibility that the war will end with an Islamic Republic that is weaker but also emboldened. An occasional drone crashing through the window of a luxury hotel or into a busy airport will be more than sufficient to raise the risk premium for investors and prompt second thoughts among tourists. Tehran has its neighbors over a barrel, quite literally, and few on either side of the Gulf are laboring under the illusion that this is a short-term problem. They will seek solutions that are both practical and durable.

On the other hand, if the war fails to accomplish its ostensible goal of evicting the Iranian regime, it's possible, perhaps even likely, that Tehran will miscalculate in the aftermath. The regime may have mounted an effective asymmetric counterattack that threatens to wreak havoc on the global economy, but its conventional military capabilities were largely destroyed, and the steady erosion of an entire echelon of senior leaders will take a significant toll on its operational and governing capabilities. And over the past 47 years, the postrevolutionary regime has rarely failed to miss an opportunity.

It's also possible that Tehran will win the war but lose the peace, as a result of its recalcitrance, unfounded optimism, or internal disarray, just as previous Iranian leaders did at a critical juncture in the war with Iraq. In June 1982, only days after successful Iraqi strikes on Iran's oil export facilities, the newly formed Gulf Cooperation Council, composed of most of Iran's Arab neighbors in the Persian

Gulf, proposed a cease-fire; according to Associated Press reports at the time, the GCC offered $25 billion in reparations to Tehran—more than $84 billion in today's dollars—in exchange for Iran agreeing to end the war without launching an offensive to oust Saddam. Tehran insisted that the war damages amounted to six times that figure and ultimately refused to end the war. The following six years of conflict took an immense toll on the country, and the Islamic Republic failed in its quest to end Saddam's rule. This time around, if Tehran presses its advantage by trying to maintain or leverage its stranglehold on the strait, its neighbors and the world may be prepared to shoulder the extraordinary costs and risks of a conclusive defeat for the regime.

Finally, even if the Islamic Republic holds out through the active phase of conflict, the aftermath could spell its undoing. At present, there may be no coherent, competent political organization that can mount a meaningful challenge to even a war-weakened regime. But the tremors from the conflict will be long-lasting, and their impact will unfold and probably magnify over time. The thousands of U.S. and Israeli airstrikes will leave a massive reconstruction bill, and an even more radical, thuggish leadership in Tehran will struggle to navigate its internal antipathies and a region beset by instability and intensified hostility. The Islamic Republic's endurance may enable its leaders to dodge capitulation for now, but their victory may well sow the seeds of the regime's demise.