



# A STATE SALE: NEVADA'S THRALL TO TECH EXTRACTION

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## ABOUT THE AUTHOR

Francesca Petrucci is fascinated by understanding political conditions, environmental degradation, economic inequality and surveillance through the lens of working people. She worked as an organizer for the Bernie Sanders campaign in rural Nevada where she met miners and became interested in the industry's history and ultimately its connection to tech's leap into the Silver State. Her interests and organizing work has led her to the labor movement, which she believes is the most important site of building power in this moment.

## ABOUT THE REPORT

This report examines Blockchains, LLC's ambitions in Nevada to build a modern-day self-governed cryptocurrency company town, subsidized by the state on nearly every level. By looking at the state's mining history, and Tesla's Gigafactory, Nevada's giveaways to Blockchains, LLC can be understood through its longstanding practice of giveaways of land and other natural resources while simultaneously ignoring poor labor conditions. The report also assesses how big tech converges with a burgeoning Tech labor rebellion, contending with issues of worker surveillance and mechanization.

## ACKNOWLEDGEMENTS:

To Todd Wolfson and Briar Smith: thank you for helping me find my voice. This story was like a puzzle with a thousand jagged pieces that took a long time to fit together, but we did it! I am grateful to you both for seeing my vision and giving me the opportunity and space to speak on such important issues.

To all of the comrades in Nevada and across the globe: we continue to be united in what sometimes seems like an insurmountable struggle, but you have shown me the beauty that is born in the chaos. To those who have taught me how to love deeply and live with compassion for each other, thank you!



It's difficult to pin down who Jeff Berns is, making him the perfect fit for the job. He can be reduced to one-part Elon Musk, one-part John Wayne, a character suited to the ethos of Nevada where tech, desert and a fierce devotion to rugged independence reign. Berns, CEO of Blockchains LLC and multimillionaire, steps out onto his newly purchased desert, located on Native American Paiute land. "This will either be the biggest thing ever, or the most spectacular crash and burn in the history of mankind," Berns remarks. "I don't know which one. I believe it's the former, but either way it's going to be one hell of a ride."<sup>1</sup> The "this" he was referring to was a proposed piece of legislation seeking to create Innovation Zones, semi-autonomous counties that supplant real county government and are owned and operated by Blockchains. The county would operate on cryptocurrency, supported by Blockchain technology and workers would be responsible for mining and maintaining that technology, in a company town where workers would live, attend school and participate in commerce. This dystopian fantasy nearly became a reality, if it wasn't for a reprieve in the form of a committee tasked with studying this proposal.<sup>23</sup> But the reprieve won't last forever, and Berns is nowhere near defeated. Blockchains LLC has already amassed incredible power through a series of 2019 legislative victories and the state's giveaways of land, water and economic incentives on which the company's future crypto-laboratory is entirely predicated.

In order to understand how a modern day companytown came close to being a reality, we must understand this Innovation Zone legislation within the historical context of government's endless giveaways, in the form of land, years of economic incentives, water rights, coupled with a gross lack of protection for workers at three major junctures, which laid the groundwork for the state's self-subjugation. First, this paper analyses the federal Mining Act of 1872, which codified mining companies' rights to extract hardrock minerals on public lands and Nevada's response to organized mining labor; second, it assesses the state's giveaway of land, rights to a diminishing water supply for the Tahoe Reno Industrial Complex (TRIC), and the acceptance of Tesla's exploitative labor practices in Gigafactory 1 in Storey County; and finally, examines how the state's self-commodification nearly led to the creation of a company-run town and how Blockchain's domination of Nevada's cryptocurrency future converges with a nascent labor resistance within the tech industry that has swept the nation.

## STATE OF MINE

The history of mining in Nevada only exists as a result of the commodification of land and exploitation of labor. The Comstock Lode in Storey County, the site of the current TRIC and the proposed company town, was claimed by Henry Comstock in 1859. The Mining Act of 1872 codified the lax laws that enabled individuals and corporations like Henry Comstock

1 Popper, Nathaniel. "A Cryptocurrency Millionaire Wants to Build a Utopia in Nevada." *The New York Times*, The New York Times, 1 Nov. 2018, [www.nytimes.com/2018/11/01/technology/nevada-bitcoin-blockchain-society.html](https://www.nytimes.com/2018/11/01/technology/nevada-bitcoin-blockchain-society.html).

2 Bleakley, Caroline. "Sisolak: 'Innovation Zone' Bill Dead in Legislative Session." KLAS, KLAS, 26 Apr. 2021, [www.8newsnow.com/news/local-news/sisolak-innovation-zone-bill-dead-in-legislative-session/](https://www.8newsnow.com/news/local-news/sisolak-innovation-zone-bill-dead-in-legislative-session/).

3 With less than 40 days of the 2021 legislative session, Nevada Governor Steve Sisolak announced that the legislation will not be put up for a vote and instead a joint committee will be created to study the proposal.

to stake claim to land for the purpose of extracting gold and silver. Established by Ulysses S. Grant, the Act drove economic development and settlement of the West gave individuals and corporations the right to stake mining claims on federal public lands for the purposes of extracting gold, silver, copper and other valuable deposits.<sup>4</sup> It also established hardrock mining as the “highest and best use” of public lands, regardless of other competing land uses (recreation, hunting, renewable energy, grazing, or even oil and gas drilling) and disregarded environmental concerns. And finally, the Act prohibits the federal government from charging royalty fees, which has deprived the government of hundreds of billions of dollars over time.<sup>5 6</sup> Mining is so privileged in Nevada that increasing the mining tax requires amending Nevada’s state constitution.

Seventy percent of the state’s gold and silver was extracted in the Comstock at the time, requiring tremendous labor to extract the valuable metals, and the state did little to protect these undercompensated workers, allying itself with mining companies who exercised control over workers and the economy in which they lived and toiled<sup>7</sup>. After Comstock miners held demonstrations over efforts to cut their wages and demanded that the company agree to only employ people who were in good standing with their union, Governor James Nye of Nevada dispatched a Cavalry Unit to the Comstock in an effort to maintain what he deemed “order” in the new state. Although the Comstock was the first mining town in the West to unionize, the company controlled far more than their labor in the form of the “company town.” An innovation borne and popularized in the American West at the peak of the gold speculation, company towns were only possible through the leniency of local and state laws around land, resulting in the mining industry’s capture of the state. The mining industry had de facto control over the cost of every good and service in these ‘towns’ which fluctuated based on the number of workers, and a standard wage didn’t always keep up with the costs.

## GIGA NEVADA: HOW TECH STRUCK GOLD

Nevada’s endless giveaways to private industry have since persisted, and there are other troubling examples as more contemporary antecedents. In 2014, Tesla announced it was building a new factory and invited states to bid. Five states competed to become Tesla’s new Giga-hub and Nevada was pretty far down on the list, until the state offered a deal it couldn’t refuse: cheap land, environmental giveaways and zero oversight over working conditions. Millionaire and county commissioner Lance Gilman, who owns the Tahoe-Reno Industrial Center (TRIC) first gave 1,000 acres to Tesla, completely free of charge, to begin building its

4 Gerard, David. “The Mining Law of 1872: Digging a Little Deeper.” PERC, 16 Feb. 2018, [www.perc.org/1997/12/01/the-mining-law-of-1872-digging-a-little-deeper/](http://www.perc.org/1997/12/01/the-mining-law-of-1872-digging-a-little-deeper/).

5 “The 1872 Mining Law: Enriching Foreign Companies at Taxpayer Expense for 150 Years.” Earthworks.org, [www.earthworks.org/cms/assets/uploads/2019/03/FS\\_1872MiningLaw\\_EW-EJ-WORC\\_201903.pdf](http://www.earthworks.org/cms/assets/uploads/2019/03/FS_1872MiningLaw_EW-EJ-WORC_201903.pdf).

6 “Nevada Mining Tax Facts.” Planaction.org, [www.planaction.org/wp-content/uploads/NVMiningTaxFacts.pdf](http://www.planaction.org/wp-content/uploads/NVMiningTaxFacts.pdf). Nevada still has the most lax mining laws in the country. In 2011, trans-national mining conglomerates took \$8.76 billion in gold from Nevada, and paid a total of \$104 million to the state general fund under the mining tax, an effective tax rate of less than 2%.

7 Rocha, Guy Louis. *Images of the Comstock Miners’ Unions*, [www.nevadalabor.com/rocha.html](http://www.nevadalabor.com/rocha.html).



factory. Gilman's sweetheart deal preceded a bigger bonanza from the state in the form of a \$1.3 trillion tax break which included a 20 year sales tax exemption and a 10 year property tax exemption to close the deal.<sup>8,9</sup> Workers flocked to the state to take advantage of the new employment opportunities Tesla had to offer, and the demand for housing has caused a 42% increase in the average cost of rent in the greater Reno metro area<sup>10</sup> and exacerbated the existing housing shortage. Tesla workers themselves couldn't even afford the rents in the city in which they lived, with some workers reportedly sleeping in their cars after grueling 12 hour shifts.<sup>11</sup> Transit infrastructure upgrades did not accompany the population boom, which increased traffic and CO2 emissions. When completed, Tesla's Nevada Gigafactory 1 will be the largest building in the world by footprint, extending over 15 million square feet.<sup>12,13</sup>

## THE TECH WORKER'S HELLSCAPE

The giveaway to Tesla can be seen as a byproduct of the 2008 economic crisis and a need to diversify Nevada's economy. Tesla's promise of high-quality jobs in exchange for the state getting out of the regulatory way seemed a good bargain. However, it turns out Nevada was the only one to hold up its end of the deal. With the state out of the way, Tesla is largely unaccountable to reports of worker injuries and other malfeasance within its factory, and whistleblower accounts abound.<sup>14</sup> After the first whistleblower spoke out, Tesla allegedly

8 Roerink, Kyle. "Lance Gilman's \$43 Million Tesla Payoff Has Believers - and Critics." *Las Vegas Sun*, 30 Dec. 2014, [lasvegassun.com/news/2014/dec/30/lance-gilmans-43-million-tesla-payoff-has-critics/](http://lasvegassun.com/news/2014/dec/30/lance-gilmans-43-million-tesla-payoff-has-critics/).

9 Chereb, Sandra. "Nevada Gives \$1.3 Billion Tax Break to Electric Car Maker Tesla." *Scientific American*, Scientific American, 12 Sept. 2014, [www.scientificamerican.com/article/nevada-gives-1-3-billion-tax-break-to-electric-car-maker-tesla/](http://www.scientificamerican.com/article/nevada-gives-1-3-billion-tax-break-to-electric-car-maker-tesla/).

10 Hidalgo, Jason. "RGJ Investigates: As Evictions, Rents Spike in Reno, Renters Struggle to Make Ends Meet." *Reno Gazette Journal*, Reno Gazette-Journal, 25 Feb. 2020, [www.rgj.com/story/money/business/2019/05/20/rent-control-reno-apartment-evictions-rent-hikes/3672442002/](http://www.rgj.com/story/money/business/2019/05/20/rent-control-reno-apartment-evictions-rent-hikes/3672442002/).

11 Nina Riggio Photos Oct. 22, 2018. "See What a Tech Production Surge Means for Tesla Workers." *High Country News - Know the West*, 22 Oct. 2018, <https://www.hcn.org/articles/photos-economy-see-what-a-surge-of-tech-production-means-for-tesla-workers-nevada>.

12 Saiidi, Uptin. "We Went inside Tesla's Gigafactory. Here's What It Looked Like." *CNBC*, CNBC, 3 May 2019, [www.cnn.com/2019/05/03/we-went-inside-teslas-gigafactory-heres-what-it-looked-like.html](http://www.cnn.com/2019/05/03/we-went-inside-teslas-gigafactory-heres-what-it-looked-like.html).

13 Scheyder, Ernest. "Tesla's Nevada Lithium Plan Faces Stark Obstacles on Path to Production." *Reuters*, Thomson Reuters, 24 Sept. 2020, [www.reuters.com/article/us-tesla-batteryday-lithium-idINKCN26E3G1](http://www.reuters.com/article/us-tesla-batteryday-lithium-idINKCN26E3G1). The building has famously remained at 30% completion for several years as it seeks to secure more water to build lithium-free batteries for its electric cars from white clay which requires a tremendous amount of water the arid state simply does not have.

14 O'Kane, Sean. "Tesla Allegedly Covered up Drug Trafficking and Spied on Employees at the Gigafactory, Whistleblower Says." *The Verge*, The Verge, 16 Aug. 2018, [www.theverge.com/2018/8/16/17704274/tesla-gigafactory-drug-trafficking-cover-up-sec-whistleblower](http://www.theverge.com/2018/8/16/17704274/tesla-gigafactory-drug-trafficking-cover-up-sec-whistleblower). There are reports of narcotics and drug trafficking within the factory, employees being instructed to put faulty battery cells in Tesla's signature Model 3 cars, and that a team was instructed not to tell outside authorities that they had discovered \$37 million worth of raw materials were stolen from the gigafactory. After the first whistleblower spoke out, Tesla allegedly installed special routers through the gigafactory to surveil workers' phone communications and data.

installed special routers through the gigafactory to surveill workers' phone communications and data. A recent report shows injuries at the Gigafactory occur at least three times a month, likely an undercount due to Tesla's notoriously lax reporting standards for injuries in their factories. Nonetheless, in 2018, someone called 911 from the Gigafactory more than once a day, many of them for workplace injuries such as electrocution, head injuries, falls, and in some cases limb amputations.<sup>15</sup> These frequent worker injuries are straining Storey County's emergency services who do not have the resources or staff to effectively respond to the high number cases. Tesla's massive tax exemption means that Storey County has lost over \$100 million in tax revenue. Far from the tax breaks paying for themselves as Tesla touted, the factory is actually draining government coffers and services and hurting workers, ultimately painting a picture of the state subsidizing Tesla in a lopsided and parasitic arrangement.

## THE BATTLE FOR LIQUID GOLD

TRIC, the site of Tesla's Gigafactory and the proposed BlockChains town, gets most of its water from the Truckee River, a sacred and historic site to many native tribes and communities. TRIC's attempts to transport water is rife with corporate government collusion as the primary funders of the TRIC, Lance Gilman and Don Roger, act as private water empresarios over the water operations in the county.<sup>16</sup> In late October 2020, BlockChains purchased nearly 7,000 acre feet of water from Sonterra Water Development company that is currently used for agriculture in Washoe County, an incredible amount of water to hoard in what is already the driest state in the nation. As a two-decade long drought sweeps the

<sup>15</sup> Damon, Anjeanette. "Worker Injuries, 911 Calls, Housing Crisis: Recruiting Tesla Exacts a Price." *USA Today*, Gannett Satellite Information Network, 23 Apr. 2020, [www.usatoday.com/in-depth/news/investigations/2019/11/12/tesla-gigafactory-brings-nevada-jobs-and-housing-woes-worker-injuries-strained-ems/2452396001/](https://www.usatoday.com/in-depth/news/investigations/2019/11/12/tesla-gigafactory-brings-nevada-jobs-and-housing-woes-worker-injuries-strained-ems/2452396001/). In 2018, someone called 911 from the Gigafactory more than once a day. A quarter of the calls were for medical reasons which include workplace injuries such as electrocution, head injuries, falls, and in some cases limb amputations.

<sup>16</sup> "For Years, a Public Water District Blurred the Line between Business and Government - with a Developer's Brothel Workers at the Helm." *The Nevada Independent*, 1 Nov. 2019, [thenevadaindependent.com/article/for-years-a-public-water-district-blurred-the-line-between-business-and-government-with-a-developers-brothel-workers-at-the-helm](https://thenevadaindependent.com/article/for-years-a-public-water-district-blurred-the-line-between-business-and-government-with-a-developers-brothel-workers-at-the-helm). GIDs are used to provide essential services such as water, sanitation, sidewalks, etc. for the businesses or residents of that area that cannot be provided by the local or county government. The TRI Water and Sewer Company operated under the GID, meaning it was exempt from any state regulation. The current president of Tri Water and Sewer, Don Roger Norman, was a primary funder of the Industrial Park. Gilman blames the state for requiring residents to sit on the board as very few people live in the Industrial Park except for those who live and work at Gilman's brothel, an inherent conflict of interest. In 2000, Storey County signed an agreement with TRI Water and Sewer Company, giving the company the exclusive authority to operate as the area's water utility. The same day, Storey County formed a General Improvement District (GID) which is a quasi-public entity separate from the counties that form them, are free from state oversight and governed by a board of trustees.

Southwest, there have been fights for decades over water diversion efforts by developers and over where the water from the dwindling snowpacks of the Sierra Nevada water should ultimately end up.<sup>17 18</sup>

The grand giveaways came to a head in 2007 when Sonterra Water Development company proposed a pipeline to transfer water to Storey County for what would one day become the TRIC. Governmental bodies including Washoe County, the site where water was being seized from, protested the move and the project was never realized. Nearly a decade after TRIC's inception, Blockchains is winning over Washoe County by promising to clear increasing amounts of effluent introduced as a result of Reno's Tesla-related population boom. The water debacle highlights government's simultaneous giveaway of resources and its corporate capture. Tesla only "struck gold" because it was given land, little accountability and plenty of subsidies to do so, and whatever Blockchains does next will be predicated on similar parasitic use of land, water, and human capital.<sup>19</sup>

## WHAT'S GOTTA GIVE TO CHANGE THE PLANET?

During a government-hosted 2018 summit at the Tesla Gigafactory 1, co-host Elon Musk sat alongside a lesser-known Jeff Berns, who was busy at the time buying up a plot of land 22 times the size of Tesla's, along with a slew of water rights. The summit provided Berns a forum to publicly blow past Tesla's mission to "change the trajectory of Nevada" by asserting that Blockchains LLC, "will be a huge physical presence and unlike anything that has ever been seen. What we will build here will change not just Nevada but the entire planet. It literally will emanate from here. This will become the blockchain center of the universe. And because of that, all that blockchain has to offer will start here".<sup>20</sup>

There have been many company town proposals from tech giants, from Google's Sidewalk project which sought to privatize a Toronto district and turned its citizens into guinea pigs for its new tech toys,<sup>21</sup> to Peter Thiel's proposal to build a floating city with 300 homes run on

17 Popovich, Nadja. "How Severe Is the Western Drought? See For Yourself." *The New York Times*, The New York Times, 11 June 2021, [www.nytimes.com/interactive/2021/06/11/climate/california-western-drought-map.html?campaign\\_id=190&emc=edit\\_ufn\\_20210611&instance\\_id=32797&nl=updates-from-the-newsroom@i\\_id=136553532&segment\\_id=60500&te=1&user\\_id=09b76f3c8737299569ed2e39b44e5515](https://www.nytimes.com/interactive/2021/06/11/climate/california-western-drought-map.html?campaign_id=190&emc=edit_ufn_20210611&instance_id=32797&nl=updates-from-the-newsroom@i_id=136553532&segment_id=60500&te=1&user_id=09b76f3c8737299569ed2e39b44e5515).

18 Johnson, Bert. "Company Behind Proposed Tech City Already Owns Water Rights." *Nevada Public Radio*, 22 Feb. 2021, [knpr.org/knpr/2021-02/company-behind-proposed-tech-city-already-owns-water-rights](https://knpr.org/knpr/2021-02/company-behind-proposed-tech-city-already-owns-water-rights).

19 Rothberg, Daniel. "Sisolak's Innovation Zone Concept, Repackaged as a Study, Gets First Public Hearing - without Its Original Backer." *The Nevada Independent - Your State. Your News. Your Voice.*, 12 Mar. 2021, [thenevadaindependent.com/article/sisolaks-innovation-zone-concept-repackaged-as-a-study-gets-first-public-hearing-without-its-original-backer](https://thenevadaindependent.com/article/sisolaks-innovation-zone-concept-repackaged-as-a-study-gets-first-public-hearing-without-its-original-backer).

20 Rothberg, Daniel. "Sandoval Touts Economic Development at Event with Elon Musk, Gives Proclamation to Blockchains CEO." *The Nevada Independent - Your State. Your News. Your Voice.*, 10 Oct. 2018, [thenevadaindependent.com/article/sandoval-touts-economic-development-at-event-with-elon-musk-gives-proclamation-to-blockchains-ceo](https://thenevadaindependent.com/article/sandoval-touts-economic-development-at-event-with-elon-musk-gives-proclamation-to-blockchains-ceo).

21 Fussell, Sidney. "The City of the Future Is a Data-Collection Machine." *The Atlantic*, Atlantic Media Company, 21 Nov. 2018, [www.theatlantic.com/technology/archive/2018/11/google-sidewalk-labs/575551/](https://www.theatlantic.com/technology/archive/2018/11/google-sidewalk-labs/575551/).



cryptocurrency in French Polynesia,<sup>22</sup> but none with the goal of supplanting the government itself. The proposed Blockchain-run town would be run by three people appointed by the state Governor, two of whom must be selected from a list provided by the applicant (in this case Blockchains, LLC) and would be granted “powers analogous to governing bodies of local governments” such as tax collection and k-12 education. According to internal documents, the company plans to develop a “smart city” known as Painted Rock that would feature homes, businesses, and its own industrial park, which would be run by company cryptocurrency. It would also be responsible for the creation of its own school system, which is based on Blockchains, LLC’s public school pilot program in the nearby city of Sparks that launched in the fall of 2020. The curriculum includes goals such as “increas[ing] students’ understanding of the value of blockchain technology.” The board must notify the county when it is set to assume a public service like regulating the deployment of water, zoning, permitting, social services and health care. However, board members are permitted to assume duties of the county office they are supposed to “notify” of these practices, resulting in total private control over natural resources and the provision of public services within their boundaries.

## INFORMATION IS MONEY, MONEY IS INFORMATION

China’s most recent foray into building its own digital cryptocurrency indicate the battle lines for domination of the global financial market.<sup>23</sup> Mass media in the US is keen on casting China’s foray into cryptocurrency as a mass surveillance project because it is spearheaded by the Chinese government, but remains less critical of the ramifications of a private company like Blockchains engineering its own cryptocurrency.<sup>24, 25</sup>

22 Garfield, Leanna. “A Pilot Project for a New Libertarian Floating City Will Have 300 Homes, Its Own Government, and Its Own Cryptocurrency.” *Business Insider*, Business Insider, 5 July 2018, [www.businessinsider.com/floating-city-plans-seasteading-institute-peter-thiel-blue-frontiers-2017-12](http://www.businessinsider.com/floating-city-plans-seasteading-institute-peter-thiel-blue-frontiers-2017-12).

23 Popper, Nathaniel, and Cao Li. “China Charges Ahead With a National Digital Currency.” *The New York Times*, The New York Times, 1 Mar. 2021, [www.nytimes.com/2021/03/01/technology/china-national-digital-currency.html](http://www.nytimes.com/2021/03/01/technology/china-national-digital-currency.html).

24 Wood, Colin. “Nevada Lawmakers Approve Four Blockchain Bills.” *StateScoop*, 13 June 2019, [statescoop.com/nevada-lawmakers-approve-four-blockchain-bills/](http://statescoop.com/nevada-lawmakers-approve-four-blockchain-bills/). SB 161 was packaged as a “sandbox bill” and exempted businesses testing new uses of distributed-ledger technology from having to undergo licensing requirements and adhere to financial regulations. In 2019, Blockchains LLC won a major legislative success by lobbying for the passage of SB 162, which permits government entities throughout Nevada to accept records recorded on a blockchain as they would other forms of digital documents and prohibits the state from collecting additional fees from those submitting blockchain records beyond what it would charge for certified electronic or paper copies of the same document. Several other states have passed similar legislation.

25 Emamian, Milad. “The Cowboy State Tames Bitcoin’s Regulatory Wild West.” *The Regulatory Review*, 7 Apr. 2021, [www.theregview.org/2021/04/07/emamian-cowboy-state-tames-bitcoins-regulatory-wild-west/](http://www.theregview.org/2021/04/07/emamian-cowboy-state-tames-bitcoins-regulatory-wild-west/). The “sandbox” is meant to serve as a test site for emerging technologies. Without any Federal body in place to regulate cryptocurrency, states have started passing their own laws around cryptocurrency. Wyoming has granted the nation’s first ever cryptocurrency banking charter to a company called Kraken, which allows it to offer traditional banking services without FDIC insurance. As states move to make themselves more crypto-friendly, a tech bonanza over who will control the cryptocurrency market is abounding in the American West.

As the West turns itself into the staging ground for cryptocurrency beta testing, the privacy implications of a technology owned and controlled by one central corporation should not go unexamined. Blockchain technology is a complex combination of previous systems such as distributed ledgers and encryption, important components to the foundation of cryptocurrency. Bitcoin transactions are encrypted, logged and stored through Blockchains' technology, creating a decentralized transaction system. The decentralized ledger validates transactions through what is known as distributed consensus whereby different nodes (computers) verify the legitimacy of each block. New blocks can only be added to denote a new transaction, but can never be deleted. Blockchain activity is governed by the code of the underlying network, which cannot be modified without the consensus of a majority of the network's nodes which requires all activity to be public so that it can be easily verified by any user. This removes the requirement of a central authority such as Google or Facebook to both decipher and transmit data and ultimately dictate the "terms of service" that users are obliged to adhere to in exchange for "cost-free" use of these platforms.

There are two major privacy and surveillance concerns with the blockchain technology that supports cryptocurrency. The first is that while blockchain's decentralized nature provides privacy to its users, it suffers from what internet scholar Primavera de Filippi calls "radical transparency." Coordinating, collecting, storing and verifying transactions in a decentralized system is difficult if the data is not publicly available to every node in the network. The majority of blockchain systems rely on making the metadata of the communications (who is talking to whom, for how long, what type of transaction they participate in) public in order for the system to function. The ledger still operates on algorithms and codes of the network, but in order for the algorithms and codes to work, the blockchain must be accessible by every node in the network,<sup>26</sup> meaning a completely closed decentralized system is not possible because all transactions are public.

The second concern is born out of the first, in that the effort to maintain privacy while metadata is publicly available, blockchain applications enable users to use a pseudonym to enable people to transact without having to disclose any "real" information related to their identity. Pseudonyms mask users' addresses and names in a series of numbers and letters. However, users are not anonymous, but rather pseudonymous, meaning that the identity of the person who made a transaction can still be established.<sup>27</sup> This is quite common as many Bitcoin users use the same pseudonymous addresses when making transactions that are open to the public metadata file. Because blocks can never be deleted, once the actual identity of the person has been linked to their pseudonym, it is easy to recover every transaction that person has ever made; users leave an eternal digital papertrail.

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26 De Filippi, Primavera. "The Interplay between Decentralization and Privacy: The Case of Blockchain Technologies." SSRN, 17 Oct. 2016, [papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2852689](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2852689).

27 Kosba, Ahmed, et al. "Hawk: The Blockchain Model of Cryptography and Privacy-Preserving Smart Contracts." *IEEE Xplore Full-Text PDF*: 2016, [ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=7546538](https://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=7546538).

Michèle Finck argues that the line between personal and non-personal data is slowly blurring as advancements in technology and machine learning enable the identification of individual characteristics and behavior through non-personal data and conversely, data that is pseudonymous may become personal data.<sup>28</sup> Unlike Google, which uses the data it knows about an identified individual to make behavioral predictions, in a blockchain world, through complex blockchain data analysis, individuals can be identified through their transactional behavior.

The original intention of cryptocurrency, which operates through a decentralized ledger, was to provide users with privacy from centralized power and third parties that extract valuable data from users. However, this operation is not truly decentralized because Blockchains' technology is not a commons. The metadata that is collected is still under central control and surveillance as long as it remains privately owned. Companies are already using blockchain analytics to fuel new business models, which, like Google and Facebook, use the metadata extracted from users, once deemed invaluable "behavioral exhaust," to reap profit on the behavioral predictions market.<sup>29</sup> The new consultant regime is cloaked in a security-first message. The company Elliptic launched a project called *The Bitcoin Big Bang* for investors to identify transactions and the people who made them, and make informed decisions on people with whom they should transact. Third parties have created entire industries on the surveillance of criminal activity through Bitcoin by analyzing and identifying Bitcoin addresses which are knowingly related to criminal activities. Blockchains LLC's massive footprint in the state foreshadows a proliferation of cryptocurrency technologies in Nevada as companies seek to integrate their crypto technology into the daily lives of people and physical space.<sup>30</sup> Authors like Shoshana Zuboff and Ann Cavoukian have warned repeatedly that users of technology remain inured to the fact that user data is collected as the hidden 'price' of 'free' services like web searches, wireless internet, or navigation apps, and this raw data is immensely profitable to the behavioral predictions market.<sup>31</sup>

## THE CRYPTO-MINER'S HELLSCAPE

28 Finck, Michèle. "Blockchains and Data Protection in the European Union." *European Data Protection Law Review*, Lexxion Publisher, 2018, [doi.org/10.21552/edpl/2018/1/6](https://doi.org/10.21552/edpl/2018/1/6).

29 Zuboff, Shoshana. *The Age of Surveillance Capitalism: the Fight for a Human Future at the New Frontier of Power*. PublicAffairs, 2020.

30 Johnston, Ryan. "Digital Privacy Concerns Will Follow Sidewalk Labs to next Venture, Says Former Consultant." *StateScoop*, 27 May 2020, [statescoop.com/ann-cavoukian-waterfront-toronto-digital-privacy-concerns-sidewalk-labs/](https://statescoop.com/ann-cavoukian-waterfront-toronto-digital-privacy-concerns-sidewalk-labs/).

31 Naughton, John. "'The Goal Is to Automate Us': Welcome to the Age of Surveillance Capitalism." *The Guardian*, Guardian News and Media, 20 Jan. 2019, [www.theguardian.com/technology/2019/jan/20/shoshana-zuboff-age-of-surveillance-capitalism-google-facebook](https://www.theguardian.com/technology/2019/jan/20/shoshana-zuboff-age-of-surveillance-capitalism-google-facebook).



The nature of tech work brings about new modes of environmental and laboral extraction. In order for a block to be created, a sufficient amount of work is required to verify that the block cannot be manipulated. Cryptomining produces 36.95 megatons of carbon dioxide (CO<sub>2</sub>), equivalent to the carbon footprint of Argentina. This is because a tremendous amount of electricity is required to mine cryptocurrency and, like their search for water, cryptocurrency companies will scurry to the cheapest option for energy. China is where the majority of cryptocoin is mined, and the cheapest fuel source is often coal or fossil fuel. According to one study, one dollar's worth of bitcoin took 17 megajoules of energy, more than double the amount of energy it took to mine one dollar's worth of copper, gold and platinum.<sup>32</sup>

## BIG TECH MEETS BIG US

The 19th Century miners of Storey County discovered that their path to power had to be two-fold: representation among miners in elected offices, and a mass miner's movement across the west. Worker representation and leftist populist movements are critical in the current moment as well. Tech's latest foray into creating its own governments converges with a nascent labor movement within the tech industry. Within the last few years, workers have organized for union representation, and have bravely called out their workplaces for business practices that hurt both company employees and the consumers they serve. Nascent tech movements are fighting for a human future as corporate behemoths have sought to mechanize their labor, disrupt workplace organizing and surveil their customers. The Google walkouts in 2018 saw over 20,000 workers at the most powerful tech company walk out on the job and years of organizing have led to the formation of the first ever union at Google's parent company, Alphabet, which employs over 120,000 workers.<sup>33</sup> Any employee at Alphabet's companies has the ability to join the union, including temporary workers who make up over half of Google workers. The 2019 Uber strikes brought the most disaggregated workforce from around the globe together to protest the identification of drivers as "independent contractors" which limited their ability to unionize and earn benefits.<sup>34</sup> After Proposition 22 passed in California barring independent contractors from accessing union protection or benefits like healthcare, sick leave, or worker discrimination protections, gig workers are uniting to create their own platforms. Even

32 "Energy Cost of 'Mining' Bitcoin More than Twice That of Copper or Gold." *The Guardian*, Guardian News and Media, 5 Nov. 2018, [www.theguardian.com/technology/2018/nov/05/energy-cost-of-mining-bitcoin-more-than-twice-that-of-copper-or-gold](http://www.theguardian.com/technology/2018/nov/05/energy-cost-of-mining-bitcoin-more-than-twice-that-of-copper-or-gold).

33 Ghaffary, Shirin, and Eric Johnson. "After 20,000 Workers Walked out, Google Said It Got the Message. The Workers Disagree." *Vox*, Vox, 21 Nov. 2018, [www.vox.com/2018/11/21/18105719/google-walkout-real-change-organizers-protest-discrimination-kara-swisher-recode-decode-podcast](http://www.vox.com/2018/11/21/18105719/google-walkout-real-change-organizers-protest-discrimination-kara-swisher-recode-decode-podcast).

34 Petrucci, Francesca. "From Pullman to Uber: Transportation Resistance in the Digital Milieu." *Mic.asc.upenn.edu*, 2019.

the recent unsuccessful bid of Amazon warehouse workers in Alabama revealed capacity to build power among workers and working class communities who may not identify as tech workers and the role of organized labor in combating starvation wages and data extraction feeding the core business model of the tech company they work for.<sup>35</sup>

A new co-op movement has emerged which bucks the traditional venture capital model by making workers shareholders and central decision makers.<sup>36</sup> The Start.coop program seeks to create digital platforms that give the efficiency of mobile apps such as Uber, Lyft and Doordash without their exploitative labor practices, surveillance and anti-democratic behavior.<sup>37</sup> Currently, in Las Vegas, an app called Loco is a third-party food delivery app owned by the restaurants it services. Loco pays its drivers a living wage and doesn't rely on siphoning off giant shares of money from local businesses or data extraction in order to make a profit. In the financial tech space which cryptocurrency occupies, a cooperative model akin to a credit union could be a viable space to circumvent big tech's early capture of the business.

## ARE NEVADANS READY TO SAVE THEMSELVES?

*"But once we begin to find each other, and see each other all speaking out and all saying, fundamentally, the same thing, then the fear starts to go away. Once we start taking collective action, then we can't be stopped."*<sup>38</sup>

--Lead Google walkout organizer, Stephanie Parker

The innovation zone proposal, which previously seemed a fait accompli has been relegated to a study, partly as a result of public pressure, such as the mid-March protests organized by the Reno and Las Vegas Democratic Socialists of America chapters. The protesters chanted "big tech won't save us" and "jobs guarantee, not cryptocurrency," echoing the larger narrative around the need for long-term, sustainable economic diversification that benefits workers.<sup>39</sup> In rural Thacker Pass, Nevada, Native tribes, farmers and ranchers are coming together to oppose a mine that is being proposed to satiate Tesla's demand for the lithium that powers electric

35 Weise, Karen, and Michael Corkery. "Partial Tally in Amazon Union Drive Favors 'No' Votes." *The New York Times*, The New York Times, 8 Apr. 2021, [www.nytimes.com/2021/04/08/technology/amazon-union-vote.html](https://www.nytimes.com/2021/04/08/technology/amazon-union-vote.html).

36 "Who We Are." LoCo Las Vegas, 22 Apr. 2021, [locovegas.coop/about/](https://locovegas.coop/about/).

37 Pollard, Amelia. "The Co-Op Movement Is Taking On Big Tech." *The American Prospect*, 24 June 2021, [prospect.org/labor/co-op-movement-taking-on-big-tech/](https://prospect.org/labor/co-op-movement-taking-on-big-tech/).

38 See 35.

39 "Protect Our Environment and Our Workers. Say NO to Company Towns Innovation Zones." Las Vegas DSA, 26 Mar. 2021, [lvdsa.org/events/protect-our-environment-and-our-workers-say-no-to-company-towns/](https://lvdsa.org/events/protect-our-environment-and-our-workers-say-no-to-company-towns/).

vehicle batteries.<sup>40</sup> The end of the 2021 Nevada Legislative Session revealed another convergence of disparate movements when the Clark County Education Association, Nevada's largest teacher's union, used its leverage to bring stakeholders to the table to raise the state's mining tax and dedicate 100% of mining revenue to education.<sup>41</sup> These unlikely alliances show the tremendous power of movements battling the climate crisis and/or fighting to protect their way of life finding each other in order to combat big tech's insatiable appetite for natural resources and the state's proclivity for extractive behavior over preservation and investments in human capital.

In a better world, Blockchains' proposal ought to have been immediately dismissed by public officials as a dystopian fantasy. However, Nevada's history of state capture by corporations, dating back to the Miner's Act of 1873 and continuing to present day land and water giveaways to Tesla, meant it considered Blockchains' company town a realistic endeavor, were it not for cooler heads prevailing and the channeling of public outrage into a political reality. Nevada has shown its willingness to offer up its land, rights to precious resources, and sell out its workforce on the false promise that tech would come with high-quality, good paying jobs. With nothing left to give, Nevada seemed poised to abdicate its responsibilities further, by entertaining the idea that the state sold Blockchain LLC could act as a government unto itself. For now, Nevadans have staved off the latest parasitic tech threat, and in so doing, have shed more light on the complicity of federal, state and local government's role in inviting, promoting and accelerating Big Tech's deepest and darkest objectives. The tech industry's cooptation of the state is predicated on the state's willing participation, introducing new challenges to old problems. Movements must grapple with how to organize against powerful corporations with no union protection, but also these same corporations' proclivities around surveillance, data extraction and mechanization of work. Progressive, labor, environmental, and indigenous movements must build alliances with one another in order to build enough power to counter both complicit governments, and the tech giants themselves.

40 Jeremias, Sofia. "The Rise of Electric Vehicles Is Disrupting Life in a Small Western Community." *Deseret News*, Deseret News, 7 Apr. 2021, [www.deseret.com/indepth/2021/4/6/22345917/lithium-mines-electric-vehicles-disrupting-life-in-one-small-nevada-community-elon-musk-thacker-pass](http://www.deseret.com/indepth/2021/4/6/22345917/lithium-mines-electric-vehicles-disrupting-life-in-one-small-nevada-community-elon-musk-thacker-pass).

41 Snyder, Riley, et al. "Mining Tax Bill Starts Advancing through Legislature, with Industry, Progressives, Teacher's Union in Support." *The Nevada Independent - Your State. Your News. Your Voice.*, 30 May 2021, [thenevadaindependent.com/article/mining-tax-bill-starts-advancing-through-legislature-with-industry-progressives-teachers-union-in-support](http://thenevadaindependent.com/article/mining-tax-bill-starts-advancing-through-legislature-with-industry-progressives-teachers-union-in-support).





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