Order L-208: The Closing of America's Gold Mines during World War II

By
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A specific federal order, Order L-208 issued by the U.S. War Production Board, shut America's gold mines on December 7, 1942, one year after the attack on Pearl Harbor, Hawaii. During World War II only one U.S. industry was ordered to close—gold mining—and an action taken far away forever changed the American West. Why were the gold mines closed? And who closed them?

The story begins several years earlier amid America's greatest economic calamity, the Great Depression. Following the 1929 Stock Market Crash the U.S. Gross Domestic Product plunged 25 percent. (For comparison, during the recession of 2007–8, GDP declined about 3 percent.) By 1933 national unemployed hovered near 25 percent and never fell below 12 percent during the decade.[1]

Yet during the same period the gold regions of the country thrived. Those investors who survived the 1929 crash sought the surety of gold and by the early '30s a surge of investment invigorated the gold camps. The mining districts of Grass Valley and Nevada City, the richest gold districts in California, are indicative. During the 1930s more than forty gold mines operated within the districts and mine employment rose from about 500 in 1930 to more than 2,700 in 1936. The population of Nevada County, California, home to the two districts, doubled during the decade, packing the region "as tight as a sausage." Local builders couldn't keep up with the demand for housing, merchants prospered and automobile dealers set national sales records. The boom was attributed to mining, and the federal government helped in 1934 by raising the price of gold from $20.67 to $35 an ounce.[2]

The CIO Ascending

Before the decade closed, the gold districts became victims of their own success. Labor relations in the gold mines of Nevada County were excellent in 1934, but by 1937 the population surge and the development of industrial-scale mining ushered in a new era.[3] The influx of hundreds of workers needed to maintain production, but who had no long-time attachment to the region or commitment to the mines, posed new challenges for mine owners and the towns of Grass Valley and Nevada City.

The most serious challenge came from an industrial union, the Congress of Industrial Organizations (CIO). Its local efforts began early in 1937 when a group of men met in a Nevada City living room. The men around the room recognized that President Roosevelt's New Deal had lost momentum and that the labor movement had become the new vehicle of change. The small group elected a president and applied for help to the International Union of Mine, Mill and Smelter Workers, commonly called "Mine Mill."[4]

As a CIO affiliate, Mine Mill had already contributed to a national surge of collective power by establishing locals in the mining districts of Montana, Utah, and Idaho; in the iron mines of Alabama; in the Tri-State district of Missouri, Oklahoma and Kansas; among the zinc and copper miners of Tennessee; and among the smelter workers in Illinois and Pennsylvania. It divided its growing membership into eight districts in the U.S. and Canada. Given the increase in its membership and revenues from dues, it was only a matter of time before its organizers arrived in California's gold districts.[5]

Organizing the Gold Fields

The first official from Mine Mill to arrive in Nevada County was Jack Schupper, who had previously had success organizing miners in the Rocky Mountains, although not all of his efforts succeeded. His organizing attempts had been roundly rejected in the silver camp of Kellogg, Idaho, where he was hanged in effigy and escaped before being hanged in person. Schupper hoped for better treatment in the gold camps, but in any event, he was fearless. In Nevada City and Grass Valley he lost no time in recruiting for Twin Cities Local Number 283. By the time the local held its first public meeting in March 1937 it boasted 125 members.[6]

By an executive order President Franklin Roosevelt established the War Production Board to supervise wartime production during World War II. (Public Domain.)

In reaction to these developments, the established interests in the county rallied around the Mine Workers' Protective League, a mutual society which for nearly two decades had had modest success in representing local miners. The local mine owners formally recognized the league as the authorized representative of their workers and promptly granted the league a fifty-cent-per-day increase for most miners in the districts. Nonetheless, even miners who supported the league recognized its limitations and derisively called it "The Mine *Owners*' Protective League."[7]

As the league enjoyed renewed support,

Mine Mill Local 283 had its own success. It called on the newly-created federal agency, the National Labor Relations Board, established by the Wagner Act in 1935, to force an election at the Lava Cap and Banner mines near Nevada City. Mine Mill won the balloting and negotiated a contract with those mines, which were under the management of Otto Ernst Schiffner, a graduate of the Montana School of Mines and respected mining engineer.[8] Having established this foothold, Mine Mill reached for more.

For the union organizers the prize was the Empire Star group of mines managed by Newmont Mining Company, the largest employer in Nevada County. Empire Star operated the North Star and Empire mines in Grass Valley and several other mines in the region. Mine Mill took aim at one of Newmont's lesser properties, the Murchie Mine near Nevada City. After Mine Mill attempted to organize men there, and then saw its new recruits systematically laid off by the mine's management, the union struck in January 1938. The legality of the strike was dubious because only a third of the miners participated in the strike vote, and other legalities would be set aside as the story unfolded.[9]

Errol MacBoyle, owner of the Idaho Maryland Mine, spent months in Washington, D.C., helping to lead the opposition to Order L-208. (Hammill Family collection.)

Despite winter snow and rain, Mine Mill Local 283 maintained its picket line at the Murchie Mine for eighty days. Sheriff's deputies were on duty to maintain order, especially at the hours when non-striking workers entered or left the mine. On January 20 a riot of fist fights and rock throwing broke out; but, in contrast to labor riots in the cannery towns and farm fields of California, not a shot was fired. After the skirmish the struggle between supporters of Mine Mill and of the league was largely confined to a war of words exchanged between the local newspapers—which strongly supported the league—and the mimeographed newsletter of Local 283.[10]

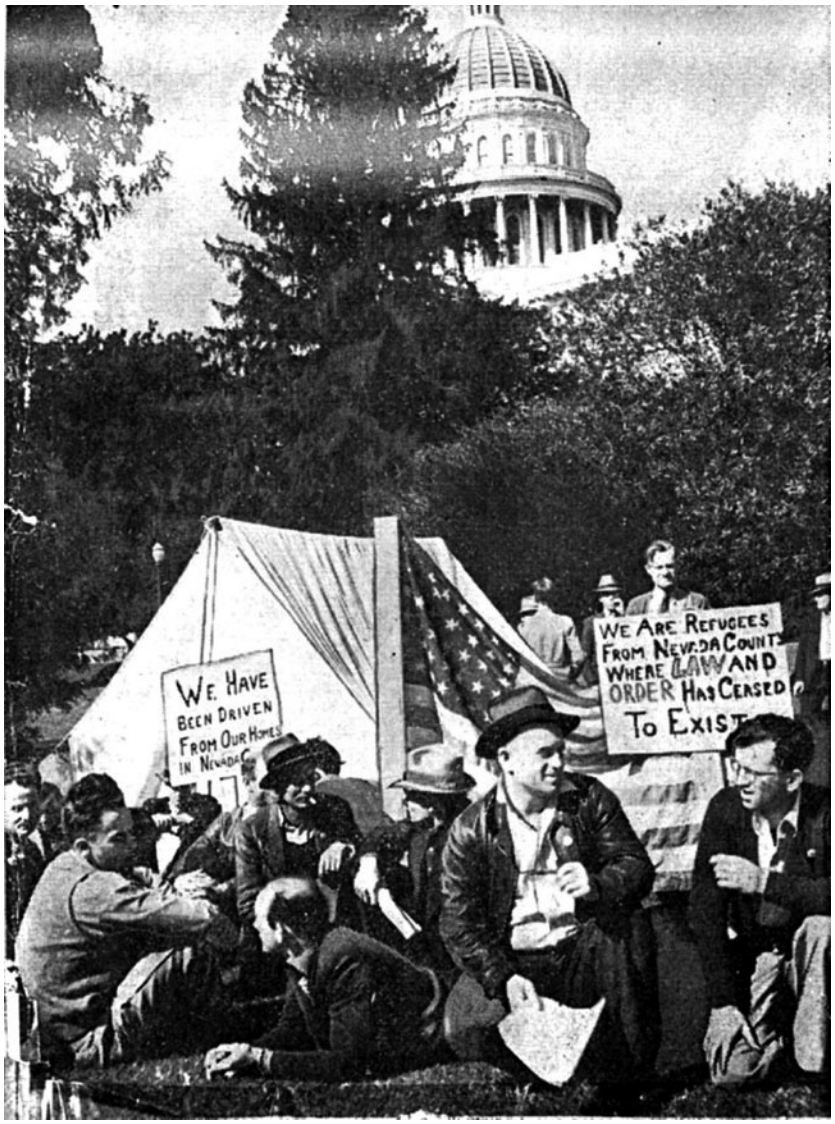
Then, on April 5, a non-striking miner was attacked and beaten as he left the Murchie Mine—a spark in a powder keg. Later in the day a group of about 125 vigilantes arrived at the mine armed with axe handles provided by a local merchant and from the Empire Star warehouse. The sheriff conveniently could not be found and in ten minutes of battle the vigilantes drove the Mine Mill picketers from the scene. Thirteen of the picketers were later treated for lacerations and one hospitalized overnight.

Over the next three days thugs in Grass Valley and Nevada City patrolled the streets, bars, pool halls, and cafes and drove the CIO's supporters out of the towns. Men and families who had supported the strike assembled sixty miles away on the grounds of the State Capitol in Sacramento, where they held protest signs and asked the governor for redress. The governor appointed a panel to investigate and hear testimony, but no one in Nevada County was ever held accountable for the breakdown of law and

order. The CIO had lost the battle.[11]

In parallel to the strike at the Murchie Mine, the Idaho Maryland gold mine in Grass Valley, owned by mining engineer Errol MacBoyle, was called before the NLRB. After holding local hearings, the NLRB concluded that the Idaho Maryland had engaged in a *de facto* lockout of the union by systematically laying off members of Mine Mill. By the terms of the Wagner Act this was illegal. On January 10, 1938—at about the same time that picketing began at the Murchie Mine—the NLRB ordered the Idaho Maryland to compensate the seventy-plus laid-off workers and to reinstate sixty-one of them. The NLRB further ordered the Idaho Maryland to withdraw its recognition of the league as the bargaining agent for the company's employees.

By law the NLRB had no enforcement authority but had to apply to federal court to execute its orders. When it did so, the Idaho Maryland appealed the action. The mine's attorney, Edgar T. Zook, argued that the authority of the NLRB rested on the interstate commerce clause of the Constitution. But because the mine sold its product exclusively to the U.S. Mint in San Francisco, Zook maintained it was *not* engaged in interstate commerce. The judges of the Ninth Circuit Court of Appeals in San Francisco agreed,



CIO members and their families display protest signs at their Sacramento encampment after being forced out of Nevada County. (Sacramento Bee/*Joe Garesio Collection.)*

ruled the NLRB had no jurisdiction in the matter, and voided the NLRB's order. The Idaho Maryland victory in the courtroom, combined with the victory of fists and clubs at the picket line, dashed the hopes of union organizers in the California gold country.[12] It was a defeat that Mine Mill would not forget.

Mobilizing for War

The man who brought Nevada County's surprising Depression-era boom to an end was Adolph Hitler. After war erupted in Europe, President Franklin Roosevelt called on the country to become "the arsenal of democracy." Before America entered the fight, newly-created federal agencies in Washington worked with increasing energy to prepare the civilian economy for war. By the fall of 1941 the Office of Production Management (OPM) recognized that gold mines were competing with base metal mines to obtain equipment and machinery, and the base metals such as copper, zinc, and lead were the ones needed for warfare. Later that year the Supply Priorities and Allocation Board (SPAB) reported a consensus among government agencies: "In a war economy labor, materials and machinery applied to gold production are largely wasted."[13]

Even before the attack on Pearl Harbor, the defense priorities for goods and materials established by these Washington agencies began tightening like a noose around the neck of mining, and especially mines extracting precious, rather than strategic, metals. Priorities that were restricting as war raged in Europe and Asia became suffocating after the United States was attacked and America began sending its own men to fight. Victory had become *the* priority. This became especially clear in January 1942 when President Roosevelt replaced SPAB and OPM with a single agency to drive the wartime economy. In the charged atmosphere following the Pearl Harbor attack, the War Production Board (WPB), with former Sears, Roebuck and Company executive Donald Nelson as director, assumed broad powers delegated directly by President Roosevelt. Operating out of the Social Security Building near the White House, the WPB employed thousands of workers in a warren of offices in Washington and a network of field offices across the country.[14]

To help transform the civilian economy for the nation's defense, the WPB assigned priorities to allocate scarce materials, including rubber, steel, and aluminum, and worked with other agencies to control wages and prices. With its Order P-56A the WPB established a system of rankings or "ratings" so that orders would be

*Donald M. Nelson, a former Sears Roebuck executive, became director of the War Production Board. (*Time *magazine, 24 Feb. 1941 (Thomas D. McAvoy).)*

fulfilled based on their importance to the war effort. The ratings initially issued to gold mines were among the lowest, and then, on March 2, 1942, Order P-56A was amended to exclude precious metal mines from the rating system altogether.

In theory it was possible for these mines to apply to the WPB for authorization to buy essential materials to maintain their facilities, but the prospect of a gold or silver mine receiving shipment of any war material, such as steel or spare parts containing metal, was "rather remote," as one government official put it. Precious metal miners knew that their chance of maintaining their plants under such circumstances was nil. They howled! Their protests were delivered to Washington by members of Congress.[15]

Wilbur A. Nelson headed the WPB's Mining Branch at the time it released Order L-208. He succeeded in protecting small operators and gold mines providing flux to smelters. (Smithsonian Institution Archives, images #SIA2009-0493; 55-57, public domain.)

Shaping the Shutdown

Attempting to quell the uproar, the WPB dispatched the head of its Mining Branch to meet with miners. Wilbur Nelson, an elegantly tall, blue-eyed southerner and geology professor, traveled to the Mackay School of Mines in Reno to meet the order's critics eye to eye. Before settling into a long academic career, Nelson had worked in the mining industry as a geologist and had served as state geologist in Tennessee and Virginia, and his teaching had been interrupted more than once by government service. The breadth of his professional life made him an effective administrator within the WPB.[16]

In Reno, Nelson had the unenviable task of facing a roomful of incensed men. He did his best to placate these miners. He suggested gold and silver mines might manage to acquire material and parts, despite being excluded from the rating system by Order P-56A. They could yet be eligible, he explained, for a relatively low A-10 rating under a provision of another directive, Order P-100. This sounded arcane to Nelson's skeptical audience and he sensed that he was not making much headway. He carried on for a while, winding down at last, explaining lamely that precious-metals mines could get all the machine grease that they needed.[17]

Giving the professor a breather, the WPB's regional information officer took a turn, explaining how mines unable to obtain needed equipment could file an appeal to Washington by completing a government form. One miner scoffed that there was so much red tape that the war would be over before the appeals were read.

Nelson then resumed the chair and opened the meeting to questions. He acknowledged Errol MacBoyle of Grass Valley. As well as owning the second largest producing gold mine within the 48 states, MacBoyle was chairman of the California State Mining Board and spokesman for California Governor Culbert L. Olson. MacBoyle asked: "Can you give us any assurance that the deep mines of Grass Valley and the Mother Lode won't have to close down?"[18]

Nelson considered his answer and then did not mince words:

> You can get parts, if there are enough to go around. But your mines, and the Homestake Mine [in South Dakota,] and other similar ones, will feel the first effects of this priority order. . . . The shortage is so bad most people don't appreciate or know about it. And I can say this: it is going to get tighter and tighter.

As he continued, Nelson identified with his audience and said with empathy: "If I were operating a gold or silver mine, I would try to get out of it as soon as possible and try to get into something in line with the defense effort."

MacBoyle had flushed Nelson from his cover, and now that the WPB man was in the open, the mining men fired tough questions from all sides. Robert Palmer, secretary of the Colorado Mining Association, wanted to know how the priorities had been determined and who determined them. U.S. Senator Patrick McCarran of Nevada, who joined the mining men at the meeting, described the volume of mining equipment being shipped to South Africa. He asked why equipment was going overseas when U.S. mines needed it. (As a matter of policy, the U.S. Government supplied gold mines in South Africa to help keep Britain solvent.) Others asked how they could obtain exemptions to the priority ratings.

After the meeting several attendees spoke to newspapers and none was happy. Governor Ralph Carr of Colorado said that he had heard nothing to assure him that gold and silver mining would continue in his state. Senator McCarran said the priorities situation would shut down 90 percent of the mines in Nevada, and another Nevadan claimed that the WPB action would put 7,500 men out of work. MacBoyle told newsmen that the WPB's actions would close gold mines and disrupt communities. Two days later, in fulfillment of MacBoyle's words, the Argonaut gold mine in Jackson, California, announced its closure.[19]

The Reno meeting, and similar meetings in Salt Lake City and Denver, generated one faint hope for gold miners. Nelson admitted that the order excluding gold mines from the priority system could be modified or even rescinded. McCarran grasped at the hope Nelson had offered. "If we allow this order to become permanent," he told the miners, "then we will only have to blame ourselves."[20]

A short time later a group of gold miners meeting in Sacramento decided to send a representative to Washington, D.C., to argue their case. The obvious choice was Grass Valley's Errol MacBoyle, who went at his own expense. In Washington, MacBoyle learned that challenging government policy could be misconstrued as questioning the importance of victory. A military officer asked MacBoyle in a meeting: "Don't you want to win the war?" MacBoyle learned to open conversations by describing the patriotism of mining men: "I say that all the gold miners, if they felt in any way that their operations were interfering in the least with the winning of this war, would close down and let the mines fill [with water]."[21]

In Washington MacBoyle and other spokesmen for precious-metals mining sought appointments with members of Congress and with executives of the WPB. They argued the cause for the rural mining communities of the West. Already these communities were sending their sons to the war and losing many of their most able-bodied residents to faraway shipyards and defense plants. Did they also have to lose their way of life? Did the old miners and their wives left behind in the mountains have to be impoverished in order to win the war?[22]

In May 1942 a subcommittee of the U.S. Senate Special Committee on the Investigation of Silver, a group sympathetic to mining interests, opened hearings that gave gold miners a platform to make their case. Senator Elmer Thomas of Oklahoma presided, Senator McCarran asked many of the questions, and six other senators from mining states took part. The chairman welcomed Congressman Harry Englebright from Nevada City, California, the Republican whip in the

House, to participate alongside the Senate committee's members.

When Errol MacBoyle came to the witness table he made the case for rural communities as passionately as anyone. He also described the difficulty and expense of re-opening a neglected mine. He appealed to fairness and spoke of the government's action as something akin to confiscation. But ultimately MacBoyle, like most other witnesses, had no illusions about the level of production and profits his mine had previously enjoyed—they were gone for the duration. He focused on winning the war and keeping his mines in operating condition for its aftermath, saying:

> We feel that if the gold mines can be kept alive through this period of stress, ultimately the gold mines are going to help save the United States after this is over, because we all feel—we may be prejudiced—that gold and also silver will be badly needed after the expenditure of these, shall I say, astronomical figures is over with.[23]

Others whose testimony challenged the WPB's order included Julian D. Conover, American Mining Congress; James A. White, Rocky Mountain Metals Foundation; Robert S. Palmer, Colorado Mining Association; Matt Murphy, State of Nevada inspector of mines; Charles L. Bradley, New Mexico Miners' and Prospectors' Association; and several owners of prominent western mining companies.

While providing a forum for miners, the hearings also offered a hot seat for Wilbur Nelson and his staff from the War Production Board. While he found the hearings an ordeal, Nelson ably defended his agency and argued for restricting the resources available to precious-metals mines, emphasizing the problems of material and machinery supply:

> I know you are all wondering why all of the mines cannot have what they need. The answer is the mining machinery situation. The makers of mining machinery have the finest machine shops in the United States, and every one of them has been in part, you might say, taken over by the Army and Navy. The capacity of every mining machinery plant in the United States is taken up in part in making munitions and machine tools or parts for machine tools.[24]

Within two weeks of the hearings the WPB granted a concession to gold and silver mines. It amended Order P-56A so that each precious metals mine would have its priority application judged on its own merits, and not automatically excluded from the priority system. The victory they scored in the summer of '42 gave miners hope that they could continue precious metals production at levels sufficient to maintain their properties. But their victory was short-lived.[25]

The Copper Shortage

The War Production Board had other concerns besides the allocation of materials. The agency was also gravely concerned that the United States was not producing enough copper to supply itself and its allies. A strategic metal, copper was essential to the war's increasingly sophisticated communications systems and weaponry, and practically all munitions and shells were manufactured from copper or the copper alloys brass or bronze. No airplane, ship, tank or truck went into action without it. In warfare, copper was more valuable than gold.

When the war began in Europe, the United States was the greatest copper-producing country, and U.S. firms such as Anaconda and Kennecott had large holdings in Latin America, particularly Chile, second in production. This encouraged the U.S. government, in the days before America entered the war, to make sanguine assessments

about the copper supply. But soon enough, as the civilian economy grew, the U.S. armed forces expanded, and exports increased, demand outpaced production.

By the spring of 1941 the Office of Production Management (OPM) acknowledged that the demand for copper had increased to twice the supply. By that summer the Lend-Lease program, which provided strategic materials to Britain, China, and the Soviet Union, had increased demand even further. The U.S. government reacted by tightening controls on copper, but still the shortage grew worse and officials acknowledged a crisis. "By the time of Pearl Harbor," wrote Paul Koistinen, an authority on U.S. war production, "a copper shortage was among the principal obstacles to the full mobilization of the economy."[26]

By June 1942 the critical shortage of copper dovetailed with another critical shortage—enough hard-rock miners. When officials in Washington began curtailing gold and silver production through the priority rating system, merely intending to conserve materials, their actions disrupted the labor force. It was April 1942 before planners on the Potomac recognized that war industries, army construction projects, and the military draft were taking miners away from the stopes.

In the second quarter of 1942 government agencies reported that 13 percent of copper miners had left the mines. Anaconda in Montana, Kennecott in Utah, and Phelps Dodge in Arizona all reported serious losses of manpower. By July 1942, when U.S. government planners calculated that the U.S. needed three thousand additional copper miners, the concern reached the highest levels in Washington and the issue was discussed in the White House.[27]

During the summer of 1942 a debate raged in the offices, conference rooms and corridors of the War Production Board, and by July sides were drawn. The Labor Division of WPB and the War Manpower Commission wanted to close the gold mines. The WPB's internal reports suggested that such closures would free four thousand to five thousand gold miners to work in copper mining. Wilbur Nelson and other mining men working for the WPB were skeptical of those figures and opposed the idea. The professor said that precipitately closing the gold mines would only encourage gold miners to move to aircraft and shipbuilding jobs on the West Coast, thus dissipating the country's last reservoir of skilled hard-rock miners.[28] In the whole debate, no truer words were spoken.

News of an imminent closing of gold mines leaked when columnist Walter Winchell reported the story on his radio program, tripping alarms in western mining camps. A barrage of protests arrived in Washington. WPB chairman Donald Nelson replied blandly to the protests, saying that his board had not considered closing any silver mines, and that he had reached no conclusions regarding gold mines. This mollified the protesters for a while. A short time later, however, the WPB Labor Branch and the War Manpower Commission asked the army to furlough four thousand soldiers to work in copper mines. This gave the military a stake in the matter.[29]

Releasing Order L-208

As the debate continued inside the WPB, Wilbur Nelson was fighting a rear-guard action. Even he agreed that when and if circumstances would ensure the movement of miners from gold to copper mines, then gold mines would have to close, and his branch of WPB would enforce the closures. But he insisted that certain gold mines with siliceous gold, gold-silver and silver ores should not close because they provided the smelters with a flux essential to the processing of all non-ferrous metals, including copper. He also wanted skeleton crews to maintain the gold mines in workable condition so that they could start again when the war ended.[30]

By late September 1942 the debate within the War Production Board was narrowing to a ques-

tion of form. The agency used "P" orders to establish material priorities, but the issue of gold mines had moved beyond a simple scarcity of goods. The WPB men reached for a heavier club. At hand were the directives designated as "L" orders, used to curtail production deemed "non-essential," and used by the WPB to stop the production of consumer goods such as automobiles and home appliances. Once the agency settled on the kind of order it would issue, the question was reduced to who would draft it.

In a fashion familiar within conflicted organizations, the job fell to Wilbur Nelson and his deputies, who had largely opposed the order. Nelson then told the WPB leadership that it was unfair to issue such an order without first meeting with gold miners. Miners, including Errol MacBoyle, traveled east to a hastily called meeting. On October 1, 1942, at WPB headquarters in Washington, Nelson found himself again before a roomful of angry miners.[31]

The meeting raged like a storm with flashes and bursts of recriminations and denouncements. MacBoyle and the other mining men expressed bitterness at the short notice and admitted that they were unprepared. They had no time, they said, to gather the kinds of statistics the government routinely collected. Much of the discussion was about numbers. The miners accused the Labor Branch of WPB of having claimed that closing the gold mines would release twenty thousand men to work in copper. The labor men denied this and insisted five thousand was an accurate estimate.

MacBoyle, who had figures gathered in California, said many mine workers had already left for the military or defense jobs, making the WPB's figures obsolete. By September 1942, he said, only 1,196 mine workers remained in the Grass Valley and Nevada City districts of California, and of those only 726 were miners and muckers who had the skills the copper mines needed.[32]

These remaining miners were not young, but averaged about forty-six years of age, owned homes, and were long-established in their communities. If they chose to relocate, he suggested, they would take defense jobs near San Francisco before they would move to copper mines in hot, primitive camps. MacBoyle predicted only five hundred miners would move from gold to copper mining, but some officials in the WPB disputed his estimate as too low.[33]

As the streets darkened outside, the WPB's staff revised its figures and concluded that closing all gold mining operations in the U.S. would release 3,270 men, 600 of whom were miners and muckers. By then five hours of arguing had left everyone exhausted, and at 7 p.m. they adjourned. The strength of the miners' counter-attack gave WPB officials pause, and it appeared that Senator McCarran, Senator James E. Murry of Montana, Congressman Englebright, and their mining allies had achieved their purpose. Nelson said a new order would have to be drafted to give the gold mines six months in which to close.[34]

The next day, however, the War Department spoke. In a letter to the War Production Board, the undersecretary of war insisted that the gold mines close immediately, writing: "The case of gold mining presents sharply the question whether we mean business or not in doing everything possible to push war production."[35]

For the War Department gold mines had obtained a symbolic importance, especially after the WBP asked for the furlough of soldiers. Military planners now argued that the gold mines had to close to show the country that nothing was more vital to national survival than war production.

"Harassed on all sides," as an official history expressed it, WPB Chairman Donald Nelson convened the senior WPB leaders on October 6. This was a select meeting of the officials President Roosevelt had personally appointed, including the three vice chairmen of the War Production Board, a four-star general, an admiral, Secretary of Commerce Jesse Jones, and Vice President Henry Wallace. Others admitted by invitation included Wilbur Nelson of WPB's Mining Branch, and one mining company executive, a U.S. Army

veteran employed by the WPB.[36]

Another of those attending was U.S. Army Lieutenant General Brehon B. Somervell, a ramrod-straight supply officer and West Point graduate who had been decorated for gallantry in action during World War I and whom the *Washington Post* would call "one of the ablest officers America ever produced." Somervell deplored the necessity of furloughing soldiers to the copper mines and insisted on something in return. Speaking for the military, Somervell delivered what others in the meeting remembered as "almost an ultimatum"—the gold mines must close. In response to a determined military and the desperate need for copper miners, the WPB had little choice but to agree. Before the meeting adjourned, the WPB made its formal decision to close the nation's gold mines.[37]

That night Wilbur Nelson and a WPB attorney put Order L-208 into its final form and it was released on October 8. It closed gold mine operations, whether lode or placer, in the United States and its territorial possessions. It specifically prohibited miners from breaking ore or continuing development work or new operations after October 15, 1942. Sixty days from the order all operations were prohibited, except to "the minimum extent necessary to maintain buildings, machinery, and access facilities in safe and accessible condition [*sic*]." Lode mines producing less than twelve hundred tons were exempt from the order on the condition that their future rate of production did not exceed one hundred tons per month, and small placers were similarly exempted.[38]

In conjunction with Order L-208, the War Manpower Commission issued Directive No. 13, instructing employers in any state west of the Mississippi River not to hire "any person who on or after October 7, 1942, has left employment as a production or maintenance worker in connection with gold mining, except upon referral of such worker to such employer by the United States Employment Service." The directive instructed the Employment Service to refer gold miners to essential non-ferrous mining jobs.[39] The WPB had previously prohibited the manufacture of certain goods but had not closed industries. Gold mining was unique.

An Economist's Role

This chronicling of events doesn't answer all of the questions. What were the forces and who were the personalities behind Order L-208? Who closed the gold mines?

Gold mine owners who saw L-208 as a mortal threat to their operations readily found someone to blame. Their accusing eyes fell on a young economist named Samuel K. Lipkowitz, the man collecting mining employment statistics for the WPB. A spectacled graduate of American University who had written for socialist publications, praised unions, and never been west of the Mississippi, Lipkowitz was everything a mining man would distrust. MacBoyle called him "a shadowy member" of the WPB who "operating from behind the scenes appears to exercise the privilege of vetoing all decisions favorable to the gold industry."[40]

Among his duties for the WPB, Lipkowitz was liaison to Mine Mill, the miners' union that vigilantes had chased from Nevada County in 1938. Lipkowitz worked with Mine Mill's leadership to stabilize the copper workforce by enhancing workers' amenities and morale. In Lipkowitz's view the union and its miners were key to producing more strategic metals, and results justified his opinion. The union's leadership helped to ease the copper shortage by keeping the mines free from serious strikes or shutdowns. As a result, the productivity of the individual copper miner increased during the war from thirty tons per man annually in 1939 to thirty-eight tons in 1944.[41]

In Washington during World War II the political division was between supporters of Roosevelt's New Deal and the military leaders and planners who often had ties with big business. The New Dealers were sympathetic to the cause of organized labor. The military and its big business

Samuel Lipkowitz, the WPB economist who provided labor estimates to the War Department, helped to shut the gold mines in 1942. (Washington Evening Star, *13 Sep. 1970.)*

allies needed copper to prosecute the war.[42] Mine owners saw Lipkowitz bridging the two camps as he provided employment estimates to military planners. The military men used Lipkowitz's data to argue that the gold mines must close so gold miners would move to the copper mines. At least as mine owner Errol MacBoyle saw it, the Nevada County gold mines the CIO strikers could not close in 1938 would close in 1942. He blamed Lipkowitz.

When MacBoyle feared organized labor was pulling the strings behind the WPB's decision, he wasn't alone. U.S. Senator John Chandler "Chan" Gurney, the boyish, round-cheeked Republican from South Dakota, charged that labor had exerted undue influence over the WPB. The WPB made an internal investigation and the War Manpower Commission, responding to the same charge, also held a hearing. Neither agency found any evidence of impropriety, and labor unions, after all, were as much entitled to exercise influence as were mine owners.[43]

The War Production Board's final report on closing the gold mines said that conflict between WPB staffers concerned with labor allocations, such as Lipkowitz, and those concerned with mining, such as Wilbur Nelson, "beclouded the whole issue of closing the gold mines." The report revealed Lipkowitz's assiduous efforts to provide data to the decision makers within his agency and beyond, and concluded that all labor estimates had been made in good faith. In their reliance on statistical data, the labor men at the WPB dismissed the "intangibles" presented by the mining men; and in their reliance on anecdotal assertions, such as the presumed reluctance of gold miners to engage in other types of mining, the mining men dismissed the statistics of the labor men.[44]

In the end, regardless of any outside influences, the WPB took responsibility for making decisions in the best interests of the war effort and the country. The blame gold mine owners placed on Lipkowitz was a better measure of their anxieties than of the young economist's influence. Still, the mine owners' fear of labor's influence, and the notion that the board's action was a retaliation for the deeds of 1938, would continued to energize the on-going resistance to Order L-208.

The Silence of Fred Searls

If the role Sam Lipkowitz played with respect to Order L-208 was "shadowy," the role played by another man with the War Production Board, Fred Searls, Jr., was nearly invisible. A native of Nevada City, California, Fred Searls, Jr., was introduced to government service through his connections with Bernard Baruch, the financier and advisor to presidents. Searls had gone to work for the WPB as a dollar-a-year man while retaining his position as chief geologist and member of a triumvirate running Newmont Mining Company, which, as mentioned above, owned mines in Nevada County, California. In 1942 Searls was directing the

WPB's Facilities Bureau, which authorized the building of new manufacturing plants to increase industrial capacity.[45] Widely respected, Searls was often in position to speak an influential word.

Earlier in the 1930s, even as Newmont continued to operate its gold mines, Searls had begun moving Newmont's portfolio away from gold and toward copper. By 1939 more than 70 percent of the company's profits came from copper mines, so to him closing gold mines did not represent the catastrophe that it did to others. Besides, he was a patriot who had volunteered for the U.S. Army during World War I, rising from private to captain, and earlier in 1942 he had urged his gold miners in Grass Valley to go find jobs in defense industries.[46]

Although he never held a position with the Mining Branch, the WPB chiefs often turned to Searls for advice about mining and drew upon his encyclopedic knowledge of mineral development. In answering routine queries from his superiors Searls gave carefully considered, impartial advice, and was sometimes perspicacious. Before it occurred to anyone else, for example, Searls foresaw how labor interests might encourage the WPB to impose "punitive conditions" on the gold mines in retaliation for events like those in Nevada County in 1938.[47] But once he notified his superiors of this potential for improper influence, he let the subject go.

Searls' own influence cannot be measured by what he wrote—his surviving letters are scattered and his notes often cryptic—but by where he stood. As a measure of his influence, Searls was the sole mining executive in the room on October 6, 1942, when the chiefs of WPB decided to close the gold mines. If he offered any advice during the meeting, it was not recorded in the minutes.[48] It seems that Searls acquiesced to the closing of the gold mines. To the military leaders and WPB chiefs in Washington, Searls' silence may have spoken more loudly than anything young Sam Lipkowitz could have said.

Searls' acquiescence may have reflected an awareness that the order to close the gold mines would be administered by WPB mining men who were sympathetic to gold mining communities. Perhaps he saw in the order, as developments will show, the potential for exemptions and waivers and the likelihood of employment for those older gold miners who chose not to leave their homes either for war work or to mine copper or other strategic metal mines.

Regardless of his private thoughts, what Searls witnessed in the decisive meeting was apparent to everyone in the room and was unmistakably expressed in General Somervell's "ultimatum." After the attack on Pearl Harbor the War Department exercised unprecedented influence over industry and was determined to have the civilian economy wholly committed to the war effort. The board's final report on closing the gold mines described the enormous pressure the War Department had put on the War Production Board. "The closing of the gold mines," it said, "represented a definite victory for the military point of view that all production not immediately essential to the prosecution of the war should be eliminated."[49] There was nothing Searls or anyone else could have said.

Resisting an Ineffectual Order

While the ink was fresh on Order L-208 the U.S. Army dispatched an officer to Grass Valley in California by way of the Homestake mine in Lead, South Dakota. He heard grumbling, as people acquainted with the facts on the ground had trouble understanding the order. Grass Valley's *Morning Union,* for example, said that the WPB's expectation for the number of gold miners transferring to copper was "silly."[50]

A U.S. Army construction project near Pando, Colorado, provided one example of why people in the mining districts struggled to understand the WPB's action. Within a month of the announcement of Order L-208 that project was completed, releasing seven thousand workers, many of whom had mining experience. The project lay only

twenty miles from a copper mine short of miners, but the men it had employed went off after other defense jobs and few switched to copper mining. Thus, a workforce larger than any expected to emerge from the gold mines was allowed to dissipate.

In the meantime, when furloughed soldiers arrived at the copper mines they did not provide the help that the officials in Washington had projected. Only a tenth of them had experience underground, and most were coal miners or quarrymen who had to be trained in hard-rock mining. Most were willing workers, although a few were afraid to go underground and some had only volunteered to mine because they wanted to avoid military service.[51]

Yet in the gold mining communities, citizens set their doubts aside. When he arrived in the mining districts, the army officer was greeted cordially, met no resistance, and reported what he saw: Americans were doing as they had been ordered in the interest of winning the war.[52]

Soon newspapers in the West took up the plea for a modification to Order L-208. A widely reproduced *Wall Street Journal* article condemned the order, with particular reference to the supposed labor influence and the U.S. policy of supporting gold mining in South Africa. Legislatures in California, Nevada, South Dakota, and Alaska Territory called for withdrawing the order. U.S. senators wrote to the president, and former Republican presidential nominee Wendell Willkie joined in publicly challenging Order L-208. In May 1943 thirty U.S. senators signed a letter asking the WPB to immediately rescind the order.[53]

This letter jolted the War Production Board and Chairman Donald Nelson ordered a review. The resulting internal report showed that the curtailing of materials had already reduced the labor force in gold mines before Order L-208 was issued. Wilbur Nelson estimated that 497 gold miners were placed in strategic metal mines based on spot checks of various mines; the War Manpower Commission estimated 1,156—the initial evaluation of the effectiveness of the order depended on which figure was most accurate. The report concluded:

> Limitation Order L-208 inflicted hardship and losses on a very large group, to accomplish the release of manpower from a source (gold miners), which had for the major part, already lost the best of their [*sic*] workers. In numbers, it is estimated that the total leaving gold mines prior to October 8th, 1942, at least equaled those effected by Order L-208 and greatly exceeded those actually displaced."[54]

The War Production Board's leaders concluded that taking no immediate action was a better course than rekindling old arguments, or igniting new ones, by rescinding the order. Even those with the WPB who once questioned the need to close the gold mines now believed that revoking Order L-208 would be a mistake. Dr. Gustav Peck, a labor advisor to the WPB's chairman, wrote:

> I questioned the need and method of L-208. . . . Waiving the question as to whether the Gold Order should have been issued in the first instance, I believe it would be poor policy to revoke it now, since the forces it has accelerated are generally in the right direction. . . . Hundreds of workers formerly employed in the gold mines are now employed away from home in non-ferrous mining or other necessary war work and . . . if the gold mines were generally reopened there would be a strong temptation for them to return home.[55]

Peck and others recommended standing by the decision to close the gold mines while handling appeals liberally. Homestake Mine in Lead, for example, was permitted to mill ore already broken before the mine was closed. At the Empire Mine in Grass Valley, tribute miners continued to work

underground exploiting tungsten deposits. Other mines were granted exemptions if the value of the strategic metals they produced (in addition to gold) outweighed the use of war-related materials or if labor could be obtained without drawing workers from war-related industries. Mines producing smelter flux, such as the Lava Cap Mine in Nevada City, California, had been exempted by the original order and continued to operate until a surplus of flux was produced.

Exemptions, however, were not always sufficient to rescue a mine. After Order L-208 was issued the Idaho Maryland Mine in Grass Valley spent seventy-five thousand dollars a month trying to maintain its property, and yet the serpentine rock within the mine continued to swell, crushing timbers and threatening to make the mine unusable.

In May 1943, the WPB allowed the mine to employ up to two hundred men (required to be over forty) and to mine 7,800 tons of ore per month to help cover its maintenance expenses. Owing to the damage that had already occurred, and to the difficulty of reopening the mine, it could not produce the allowed tonnage. However, the Idaho Maryland's appeal to employ more men was denied. An effort to develop the mine as a source of magnesium didn't materialize in time to serve the war effort.[56]

Continuing the struggle for gold mines, Errol MacBoyle spent three more months in Washington in the spring and early summer of 1943, working with Congressman Englebright and Merrill Shoup, president of Colorado's Golden Circle Mine. They met with WPB Director Donald Nelson and lobbied members of Congress for an investigation of Order L-208. Before the year ended, Englebright—who was pressed by many matters—suffered a fatal heart attack and MacBoyle had a debilitating stroke. As 1943 was ending, Congressman Clair Engle, Englebright's successor, introduced a bill to repeal Order L-208, but it languished in committee.[57]

The WPB's final evaluation of Order L-208, written a year after the order was issued, concluded:

> With regard to the questions as to whether or not the results achieved by L-208 compare favorably with the results anticipated at the time the order was issued, the answer would appear to be in the negative. The actual benefits in labor and equipment obtained through closing the gold mines were small in proportion to the economic distress and individual hardship that ensued.[58]

The number of gold miners who relocated to strategic metal mines and remained for more than one year may have no more than one hundred. Many of those men were from the Grass Valley and Nevada City districts, and they moved especially to copper mines in California's Siskiyou, Plumas, and Calaveras counties.

From 1942 through 1945, the War Production Board supervised the production of $183 billion worth of weapons and supplies—about 40 percent of the total world output of munitions—including 300,000 warplanes, 124,000 ships and boats of all types, 41 billion rounds of ammunition, 100,000 tanks and armored cars, 2.4 million military trucks, 434 million tons of steel, 36 billion yards of cotton, and so on and on. Given the enormity of the WPB's task and the limitations of time and manpower, some decisions were bound to lead to such unintended consequences as the release of miners at Pando, Colorado.

Other decisions, such as Order L-208 itself, were based on weighing limited statistical data against the anecdotal information and judgments of industrialists and other experts. The War Production Board was making similar decisions across a wide array of industries and across the country, always with constrained resources and time, and always under the pressure of knowing that Americans were fighting and dying at the front.

Given the urgencies of the moment, the

board's leaders had to make their decisions and live with the consequences without allowing peripheral matters, such as gold mining, to become undue distractions. In a clear statement of the pressurized atmosphere of the WPB, Chairman Nelson said he saw the war as "a final test of what our democracy could do. It was the ultimate showdown."[59]

As the tide of war turned in favor of the United States and its allies, the WPB shifted administration of Order L-208 to its regional offices, and those offices further relaxed some terms of the order, especially in response to specific appeals. By 1945 many people expected the WPB to revoke L-208 altogether. But gold mining retained its symbolic importance in Washington, and military planners feared that unfettered gold production would signal a diminished resolve to achieve unconditional surrender.[60] Then V-E Day (Victory in Europe) came on May 8 with much celebration. At last, on June 30, 1945, the board revoked Order L-208. On August 14 America celebrated news of victory over Japan, with the formal surrender in Tokyo Bay on September 2. The war was over.

Gold miners went back to work, but most gold mines were too damaged by the wartime hiatus to ever fully reopen or to produce as they had before. Grass Valley's Idaho Maryland Mine, for example, was never profitable again. The principle reason was not the wartime shutdown but the new international monetary regime—adopted by forty-four countries at the Bretton Woods conference in 1944—that pegged currency values to the U.S. dollar, rather than to the price of gold.

The price of gold for domestic U.S. producers remained fixed at $35 an ounce even as labor, material, and other costs continued to rise following the war. Most mines could no longer generate profits and the mining era ended in California's richest gold mining districts in 1956. Meanwhile the fight over Order L-208 continued in the courts, where gold mine owners sought damages.[61]

Eventually the case brought by the gold miners against the government reached the U.S. Supreme Court in *United States v. Central Eureka Mining Co., et al.* In 1958, in a seven-to-two ruling, the court sided with the federal government, concluding:

> [The government] made a well-considered decision to accomplish a proper result. There is no suggestion that any of the officials who were responsible for the order were motivated by anything other than appropriate concern for the war effort.[62]

The War Production Board's chairman, Donald Nelson, who had met with gold miners personally before signing the order that closed their mines, judged his organization in similar terms:

> No matter how acrimonious our discussions became, I never once thought that any of my associates [on or with the WPB] acted except from the best of motives. I never doubted their complete loyalty and patriotism. Many times I questioned their judgment, and occasionally the information upon which they based their judgment, but I never questioned their good faith and their passionate desire to do the best job for their country that they were capable of doing.[63]

After retiring from a career in purchasing for the Ingersol-Rand and Lockheed Martin corporations, Gage McKinney moved to Grass Valley, California, where he devotes his time to historical research. He has written three books about the California gold country for Comstock Bonanza Press: When Miners Sang: The Grass Valley Carol Choir *(2001),* The 1930s: No Depression Here *(2009, about the relative prosperity of gold towns Grass Valley and Nevada City), and* MacBoyle's Gold *(2016, a biography of Grass Valley gold miner Errol MacBoyle).*

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