

Critical Minerals in Bidenomics and Xiconomics

written by Jack Lifton | August 1, 2023

In a recent interview with InvestorIntel, Jack Lifton, a well-versed commentator on the economics of critical minerals and the co-founder of the Critical Minerals Institute, discussed his insights about the current state of the rare earth industry, the Biden administration's approach to mineral economics, and the supply chain for critical minerals in the United States.

Lifton initially spoke about an interesting observation he made while reviewing the first quarter report of the Chinese Rare Earth Industry Association. The report praised "Xiconomics," a term coined to represent President Xi's plans to reduce inequality and bring prosperity to as many Chinese citizens as possible. This concept, Lifton noted, preceded the introduction of "Bidenomics" by several months. Lifton interprets the latter term as a branding exercise by the US government, assigning any positive economic outcomes to Biden's administration and blaming any negatives on opposition forces.

According to Lifton, these economic terms suggest that White House staffers are closely observing Chinese industry updates, particularly on the rare earth industry. This observation reveals the existing divide between the military industrial complex and the civilian economy in Washington. Lifton explained that the military-industrial complex is aware of its critical minerals' requirements, particularly those used to produce rare earth permanent magnets and computer chips. Despite large amounts of funding invested, it is claimed, into ensuring a secure supply of these resources, the outcomes so far have been lackluster.

Interestingly, he pointed out that the civilian economy, which has much larger needs for these same materials, seems to be overlooked. For instance, the civilian requirement for permanent magnets is approximately four times the military need, and for integrated circuits on chips, it's likely ten times. However, the focus of the government seems to be on subsidizing production and manufacturing of these components rather than addressing the actual total supply chain challenges.

Lifton accused the central government in Washington of being "obsessed with celebrity" and consumed by political scandals, leaving critical economic and industry matters neglected. Hearings on such crucial matters are infrequent compared to those focused on political controversies, creating an imbalance in policy-making.

Lifton went on to voice his concerns about the lack of practical understanding among Washington policymakers. He expressed exasperation at their inability to comprehend supply chains and their lack of experience in manufacturing high-tech goods. This lack of understanding, Lifton suggests, is leading to inaccurate claims and misguided policies.

As an example, he called out Washington's claim of reindustrialization, which seems to be happening without consideration for the critical factors such as the required workforce, raw materials, processing, and engineering. He was particularly irked by the apparent ignorance of the term "manufacturing engineering," which is essential for scaling up production.

Lifton closed by expressing concern about the distribution of grants to people who simply use the correct buzzwords in their applications, a process that lacks organization and understanding. He pointed out the absence of an effective

industrial policy in America, and the lack of understanding about the raw material sourcing to justify the building of new factories. He ended on a rather somber note, stating that good luck might be America's only hope in this matter.

This revealing interview has shed light on the challenges and misconceptions that exist in American policy-making, specifically when it comes to economics and industrial matters. It also underscores the urgency for policymakers to understand the criticality of an organized and well-informed approach to manage the rare earth industry and secure America's future in this domain.