

Harry Reid, Gold Member

Is our Senate leader in bed with America's worst polluter?



Illustration by John Ueland

In the back of Goldie's, a dive bar in Elko, Nevada, I was talking rocks with a miner with a steadily growing heap of beer bottles in front of him. He was about 50, with a sun-scorched face and a starched cowboy shirt, and refused to give his name. "With a high school degree you can make \$70,000 a year here," he boasted, though he fretted that President Barack Obama "will probably screw us with taxes." He was a supervisor for Barrick Gold, a Canadian mining conglomerate with several big operations near Elko, including Betze-Post, a four-square-mile open pit that's the nation's most productive gold mine. Lighting a Camel and flagging a bartender, he ordered a shot of Jägermeister and another for the curvaceous stripper in his arms. "He's got money—and a good heart," she told me, before leaning in to nibble the miner's ear.

Elko is the wind-blasted heart of Nevada's mining country. The five surrounding counties produce all of the state's copper, almost a third of its silver, and nearly 90 percent of its gold. In 2007, mines in Nevada extracted nearly 190 tons of gold—three times the total yield in all other

states. Only China, Australia, and South Africa dig up more. A billboard on the edge of town proclaims in a Victorian scrawl, “Discover the new economic gold rush.”



Nevada’s first gold rush peaked in the 1870s, a little more than a decade after Mark Twain visited a boomtown where “money was as plenty as dust.” Today, pickax-wielding miners descending narrow shafts have been replaced by fleets of air-conditioned excavators working massive open pits. Yet the frontier ethos remains carved into the state’s popular mythology and the strike-it-rich ads of casino chains like the Nugget and Boomtown. Money from the mines still fuels whorehouses, corrupt speculators, and boozy bar fights. (Before night’s end at Goldie’s, one man grabbed another by the throat and pinned his head to the edge of the stool I’d been sitting on.)

Nevadans’ stubborn attachment to the old ways is also evident in a relaxed attitude toward the environmental costs of an industry that, according to the epa, releases more toxic waste than any other. “You can’t mine in California, Arizona, Montana, or Washington,” the gold miner told me. But in Nevada, he added with a twinkle in his eye, “We’re in the wild, wild West.”

The Silver State owes its holdout status in part to Senate majority leader Harry Reid, who went from a hardscrabble childhood in a gold town to becoming one of the mining industry’s most reliable allies in Congress. Reid has been instrumental in blocking efforts to reform the archaic General Mining Law of 1872, a legal blank check that’s allowed miners to take an estimated \$408 billion worth of gold and other hard rock minerals from public lands without paying a single cent in federal royalties—ever. When those mines are tapped out or go bust—as they inescapably do—taxpayers are often stuck with the cleanup bill, estimated at more than \$30 billion nationwide. But Reid, who owns a handful of defunct gold mines and whose sons and son-in-law have ties to mining companies, has vigorously fought off efforts to make the industry pay its way.

This makes for good politics back home. Even in Elko County, where Barack Obama got just 28 percent of the vote despite making three campaign stops here (what a former Reid staffer considers “an absurd number of times to go to Elko”) and declaring himself an “honorary Elkonian,” Reid is forgiven for being a Democrat. “He has been our biggest proponent,” said the miner at Goldie’s.

Yet Reid’s loyalty to mining has increasingly put him at odds with other Democrats, who have sought to end more than a century of giveaways to the nation’s dirtiest industry. It’s also been a curious contrast with his own record as an environmentalist and a champion of Nevada’s growing urban population. As congressional Democrats once again prepare to drag the mining industry into the 21st century, Reid may be headed for the final showdown between the two seemingly incompatible sides of his political identity.

The mining industry's free ride began with the General Mining Law of 1872, which has been interpreted to enshrine mining as the "highest and best use" of the federal government's vast Western holdings, giving prospectors the right to claw minerals from a public domain twice the size of Texas for virtually nothing. In contrast, coal, oil, and gas companies operating on federal land must kick back 8 to 17 percent of their take to the government. If those same royalty rates were applied to hard rock minerals, Washington would get an annual cut estimated at \$100 to \$200 million.

All told, since 1872, mining companies have been exempted from paying at least \$100 billion in royalties, taxes, and fair land prices. "It is the last great boondoggle for companies in the West," says Cathy Carlson, a policy adviser at the mining watchdog Earthworks. "Congress has gotten rid of all of the other land giveaways, from eliminating the homestead laws to charging for coal, oil, and gas. But companies still get to mine gold for free. It's a legacy of the 19th century that doesn't make any sense in the 21st century."

The mining law was sponsored by Nevada's first senator, William Stewart, an attorney who made a fortune representing mining companies and had a reputation for fisticuffs in and out of the courtroom. In one colorful episode, he defended a mining claim by tackling a challenger into a ditch and choking him with a woolen shirt.

The mining law is often credited with helping to settle and develop the West. In reality, its effect has been less to lure small-timers than to benefit the large mines that now dominate the industry. And its laissez-faire approach has permitted intensive mining without serious consideration of environmental impacts. Since gold, copper, and uranium prices began spiking in 2003, the number of active mining claims on federal land in the West has doubled, to more than 400,000. Around 16,000 of those claims are staked within five miles of major cities; 2,900 are within five miles of national parks.

Reid grew up in Searchlight, a remote town in southern Nevada where his grandfather John had settled in 1902, lured by news of a promising gold strike. The brief boom brought electric lights, telephones, fashionable hotels, and even a clay tennis court to the town. As the inevitable bust set in 10 years later, the hotels burned down, the telephones disappeared, and residents lit their houses with candles once more. When Reid was born, in 1939, about 200 people lived in Searchlight; its best-known citizens were pimps. "Searchlight never became a ghost town," Reid wrote in his nostalgic 1998 history of his birthplace, *Searchlight: The Camp That Didn't Fail*, "but it tried."

Reid's family stuck with the perilous and unprofitable work of blasting for ore. He grew up in a home built out of scavenged railroad ties, without an indoor toilet or hot water. A dynamite explosion killed his uncle; another blast shot 300 rock splinters into his father's leg. At 11, Reid donned a lantern and joined his dad in the mines.

Now 69, Reid still owns a bungalow in Searchlight. It's decorated with a mining motif and is surrounded by the 14 abandoned mines that he owns—old sites with names like Spotted Horse,

Diamond Wedge, and Cyrus Noble (so named after it was swapped for a bottle of Cyrus Noble whiskey). His office voice mail answers, "Hello, this is Senator Harry Reid of Searchlight, Nevada." The town is to Reid what Crawford, Texas, is to George W. Bush: a claim staked in the central vein of his state's mythology. "That's the image that he has cultivated," says David Damore, a political scientist at the University of Nevada-Las Vegas. "And it works."

But Reid's ties to mining run deeper than his sentimental connection to his rough-and-tumble origins. His sons Rory and Leif work for law firms that represent mining companies. Since 1999, his son-in-law, Steven Barringer, has earned as much as \$3.7 million lobbying for mining interests including Barrick Gold, though he does not lobby Reid directly. Reid's natural resources staffer, Neil Kornze, is the son of a geologist who discovered Barrick's Betze deposit outside Elko. Since 1994, mining interests have donated more than \$269,000 to Reid, including at least \$82,000 from Barrick and its employees. Any suggestion, however, that these links have swayed Reid is "an attempt to draw a conclusion that would be inaccurate," says his spokesman Jon Summers. (Reid declined to be interviewed for this article.)

Reid's relationship with the mining industry is a fiercely guarded piece of political capital. Though Reid has a solid base in expanding urban areas such as Las Vegas and Reno, he has had to fight for votes in conservative rural areas. Part of the problem is his environmental record: Reid has opposed road building in national forests and supported setting aside 5.6 million acres in southern Nevada to protect the threatened desert tortoise. His 1998 reelection bid was opposed by the anti-environmentalist Wise Use movement; he won by just 428 votes. In 2001, when Bush moved to quash mining regulations put in place by the Clinton administration, Reid saw an opportunity to mend fences back home. "President Bush can't be wrong all the time," he said. In 2003, prominent Nevada Republicans endorsed his reelection bid, and he won by a comfortable margin.

In the end, Reid's stance seems to be the product of a highly personal political calculus. More than 85 percent of Nevada is federally owned; there are 48 major mines and more than 179,000 active claims on that land. "The economy of rural Nevada is tied to the mining industry in a big way," explains Alan Coyner, chief administrator of the Nevada Division of Minerals. The industry claims to generate 102,000 jobs and pump \$9.6 billion annually into the economy. "If a punitive royalty is imposed that closes or doesn't allow a bunch of mines to open," says Coyner, "then you've got a bunch of unemployed Nevadans."

The last serious challenge to the mining law was in 1993, when then-interior secretary Bruce Babbitt convinced the House of Representatives to pass a bill that would have imposed an 8 percent royalty on mining on federal land, allowed the Department of the Interior to prohibit mining in sensitive areas, and earmarked funds to clean up old mines. Reid was expected to broker a compromise in the Senate, but the measure died after he publicly opposed it.

Undeterred, Babbitt then tried to impose new rules on mine development and eliminate a tax break that allows mining companies to avoid paying taxes on as much as a fifth of their income

from public lands—to the tune of about \$327 million a year. Reid blocked an attempt to end the tax break and delayed the proposed environmental rules until Bush took office and killed them.

Reid's staffers say he worked to craft a compromise when the bill was taken up in the Senate in November 2007. His efforts, they say, stalled in part due to a standoff between New Mexico senators Jeff Bingaman, the Democratic chair of the Energy Committee, and Pete Domenici, the committee's ranking Republican, who opposed Bingaman's proposal to examine uranium mining on federal land.

"I don't think anyone is to blame," says a Reid staffer, who expects the mining bill to resurface in this session. "This is an issue where there have been many, many attempts over the past 100 years to amend it, and it's just damn hard." He would not comment on which provisions of the bill Reid supported or disagreed with, except to say that he opposes imposing any sort of fees on existing mines on public lands. The senator thinks such mines should remain exempt from any new royalty scheme, says spokesman Jon Summers. "You've got to think twice before you change the rules in the middle of the game."

To see how changing the rules might alter the face of Western mining, I traveled to central Nevada's Cortez Mountains, a rugged chain where Barrick Gold plans to excavate 6,750 acres of public land thought to contain 250 tons of gold. The delay of mining reform has been an unquestionable boon to the project, known as the Cortez Hills mine. If the House bill had become law, the site's known reserves would generate as much as \$450 million in royalties.

"They say mining brings jobs," said Carrie Dann, a wrinkled Western Shoshone elder who met me on a windy October afternoon by her trailer in Crescent Valley, a dusty town near the mine. "When you tear the whole mountain down, that's one hell of a damn job." Dann drove with me to point out the project site, located on Bureau of Land Management (blm) property. As the paved road gave way to grooved clay, we passed a wall of rocks rising some 30 stories from the valley floor. High above us, trucks appeared at the edge to dump loads of rock from Barrick's existing 900-foot pit, and sprinklers sprayed piles of ore with a cyanide solution to leach out the gold.

The 2007 mining reform bill that got stuck in the Senate would have allowed local and state governments and American Indian tribes to petition the federal government to protect areas like the White Cliffs. Still, according to Glenn Miller, a professor of natural resources and environmental science at the University of Nevada-Reno, even under a new mining law, "it's going to be tough to stop" big mines like Cortez Hills. Dann considered the blue surveying ribbons on the surrounding trees. "It's going to be sad to see pits in here," she said. (A month later, the blm approved the mine.)

Barrick claims the new mine will be state of the art. The company says it will follow strict state rules to prevent cyanide leaks and will emit hardly any mercury. (Metal mines emit nine times more mercury than all other industries combined; eight of the United States' ten largest emitters

of mercury are gold mines.) However, mines have rarely delivered on such promises, observes Miller. “Every one of them has unintended environmental problems.”

“There cannot be another Yerington in Nevada,” says Coyner, the administrator of the state Division of Minerals. In 1990, the state began requiring all mines to post bonds to guarantee cleanup. The 2007 mining reform bill would have imposed even stricter national bonding requirements. Yet as it stands, says Patricia Mulroy, the general manager of the Las Vegas Valley Water District, mining poses a risk not just to rural outposts like Yerington, but also to the burgeoning metropolis of Las Vegas. Its water supply could be at risk of contamination from mining on any of the more than 1,200 uranium claims staked along the Colorado River. Federal mining rules need to change, she says, not to punish miners, but to protect people who live near mines. “To begin to look at the law and ask, ‘How does it function in a Western setting with far more cities, with much greater stress on water supplies?’ I think, is highly appropriate.”

Reid doesn’t seem to share her sense of urgency. When the House Committee on Natural Resources tried to revoke the uranium claims last year, Reid stood by as the Bush administration blocked the move.

Jane Overy, who moved to Searchlight in 1980, operated one of the last gold mines in the area, only to shut it down after two years. She believes mining in Searchlight is a distant dream. “This is not nugget country,” she explained.

Now the town’s historian, Overy keeps a photo of Reid on the wall of her small community museum. Still, she doesn’t see eye to eye with the senator on the question of who profits from mining public lands. “This probably is not going to sit well with Harry, but I was surprised coming here that we didn’t have to pay for any minerals from the ground. As a citizen, that really bothered me,” Overy said. “The gold belongs to the people.”



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