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HISTORICAL, STATISTICAL AND FUNCTIONAL

REPORT

of the

BUSINESS ENTERPRISES SECTION  
WAR RELOCATION AUTHORITY  
Washington, D.C.

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## INTRODUCTION

In the spring of 1942 approximately 110,000 persons of Japanese ancestry, two-thirds of whom were American citizens, were evacuated from their homes on the West Coast. They represented all walks of life, extreme social and economic levels, various political beliefs and religious faiths. In short, the evacuees, aside from their common ancestry, were representative of a typical cross section of an average American community.

Evacuation by the military authorities was a unique and unprecedented experience in the annals of American history. The sudden order for removal from the West Coast necessitated immediate disposal of personal and business properties by the evacuees. Despite the efforts and assistance of Federal, State and local governmental agencies, substantial losses were suffered by the evacuees in the liquidation of their businesses and in the disposal of their homes and personal property. Unscrupulous businessmen and other individuals took advantage of every opportunity to exploit the unfortunate predicament in which the evacuees found themselves.

It was for these people, of heterogeneous social and economic background but all of whom had suffered the humiliation and set-backs of evacuation, that the business enterprises were to be established in relocation centers to make available to them goods and services not provided by the government.

No attempt is made here to report in detail the various operating and organizational problems, difficulties and accomplishments, center by center. Such information is contained in the final business enterprises



report from each center. Our objective is to give the reader a general picture of the over-all cooperative program in relocation centers.

Need for Business Enterprises in Relocation Centers

The relocation centers to which the evacuees were removed were located in isolated areas far removed from centers of population. They were temporary communities, consisting of barrack type buildings, located in the states of California, Arizona, Colorado, Utah, Wyoming, Idaho and Arkansas. The needs not provided by the War Relocation Authority were many -- supplementary food, clothing, shoes, toilet articles, household goods and innumerable other things for comfortable and normal living, as well as many personal services. Shopping for these needs outside for the centers was not practicable. There were no shopping areas within any reasonable distance and adequate transportation was not available from the centers. Then again, there generally existed an attitude of hostility among the residents and businessmen in nearby towns toward the evacuees, a manifestation of the usual pattern of war hysteria. When the centers were opened WRA officials were usually requested by local public officials and businessmen not to allow evacuees to enter their towns in groups for shopping or other business and "No Japs Allowed" signs were posted in many business establishments. Movement in and out of centers was restricted and only in cases of emergency were evacuees permitted to leave the centers by securing a pass from center authorities. It was necessary to establish businesses within the centers to provide these goods and services to satisfy the needs and desires of the residents



in so far as possible. The Business Enterprises Section was created within the Community Management Division of the WRA to organize these enterprises from the outset for purposes which may be summarized as follows: (1) To aid evacuees in obtaining goods and services not provided by the War Relocation Authority, (2) to enable evacuees to procure goods and services of good quality at as low a cost as possible and, (3) to provide a means by which individual needs, desires and tastes may be expressed and satisfied.

#### WRA Business Enterprise Policy

There seemed to be only two alternatives on the form of organization for the business enterprises in these new communities. As individual income was being limited to a maximum of \$19 per month from wages for WRA work obtainable in the centers, it would be necessary to keep prices of goods and services at a minimum to help preserve pre-evacuation savings. Private concessions for profit were ruled out. They had to be either government businesses financed, staffed, operated and managed by the WRA, or, non-profit consumer cooperatives financed, managed and controlled by the evacuees themselves with only advisory assistance and very limited supervision from the WRA. From the administrative point of view the co-operative plan had several distinct advantages in this particular situation, which may be summarized as follows:

- a. It would not require tying up government funds for purchase of merchandise stocks and equipment or staffing the various enterprises with competent management at a time when there was a general shortage of competent help in the business world,



- b. cooperatives would be most responsive to the wishes of the residents and establish only those enterprises which they felt were essential and provide only the types of goods and services the residents wanted,
- c. cooperatives would provide these goods and services most economically,
- d. cooperatives would help to establish a code of moral standards to alleviate the incentive for exploitation of the residents by individuals, or groups of individuals, for private gain through lucrative commercial trade incidental to such emergency communities, and
- e. they would educate at least the minority in cooperative technique which might serve them well during rehabilitation days later.

Although it was generally understood from the outset that the business enterprises were to be cooperatives and had been officially stated by the WRA Director as early as in May, the policy was not clearly defined until in August, 1942. Administrative Instruction No. 26 outlining policy, development and procedure was issued at that time. The WRA recommended the establishment of consumer cooperatives. These were to be true cooperatives, operated in accordance with generally accepted cooperative principles and basic business practices. Temporary enterprises had to be established at the time each center was opened in order to serve the residents from the outset but earnings and net worth of the temporary business was to be turned over to the permanent consumer cooperative upon



its organization. Only one consumer cooperative was permitted within each center. The WRA would render advisory and instructional assistance in cooperative business methods, membership control, committee and directors' functions, merchandising, management and accounting procedure, and assist with articles and by-laws, incorporation, tax and other legal matters. All private enterprise was prohibited.

WRA Business Enterprises Staff

It was originally planned to appoint two members on the WRA staff for each center to establish and supervise the temporary businesses and to assist and advise the residents in the formation of a consumer cooperative. The positions created were:

1. Community Enterprises Superintendent (Grade CAF-11) whose duties were the establishment of temporary enterprises, arrange credit relations with wholesalers and suppliers, financing, installation of accounting, cash and stock control systems, and over-all supervision of management. He was also required to assist the residents in the development of the permanent consumer cooperative and advise them regarding cooperative organizational structure, methods of operation and all phases of cooperative business practices.
2. Associate Community Enterprises Superintendent (CAF-9) whose duties were to assist the Superintendent, with special emphasis on the organization of the cooperative association, drafting Articles of Incorporation and By-laws, planning membership drives and to get active participation of the residents, and to assist



in the development of a broad educational program for instruction of residents in the principles of cooperative enterprise.

These positions, however, were not all filled. Nine centers filled the Superintendent positions but only six Associate Superintendent positions were filled. Qualified candidates with the necessary cooperative organization and business experience were not available and in many instances appointments were made purely on the basis of some previous and very limited private business experience. In one center the Project Director assigned a man from the motor pool with some experience in the wholesale grocery business who stayed on the job until the position was abolished.

In line with the policy of the Business Enterprises Section to eliminate all supervision as early as practicable, all of the Associate Superintendent positions were abolished during the latter part of 1943. This action was taken on the assumption that residents had been sufficiently familiarized with cooperative methods to enable them to continue on their own initiative. A few months later, in June 1944, all of the center Enterprises Superintendent positions were abolished with the exception of the Tule Lake center. As Tule Lake had become the segregation center, the cooperative officials were not permitted to travel about freely out of the center and it was necessary to continue the services of the Enterprises Superintendent. At the request of the cooperatives, advisory service was continued for all centers through periodical visits from three field Auditor-Supervisors assigned to the Washington Business Enterprises staff.



### Over-all Supervision

On the Washington WRA staff the Head of Business Enterprises Section (CAF-13) was charged with the responsibility of organizing the business enterprises and development of cooperatives in the ten centers. He was assisted by two Senior Advisors (CAF-12). Occasionally the Section Head visited the centers to discuss policy and organization and operating problems with project and cooperative officials. At times there were urgent requests from the centers necessitating special trips. The two advisors traveled among the centers constantly. They assisted and advised the Business Enterprise Superintendents on all organization and business problems, attended membership and directors' meetings, met with the auditors, managers and accountants and various business committees and recommended changes and improvements for maximum operating efficiency. They were the liaison between the cooperatives and the WRA administration. They also made emergency audits of business enterprise records.

### Business Service Office

Early in the program the WRA was requested to assist in buying certain essential goods that could not be purchased in sufficient quantities by the project cooperatives from their regular sources. The Business Enterprises Section opened the Business Service Office in New York in January, 1943, to render this assistance and employed a Purchasing Officer (CAF-11). Later the cooperatives employed three evacuee buyers to work with the WRA purchasing officer in this office. Other functions of the office included the establishment of credit relations with eastern suppliers, keeping the suppliers and credit associations currently informed on the



financial condition of the enterprises, and preparing each month a combined financial statement and comparative operating chart of all enterprises for distribution to cooperative officials in the centers.

#### Temporary Businesses

As each center was populated temporary businesses were established to supply the immediate needs of the evacuees. These temporary businesses were established by the Project Director who appointed five, and sometimes seven, so-called trustees from among the evacuees to manage and operate them under general supervision of the Business Enterprises Superintendent. The trustees agreed to operate and manage the businesses to the best of their ability and to hold the assets and profits intact for the permanent cooperative to follow. Very often this agreement was not in writing but merely a verbal understanding.

The problems were many. As hundreds of new arrivals poured into a center, almost daily, the demand for goods was constantly intensified. No capital was available for setting up such an initial enterprise, neither was the WRA in a position to guarantee the payment of any accounts opened by such enterprise. It was up to the WRA Business Enterprises Superintendent to personally contact suppliers to establish the necessary credit. Sometimes it was difficult to make wholesalers understand why they should extend large amounts of credit to an organization that had no legal owners, no capital, and no guarantee of payment from the government. They were told that these enterprises were to become cooperatives with a business monopoly in the centers, that membership capital would be raised later, and that immediate working capital would build up rapidly from sales



profits as merchandise turn-over was so great. The degree of success in obtaining sufficient credit varied with the centers. The California and Arizona centers were very often flatly refused because of feeling toward the Japanese. Some suppliers even refused to sell for cash. On the other hand the Colorado, Wyoming and Idaho centers experienced very little difficulty. It was only a matter of extent of credit and period of time needed. Purchase orders and checks were usually signed by the WRA Business Enterprises Superintendent in order to gain confidence of the creditors. A representative of the Washington Business Enterprise Section visited large nation wide wholesalers and manufacturers of dry goods, clothing, shoes, drugs, notions and variety goods. He succeeded in establishing credit varying from five to twenty thousand dollars per center, depending upon population, on terms of from 60 to 90 days. It was necessary for him to assure these suppliers that goods would be sold at regular retail prices in order to build up reserve capital, that no dividends would be paid to the residents from funds belonging to creditors, that the WRA would exercise supervision to the extent that the enterprises would have either the merchandise on the shelves or cash in the bank to safeguard all accounts and that all responsible people would be properly bonded and sufficient insurance would be carried. This opened the first opportunity for real expansion.

Financial difficulties were not the only problems faced by these new businesses. They were often loosely managed and lacked even the elementary business controls. All centers were not fortunate enough to get experienced managers in the beginning. Some project directors felt that all of the trustees had to be Nisei and accordingly appointed young men with limited qualifications and experience who did not have the confidence of



the Issei. They were unable to visualize a business of such a magnitude as to serve an entire community or to coordinate functions of store managers and department heads. There was much disorder and confusion. There was no time or facilities for training managers or other personnel. Adequate records were not kept. The older managers were very often formerly small store keepers and accustomed to being accountable only to themselves. When they came into the enterprises they proceeded to conduct the enterprise business in the same manner. Here was a new situation where they were accountable to thousands of people, yet they were slow to grasp the need for modern and efficient business techniques. They objected to being bonded as it was considered a reflection on their integrity and honesty. In one center, the Washington Business Enterprise Adviser discovered that cash was being handled and change made from soup bowls kept back of the counter and learned that cash registers had not been ordered. Upon his insistence an order was placed for registers. However, on his following visit two months later, he still found the soup bowls in use. The registers had been received and were stored in the warehouse because the managers objected to installing them. Only after it was explained that it would be no reflection on them, but that cash register receipts would be used to compute individual purchases, did they agree to use them.

In the beginning, the demand was so great and available supplies so limited that the stores could be opened only for a few hours at a time. Not infrequently a complete shipment would be sold out within a two hour period and the doors would have to be closed until another shipment was received. Soda pop and ice cream was needed for parched throats in the



desert dust and heat. The barrack buildings were not adequately furnished and hand tools were much in demand for making furniture out of available scrap lumber. Soap, wash tubs, pails, clothes line, mirrors, nails and hundreds of little household items were sorely needed. With the opening of each new avenue of credit, inventories were increased and new departments were added. Business expanded rapidly and the enterprises occupied more and more buildings. They responded to demands of the residents and established barber and beauty shops, shoe repair shops, dry cleaning and laundry services, fish markets, watch repair shops, movies and other services. The beginning was often humble. Counters and shelving for the stores and shops and even the barber and beauty shop chairs were hurriedly constructed from dressed lumber and were not painted.

The organizations began to take shape. They expanded rapidly despite operational and personnel difficulties. The WRA Business Enterprise Section set up standards and goals and developed uniform accounting and business procedures and urged their adoption. Improvement was noted in business efficiency. By the end of 1942, these temporary enterprises had rolled up a total sales volume of \$2,542,326.00 and accumulated \$305,052.00 in net profits.

#### Formation of Cooperatives

Shortly after establishment of the temporary enterprises, preliminary discussions were started for the formation of cooperative associations. Groups of residents met to discuss and study consumer cooperative principles



and business practices. Where such studies were carried on more or less extensively the cooperatives were organized quite peacefully and harmoniously. These later became the sounder organizations from the standpoint of membership participation as well as business operation. The WRA enterprises' advisors usually assisted in conducting these discussion meetings and contributed a great deal toward the development of the cooperatives throughout the early stages. In some centers progress was retarded due to complete ignorance of cooperative organization on the part of WRA enterprises advisors who were equipped with only private business experience. The evacuees in such cases were left to shift pretty much for themselves. The situation was further complicated by the fact that the centers were made up of people from various West Coast communities and the typically individualistic business trustees eyed with suspicion the efforts of others than people from their own communities. They did not want to let others in on the management of the business sometimes, undoubtedly, for purely selfish reasons motivated by hope of private gain. Provincial tendencies in general were further aggravated by political factions that were forming in addition to the traditional Issei-Nisei conflict.

Regardless of the limitations of the preparatory educational program and conflicts and misunderstandings, circumstances and necessity forced the issue to provide legal ownership for the temporary businesses which were rapidly expanding and had accumulated sizeable profits. A few zealous neophytes in cooperation continued to work diligently to arouse the interest of the residents who finally elected, more or less democratically, what they chose to call Cooperative Congresses. Committees were appointed



to draft Articles of Incorporation and By-laws with the assistance of the WRA project attorneys and business enterprises advisors. On completion, they were mimeographed and distributed to all residents for further study and suggestions and, after final approval by the Cooperative Congress, the charters were applied for. By the end of 1942, three cooperatives had been chartered and incorporated and the remaining six received their charters early in 1943. Residents of the Heart Mountain Center failed to reach an agreement on a cooperative and continued to operate the temporary enterprises through a trustee arrangement which is explained in another section of this report.

Upon establishment of the cooperatives the fees from memberships purchased were injected into the businesses resulting in the strengthening of their financial position. The membership fees ranged from \$1.00 to \$10.00 per member. Additional operating capital wherever needed was obtained through interest bearing membership loans.

Six of the cooperatives were incorporated under the District of Columbia Cooperative Association Act as it was considered the most favorable from the cooperative viewpoint and offered more flexibility in the conduct of the business. Business licenses were obtained from the states, in which they operated, for these D. C. corporations. The Arizona State Corporations Commission threatened to revoke the license of the Gila River Cooperative three months after it had been issued. Many hearings were held and the case was widely publicized throughout the state and elsewhere. However, after the cooperative made compromises and amended the charter to limit its operations within the relocation center and to provide



that the organization would be liquidated on closure of the center, the Commission finally agreed to continue the license in force. It became clear at the hearings that this action of the Commission was not directed against the cooperative itself but against the Japanese people. The application for license of the Poston Cooperative, also located in Arizona, was held up by the same Corporation Commission pending the outcome of the Gila River case. This uncertainty and delay prevented the issuance of proper membership certificates for several months and caused many other aggravating situations.

All By-laws were carefully prepared and contained provisions necessary to establish the cooperative character of the organizations. Some of the most important principles and basic practices were stated in the WRA regulations which made it mandatory for them to pursue along true cooperative lines.



Corporate Name and Location, Highest Membership Attained at Any One Time,  
Membership Fees and Where Incorporated

Name and Location	No. of Members	Membership Fee	Where Incorporated
Amache Consumer Enterprises, Inc. Granada Relocation Center Amache, Colorado	2,662	\$ 5.00	State of Colorado
Gila River Cooperative Enterprises, Inc. Gila River Relocation Center Rivers, Arizona	7,469	1.00	District of Columbia
Jerome Cooperative Enterprises, Inc. Jerome Relocation Center Denson, Arkansas	2,243	10.00	District of Columbia
Manzanar Cooperative Enterprises, Inc. Manzanar Relocation Center Manzanar, California	6,734	5.00	State of California
Minidoka Consumer Cooperative, Inc. Minidoka Relocation Center Hunt, Idaho	2,821	5.00	District of Columbia
Poston Cooperative Enterprises, Inc. Colorado River Relocation Center Poston, Arizona	5,976	1.00	District of Columbia
Rohwer Cooperative Enterprises, Inc. Rohwer Relocation Center McGehee, Arkansas	4,136	1.00	District of Columbia
Topaz Consumer Cooperative Enterprises, Inc. Central Utah Relocation Center Topaz, Utah	4,875	1.00	District of Columbia
Tule Lake Cooperative Enterprises, Inc. Tule Lake Center Newell, California	7,590	1.00	State of California
Total Membership	44,506		



Heart Mountain Trust Arrangement

While all other centers had established incorporated cooperative associations, the residents of Heart Mountain were unable to reach an agreement on the form of organization for a permanent business enterprises. A program to encourage the formation of a cooperative was initiated in accordance with WRA policy and a study group was formed to acquaint residents in cooperative theory and practices. One of the high school teachers, familiar with cooperatives, was assigned to carry out the study. These classes were attended by the Nisei. Very little, if any, interest was shown by the Issei. However, the Block Chairmen, composed of Issei, advised the Project Director that they considered the time opportune to organize a cooperative. The Project Director requested this body to select a representative group of residents to serve as the organization committee. The Chairmen decided to explain the proposal to the residents. Series of block meetings were held and the organization committee was elected. On completion of the cooperative organization plan, the committee presented it to the Project Director, requesting that it be distributed to all residents prior to voting on the cooperative. Elections were scheduled two weeks later. However, when it became known in the committee that the cooperative would be required to pay rental on buildings occupied by them and pay salaries of employees, a bitter debate developed of an anti-WRA nature. One faction argued that the entire administration of the center was a responsibility of the Government and that if the residents refused to do anything about organizing the cooperative, then the Government would have to supply the necessary goods and services at no cost to the residents. Proponents of the cooperative were maligned and



discredited. Both factions became involved in machinations and bitter personal attacks. As there was practically no Nisei representation on the committee, the Nisei began to lose interest in the cooperative.

Aware that a vote on the cooperative would be delayed indefinitely and anxious to provide legal entity for the temporary enterprises because of its expanding activities, the enterprises' managers and the Project Director, with the aid of the Project Attorney, drafted and signed a trust agreement which was filed with the County Clerk. Five trustees were appointed by the Project Director, one by the block chairmen and one by the block managers, making a total of seven trustees. This declaration of trust provided (a) that promptly upon completion of legal organization of the cooperative, the trustees would relinquish title and interest to all assets, stock in trade and accumulated profits of the temporary business enterprises and that said assets would be transferred to the legalized cooperative; (b) that management and control of the business would be in charge of persons approved by the Project Director and to be operated in accordance with WRA regulation; (c) that constant audit be made of its books and records and that records be maintained in such manner as specified by the Project Director and (d) that adequate property and public liability insurance be carried at all times.

Those in favor of a cooperative were persistent in their demand for a vote while interest in the cooperative began to wane. Some who previously favored the cooperative were satisfied with the trust arrangement and began to grow suspicious of the motives of cooperative advocates because of their tenacity in pursuing their objective. All kinds of rumors spread through-



out the center concerning the motives of both the trustees and the cooperative advocates. The WRA business enterprises superintendent was quoted in the community newspaper as publicly stating that the trust arrangement, if amended so as to be more representative, would be equally as satisfactory and probably more desirable from the standpoint of business efficiency which, of course, did not help the co-op cause.

The majority of the residents appeared to be quite satisfied with the manner in which the trustees were operating the community enterprises and did not see the necessity for making a change to a more permanent form of organization when the future status of the community enterprises and the center, itself, were so uncertain. When the issue was finally voted on, 1,346 voted in favor of the cooperative and 2,316 for continuing the trust arrangement. Most of those who voted against the cooperative did not do so on the basis of principles but because they mistrusted the motives of those who were trying to foster the cooperative form of organization. It was a vote on personalities and not on issues.

Friction and hostility on the co-op issue continued on for the duration of the center. However, following the defeat of the cooperative, the Board of Trustees began to draft a permanent and more representative Trust Declaration. While legal authority to amend the existing trust agreement was presumed to rest with the Board of Trustees, this Board desired community participation in determining its contents. The document was presented to the elected Community Council for approval, who in turn established a so-called Study and Negotiation Committee composed of two representatives selected from each block. Persons from both the co-op and trustee groups became mem-



bers of the committee. Heated arguments over provisions of the trust agreement continued for several months and the old pattern of suspicion and factionalism persisted until the majority of the committee declared the committee dissolved with nothing accomplished. Accusations and charges were mimeographed and distributed throughout the center. Finally, the Board of Trustees assumed the responsibility of amending the Declaration of Trust (copy appended hereto) with the approval of the Project Director and election of a new Trust Committee was held. This then became the permanent business enterprises organization for Heart Mountain after two years of bitter strife. Friction continued but in a lesser degree within the new Trust Committee until liquidation of the business.

Whereas from the business standpoint the trust was successfully managed and fairly efficiently operated, it had its legal and organizational weaknesses. It did not provide machinery for expression of opinion on policy by the residents or expression of desires and tastes regarding management and operation which was found to be so desirable in relocation centers. The reasons for failure to organize a cooperative in Heart Mountain may be summarized as follows: (1) Lack of an adequate educational program to acquaint the residents with cooperative theory and practices; (2) an anti-WRA feeling aroused in connection with co-op issue; (3) suspicion and lack of confidence among members of organizing committee and trustees as to motives of each other; (4) traditional Issei-Nisei conflict and (5) uncertainty concerning duration of center and willingness to let WRA carry the burden and responsibility and (6) "let well enough alone" attitude -- why change when business is being operated satisfactorily?



The Heart Mountain business enterprises, though managed by trustees, were for all practical purposes operated the same as the cooperatives. It was required to sell its merchandise at prevailing market prices, carry adequate insurance and bonding, have records audited at regular periods and refund profits to residents in proportion their patronage.

#### WRA - Co-op Rental Arrangements

##### Buildings

The cooperatives occupied buildings constructed at government expense. Rental rates were not immediately determined but the co-ops were told they would be reasonable and fair. In December 1942, it was announced that Business Enterprises were to be charged a rental of 45¢ per square foot per annum for each barrack type building utilized as a store, warehouse or office. This rate was considered too high by the co-ops for the type of buildings available. They pointed out that the revenue from rentals at these rates would pay for complete cost of construction in  $2\frac{1}{2}$  years, and that the average rent expense would run over 2% of their gross sales whereas the national average rent costs for general stores was only 1.3% of sales. The WRA agreed to reconsider and shortly thereafter the following new rates were established: For each barrack type building, including heat, power, water, rubbish disposal, repair and maintenance, 28 $\frac{1}{2}$ ¢ per square foot per annum, and 23 $\frac{1}{2}$ ¢ per square foot for unheated buildings. Six cents was added to these rates where buildings were constructed by the WRA specifically for the business enterprises. With the exception of the Granada center, where a special building was erected to house all departments of the co-op outside of warehousing, only barrack type buildings were used. At these rates the rental of a



100' x 20' barrack building amounted to \$47.50 per month. The rates prescribed included reasonable compensation for depreciation, maintenance and utilities, and were based on completed buildings, winterized and equipped with coal stoves. They did not include shelving, counters or other equipment. Wherever the enterprises had paid the cost of winterizing or otherwise completing the buildings, free use of the buildings was authorized for an appropriate period of months. Rental agreements were negotiated for all space occupied and filed with the General Accounting Office.

Building rentals collected by the WRA from the cooperatives averaged \$49,000.00 per year.

#### Other Government Equipment

The cooperatives usually provided their own equipment necessary in the conduct of business. In some instances, however, such as shoe repair, barber, and office equipment was rented from the WRA. This was accomplished through negotiating lease contracts stipulating the rate and period of rental, and containing provisions regarding installation, removal, repair and maintenance, and responsibility in the event of destruction in order to protect government interests. The rates established usually reflected condition of the equipment and rate of depreciation considering appraised value and average longevity under normal usage.

Where the cooperatives did not own their motor vehicles, trucks and passenger cars were rented to them by the WRA. These were requisitioned from the center motor pool when needed and records were maintained of mileage for all trips. The co-ops were billed monthly by the WRA. The average rate was six cents per mile.



Employment

The employees of the community cooperative were all evacuee residents and were recruited in accordance with employment procedure established by the War Relocation Authority. When a cooperative needed workers, it submitted a request to the Personnel Management employment office specifying the number and type of workers needed. In response to this request, the employment office referred job applicants to the cooperative for an interview. On the basis of these interviews, the cooperative determined and indicated to the employment office which of the applicants it wished to employ. In some centers there was a slight variation to this procedure. The cooperative had an understanding with the employment office whereby it submitted a request for a worker and at the same time accompanied the request with a prospective applicant, acceptable to the cooperative, for the approval of the employment office.

Wages paid by the cooperative conformed to the wage scale established by the War Relocation Authority for the WRA evacuee employees in the center which was either \$12, \$16, or \$19 per month depending upon the type of job. Officials of the cooperative or those in other responsible supervisory positions were paid \$19; store clerks, office clerks, stenographers, warehouse employees etc., \$16 per month; and learners and apprentices were paid \$12 per month to start. In addition a monthly clothing allowance of \$3.57 in cash was paid to each employee. Subsistence for himself and clothing allowance and subsistence for his family was furnished by the War Relocation Authority.



### Types of Business Enterprises

The business enterprises operated by the cooperative can be classified into two broad categories, merchandise stores and service shops. Merchandise stores, generally speaking, consisted of two types, "canteens" which handled foods, drugs, and sundries and "department stores" which carried a general line of dry goods, shoes, notions, sundries, and small miscellaneous hardware. There was no uniform departmentalization of these stores and the departmentalization was limited by the space available and the type of goods in demand by the residents, and their availability. Other types of merchandise stores were flower shops, fish markets, sporting goods stores, and gift shops.

The service shops covered just about every type of service found in a normal community. Among them were shoe repair shops, barber shops, beauty shops, watch repair shops, laundry and dry cleaning service shops, optical service, radio repair shops, news stands, tailor shops, photo shops, domestic employment services, sign shops, money order desks, Western Union service, check cashing service, mail order desks, general repair service, fire insurance agency, child nurseries, rental libraries, and vending machines. In addition to the service shops and the merchandise stores, several of the cooperatives engaged in miscellaneous manufacturing operations such as garment making, furniture, and food products for sale within the center and to cooperatives in other centers.

Merchandise stores and most of the service shops, with the exception of the barber and beauty shops were housed in buildings originally constructed to be used as recreation halls. These were fitted with counters



and shelves and served their purpose admirably. Beauty and barber shops, in most instances, were located in a section of the community laundry rooms where running water was available. These sections were partitioned off into small shops and equipped with the necessary plumbing and lighting facilities.

Originally, the plans of the WRA provided for separate store units to be constructed in the center but these plans did not materialize except in the case of the Granada center where a separate store unit was constructed consisting of three 40 x 100 foot buildings attached to form a "U" shaped building. An additional 40 x 100 foot building to be used as a warehouse was built adjacent to the main store building. All departments of the Amache Enterprises, with the exception of the optical department, were housed in this unit and thus took on the aspect of a really departmentalized store. All the construction work was done by evacuee carpenters, plumber, electricians, and laborers with tools and materials furnished by the WRA.





A Typical Dry Goods Counter Scene in a Center  
"Department Store"



Typical "Canteen" Scene





Watch Repair Shop





Age Tofu Factory Scene





Two Shifts - 25 Employees  
Tofu - Soybean Cake  
Age - Oil Cake  
2,500 Cakes Per Day















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Domestic Employment Service

Early in 1944 the Washington WRA office issued a new policy regarding employment of domestic workers by members of the appointed staff in the centers. The directive stated that after May 1st evacuees shall not perform domestic or other personal services for members of the appointed staff or other evacuees except through the Business Enterprises at each center. The Business Enterprises were required to negotiate service contracts with residents who wished to obtain services of evacuees, and collect all fees for such service. The enterprises were required to pay the workers the standard WRA wage. The Project Directors, in consultation with the enterprises, were to establish a schedule of fees to be paid by employers of domestics based on rates prevailing in the area in communities with population of approximately the same size as the projects. The difference between the amount collected from employers of domestics and employment cost to the enterprises was to be added to the overall earnings of the enterprises which were being distributed to residents periodically.

This policy was first announced officially to the Enterprises at the Business Enterprises Conference at Granada, Colorado, in April by Gerald Richardson, then head of WRA Business Enterprise Section. He stressed the policy as a "must" and asked the conference to pass a favorable resolution on it. As the enterprises were incorporated cooperatives and operated according to generally accepted cooperative principles, matters of this nature had to be decided by the membership and, accordingly, the co-op delegates to the conference promised to bring this directive back to their organizations for action.



There was less than three weeks time in which the enterprises were to establish the domestic employment service. The deadline had been set as May 1st. However, immediately upon receipt of the instruction in the centers, the Director's office was flooded by a barrage of protests. Letters and telegrams poured in from Project Directors and enterprises officers and directors. The Project Directors ran into opposition from staff members, many of them threatening to resign if employment of domestics were stopped. It was a problem, especially for those with children with both husband and wife employed. Furthermore, they could not understand why they were being required to pay \$40 per month to the cooperative when they had been paying the WRA rate of \$16 or \$19. The Cooperatives discussed it in their directors' meetings and requested extension of time to give it further study, stating that it was impossible to get the necessary membership approval and set up the machinery on such short notice. Extension of time was granted to June 1st. In the interim a great deal of discussion took place in the cooperatives. Five co-ops rejected it completely as being unworkable and having a tendency to create ill will and friction among the members and disrupt existing harmonious relations between the co-op and WRA appointed personnel. Furthermore, they pointed out that co-ops were incorporated under existing cooperative laws with clearly defined membership rights and that their management could not force obligations and activities upon them against the will of the majority of members. The WRA continued to press for enforcement and Project Directors were requested to comply with instructions. The cooperatives were told that inasmuch as they had been given a business monopoly they were also given definite obligations and must operate not only the services which are the most profitable and easiest to organize



but also the services which may be difficult to establish and operate. The policy as stated was final and Project Directors were expected to take disciplinary action against evacuees or appointed personnel who violated it.

Reluctantly the co-ops established the domestic employment service and a schedule of monthly, part-time and hourly rates were fixed and agreed upon. The monthly rates were usually \$35 or \$40. Negotiations failed completely with the co-op at Tule Lake and arrangements were finally made with the Appointed Personnel Recreation Club to handle employment of domestics. Generally the program was unpopular and became a source of continuous trouble. Despite efforts of the WRA Business Enterprises staff and the Project Directors, there were numerous violations. Disciplinary measures were not resorted to. After several months of operation, some of the co-ops discontinued the service, with tacit approval of the Project Directors, because of pressure from the center residents.

It was an undesirable venture for the co-ops as the members, whom they were organized to serve, had no need for it. It was an administrative problem of the WRA forced upon the co-ops for want of a better solution and accepted by them contrary to all cooperative principles.

#### Amache Senior High School Cooperative

As an educational project growing out of the Cooperative Enterprises program of the War Relocation Authority, a high school cooperative was organized by approximately 400 students and teachers at the Amache Senior High School. The cooperative operated a small store which was initially stocked with school supplies costing about \$200. Later this stock was expanded to include such items as stationery, cleansing tissue, candy and cookies, athletic shirts, and special supplies for the music, art, and wood-



working department. Merchandise was purchased through the Amache Cooperative Enterprises and was billed to them at cost plus sales tax and a 10% charge for handling. At the end of the first semester, approximately 24 cents out of every dollar of purchase was returned to the members.

The Amache High School Cooperative proved to be a valuable and successful educational project as well as a profitable one for its members. Since it was organized and operated strictly according to Rochdale principles, a practical demonstration in economic democracy was experienced by those participating.





Credit Unions

The War Relocation Authority encouraged the formation of credit unions in the relocation centers for the following purposes:

- a. To encourage thrift by providing a safe, convenient, and attractive medium for the investment of the savings of its members. Since no banking facilities were available in the relocation centers, it was difficult for evacuees to put any income which they received for work in the center or from any other source in a bank or in any safe place.
- b. To promote industry, eliminate usury, and increase the purchasing power of its members by enabling them to borrow, for productive or other beneficial purposes, at reasonable rates of interest. There was no means provided by which residents of the relocation centers could obtain small loans to help them over financial difficulties. The credit union, it was thought, could help the evacuees by permitting them to borrow in order to meet their domestic needs.
- c. To assist group relocation of farming families by establishing a source of securing initial financial backing through the credit union.

Although representatives of the Credit Union National Association supplemented the efforts of the War Relocation Authority to stimulate the organization of credit unions by visiting the different centers, the only success achieved was at the Central Utah Project where a credit union with approximately 300 members was established. Deposits of its members and funds held for safe-keeping at one time was in excess of \$120,000. The



Topaz Credit Union, contrary to the normally intended functions and purposes of credit unions did not make any loans but merely kept the savings deposits of its members.

Judging from the purposes for which the credit union program was fostered, it cannot be said to have been a success. The reasons for its lack of success can be attributed to numerous factors among which the most important are:

- a. The most needed banking functions in the centers were for the cashing of checks and for a safe place to keep funds. The credit union because its primary function was to extend credit and make small loans did not adequately meet the needs of the centers for those services.
- b. The credit union program was introduced at a time when other, relatively more pressing matters, were being discussed and, therefore, it did not receive the proper consideration and attention of both the project administration and the evacuees.
- c. It was the feeling of many residents that because of the circumstances under which they were placed in the relocation centers, it was the function of the War Relocation Authority to assist those, who because they were destitute, could not meet their domestic needs.

#### Business Volume

The enterprises had a combined total sales volume in excess of 21 million dollars and refunded nearly \$2,300,000 of net savings to their members and patrons during their 3½ years of operation as indicated by the following combined operating statement.



Combined Operating Statement

(from beginning to close of business)

	<u>Period of Operation</u>	<u>Net Sales</u>	<u>Gross Margin</u>	<u>Total Expenses</u>	<u>Net Savings</u>
Amache	9/5/42 - 8/31/45	1,241,905.33 \$	313,002.83 \$	151,559.55 \$	161,443.28
Gila River	7/23/42 - 10/31/45	2,378,109.36	624,628.23	315,395.94	309,232.29
Heart Mountain	8/12/42 - 8/31/45	2,324,121.93	473,560.90	206,887.27	266,683.63
Jerome	10/5/42 - 5/31/44	817,241.83	182,796.81	77,760.45	105,036.36
Manzanar	5/25/42 - 10/31/45	2,070,003.73	418,461.26	227,826.30	190,634.96
Minidoka	8/13/42 - 10/6/45	1,976,967.10	434,377.09	186,815.28	247,561.81
Poston	5/11/42 - 10/31/45	2,046,635.70	568,506.00	295,966.74	272,539.26
Rohwer	9/24/42 - 11/1/45	987,899.00	234,229.50	119,217.71	115,011.79
Topaz	9/14/42 - 9/30/45	1,344,573.51	345,854.77	198,054.76	147,800.01
Tule Lake	5/28/42 - 12/1/45	5,001,710.07	951,665.00	468,788.19	482,876.81
Totals		\$21,089,167.56	\$4,547,082.39	\$2,248,262.19	\$2,298,820.20
Percent of net sales			21.56%	10.66%	10.90%

Net savings figures represent total amounts refunded to patrons.  
Losses from liquidation are included with expenses.



The gross margins varied in the centers depending on the pricing policy determined by the management and membership. The general policy was to sell at market prices but all centers deviated from this as operating capital accumulated from earnings. Service departments such as barber and beauty shops, shoe repairing and others were operated at actual cost and showed no profit to speak of.

The business volume also varied in the centers depending on population and the extent of the enterprise services and facilities. Sales fluctuated somewhat during the various seasons and increased volume was usually experienced during the holiday season in the last quarter. There was a general decline as the population decreased with relocation.

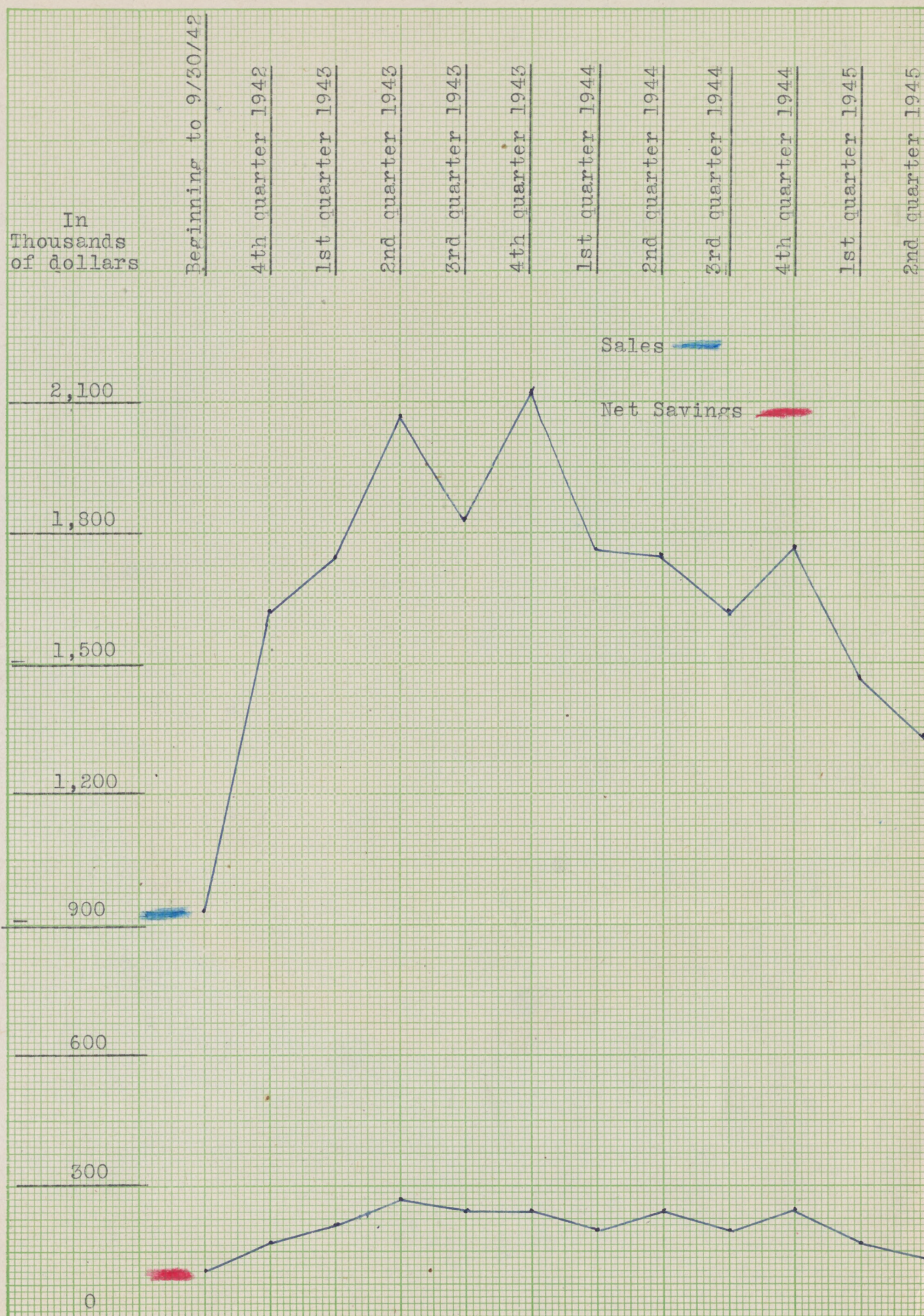
Combined Sales and Net Savings by Quarters

	<u>Sales</u>	<u>Savings</u>
Quarter ending 9/30/42	\$ 904,551.21	\$ 117,591.65
4th quarter 1942	1,637,771.04	187,461.02
1st quarter 1943	1,738,151.33	204,958.90
2nd quarter 1943	2,066,793.54	275,308.08
3rd quarter 1943	1,836,393.39	235,510.84
4th quarter 1943	2,111,500.53	236,724.55
1st quarter 1944	1,770,542.07	199,773.60
2nd quarter 1944	1,756,309.70	227,850.82
3rd quarter 1944	1,637,858.28	189,414.14
4th quarter 1944	1,763,852.16	234,829.72
1st quarter 1945	1,453,876.36	165,727.53
2nd quarter 1945	1,335,036.51	136,501.21



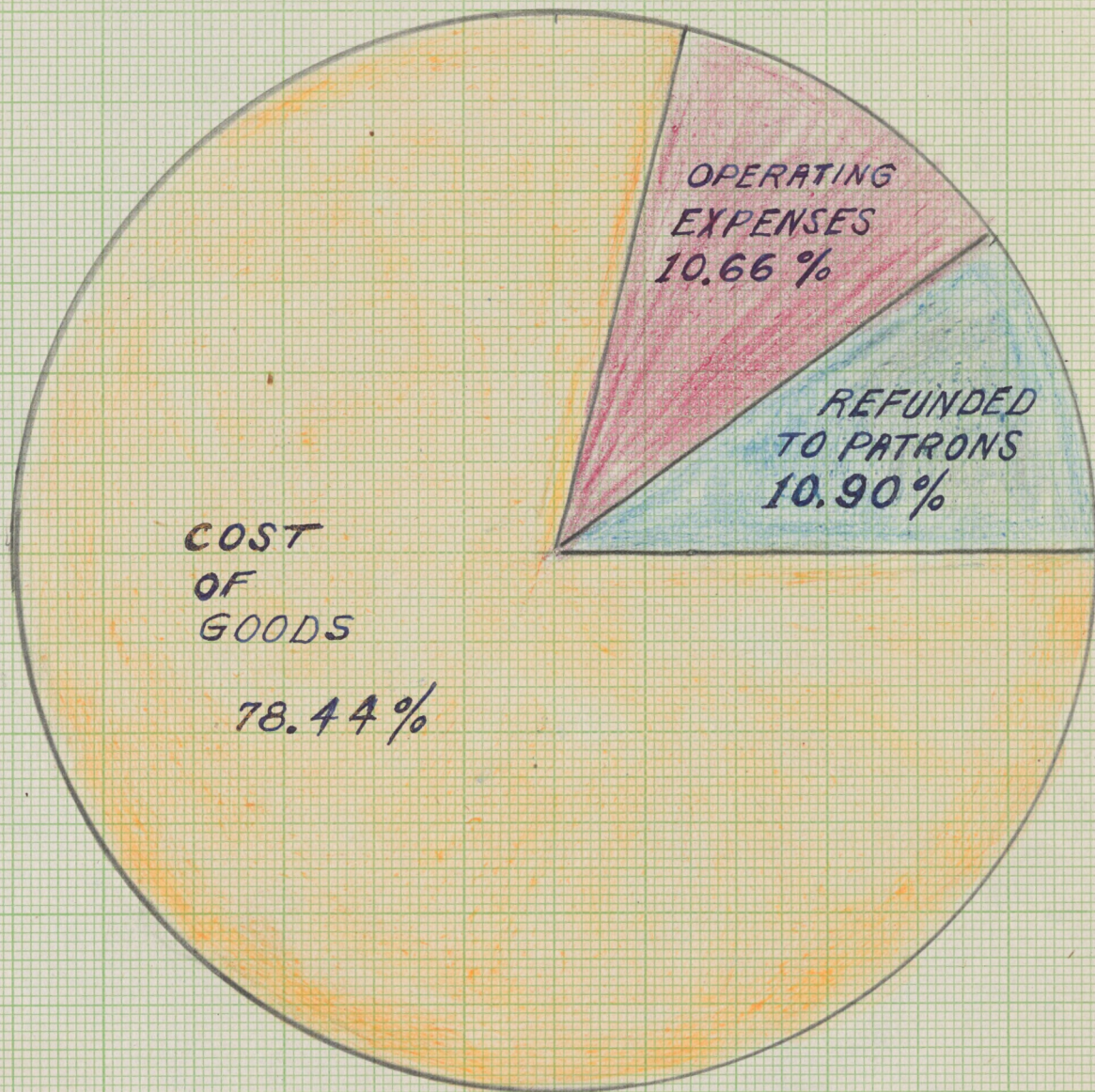
# Combined Sales and Net Savings by Quarters

41.





HOW THE CUSTOMERS DOLLAR WAS SPENT BY COOPERATIVES  
IN RELOCATION CENTERS





### Liquidation

Since the relocation centers were originally established to serve only as temporary communities, it was inevitable that these centers would eventually be closed and community cooperatives liquidated. In conformance with these circumstances, the Business Enterprises Section of the War Relocation Authority followed a policy of encouraging only minimum expansion necessary to meet the needs of the community and the accumulation of only modest inventories. Field Supervisors on their regular visits to the centers particularly emphasized the necessity of maintaining not only modest inventories but inventories free from slow-moving and dead stocks in order that liquidation losses from the final disposal of both merchandise and equipment could be kept at a minimum.

In January 1945, a "Guide for Liquidation", outlining WRA policy in closing the centers and a suggested procedure to be followed by the cooperatives in liquidating, was circulated to the cooperative managements at each center. This was followed by a staff meeting of the Business Enterprises Section in Washington in March 1945, to discuss general liquidation procedure and the probable difficulties that would be encountered in its execution. It was generally agreed at this meeting that some kind of minimum store and personal service facilities would be needed to provide such essentials as soap, drugs, tobacco, supplementary foods, etc., and such services as barber shops and shoe repair service to the residents after the cooperative stores had been closed and until the closing date of the center.

To provide these temporary facilities, it was suggested that the cooperatives enter into agreements with their trustees to have them operate the temporary stores and services. Under this plan the cooperative would



transfer merchandise, equipment, and cash and an equal amount of offsetting liabilities to the trustees with which to carry on their operations. As soon as there was no longer any need for these stores and services, the remaining merchandise and equipment would be converted into cash and the cash used to pay off the liabilities. Goods would be sold at cost plus a small mark-up to cover operating expenses.

Although the Business Enterprises Section adopted the trustee-operated store plan as a feasible means of providing the necessary goods and services and a plan to be suggested to the cooperatives, the final decision as to whether they wish to adopt this procedure rested solely with the cooperatives. In the event a cooperative rejected the trustee-operated store plan, the management of the cooperative would consult with the Project Director to formulate an alternative plan. This plan, along with the Project Director's recommendation, would be submitted to the Washington office for approval.

At a conference of the Federation of Center Business Enterprises, held in Salt Lake City from July 9 to July 14, 1945, the trustee-operated store plan and the alternative procedure, as outlined above, were explained to the delegates. Liquidation accounting procedure and legal requirements for liquidation and dissolution were also discussed and explained in detail and concrete suggestions made concerning the disposal of inventory and equipment. The "Guide for Liquidation" was reviewed and questionable points clarified.

Essentially, liquidation was no different from the liquidation of any other cooperative enterprise except for the variations and complications that resulted from the peculiarities of relocation center operation. The steps taken to liquidate and dissolve can be classified into three broad



categories: 1. The disposal of physical assets; 2. the performance of legal requirements; 3. payment of membership equities. Briefly the steps were as follows:

1. The Board of Directors of each cooperative met to set a closing date for their store and adopted a resolution recommending dissolution and directed the calling of a special meeting of the Congress of Delegates to adopt the resolution.
2. Notified creditors of the adoption of the resolution to dissolve.
3. Notified the Federal Reserve Bank of the district in which the cooperative was located that it was dissolving.
4. Liquidated merchandise and equipment.
5. Liquidated all outstanding investments, such as government bonds and shares in other cooperatives.
6. Paid creditors and all state, federal, and local taxes.
7. Terminated all business licenses.
8. Terminated all affiliations with other cooperative associations, including the Federation of Center Business Enterprises.
9. Terminated operating and rental agreements with the War Relocation Authority.
10. Terminated all insurance policies where coverage was not needed.
11. Had final audit of books made before making the final distribution to the members.
12. Paid membership equities.
13. Filed dissolution notice with proper state authorities or with the Recorder of Deeds, Washington, D.C.
14. Transferred remaining assets, after dissolution, to the trustees.



Through special liquidation sales, the residents of the centers were given the first opportunity to buy merchandise at substantially reduced prices. Equipment was sold by sealed bids to the highest bidder, providing the highest bid did not exceed the established OPA ceiling price for that particular article. Where there was more than one bid at the ceiling price, or over, the buyer was determined by drawing lots among those bidding the ceiling price or over and the article sold to him at the ceiling price. Typewriters, adding machines, calculators, and office furniture as well as trucks and cash registers were sold in this manner. Whatever merchandise and equipment remained unsold, after the sales to the residents had been concluded, were sold to merchants in nearby communities, with few exceptions.

The amount of merchandise and equipment that remained to be disposed of at the time of liquidation and the success with which it was sold varied with each cooperative. Where previous managements, as well as the management at the time of liquidation, were experienced and competent and where sound business policies had been followed in the past, inventories were not excessive and were also relatively free of slow-moving and dead stocks. This, of course, made liquidation just that much easier. In some cases, however, substantial quantities of undesirable merchandise had been permitted to accumulate and these had to be liquidated at whatever prices they would bring. Such a condition resulted largely from the reluctance of some managements to sell at a loss, undesirable or unsalable merchandise accumulated by previous managements because such sale would reflect adversely on the operations of the management then in office.



The losses incurred from the liquidation of merchandise and equipment were first charged to the Allocated Reserve which had been established for just such a purpose. Where losses exceeded the Allocated Reserve, the balance was charged to the General Reserve which, in every instance, was large enough to absorb the additional loss. The Allocated Reserve had been created by deducting a small amount from each member at the time patronage refunds were paid and crediting this amount to the member's account in the Allocated Reserve Ledger. Whatever remained in the Allocated Reserve, after the member's proportionate share of the liquidation losses had been deducted from his account, was returned to him at the time the final distribution of the assets were made. Where the liquidation losses exceeded the Allocated Reserve and the balance had to be charged to the General Reserve the calculation of the amount to be returned to each member was a bit more complicated. Since there was no ledger accounts, as in the case of the Allocated Reserve, each member's equity had to be calculated on the basis of his patronage during the entire period the cooperative was in operation which in some cases was nearly four years.

The greatest handicap in completing the liquidation was the lack of an up-to-date address file. Although members had been constantly reminded to keep the cooperative informed of changes in address, many of them failed to do so. Where changes of address occurred within the center, it was not difficult to locate the member. But, when the member relocated and left without notifying the cooperative of his new address, it was extremely difficult to locate him, although WRA departure records at the center and address files in the various WRA field offices were consulted. Advertisements in Japanese language newspapers were also run requesting members to notify the cooperative of their current address. Despite these efforts, many members



could not be located and the amounts belonging to them are being held by the trustees.

The lack of adequate personnel during the liquidation period was a decided handicap and in most cases great difficulty was experienced in retaining even a nucleus organization to complete the liquidation. This was partially due to the fact that the liquidation period coincided with the period in which the War Relocation Authority accelerated its relocation program by designating definite departure dates for each individual, including employees of the cooperative. This was done so that centers could be closed on the dates scheduled. Then, too, at the center wage scale of \$16 and \$19 per month, there was no incentive to remain any longer than was necessary since the center was going to be closed and, by relocating, they could earn prevailing wages. Although supplementary financial inducements were offered by the cooperatives in the way of bonuses, gifts of appreciation, etc., they did not meet with much success in either retaining employees nor in recruiting new employees to replace those who had relocated.

Relocation was a continuous process during the life of the relocation centers, and it had a tendency to siphon off the more venturesome, progressive, and capable people, first. As a result, there was a noticeable deterioration in the quality of cooperative management as well as in the general leadership of the community as relocation progressed. This situation was particularly evident during the last stages of the cooperatives existence and especially at the time of liquidation when capable management was most needed. It was reflected in the lack of a firm direction in the management of the operations of the cooperative and in general confusion.



A relatively important factor at the time of liquidation was the relationship existing between the WRA administration at each center and the cooperative. Although this relationship was largely governed by WRA regulations issued from Washington, the relationship that actually crystallized varied with each center depending upon the interpretations that were placed on the regulations and on personal factors. Where a close relationship had developed between the cooperative and the center administration, liquidation proceeded more smoothly because there was a greater degree of cooperation between the two. This was important since the administration was in a position to expedite the liquidation process by assisting and accommodating the cooperative in numerous ways. For instance, in some centers the administration accommodated the cooperative in the way of office space, in the use of office equipment and trucks, in deferring departure dates for key employees, and in assisting them with legal matters pertaining to liquidation and dissolution. Unfortunately, this cannot be said to be true of all center administrations. In all fairness to them, however, it should be pointed<sup>out</sup>/that part of this blame for the lack of cooperation must be shared by the co-op managements who in some cases exhibited a rather independent attitude in not keeping the administration informed of its activities.

Although some of the cooperatives began liquidating their inventories in July 1945, the real impetus to liquidation came with the termination of the war with Japan in August 1945. This was the beginning of the period in which American industry in general started to reconvert back to peacetime production, and was characterized by optimistic forecasts of how quickly peacetime products would return to the market. Consequently, most merchants



were not only reluctant to purchase wartime merchandise but were reducing their stocks at substantially reduced prices because of the fear that when peacetime products became available, the inferior wartime merchandise would become unsalable. This fact was reflected in the low prices received for many of the inferior wartime products that had to be sold at the time of liquidation.

Still another factor that contributed to the difficulty of liquidating the inventories was the special nature of some of the merchandise that had been purchased to meet the special needs of relocation center life and to conform to the peculiar physical characteristics and tastes of the residents. Japanese foodstuffs had to be sold to stores catering to that particular type of trade. Special items like emery cloth, water softener, mosquito netting, etc. which were salable in the centers were not readily salable in large quantities to stores in neighboring communities. Because of their smaller physique, the sizes for wearing apparel and shoes ran smaller than those normally handled by regular stores and this posed a special problem in their disposal.

From a legal standpoint, the cooperatives, in liquidating, complied with all applicable federal laws and the laws of the District of Columbia or the respective states in which they were incorporated. The Board of Directors of each incorporated cooperative adopted a resolution recommending dissolution and directed the secretary to call a meeting of the Congress of Delegates to adopt a resolution to amend, first, the Articles of Incorporation by designating a beneficiary to whom the remaining assets after dissolution were to be donated and, secondly, to select trustees to complete the liquidation of the cooperative. In the case of cooperatives incorporated under the District of Columbia Act, a two-thirds vote of the Congress of Delegates was



required to amend the Articles of Incorporation and to dissolve the cooperative and a majority vote in designating the trustees.

With the exception of the Heart Mountain Community Enterprises, which was unincorporated and operated under a trust agreement, each of the cooperatives selected three trustees from among their membership to liquidate the assets and pay the liabilities of the cooperative. The trustees were generally men who had been active in the cooperative organization either as officials, board members, or in management. Their compensation, although it varied with each cooperative, was approximately \$500 each. Since in most cases the burden of work was not equally distributed among the three trustees, the one assuming the responsibility for the safe-keeping of the records and the payment of unclaimed membership equities received an added compensation from the other two trustees.

To avoid imposing a permanent burden on the trustees, since they would have to hold the remaining assets indefinitely should they not be able to locate all the members, the Articles of Incorporation were amended by designating a non-profit organization as a beneficiary to whom the trustees were to donate any remaining assets that were left after the assets had been held a reasonable length of time and after every effort had been made to pay each member's equity. The length of this holding period varied with each cooperative. Some designated one year as the holding period and, others, two years while, still others, left it to the discretion of their trustees. In the case of the Heart Mountain Community Enterprises, the trustees completed their liquidation before leaving the center and donated the remaining assets to the American Civil Liberties Union with the understanding that the organization would pay any legitimate claim that may arise in the future.



Although, originally, it was contemplated that the major work of liquidating the inventories and equipment and making the payment of membership equities would be completed before leaving the center and before the assets and liabilities were transferred to the trustees, in actual practice, however, such was not the case. In several of the centers the final distribution of the assets could not be completed before the center was closed and, therefore, new offices had to be established by the trustees, outside of the center, to complete the liquidation. This procedure was not satisfactory because it resulted in considerable delay in making the final payments to the members and because it resulted in incurring increased expenses since prevailing rates for wages, rents, etc., had to be paid.



New York Business Service Office

The New York Business Service Office of the War Relocation Authority was established in January 1943, and its purposes were twofold: (1) To centralize the purely business functions of the Business Enterprises Section and (2) to aid in the procurement of merchandise for resale in the center co-operative stores. Its business functions were to check on the business of the project enterprises, criticize and advise on sound business practices, supply the cooperative associations with an analysis of the monthly financial reports and issue comparative statements of all the associations at regular periods. Such combined statements of the cooperative associations became the basis for credit information and were regularly sent to the nationwide credit associations and to the many concerns who were selling on credit to the center cooperatives. Its functions in aiding procurement of merchandise were to seek out possible sources of the desired goods, contact manufacturers from whom the cooperatives were currently buying to maintain a continuous and equitable flow of these essential items to the projects, report current market conditions and future prospects of availability of certain items and suggest substitutes for goods no longer available and locate sources of their supply.

Contact was maintained with the various governmental and private agencies in order to obtain opinions, decisions and regulations relative to rationing, priorities and materials control affecting the supply of the needed articles. The office soon became a public relations department in explaining the entire relocation program to possible suppliers. Some firms were sympathetic to the problems while others were apprehensive of the possible reaction from their other customers should they sell to the Japanese people. In most instances, however, the reception was fair and many sources of supply were made available.



Not only was a great deal of money saved by buying directly from the primary sources of supply but more important than the savings was the fact that through these contacts many items, not otherwise available to project cooperatives, were obtained.

#### Federation of Center Business Enterprises

The realization that many of the common problems of the cooperatives could be discussed and acted upon in a group rather than by the individual cooperatives, as shown by the performance of the New York Business Service Office, prompted the calling of a meeting in Salt Lake City, Utah in March 1943. The possibilities of a formation of a centralized federation of these cooperatives was discussed and the groundwork was laid for such formation. In September 1943, representatives of the cooperative associations and WRA Business Enterprises Section met in Chicago and the Federation of Center Business Enterprises, an unincorporated association of business enterprises operating in the relocation centers, was formed. The first Executive Secretary of the Association was elected and his office was established in the Granada Relocation Center. Three buyers were also elected to represent the cooperatives to do buying in the New York market. Their work was carried on through the facilities of the New York Business Service Office.

#### The Executive Secretary's Office

During the life of the Federation, the Executive Secretary's office was the clearing house for many problems common to member cooperatives. It initiated plans for various activities and represented the group on the many issues that arose in co-op-WRA relations. The Association called four conferences. These conferences enabled representatives of the WRA to meet with



delegates from the cooperatives in a body to discuss various problems and their solutions. Phases of WRA policy concerning business enterprises were discussed and many issues clarified and much of the business planning was coordinated through these conferences. Also the cooperatives made their requests for WRA assistance on various matters through this association. The formation and existence of such an organization proved to be a great aid in the WRA program. It provided a vehicle through which the WRA could approach the enterprises to discuss with them the many instructions and suggestions before their adoption and thereby eliminating many of the undesirable aspects of trial and error.

#### Federation Buying Functions

The purchasing functions of the Federation were handled by the cooperative buyers operating from the WRA Business Service Office in New York. As the scarcity of goods became more and more apparent it had become increasingly difficult to purchase essential goods in the respective local markets and even in the larger mid-western and western markets. Such items as soaps, shoes, yardage and most all of the necessity goods required by the residents were usually allotted by jobbers and wholesalers to their customers based on purchases during pre-war years. As the cooperatives had not been in existence during the period on which the allotments were based, they did not qualify for such allotments. The alternative was to obtain these goods on the open market. It was determined that the New York market, being the nation's largest, was the logical place and the buyers were maintained there. This office was not established to attempt to purchase all requirements of the cooperatives with those items which were not obtainable in sufficient quantity or totally unavailable, locally.



Expenses of this buying office were born by the member cooperatives on the basis of a minimum fee charged to each cooperative and the balance apportioned on the basis of participation. Each cooperative deposited \$500 in a buying pool from which advances were made on purchases so that merchandise would be held until funds arrived from the projects. This soon proved to be impractical as the scarcity of desired goods became more acute, merchants began to sell on the basis of first come first served and refused to hold merchandise on deposits. Except for old established firms, the question of credit and credit ratings was not a consideration. Deposits for each center were then raised in proportion to the amount of business transacted through the New York office so that opportunities to purchase desirable merchandise were not missed due to lack of sufficient funds. The Tule Lake cooperative, because of its larger proportionate share of total transactions, maintained a deposit of \$10,000.00. Direct purchases by the center cooperatives through the buying office totaled \$33,818.03. Indirect purchases, in which the New York office acted as intermediary but not involved in the actual placing of orders, cannot be estimated but the total amount of such orders was believed to be very substantial.



Direct Purchases Through the New York Buying Office by Project Cooperatives

	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>Total</u>
Amache	\$ 886.60	\$ 8,681.74	\$ 7,178.41	\$ 16,746.75
Gila River	1,512.20	3,752.59	—	5,264.79
Heart Mountain	2,959.42	12,421.67	13.50	15,394.59
Jerome	2,280.02	7,512.34	—	9,792.36
Manzanar	11,332.94	16,925.27	271.10	28,529.31
Minidoka	1,777.22	11,043.15	1,318.78	14,139.15
Poston	4,506.70	42,542.51	32,288.84	79,338.05
Rohwer	—	1,563.64	—	1,563.64
Topaz	2,370.94	9,474.49	407.70	12,253.13
Tule Lake	<u>17,589.63</u>	<u>73,071.48</u>	<u>60,135.15</u>	<u>150,796.26</u>
<u>Totals</u>	<u>\$45,215.67</u>	<u>\$186,988.88</u>	<u>\$101,613.48</u>	<u>\$333,818.03</u>

These figures do not include direct purchases of \$47,000 made by the WRA purchasing officer prior to arrival of Federation buyers in the New York office. The bulk of these purchases were composed of goods in the yardage, apparel and hardware fields and represents goods not available locally. Underwear, work clothing and other outerwear, washable cotton, wool yardage, soaps, tobaccos and hardware were the fields hardest hit by shortages and in which allotments were invoked. The Business Service office was in operation from January 1943 to July 1945 when it was closed due to center cooperatives being liquidated. The buyers employed by the Federation utilized this office from November 1943 until the office was closed.



Political Factionalism and Internal Tensions

The cooperative movement, like all democratic processes, is furthered by understanding and enthusiasm. Its philosophy and practices must be understood by those whom it serves as it is they who must control and operate it under the rules they have established for themselves. The majority of the evacuees were recalcitrant individualists. To them, the cooperative theory and democratic processes were strange and foreign. Conflicting personalities, drive for status, pre-evacuation social cleavages and general pent-up feelings of frustration contributed at times to controversy and friction within the cooperatives. There were individuals who attempted to carry out policies which were diametrically opposed to all cooperative principles. All of these resulted in unnecessary enmities, most of which could have been avoided, had an adequate educational program been carried out so that cooperative principles and methods could have been more fully understood by the majority of the residents before the cooperative was organized. Other community circumstances and emotional upheavals affected the cooperatives for good or ill. Cooperative principles were strengthened or whittled away according to the character and quality of the people, or forces which motivated the community. Lack of understanding of the principles of cooperation was not always limited to the evacuee residents but it also characterized the thinking of a few WRA employees at the centers who had been delegated the responsibility of assisting the residents in establishing cooperatives. As time went on, situations were usually ameliorated through the application of



democratic processes by stages. Where the cooperatives were organizationally strong and membership participation was good, differences were resolved without friction within the organization itself.

#### Special Problems at Tule Lake

When, in the summer of 1943, Tule Lake became a segregation center, there was a rapid change in population both in and out of the center. The co-op was hard put to pay off dividends and membership shares to those leaving the center which gave opportunity to those elements which for one reason or another disliked the co-op management. Segregation brought with it other problems which the co-op had to face. The stigma placed on the camp after segregation jeopardized business relations with California and Oregon wholesalers. These vendors either showed active discrimination against the co-op or feared repercussions from other retailers, who in the face of progressive shortages in consumer goods, were quick to point out that their own orders might be increased at the expense of the "Japanese Co-op".

In November 1943, the notorious "incident" occurred in which the evacuees thronged into the administrative area with such disregard for authority that the Army was called in to maintain order and guard the perimeter of the center. Barbed wire fences were thrown about the center which isolated one of the stores from the majority of the co-op membership. Some co-op board members and employees were confined to the stockade after the "incident" along with other evacuees who were regarded as fomenters of trouble by the authorities.



Barbed wire fences made it difficult for the evacuees to patronize the unit of their co-op that had been isolated and access to the administrative area became possible only to those on official business. The co-op threatened to close this store if the members were not allowed access to it. Since it was located in the administrative area it was being patronized by the WRA personnel and, therefore, performing a valuable service to the WRA. Even though the WRA succeeded in convincing the co-op to continue this store, it remained a constant source of irritation.

Early in July, 1944, the general manager of the co-op was found murdered. Reams of investigational material were gathered by the project Internal Security police but the case was never solved. There were those who believed the crime was instigated by personal enemies of the manager and there were those who believed he was murdered for reasons involving the administration of the co-op. The Board and all key employees resigned en masse and it was with great difficulty that a new Board and management resumed the operation of the business. The new Board was not openly friendly to the WRA administration and some of its members had been recently released from the stockade as perpetrators of the "incident". They felt that Internal Security had "bungled" the murder case and they enjoyed at first both the warm support of the membership and the hearty dislike of the WRA administration. The new Board immediately surveyed evacuee income and expenditure and decided that evacuees were spending much more than they earned in the center. They limited the items for sale to those only which could be regarded as necessities.

Of more serious import was the fact that the co-op was robbed three times. The last burglary in the amount of \$3,359 was committed from a safe in the co-op general offices under circumstances which could indicate an in-



side job. The Board felt an immediate responsibility. They suspended sales and services for one week and posted a reward of \$300 for information leading to conviction of the guilty party. The executive officers resigned. The reader may feel that these incidents were such as may be anticipated in the normal course of business. But at Tule Lake, these incidents were potential crises which, if not handled adroitly, might upset the whole equilibrium of the project.

The co-op was at all times a possible source of infiltration by those elements who were a continual source of vexation to both center authorities and the Department of Justice. The co-op, however, avoided politics of whatever kind and enjoyed the support of the colony. The co-op principle of political neutrality was maintained in spite of well organized efforts to upset the status quo.

#### Educational Program

The responsibility for organizing the purely business aspects of the cooperatives was delegated to the Superintendents of Community Enterprises at each center. The educational functions were the responsibility of the Assistant Superintendent which handicapped the development of an adequate educational program at those centers.

It can be safely stated that the degree of success of any one cooperative was in direct proportion to the effectiveness of the educational program prior to and after the organization of the cooperative. Since the majority of the residents of the relocation center had little prior knowledge of cooperative principles and organization, it was highly essential to educate them in the elementary principles of cooperative organization and operation before the



cooperative was established. The extent and effectiveness of this educational program varied with each center and was largely dependent upon the organizational ability of the individual in charge of the educational program at that center.

In some centers, educational work was carried on quite extensively prior to the organization of the cooperative and for a considerable period of its existence. It usually started with a small study group as a nucleus and expanded in scope in order to meet the immediate need for mass cooperative education so that a working cooperative organization could be established at the earliest possible date to assume the operations of the temporary business enterprises. The most significant step in the educational program in the centers was the translation of Ellis Cowling's "Fundamentals of Consumers Cooperation" into Japanese by the Amache Cooperative. This was mimeographed and bound into booklet form and distributed to all the residents in the Amache center.

Since in most centers discussions on the formation of a cooperative were started at an early date, representatives duly elected to represent each block in the discussions of the organization of a cooperative designated an educational committee which formulated and executed an educational program simultaneously with the discussions on the formation of the cooperative itself. This educational committee worked very closely with the membership committees and canvassed residents block by block.

After the cooperatives had been organized, they published bi-weekly and weekly bulletins containing general information about how the cooperative operates and occasionally an explanation of the basic cooperative principles. They also contained current information on the operations of the cooperative



as well as notices to the membership on patronage refunds, meetings, policy, etc. Several of the cooperatives published community newspapers in which they reserved space for purely cooperative articles and news.

In the summer of 1942, study groups had been formed at Tule Lake, Manzanar, and Poston which held classes in cooperative theory and practices. Arrangements were also made with the Rochdale Institute, which is the training school of the Cooperative League of the United States, to conduct an intensive educational program for a period of one month at the Poston Center. During the last week of this school, the institute invited other centers to send representatives for a discussion on the organization of cooperatives. Several delegates attended from Manzanar and Tule Lake.

It is significant that where the educational program on cooperative principles had been carried out successfully, there was almost a complete absence of internal political friction. It is also interesting to note that in those centers where the original business trustees were exposed to cooperative education, they became among the most ardent cooperators. On the other hand in those centers where the stress was placed on the purely business aspects of the cooperatives and where the educational program had been neglected, as in the case of Rohwer, tension, suspicion, and friction characterized the entire history of its existence.

#### WRA - Co-op Relations

When the temporary business enterprises were first established, the Superintendent of Community Enterprises, in the absence of any nucleus organization, had to of necessity temporarily direct the operations of business enterprises so that the merchandise needs of the incoming evacuees



be met immediately upon their arrival. As soon as trustees had been selected to assume the responsibility of management, the Superintendent's function became merely advisory in nature. However, in some centers in the absence of trustees, the relationship of the Superintendent to the temporary enterprises and to its creditors was not too clearly defined during this transitory period.

After the duly selected trustees had assumed the operations of the temporary business enterprises and after the cooperatives had been organized, the relationship of the WRA to the community enterprises was one of an advisory capacity. Although, technically speaking, the cooperatives were an organization established by the residents and belonging entirely to them and were to be managed as they saw fit, in actual practice such was not entirely the case since they were restricted in their operation by limitations placed on them by the WRA. These restrictions were a necessary adjunct to the overall administration of the relocation centers because the cooperatives enjoyed a monopoly in the centers.

Generally speaking, the relationship between the WRA and the cooperatives was very good. From the outset, the Project Directors and their assistance, with only a few exceptions, gave freely of their time and advice on organization and operating problems. The Business Enterprises Superintendents helped organize the educational program and the establishment of the cooperatives and also assisted the management in all matters pertaining to the operation of the business when such assistance was requested. The project attorneys advised and assisted the cooperatives on all legal matters including incorporation, taxes, dissolution, etc.

After the center enterprise superintendent positions were abolished because it was felt there was no longer any need for close supervision, the



Auditor-Supervisors from the Washington office made periodic visits to each center and devoted all their time working with the management, directors, and various business committees in order to make the operations of the cooperative as efficient as possible. In most instances the cooperative officials were very friendly and frank in their discussions and freely solicited help and requested advice on all types of business problems and were grateful for the service rendered by the WRA.

In some centers, however, there was a tendency on the part of certain administrative personnel to consider the cooperative program as something entirely separate and apart from the rest of the administrative responsibilities of the center. This was not a realistic approach as long as the cooperatives operated within the relocation centers and supplemented the functions of the WRA in providing for the general welfare of the residents. It must be said, however, that much of this attitude was a result of the continuous turnover in the staff of the administrative personnel in the centers. As old staff members terminated their employment with the agency new employees who were not familiar with the origin of the cooperative and the reasons for its establishment took their places.

#### Relations with Community

The position that the cooperative enjoyed in its relations with the community varied with each center depending upon numerous factors among the more important of which were the popularity of the Business Enterprises Superintendent, the effectiveness of the cooperative educational program, the manner in which the cooperative was established, type of individuals



associated with the cooperative organization, and the attitude of the center administration towards the cooperative. Where a Business Enterprises Superintendent had the happy personal qualities that made him popular with the evacuees, the things that he generally advocated were met with a favorable response. This, of course, is true in every field of endeavor but it was particularly so in regards to the center cooperatives because of the unusual circumstances under which these organizations came into existence. People coming to the relocation centers were confused in mind and suspicious -- and not without good reason -- of the motives of any agency of the government because of the undemocratic treatment that had been accorded them in forcing them to leave their homes, and to sacrifice their business and personal properties. It was, therefore, first important to gain the confidence of the people before soliciting their support of any program regardless of its merits.

The extent and effectiveness of the educational program prior to the actual organization of the cooperative and its continuation after the cooperative had been established was a very important factor in moulding the attitude of the community towards the cooperative. Since cooperative principles and organization were little understood by the majority of the residents, it was highly essential to acquaint them with at least the working rudiments of cooperatives and their advantages and thereby gain their support. Without this understanding and support, it would not be possible to build a truly cooperative organization which would reflect to the best interests of the people and the cooperative movement itself.



Where a particular management had been elected by democratic processes and conformed to the desires and wishes of its members in its business and management policies, the cooperative enjoyed the esteem and respect of the community. There were cases, however, where individuals through political conniving or by other means secured responsible positions in the cooperative and in such cases the unpopularity of the individual, unfortunately, reflected adversely on the position enjoyed by the cooperative in the community. Because of the close psychological association in the minds of the residents between the management and the cooperative, it was difficult to isolate or disassociate the actions of the management or of an individual from the merits and status of the cooperative form of business organization.

Although the WRA outlined a uniform procedure to be followed in the establishment of cooperatives in the centers, the interpretations of the procedure and its execution differed with each center depending greatly on local conditions within the center. Some centers carried on extensive educational campaigns and the people were given ample time to digest the merits of a cooperative form of business organization, before the cooperative was organized. This naturally resulted in a better understanding and a continued interest in the activities and progress of the cooperative, on the part of the membership, and made for closer ties with the community in general. On the other hand where a cooperative was more or less imposed on the community without the residents getting the benefit of a general educational program the cooperative, even though it was managed by the residents, became associated in the popular mind as an instrument of the WRA, and therefore did not receive the support of the community that it deserved and needed for its success.



The cooperatives contributed funds for all types of community educational and recreational activities and welfare and church organizations. In many centers, they gave the franchise to operate the motion pictures to the Community Activities Section so as to provide a source of funds for various community activities. The direct contributions, and the income from motion picture operations amounted to thousands of dollars annually. In the Poston Center, for instance, the cooperative operated the moving picture shows without any admission charges during the entire life of the center.

During the time consumer goods in general were scarce the cooperatives established their own rationing systems for the distribution of such items as cigarettes, soap, and yard goods. The attitude of the residents towards this voluntary form of rationing to assure more equitable distribution to the community was favorably received. Although the policy generally was to sell goods at regular market prices, the cooperatives began to reduce prices on nearly all commodities, especially after they had accumulated sufficient operating capital. Services such as haircuts, beauty shop services, shoe repairing and others were furnished at cost which was only a fraction of the charges for such services elsewhere.



Summary Evaluation of the Cooperative Program

The major objective of the cooperative program was to make available to the residents of the relocation centers, essential goods and services, not provided by the government, at the lowest possible cost. The extent to which it succeeded is partially indicated by the amount of goods and services purchased by the residents from their cooperative stores during the approximately 3½ years of their existence and the savings refunds that they received. Purchases during that period totaled in excess of 21 million dollars of which \$2,300,000 was returned to the members as patronage refunds. This represented a savings of 10.90% on their purchases.

Aside from providing essential goods and services to the residents, the cooperative form of organization provided a means by which the initiative and business and organizational ability of the residents could be more or less freely expressed in the creation and development of an economic organization of their own, in an otherwise regimented society. This was very important after the destructive experiences that most of the people had undergone at the time of evacuation. The majority of them were forced to sever their economic, social, and political ties and arrived at the centers in a very confused state of mind because of the rapidity with which events had occurred and because of the insecure and uncertain future that they faced. The cooperative program to them was a very strange and ironical spectre of a truly democratic form of organization being fostered and encouraged in an undemocratic environment where many of the Constitutional rights had been either temporarily or partially suspended. This naturally created suspicion in the minds of the evacuees as to the true motives of the government in fostering the cooperative program.



The outstanding shortcoming of the cooperative program was the lack of a uniform and intensive educational program prior to the organization of the cooperative. If such a program had been carried out it undoubtedly would have removed the source of factional friction which occurred in some of the cooperatives, because much of it was due to the ignorance of cooperative principles. It would also have removed much of the suspicion surrounding the motives and sincerity of the government in fostering the cooperative program.

Although the cooperative program was highly successful both from the standpoint of building morale and confidence among the evacuees and from the standpoint of the efficiency of business operations, there exists a reasonable doubt that it was the most practical method of meeting the immediate physical needs of the people under the circumstances that prevailed at the time. There was a need for quick concerted action on the part of both the government and the cooperative to meet the expanding needs of the community. Because of its democratic form of organization and because its principles of operation were foreign to most of the residents a great deal of time was lost before action could be taken. Then, too, since it was a new business organization born of the necessity war and evacuation it had no standing with the established manufacturers or wholesalers as far as allocations of scarce merchandise was concerned since in most instances the allocations were based upon purchases made during a pre-war year. With some wholesalers and manufacturers the center cooperatives were not popular, although they operated under direct supervision of the government, because they were technically owned and operated by persons of Japanese ancestry. These factors made it difficult for the cooperative to obtain essential goods in sufficient quantity to meet the needs of the community which they served.



Despite the weaknesses and shortcomings, the cooperative enterprises viewed from many aspects, was perhaps the most constructive undertaking in the WRA program. Several thousand residents in the relocation centers received training in business practices and experiences not previously available to them. This type of training was secured in a business enterprise with a philosophy far different from that experienced in any other organization other than a cooperative. The business men who were associated with these cooperatives related on several occasions that they had never visualized a business with a philosophy of brotherhood and mutual aid.

The general philosophy of the whole cooperative movement and its potential place in the social and economic world of the future gave cause for much study and reflection. This was very relevant because the residents of the centers were examples of the shortcomings of the existing economy. They were victims of an economy and a social order which had been thrown off balance to such an extent that racial extraction was a factor in determining national policies. Their experience, through evacuation, was a complete denial of what democracy stood for.

The cooperative form of organization, on the other hand, had some of the factors which might contribute to their social, political and economic well-being. It took each individual as an equal and gave him equal power and authority in determining the policy and procedure of the cooperative. It paid no attention to his ancestry and it even forgot the fact that part of the members were not technically citizens of the nation at large. Under the cooperative organization the individual status of each member was dignified, and social acceptance was a matter of course and stratification of social groups was not recognized.