Will the Midterm Elections Slow America's Critical Minerals Revival?

written by Jack Lifton | November 4, 2026

Washington is financing the promise of American mineral production faster than American industry is proving it can deliver. The results of the November 3, 2026, midterm elections may now make it impossible for investors to ignore the distinction between political promises, financial commitments, and actual industrial production. With the Trump administration facing an opposition-controlled Congress, the federal government's efforts to restore American critical minerals supply chains may face increased congressional scrutiny, longer appropriations negotiations, and political disagreements over financing individual projects. I do not believe that these developments will necessarily reduce the federal government's strategic interest in critical minerals, which has substantial bipartisan support, but I do believe that they could complicate and delay the conversion of announced financial commitments into actual payments to the companies developing the mines, processing plants, and metallurgical facilities on which the proposed American critical minerals revival depends.

I have been involved in the production, processing, and marketing of Less Common Metals (LCM) since 1962, and during those years I have watched the United States progressively surrender industrial capabilities that took generations to develop. I have also watched successive administrations discover, usually during periods of international tension, that losing those capabilities has consequences for national security and economic independence. What I have rarely encountered is a

sustained political understanding of the difference between financing an industrial enterprise and creating an economically viable industrial capability. The American government has now committed itself to an extensive program of financial assistance for domestic mining, mineral processing, metal production, alloy manufacturing, and the production of finished products such as rare earth permanent magnets, but the actual increase in American mineral and metal production remains disappointingly small in relation to the amounts of money announced. This disparity between financial ambition and industrial accomplishment is, in my opinion, the central issue facing American critical minerals policy, and it will remain so regardless of which political party controls Congress.

The Department of War, the Department of Energy, and other federal agencies have become important prospective financiers of industrial projects that private capital markets have been unwilling or unable to finance on the terms proposed by their developers. This intervention is understandable because China dominates the processing of many strategically important minerals and the manufacture of products enabled by them, while the United States has become dependent on imported materials and components for industries essential to both its economy and national defense. The American political spectrum largely agrees that this dependence is a strategic vulnerability, but agreeing that a problem exists is not the same as agreeing on how to solve it. The incoming Congress will have the opportunity to investigate federal financing decisions, question the economic assumptions underlying individual awards, modify future appropriations, and demand accountability for the expenditure of public funds, while the administration will retain considerable authority to administer existing programs and negotiate financial agreements within the limits established by law. I expect the resulting political friction to delay some funding

decisions, but I do not expect it to eliminate the federal government’s interest in establishing domestic sources of strategically important materials.

The more immediate question for investors is whether the federal government has already made legally enforceable financial commitments to the projects it has announced or whether those announcements represent intentions that remain subject to negotiation, technical review, financial conditions, and future appropriations. A corporate press release announcing hundreds of millions of dollars in federal support is not equivalent to an executed financing agreement, and an executed agreement is not necessarily equivalent to money available for immediate expenditure. Even a legally obligated federal award may require its recipient to satisfy engineering, permitting, financing, or commercial milestones before additional funds are disbursed, and a conditional loan commitment may remain dependent on the recipient’s ability to raise substantial private capital. There is therefore an enormous difference between money announced, money legally obligated, money actually disbursed, and money converted into productive industrial assets. I believe that this distinction will become increasingly important during the next two years as congressional oversight and federal budget negotiations expose the actual financial status of projects that investors may have assumed were already funded.

Consider the rare earth industry, where federal financial support has been announced for mines, separation plants, metal and alloy manufacturing facilities, and permanent magnet factories. The existence of these proposed facilities does not establish that an integrated American rare earth supply chain will emerge from their construction, because a mine must produce a concentrate that can be processed economically, a separation plant must produce individual rare earth compounds at the purity required by its customers, a metal producer must convert those

compounds into metals of acceptable quality and cost, and an alloy manufacturer must meet the specifications of magnet producers whose products must themselves be qualified by original equipment manufacturers. Every stage must function economically and technically with the stages immediately before and after it, and the financing of one stage does not guarantee the viability of the others. This is why I have consistently argued that developing critical minerals supply chains must begin with the requirements of the original equipment manufacturers and proceed backward through the necessary manufacturing and processing stages to the mine. Financing production capacity without first establishing the requirements for that capacity is not industrial planning; it is speculation supported by public money.

The Department of War has a particular interest in establishing reliable domestic sources of strategically important metals and materials, and I expect that interest to survive changes in congressional control because it arises from national defense requirements rather than the industrial preferences of a particular administration. Nevertheless, the military market for many critical minerals is much smaller than the commercial market, and its willingness to pay higher prices for assured domestic supply does not mean that the same production facilities can become competitive suppliers to civilian manufacturers. A facility built to satisfy a military requirement may be justified at a cost unacceptable to a commercial customer, but the federal government should recognize that such a facility provides a strategic capability rather than necessarily establishing a self-sustaining commercial industry. This distinction should be made explicit in every federal financing proposal because the economic justification for maintaining a strategic reserve of industrial capability is not the same as the justification for investing in a competitive

manufacturing enterprise. Congress may reasonably ask whether the public is financing a national defense requirement, a commercially viable business, or an attempt to accomplish both without adequately distinguishing their different economic requirements.

The Department of Energy faces a related but different problem because its industrial financing programs frequently involve projects whose success depends on future commercial demand, technological development, and the willingness of private investors to provide additional capital. Congressional scrutiny of these projects may increase, particularly where the government's financial commitments are large and the proposed facilities remain years away from commercial operation, but investors should not automatically interpret delays in federal financing as evidence of political interference. A project that cannot complete its engineering, obtain its permits, demonstrate its process technology, negotiate binding customer agreements, or raise the equity required to satisfy a federal lender has not necessarily been obstructed by politics; it may simply have failed to establish the conditions required for financing. The distinction matters especially for junior mining companies whose market valuations may increase dramatically after announcements of government support, even when their ability to produce and sell the proposed materials has changed little.

Magnesium provides what I believe is one of the most revealing examples of the problem facing American industrial policy. The United States once possessed a substantial primary magnesium metal industry, producing magnesium domestically, converting it into alloys, and supplying manufacturers that understood its properties and applications, but over time much of this industrial capability disappeared as domestic production became economically uncompetitive, imports displaced American output, and the supporting industrial infrastructure contracted. The

closure of the remaining major domestic primary magnesium operation left the United States without significant operating primary magnesium metal production, although magnesium itself is one of the most abundant elements in the Earth's crust and is present in enormous quantities in seawater and brines. The loss of the American magnesium industry was not caused by a shortage of magnesium resources, nor by the disappearance of the scientific knowledge required to produce magnesium metal, but by the deterioration of the economics and industrial organization necessary to convert those resources into commercially acceptable products. Restoring this industry therefore requires more than financing a new plant; it requires rebuilding an economically sustainable industrial system.

Private industry is now attempting to restore portions of the American magnesium supply chain through projects involving domestic magnesium resources, alternative reduction and electrolytic technologies, and the production of magnesium metals and alloys for industrial customers. Arlington Magnesium Corp. and other developers seeking to establish domestic production must show that their processes can operate reliably at commercial scale, that their energy and raw material requirements are economically manageable, and that their products can meet the specifications and prices demanded by customers accustomed to imported magnesium. Government financing may help these companies reach commercial demonstration and production, but it cannot eliminate the need for their production costs to be ultimately supported by the markets they intend to serve. Magnesium is therefore an excellent test case for American critical minerals policy because the United States is not trying to discover a new mineral resource; it is trying to recover an industrial capability it once possessed. If the federal government cannot help restore an industry for which the resources, metallurgical principles, applications, and potential

customers are already known, then we should be cautious about its ability to create entirely new domestic supply chains for materials with much less developed commercial markets.

The same reasoning applies to graphite, tungsten, antimony, scandium, and other strategically important materials whose domestic production has become a subject of federal financial interest. Mineral availability is only the beginning of an industrial development program, and a laboratory process, pilot plant, or preliminary feasibility study does not establish the economics of commercial production. The ability to produce a marketable material, qualify it with customers, deliver it consistently in the required quantities, and earn an acceptable return on the capital employed determines whether an industrial capability actually exists. In my experience, the American investment community too frequently confuses the value of a mineral discovery with the value of a mining enterprise and then compounds that error by treating a proposed processing facility as though its announced capacity were equivalent to demonstrated production. Federal financing can magnify this confusion when investors interpret the government’s willingness to provide financial support as an independent confirmation of the project’s commercial viability.

I expect the next two years to expose the differences among the many projects that have received federal encouragement. Some developers will have completed engineering, secured feedstocks, demonstrated technologies, negotiated binding customer agreements, and obtained sufficient private capital to proceed, while others will remain dependent on additional government assistance, favorable commodity prices, or processes not yet demonstrated at the proposed scale. The new Congress may question both categories, but the consequences of that scrutiny will not necessarily be the same because a project with demonstrated commercial fundamentals and an executed financing

agreement occupies a fundamentally different position from one whose principal financial asset is a government announcement. Investors should therefore investigate how much of the announced federal financing has actually been obligated and received, how much remains conditional, what additional private capital will be required, and whether the proposed output has been qualified by customers willing to make binding purchase commitments at prices sufficient to support profitable production. These questions determine a project's economic value, and they matter more than the political enthusiasm accompanying its announcement.

The 2028 presidential election will add another layer of uncertainty because investors financing projects with construction and qualification schedules extending into the next administration will have to consider whether future federal support will remain available and whether the conditions attached to that support may change. The longer a project depends on discretionary political decisions, the more important that uncertainty becomes to its financing, particularly when the project requires substantial additional capital before commercial production can begin. I would therefore expect private investors and lenders to place increasing emphasis on the legal status of federal commitments, the availability of alternative financing, and the ability of project developers to continue construction and commissioning if government payments are delayed. A delay of twelve or twenty-four months in receiving anticipated federal funds could be decisive for a company whose financial projections assume public money will arrive according to an optimistic development schedule.

This brings me to what I believe is the fundamental weakness in contemporary American industrial policy. For decades, the United States has increasingly treated the financing of industrial enterprises as equivalent to industrial development itself,

announcing investments, calculating projected production capacities, estimating future revenues, and then treating these projections as evidence of progress. But projected capacity is not production, a feasibility study is not an operating plant, a government loan is not a qualified product, and a proposed domestic supply chain is not a functioning industrial economy. The American critical minerals industry needs policy continuity, disciplined investment, technically qualified management, and a realistic understanding of the time required to rebuild capabilities abandoned over several decades. It does not need an endless succession of announcements that confuse financing future possibilities with achieving present production, nor does it need a political system in which every change in congressional control introduces uncertainty about completing projects that have already met the conditions for public financing.

I would caution investors against accepting politics as the universal explanation for delays in American critical minerals development. Congressional investigations, appropriations negotiations, and disagreements between the legislative and executive branches could certainly slow the conversion of announced commitments into actual expenditures, but a project that cannot obtain its required permits, demonstrate its technology, qualify its products, or attract sufficient private capital has a commercial problem, not necessarily a political one. Conversely, a project that has demonstrated its ability to produce a strategically important material economically should not be denied timely access to legally committed financing merely because political control of Congress has changed. The federal government should distinguish between industrial projects that require temporary assistance to overcome the extraordinary costs of restoring a lost national capability and those whose business plans depend on continuing public subsidies

because their products cannot compete in the markets they propose to serve.

I expect the federal government will still be announcing substantial financial support for American critical minerals projects by the end of 2028, although I am much less confident that the increase in actual domestic production will be proportional to those announcements. The political consequences of the November 3 election may determine how quickly Washington releases some of the money it has promised, but they will not determine whether the recipients can produce the materials they have promised. The ultimate test of American critical minerals policy will not be how much money Washington commits, how many projects receive government endorsements, or which political party controls Congress, but how much additional metal America actually produces, processes, and delivers to manufacturers at costs that can support continuing production.

Until we measure success by that standard, we will keep financing the promise of American industrial recovery rather than its accomplishment.