

Monopsony, monopoly, let's call the whole thing off.

written by Jack Lifton | March 3, 2026

Perspective is the key to objectivity. The title of this essay is a salute to Cole Porter, who famously wrote the lyrics, "Potato, potatoe, let's call the whole thing off" to describe a romantic situation where two lovers are saying the same thing in different ways and cannot understand that there's no difference between them.

The United States Government, through the Department of War, exercises monopsony power. The Department of War specifies the requirements for a military-use personal weapon, aircraft, ship, or vehicle, and then awards a single-source contract to a single supplier, with no further competition allowed. There will only be one buyer, the Department of War, and that buyer will set the price.

According to Google: **"A monopsony is a market situation with only one buyer (the monopsonist) for a good, service, or labor, giving them dominant control over sellers and the power to lower prices or wages. It is the opposite of a monopoly (one seller) and causes inefficiencies, often resulting in lower wages for workers or lower prices paid to suppliers."** However, in the case of government as the monopsonist, the result is usually higher prices, given that this practice creates a monopoly supplier.

The DoW has always practiced Industrial Policy. It, not the marketplace, determines what it needs, and then it bids out procurement of those needs to a small group of pre-qualified military-industrial suppliers and chooses just one of them, designated after the award as the "systems integrator" to provide the finished goods or services. It's then up to the

systems integrator to select its own sub-suppliers and to qualify them.

I have been trying to understand how the U.S. government could be making investment decisions based on a complete disregard for the long-term consequences of such decisions, other than their immediate effect on the share prices of the selected ventures. My conclusion is that the American education system is the problem. The decision makers in Washington, their chosen suppliers, and, to a lesser extent, Wall Street simply do not have the breadth of general education to understand the choke points of the supply chains they are attempting to regulate. They are unable to analyze the supply chains for manufactured goods because they simply do not understand the technologies involved. This results from a lack of even the most general knowledge of geology, chemistry, physics, metallurgy, and, sadly, manufacturing economics.

The decision makers simply don't know what they don't know.

The growing boondoggle called the critical minerals' crisis is a perfect example of Washington ineptitude. The lack of understanding of the technical difficulties of mining, refining, storing, and fabricating end-user forms of metals, alloys, and the chemical compounds of specific elements are specialties that in the real world are informed by not just specialized education but mostly and most importantly by the long-term experience of trial and error.

Unfortunately for the United States, the only recognized authority on these subjects by the government is specialized education. Only credentials (or connections) seem to count in government bureaucracies. Experience, real-world (industrial) success, and the helm of profitable industrial enterprises that produce manufactured products for mass consumption seem not to

count.

The financializers gained control of American manufacturing about one generation ago. In their monomaniacal quest for immediate profit as the sole metric of interest, they failed to notice that American productivity had peaked by the 1970s and was in decline. They also failed to notice the ending of the post-World War II American-dominated globalization, and they thought that the exorbitant privilege of the American dollar in world trade was a permanent fixture of the world economy. They did not see that the use of the printing press by the United States government to rescue the world from the financial catastrophe of 2008, which they themselves had caused by their reckless financialization, along with their transfer of American know-how and industrialization to China to maximize profits gave an advantage to China which no amount of self-Serving Financialization could change.

The financializers believed that a tame China could be granted entry to the World Trade Organization and would obey the dictates of Wall Street. China crafted an industrial policy with a target of creating the world's premier industrialized nation. To implement this policy they began with low-cost, low-technology manufacturing while they gathered up the financial and physical resources to make them independent of the rest of the world.

Now we are supposed to believe that these same financializers are going to rescue us from our declining importance in the industrialized world by continuing to emphasize profit and their personal success.

The post-World War II era of globalization is over. The United States cannot command the world's natural resources to flow to the United States simply because of the dollar's importance in

international trade.

The global South is waking up. It no longer wishes to be merely a purveyor of natural resources in exchange for dollars or renminbi.

But even though China is facing a revolt from the same third-world countries upon which it lavished enormous amounts of capital to acquire access to the natural resources of those countries, the United States is in no position to benefit from this revolt against Chinese control, because we now lack the human resources to take advantage of potential access to the resources we need. The United States is one generation behind China in developing human resources for the re-industrialization of the United States.

I only see enormous amounts of dollars being thrown at inexperienced ventures that are supposedly going to re-establish American dominance in high-technology sectors based on critical mineral resources. I see no sound coming from the American educational establishment, indicating that it will refocus its efforts on training students in STEM rather than social areas. Until that change occurs, the United States will not be able to re-establish itself as the world's leading manufacturing nation, particularly in high technology.

I think that the lack of understanding of this problem is the biggest problem facing the United States today.

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May 13-14, 2026
Toronto, Canada

