

Canada gets it right with new critical materials report

written by Jack Lifton | July 6, 2022

Government report should be mandatory reading

Last week, Canada's House of Commons Standing Committee on Industry and Technology issued a report entitled: "[POSITIONING CANADA AS A LEADER IN THE SUPPLY AND PROCESSING OF CRITICAL MINERALS](#)." I urge everyone to read it. Canada is the leader in the Americas in the mining of the critical metals for EVs, and as this report shows it is embarked upon a government-supported and funded initiative to become a world class provider of not only the downstream end-user forms of those critical materials, but of the consumer products dependent upon them, such as EVs and the batteries they need as well as stationary storage batteries, and the rare earth permanent magnet motors that most efficiently propel EVs.

The report is, not "should be," mandatory reading for the elected officials and bureaucrats of the USA, the UK, and the EU. Just go to the table of contents page, which has live links for each topic, and you have the outline of a textbook on the topic of "How can a government support the development of a domestic, world class, critical metals enabled high tech consumer industry?" Note well that China has already done this! The United States and Europe publish voluminous reports patting themselves on the back but showing no consultation with industry or finance whatsoever. This Canadian report puts Canada at the

forefront of a revolution in how a democracy can compete with an autocracy and can implement an industrial policy without falling into the “just throw money at a problem” mentality of the USA and Europe.

It has been said that to accomplish anything, you need people who come from a culture that honors work and expects results. This is no longer the culture in the United States, and this is why the United States cannot catch up with Asia in technological prowess or “reclaim” its former and rapidly fading lead. The rapid rise of Canada as a technology products powerhouse will also constrain American production, as Canada uses its own high tech raw materials domestically just as China does.



From the introduction to the Canadian critical materials report (p. 9)

The two American bubbles, the Hollywood fantasy culture and the Washington and coastal center cities’ economic fantasy, have combined to ensure the end of social mobility through economic improvement for any and all who try hard enough and to replace it with financialized fascism decorated with the appearance of social justice trumping merit and of selective “data”-based clueless illogic replacing scientific inquiry that has created a need to direct the energy economy to oblivion strictly to enrich an oligarchy.

Unlike the USA, Canada has a clean sheet, technologically. It has not lost its respect for merit-based scientists, and although badly infected by clueless social justice, its universities and government still retain a culture that values scientific accomplishment and is against [man-made energy poverty](#) (aka, the green new deal). American readers should note that Canadians use more energy per capita than Americans. Winnipeg’s

climate is not like San Diego's.

Thus, I am not surprised, and I have some pride (note: my parents emigrated from Winnipeg to Detroit in 1923-26 seeking the opportunities offered by the then "American dream" of social mobility) in the fact that Canada's Parliament has the making and keeping of Canada's standard of living for everyone a top priority. The Canadian dream is, in my opinion, today more viable than the fading American dream.

The founder of Amazon, Jeff Bezos, said last week of recent pronouncements by the White House: "It's either straight ahead misdirection or a deep misunderstanding of basic market dynamics."

Let me add that the U.S. government also has a deep misunderstanding of the technology of natural resource production and its limitations. Canada's Parliament could give some good tips to the Americans.

Circling the theory of an EV revolution, Lifton takes on the 'dumbest assumption of the greens'

written by Jack Lifton | July 6, 2022

The "law" of supply and demand is in reality an academic ideal "model" that only works in a prescribed universe in which both demand and supply have no limits. In the real world, the model

fails when it is applied to the finite supply of natural resources of this planet.

Case in point: The [demand for lithium](#) expressed as the necessary amount of this natural resource to accomplish the transformation of the motor transportation industry from the utilization of fossil fuels for motive power by internal combustion engines (ICE) to storage battery fueled electric motors (BEVs) is not possible, due to the limitations of lithium separation from the Earth's lithosphere (crust) by man-made operations that are economically palatable to our civilization. The so-called green new deal is ridiculously expensive; it would require that all of our focus be on destroying the society that cheap energy has bestowed upon the world and making the current broadly shared consumer driven economies impossible of continuation, and close off any additions to consumer economies from Africa, most of India, and South America. The dumbest assumption of the greens is that there is an infinite supply of money to be used to achieve an unlimited supply of resources that would be needed to meet their mandated demands to turn the global energy economy "green."

The only way that an EV "transformation" could take place with the resources that are accessible to us would be if the current internal combustion engine motive power of land and sea transport were replaced by a hybrid system of combined internal combustion and battery electric power. This would conserve both types of motive fuels, fossil based for internal combustion and stored electricity produced by fossil, nuclear, and alternate (wind, solar, and hydro) fuels, by utilizing them in the most efficient way. The idealization of personal transportation would also require the end of consumer choice and its replacement by durable, commodity, easily maintained and repaired, recyclable vehicles with long use-lives. This, in fact, was the "ideal" that Soviet Russian communism was supposed to attain. It didn't

work although it was mandated by the State and put into proto-practice across the Soviet empire. It was maintained only by fiat and fear. As soon as the Soviet experiment failed Western consumer choice driven cars rapidly replaced the dull, inefficient, poorly designed and made Yugos, Trabants, Lada's and Dacia's of the Soviet communist experiment.

The Chinese Communist Party has for the last twenty-five years embarked on a re-modeled approach to achieving communism, which has resulted in a system based on first using market capitalism to offer choices to rapidly improve the lifestyles and standard of living of China's people to be followed by a leveling of the inequality of income that inevitably follows when substantial private ownership of the means of production is allowed, by re-asserting the right of the state to control the markets for the products that capitalism has shown that the people want as a measure of a contented life.

The Chinese model of using [capitalism with Chinese characteristics](#) to bring about socialism with Chinese characteristics in order to bring about a society based on communism with Chinese characteristics is a work in progress.

Western thinkers believe that the intentionally chaotic system of modified free market capitalism used in the United States and Europe by their mostly republican, democratically elected, governments, is the "ideal model."

Chinese rulers, elected by only a minority of the population, the members of the Chinese Communist Party, believe that their state managed economics with Chinese characteristics is the right model for the development of a Chinese Communist State, and express their beliefs in planning mandated long term industrial policies.

The Chinese don't seem to want to bring Marxism with Chinese

Characteristics to the world, by force, anyway, as the Soviets did. They are remodeling their own nation as a closed system using the outside world only to perfect and maintain that closed system.

It remains to be seen if the Western model of innovation through disruptive technologies will continue in the face of a green new deal that will exacerbate inequality and destroy the middle class which has allowed modern Americans to enjoy the highest standard of living in history.

I think that the chaotic disruption of the OEM automotive industry based on a false premise of an infinite resource supply to meet a mandated demand will fail and could bring about an accelerating decline in lifestyle, quality of life, and America's standard of living.

For what purpose? Oh yeah. To save the world.

As an infamous American officer said during a meaningless war, "We had to destroy the village to save it."

In the near term buy into the hard to produce battery and electric motor metals, primarily [lithium](#) and the [rare earths](#), and those companies that have found accessible deposits of any and all of them. Even if I'm wrong and there is an EV transformation it will take a very long time, and it will require for many years more lithium and rare earths annually than have ever been produced annually before.

Finally, be on the lookout for economically efficient new and newly applied process technology. It's the only thing that could get us through the coming grade deflation as the best deposits are high graded out.

What stocks and sectors to win in the US Presidential election

written by InvestorNews | July 6, 2022

With the US Presidential election on November 3 many investors are looking at the implications of a Trump win versus a Biden win. Based on the current polls Biden is ahead which means some of the Biden related stocks have already partially priced in a Biden victory.

Sectors and stocks to do well if Trump wins

If we see a [President Trump victory](#) this week then investors can expect more of the same from the past 3 years in office. Trump is likely to continue with the China trade war and his tariff policy, which has so far had mixed results. Agriculture (soybeans etc.) has suffered some severe ups and downs as China retaliated then appeased Trump. [Chinese student education and tourism to the US](#) is significantly down.

Sectors that have generally been favored under Trump include oil/gas/coal/nuclear, military, possibly financials, possibly technology, and some industrials. Trump's policy to reduce corporate America's tax rate from 35% to 21% was a huge win for corporate America and it helped boost stock markets at the time. The recent September 30 White House [Executive Order](#) ('EO') on critical minerals is aimed to give a huge boost to the critical minerals mining sector and supply chain, especially for US based projects.

Some stocks and funds likely to do well in a Trump victory include oil/gas/coal/nuclear such as SPDR S&P Oil & Gas Exploration & Production ETF (XOP) (assumes COVID-19 eases and oil prices increase), Exxon Mobil (XOM), [Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR), [Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE); defense stocks such as Northrop Grumman Corp. (NOC), Lockheed Martin Corp. (LMT), Raytheon Co. (RTN), and General Dynamics Corp. (GD); financials such as Bank of America (BOA), JP Morgan Chase (JPM); and the tech giants (Facebook FB), Amazon (AMZN), Alphabet (GOOGL) etc); US based critical minerals miners MP Materials Corp. (MP)(FVAC), [Neo Performance Materials Inc.](#) (TSX: NEO), and the other US critical mineral miners.

China related shares and funds would likely not do well if Trump wins and the recent renewable energy and EV stocks rally might reverse.

Donald Trump continues with ‘make America great again’



[Source](#)

Sectors and stocks to do well if Biden wins

Biden's policy proposals are aimed at [restoring equality and boosting the middle class](#) as well as US manufacturing. Biden plans to work with other nations to solve global conflicts and less conflict with China. His other key policy pillar is green energy ([‘green new deal’](#)). Biden's green plan is for the U.S. to have a carbon pollution-free power sector [by 2035](#). This would be a massive boost to the renewable energy sectors such as solar and wind energy as well as more support to the electric vehicle (EV) industry. Biden also plans to boost spending on rural areas, agriculture, healthcare, child care and caregivers, as well as helping to reduce student debt and raising the US

minimum wage to \$15/hour. He plans to boost R&D spending by \$300 billion on electric vehicles (EVs), lightweight materials, 5G and artificial intelligence. To do all this he plans to raise corporate tax rate from 21% to [28%](#), and to [raise taxes](#) on individuals with incomes above \$400,000, including raising individual income, capital gains, and payroll taxes. Also some capital gains tax increases for those on [incomes above \\$1,000,000 pa.](#)

Some stocks and funds likely to do well in a Biden victory include solar energy stocks and solar ETFs (TAN), SolarEdge Technologies Inc. (SEDG), First Solar (FSLR), Brookfield Renewable Partners LP (BEP), NextEra Energy (NEE); wind energy and wind stocks (FAN); US electric vehicle stocks such as Tesla (TSLA), Fisker (FSR); EV charging companies Blink (BLNK); and the miners that provide the raw materials for the clean energy sector. This would include miners in rare earths, lithium, cobalt, graphite, nickel, manganese, aluminum, and scandium etc. Also emissions reducing stocks such as [dynaCERT Inc.](#) (TSX: DYA | OTCQX: DYFSF) stand to benefit. US healthcare stocks such as United Health Group (UNH) and those focused on COVID-19 treatment and prevention should do well as Biden increases COVID-19 testing and therapies and [drops medicare eligibility from 65 yo to 60 yo.](#)

Joe Biden plans to help fix inequality and boost the middle class



[Source](#)

Sectors and stocks to do well no mater who wins

The technology sector has done well under Trump boosted by the corporate tax cut; however it is also likely to continue to do

ok under Biden, despite a short term pull back due to higher corporate taxes. There is the Democrats (Biden) threat of more regulation and possible breakups of big tech; but under Trump there is also greater pressure on big tech such as the recent [Alphabet Google anti-trust lawsuit](#). Expanding rural broadband internet access under Biden is a small positive for tech.

The infrastructure sector should do well. If Trump wins the infrastructure to do well will be more based around older infrastructure such as highways, pipelines, and traditional energy (oil, gas). If Biden wins the benefits will go towards newer infrastructure such as his [\\$2 trillion green infrastructure and jobs plan](#) over his first term in office.

US critical materials related stocks look set to do well both under Trump and Biden.

Gold and precious metals will likely do well no matter who wins assuming continued US stimulus and money printing.

Closing remarks

InvestorIntel has no political bias, but rather seeks to help investors make informed decisions.

As a general rule if Trump wins the US election investors can expect the same stocks and sectors that did well the past 3 years to continue to do well. The best performing sector has been US technology. The lower corporate tax rate is a plus for US corporates in general.

If Biden were to win the winning sectors and stocks relate mostly around stocks that benefit from a supported lower and middle class, renewable energy including EVs, and government support (health care, child care, aged care).

Finally, how the US deals with the China trade war, COVID-19,

and geo-political events going forward will also play a significant role in the US stock market over the next 4 years. Good luck to all.