Squeezing the juice out of the idea that endless cash will somehow make more battery materials appear

written by Jack Lifton | February 17, 2022

It has been said that the (U.S.) Central Bank, the Federal Reserve System, can simply create money by creating bank reserves on its balance sheet. It does this by purchasing long term U.S. government bonds from the banks; this is known as Quantitative Easing (QE). The purchases are entered as new reserves on the seller's account. This open-ended creation of money is the basis of Modern Monetary Theory (MMT), the idea that governments can never go bankrupt; they can simply create more money when needed.

Modern Mineral Resource Theory (MMRT) has evolved out of Modern Monetary Theory so a brief excursion into MMT will help understand MMRT.

Many, if not most, of those who believe in free-market capitalism also believe in the efficient market hypothesis. This holds that the supply and demand of goods and services always seeks to be in balance, so that, for example, if there is an excess of demand for a good or service, let's say the public wants to buy more electric cars than are available, then the price of electric cars will rise until it is profitable for manufacturers to increase the supply of them.

The efficient market hypothesis assumes that there are infinite amounts of goods and services available, and the only constraint on their supply is a price high enough to allow their production

to be profitable. Excess demand causing the price to rise is the motivator for increased supply, and there is no limit to that supply otherwise.

Modern Monetary Theory holds that money, itself, is a commodity whose "price" is determined by demand and supply. Modern Monetary (MM) Theorists, however, do not believe in the efficient market theory. They believe that an excess of money stimulates demand across the board and automatically increases supply of all desired items.

The confused MM Theorists must believe, therefore, as a necessity that there can be no limit to supply so long as there is enough (commodity) money available. I call, this caveat, Modern Mineral Resource Theory.

This is the terrible mistake that is wrecking "free world" economies through its application to the crisis du jour, climate change.

MMRT is the reason that the green energy revolution will fail to improve or safeguard lives, and in fact, will cause a resurgence of poverty.

The total mineral resources available to mankind are those, the deposits of which are physically accessible and exist at grades (concentrations) high enough so that state-of-the-art mining and chemical engineering can extract them, separate them, purify them, and fabricate them into end-user forms that are widely affordable for mass production.

To be widely affordable for mass production of consumer goods the total amount of capital necessary for their creation must be reasonable and not interfere, by its allocation, with the standard of living of the society for which the goods are intended. Just like any other "commodity," capital is not

infinitely available.

A good example of the failure of MMRT is lithium, which is already too expensive to support, and in too short an accessible supply, to allow the transformation of personal, commercial, and freight transportation from the use of fossil fuels to the exclusive use of battery electric power trains (BEVs).

Modern Mineral Resource Theory holds that the demand for BEVs will cause the supply of lithium to increase to meet that demand. This is not true, and MMRT, which holds that the supply of mineral natural resources is infinite, if the price is right, is false.