

IN IRAN, THE BREAKING POINT BETWEEN TECHNOLOGY AND POWER

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The contrast is striking. On the one hand, there is a world that is preparing to enter a new modernity, with the dynamics of artificial intelligence (AI) ready to cross over into new forms of knowledge and productivity. *Chips* and semiconductors, devoid of historical memory, seem capable of projecting us into a future unimaginable for the human mind. On the other, there is an old, historicized world that moves in the present with the slow pace of human experience. The first, in these days, contributes to sending man back into lunar orbit. The latter rebels in Iran, recalling physicality and concreteness that have their roots in the entire history of humanity. Since February 28, the day of the joint attack by Israel and the United States on the vestiges of the Persian Empire, these two facets of reality have been fighting and interpenetrating each other on at least three levels: military, geopolitical and macroeconomic.

Militarily, the superiority of Israel and the United States is evident, as it combines

powerful means of war with sophisticated artificial intelligence supports. Netanyahu's Israel aims for total hegemony in the Middle East, a strategy chosen to perimeter its security. For the United States, control of the Middle East, including through Israel, is part of a broader plan of world hegemony that is expressed on a geopolitical level.

Trump's America wants to control trade flows in the region, through which a fifth of the world's oil passes, mainly to put China in difficulty. Xi Jinping has a powerful weapon that saves him from Trump's blackmail: the near monopoly of rare earths, necessary for new digital technologies. The US president wants to neutralize this power through control of oil directed to China. He then ordered the invasion of Venezuela and the annihilation of Iran: two countries that are suppliers to Beijing. On August 15, 2025, Trump met Putin in Alaska. It is not known what they said to each other. But, considering what is happening, a form of indirect support by

Trump for Russia on Ukraine seems plausible: the goal would be to distance Moscow from Beijing. This anti-China plan is also superimposed on the desire to weaken Europe, affected by the problems related to the Strait of Hormuz. It is a competitor, including a monetary one, that the current American presidency does not like, which would no longer want to support its defence and therefore also questions NATO.

In Iran, the military confrontation and its geopolitical significance are helping to accelerate a process of macroeconomic transformation. Since at least the 2008 crisis, Wall Street has dominated Main Street. Finance and financial flows, supported by central banks' *Quantitative Easing*, have made it possible to overcome the great financial crisis and also the effects of the Coronavirus. The large liquidity made available has channelled inflation towards financial assets, in particular the stock exchanges. The explosion of artificial intelligence has also helped to keep price increases on this level: liquidity has been concentrated on companies in this area of development, with names such as NVIDIA, Microsoft, Meta, etc. The narrative expressed by this

phenomenon has progressively expanded: the application of artificial intelligence in everyday life, by companies in the new and old economy, would have had a disruptive effect on productivity, helping to relegate inflation to the sphere of the financial economy, saving, at least in part, the real one.

This well-articulated narrative has helped support the stock markets in 2024 and 2025, despite Trump's tariffs.

That the digital world, inherently deflationary, needed raw materials and energy - the supply of which is limited and therefore easily conducive to inflation - was clear. However, the market saw this risk as a process in which Donald Trump's power politics would play a decisive role: domestically with fiscal leverage and, internationally, with threats and warnings to friends and enemies so that prices, especially oil, would not rise. The only real exception was China, which, with its production of rare earths, could generate instability. The contours of this design were well outlined. But threats alone, in the long run, are not enough. The invasion of Venezuela was a confirmation of power, overcoming Trumpian "diplomacy" with military intervention, but also a sign of

weakness, going beyond simple deterrence.

U.S. stock markets corrected after the attack on Iran, breaking a rally that began in April last year after the shock of the announcement of the super tariff policy. However, compared to the extreme valuations reached by the indices, especially in the United States, the correction appears almost more physiological than linked to the concrete possibility of witnessing the biggest energy crisis in the last fifty years (Brent oil has touched \$120 per barrel). The S&P 500, from the highs reached on January 28 - just above 7,000 points - corrected by 10% before recovering almost 5%, while maintaining a high price-to-earnings ratio of 26.3. The stock exchanges of the Old Continent are more tested, more exposed to Middle Eastern oil: the Eurostoxx 50 has lost more than 13% from its all-time highs on February 25th and then recovered and settled at a more contained -8.6% (-1.7% since the beginning of the year). Switzerland's SMI slipped 14% before rebounding towards -8% (-2.15%), while Japan, while losing more than 15% from its highs, is still +6.13% year-to-date.

The markets, still supported by high liquidity (M2 money supply at an all-time high), are convinced that Trump will win the war against Iran or, at least, will come out on top of it by declaring himself the winner. In addition, the US economy appears resilient, with recent employment data better than expected. Expectations for first-quarter corporate earnings are also encouraging, according to some authoritative projections. Europe, despite the energy problems, is still seen as a destination for that liquidity - especially Asian - that does not want to feed the unscrupulousness of the Trump administration.

The market refuses to price in the resurgence of the old, historicized economy, which is inherently inflation-bearing. But Main Street suffers with every tank of gas. And the situation in the Middle East does not seem to be close to improving. By killing the Ayatollah, the United States handed the country over to the military component, the Pasdaran. They have understood that the longer they keep the Strait of Hormuz under pressure, the greater the damage inflicted on Donald Trump and the world economy. The risks of an explosion in inflation become more

concrete as time goes on. Bond vigilantes observe yields: on ten-year *Treasuries* have risen from 3.9% on March 2 to the current 4.3%. If Trump were to lose the war in Iran - or simply lose the credibility that has so far conditioned friends and enemies - with the return of the old economy made up of raw materials and energy on the rise, inflation would start again. Rates would rise and not even the deflationary support of artificial intelligence would be able to save this design, while China and Russia would benefit from American strategic mistakes.

If it fails in bringing Iran back to a condition of subordination - a goal that appears increasingly complex - Iran will influence control of the old economy. Energy - in its traditional and new forms - utilities and raw materials therefore represent natural hedges for markets that will continue to ride the new economy of artificial intelligence, inescapable, in a context in which the old economy calls the productive world to its concreteness.