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Quarterly Report -- COMMUNITY ENTERPRISES
January 1, 1943 thru March 31, 1943

The time and thought invested in the Community Enterprises by the Administrative pointed Personnel of the Enterprise Section ~~and the~~, augmented by the good

services of the other sections and divisions, began to produce measurable results on the projects during the past three months. Within this interval

~~all~~ of the enterprises achieved a ratio of Current Assets to Current

Liabilities of ~~2 to 1~~ ² to 1 or better. This was accomplished without

the ~~loan~~ ^{advance} of any ~~substantial amount of~~ public funds. The Four more of the enterprises became incorporated consumer cooperative associations, and the total to six,

and trust agreements were negotiated with the remaining four by the War Relocation

Authority. Rental and Operating agreements are ^{being} negotiated for ~~most~~ ^{all} of the

Enterprises, the balance are pending. The first steps have been taken in

relocating cooperatively trained evacuees into consumer cooperatives in

the midwest and east. The New York Business Services office was opened

~~for an initial period~~ as an experiment, and ~~has proven~~ ^{is proving} its value to the ~~supply~~ of merchandise buyers for the Enterprises in offsetting scarcities in the midwest and west.

And last but far from least, the evacuees have in small numbers ~~on a few~~ ^{on a few} projects

grasped the signifignace of the Cooperative Method sufficiently well

to aggressifely advocate ~~widespread~~ renewed educational efforts among their

fellow evacuees. to awaken them to ^{this} ~~the~~ practical, ^{and} democratic and adaptable

~~form of~~ business method.

PROBLEMS:

BUSINESSL OPERATIONS: The gross volume of business on all projects for the past three months ~~was~~ ^{this} \$2,151,500. ~~this~~ exceeded by ~~approximately~~ more than

one-quarter million dollars the previous quarter, which included the

Christmas shopping. ~~Several~~ ^{several} of the older associations declared ~~patronage~~ ^{or cash notes}

refunds, offering ~~a~~ ⁱⁿ ~~instance~~ ^{issuing} merchandise orders in the amount

of the refund. ~~in another~~ ^{in another} ~~issuing~~ ^{issuing} ~~several~~ ^{several} have since Five of the

Enterprises have subscribed to A Cooperative Audit service, and have had

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audits rendered, ~~these~~ ^{these} Services rendered invaluable aid in establishing uniform and complete accounting practises. The high point of activity of the quarter was the ~~ability~~ ^{feat} of the enterprises ^{(with only 2 exceptions),} through their own efforts, become established to ~~get~~ on a cash basis ~~in purchasing~~ with their suppliers. This necessitated finance drives. On several ~~the~~ ^{projects} the goal was oversubscribed, one, by as high as 45% another 35%. The goal of a current ratio of 2 to 1 was ~~practically~~ achieved ^{by five projects; the remaining five maintained better than a 1.5 to 1 current ratio and are rapidly approaching the 2 to 1 goal,} ~~universally~~. It is important to note that the \$4,000,000 set up to finance community enterprises in the WRA appropriations for the fiscal year/will likely be turned back, as less than \$100,000 of it ~~has~~ ^{has} been loaned, and about half of that loan paid off. ~~without one cent of it having been loaned~~. The enterprises started with

no funds, and out of accumulated ~~from~~ ^{from} operating surpluses plus investments by evacuees, ~~the small amounts~~ (restricted to small amounts, generally a top limit of \$250), ^{and the funds noted above - loans in the form of deferred rent, wage adjustments, etc.} they have achieved ~~a current financial position~~ ^{established ten full grown business organizations.} ~~good financial position.~~ ^{maturity}

Prior to this only INCORPORATION OF COOPERATIVES: ~~at the beginning of the~~ quarter/the two California ~~projects~~ ^{enterprises} were ~~incorporated~~ ^{as} incorporated cooperatives, both under the California Consumer Cooperative Corporation Act. Within the quarter four more incorporated, three under the District of Columbia Consumer Cooperative/Act, and one under the Colorado Cooperative ~~Act~~ Law. (Since the close of the quarter two more have incorporated under the D. C. Act.) The remaining four are operating under Trust Agreements in compliance with an instruction issued during the quarter. ^{was} ~~It was~~ the intention of the evacuees at Heart Mountain Wyoming to continue for some time more under the trust arrangement. This essential step of incorporating is advantageous in that it assures the evacuees of their privileges as members or stock holders in a corporation. Cooperative corporations enjoy the limited liability protections afforded stockholders of all corporations as well as additional ~~tax~~ advantages of income tax exemptions on surpluses refunded ~~members~~ ^{to} patrons on the basis of patronage.

GOODS AND SERVICES: The ~~variety of goods and~~ ^{variety} of enterprises

has remained about the same, some of the newer projects are however just getting around to establishing adequate services in some of the much needed lines -- shoe repair shops, barber and beauty shops etc. ^{On the other hand the less organized projects} There still seems to exist a reluctance on the part of the evacuee Boards of Directors or Trustees to establish such services as Beauty shops, Fish Markets and ^{other} special services that ~~the~~ portions of the communities wish. ~~xxxx~~ The reluctance stems from their ^{their meager income} feeling that people should not be given opportunities to spend ~~money~~. It is only with difficulty that they will be convinced that the services actually save people money. ^{are} over the "Bootleg" prices ^{being paid for these items} fish, beauty treatments, haircuts, frozen foods etc. Tule Lake solved this by using the Planning committee to work up an Economic Justification for a Fish Market. It proved so convincing that the ~~xxxx~~ Cooperative plans to build ~~the~~ a special building for ~~x~~ the market! Greater difficulty is ~~being~~ encountered in getting ~~the~~ goods, especially necessities in the dry goods lines. Space for ~~an~~ efficient storage ~~and display~~ and display as well as floor area for shoe shops is still critical on most of the projects. Shoe Repair equipment is inadequate ^(though generally available) on ~~three quarters~~ ^{most of the projects} of the projects to meet the needs; ~~frequently~~ ^{occasionally} contracts are made with outside firms to handle some of the work. ^{VP} The Relocation program is tending to remove the younger and more capable employees, and older men are being hired to replace them. ~~There is~~ Another factor accelerating turnover, ^{it is reported - dash} ~~mentioned~~ employees of the enterprises feel a greater responsibility to the community ^{as they are for their fellow evacuees.} working ~~on an evacuee controlled project~~ ^{For this reason, they} are reluctant to put in the hours and carry ~~the~~ such responsibilities ^{for the small compensation they get.}

RELOCATION INTO OUTSIDE COOPERATIVES: This program is slow to get under way, thus far about ten to twelve evacuees have been employed in cooperatives outside of the projects. Our staff ^{has} ~~have~~ been able to contact only the regional ~~whole~~ cooperative wholesales, and ^{a few} ~~not the~~ affiliates ^{in any} number. It is felt that as the few that have been so relocated are established the wholesales will help in this program. ^{Several} ~~About six or eight~~ additional

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Rationing of shoes and certain canned foods caused a minor flurry when announced but no project reported any difficulty in adapting to the programs. Frozen dairy products, candies and soft drinks containing sugar have either been restricted by the OPA or the distributors. The enterprises have repeatedly requested special relief, and thus far it has not been obtainable.

↑
from these orders

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evacuees have gone to cooperative training schools for varying periods in the midwest and East. Clearance into the Eastern Defense Command was a major stumbling block to about nine others getting to ~~the~~ cooperative employment or cooperative training schools. Many enterprise employees are leaving the projects for employment in private industry.

in
THE NEW YORK BUSINESS SERVICES OFFICE: This quarter ~~the~~ New York ~~Business~~ a Business Services office was established ~~there~~ as a branch of the Wash-

ington Community Enterprise Section ~~at effect~~. ~~Information has been furnished~~

It was intended to ~~assign~~ ^{assign} one or two ~~men~~ of the Washington Enterprise staff to it, ^{They would then} ~~continuously~~ to ferret out sources of goods to replace the

rapidly dwindling stocks in the western wholesale marts. The demands ~~for the~~ on these men to be in the field most of the ^{quarter} ~~time~~ ~~made the service~~ permitted only intermittent attention ^{to this phase of the work.} ~~for most of the quarter~~. (During the

first month of the fourth quarter the staff has been regularly in New York and is ^{overworked} ~~having difficulty with~~ meeting the numerous demands on its services from the projects). ~~at a substantial savings to the projects to them~~ in

COOPERATIVE UNDERSTANDING ON THE PROJECTS: Through this quarter the day to day ~~financial and other~~ business problems of the Enterprises have continued to command the attentions of the Enterprise Superintendents and their associates. In several of the projects however ~~insufficiently~~ the appointed Personnel ^{has} ~~have~~ devoted sufficient time to the practical educational aspects of the cooperative program to train a strong nucleus of evacuee 'cooperators' -- people ^{well enough} ~~suff~~ grounded in the business and democratic organizational principles of cooperatives to ~~be~~ appreciate a widespread and the great importance of having an ~~intellig~~ informed membership. ~~In such instances~~ It is interesting to note that these projects are the ones that have the highest per capita or per member investment in their cooperatives, indicating the 'strength of their faith' and ~~with one exception the same ones~~ have shown the most foresight in planning

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More interesting still, it is these projects that ~~have~~ exercised cash. Along with this ~~can be noted can be seen~~ initiative ^{and} actually raised ~~fund in addition to accumulated surpluses~~ ^{to supplement the surplus accumulated from operations.}

the beginnings of a ~~general~~ forward-looking attitude on the part of the cooperative committees and ~~policy~~ directors -- they too are investing in the future -- they are sending buyers into the eastern markets, ~~xxtheyxx~~, not depending on the WRA or someone else; they are setting up more vigorous educational programs -- they see post-war values in their cooperative knowledge. They are conferring with one another between projects - uniting on some simple problems of mutual interest.

CREDIT UNIONS: There has been one Credit Union Charter approved for a Relocation Center Federal Credit Union, subject to ~~clearance~~ licensing of Blocked Nationals to participate, by the Alien Property Custodian, This conditional approval was obtained in February, and ~~is still pending~~ the licensing ^{is} ~~is~~ still being ^{pending} ~~considered~~ in the Treasury Department. There has not been too much interest in Credit Unions from the other projects. Once the Topaz Credit Union begins to function others will very likely be chartered if ~~the first~~ ^{this one} proves ~~worth~~ ^{real} of value.

Quarterly Report of Business Enterprises covering period April 1, 1943
Through June 30, 1943.

At the beginning of this quarter, Business Enterprises emerged with their sleeves rolled up, ready to put into action the planning of the previous months.

During this period Business Enterprises made a great deal of progress. The evacuees accepted the challenge thrown to them by WRA to take over the responsibility of running the enterprises. The appointed staff gradually stepped into the background so that by the end of the quarter the majority of the Centers had tried their wings and ventured forth into a program of expansion. By the end of June the number of stores and services in operation had shot up to 154 and the net sales went to \$2,066,793.

BUSINESS OPERATIONS AND PROBLEMS:

Business Enterprises ran into difficulty on two scores. Because of the acceleration in the relocation program there was a rapid turnover in personnel which made for difficulty in operations. Most of the Centers initiated programs of personnel training and at some Centers an in-service training program was started for High School students. This proved to be very helpful during the summer months. The second serious difficulty which the Enterprises encountered was the scarcity of merchandise. The New York Office was a tremendous

help in this connection but it was soon recognized by the Enterprises that this problem would become more acute as the months went by and they began to lay plans for employing a full-time buyer in New York with a possibility that this number be increased to two or three. These buyers would spend their time searching for merchandise which is not obtainable in the west or mid-western cities.

They also decided that these buyers be relocated evacuees who because of their experience would be in a position to know the needs of residents of the Centers. The salaries of these buyers would, of course, be paid by Business Enterprises, each Center paying one-tenth of the salaries.

CASH POSITIONS:

During this quarter, six of the ten Centers established a current ratio of 2 to 1. It is hoped that the other four will soon be able to hit this mark.

Most of the Centers were able to declare patronage refunds. No cash was paid out but the members received certificates of indebtedness for the amount of the rebates. These certificates can be redeemed in cash as soon as the Boards of Directors feel that the Enterprises are able to pay it without jeopardizing their cash positions. The necessity of building up cash reserves was brought forcibly home to the Enterprises when they discovered that the Wholesales were demanding cash for merchandise even before it was delivered. Some of the Centers had to put on cash drives which proved successful beyond their expectations.

EDUCATION:

The educational committees were very active during this period, more so in some Centers than others. In several Centers a Co-op News Sheet appeared. This news organ serves to keep the membership informed about the activities of their co-op. Some of these news sheets have a column reserved for comments from the membership. It is interesting to note that in the Centers where the educational committees are active there is more interest and participation by the membership in the activities of the cooperative.

GOODS AND SERVICES

During this quarter quite a number of new services were opened. For a time it was thought unwise by the Boards of Directors to have such services as beauty shops, radio repair shops, etc. There was even a reluctance on their part to sell such items as ice cream and soda pop in the canteens. Their thought was that people should not be tempted to spend their money except for bare necessities. They soon discovered that people would trade with private industry which was springing up in the centers. Finally the wisdom of having such services sponsored by their co-op began to penetrate their thinking and now these services are operating in most centers. Several of the Centers were working on having the sugar quota for their counties increased so that syrup for soft drinks could be obtained for the summer months.

Four Enterprises opened photo studios. This service has proved helpful to evacuees who need to have photographs for their leave clearance papers. It also helped a great deal in getting out the high school yearbooks.

RELOCATION INTO CO-OPS OUTSIDE

All but two of the Regional Wholesales have hired evacuees. A great deal of groundwork was laid and the relocation of evacuees should gain momentum in this field. Those who have been hired by the Regional organizations have proved very efficient workers. Several articles have appeared in the co-op papers giving the story of evacuees who have been hired and letting the membership know that evacuees are available for vacancies on the staffs of both the Regional and local organizations.

CREDIT UNIONS

Seven Centers have been granted special licenses by the Treasury Department. These licenses will permit them to obtain Credit Union Charters. At the end of June none of the Centers had yet obtained their Charter but it was hoped that Topaz Charter would soon come through.

Submitted by:

Mary Macmillan

Mary Macmillan
Associate Business Enterprises Adviser

SEMI-ANNUAL REPORT

BUSINESS ENTERPRISES SECTION

There are nine business enterprises functioning in centers administered by the War Relocation Authority. Eight of the nine have been incorporated as cooperative associations. The Heart Mountain Business Enterprises still operates as a trust but contains within its structure most of the attributes of a formal cooperative organization. The Cooperative Association at Jerome, Arkansas was liquidated in June of this year.

Total sales for the first quarter of 1944 (January 1 - March 31) for all nine enterprises amounted to \$1,643,148.94. For the same period the total net profit was \$193,024.97 and undistributed earnings stood at \$481,819.18. The combined assets of the nine business enterprises as of March 31 totaled \$1,424,570.12. \$1,274,601.90 of this amount was in cash and merchandise inventories. As of March 31, the nine enterprises employed 1,699 store clerks, office clerks, accountants, warehouse clerks, barbers, shoe repairmen, etc. Goods and services as from that date were being sold to 81,788 people residing in relocation centers. This profit and all other accumulated profits are refunded periodically to the residents, commensurate with sound business and accounting practices.

The Jerome Cooperative Enterprises, Inc. represented our first experience with regard to the liquidation of a center cooperative. Other center enterprises cooperated very well in assisting the Jerome organization with the disposal of its stock and equipment. Net earnings, amounting to \$264,694.90, were distributed to members of the organization in the form of patronage refunds. A small dividend still remains to be

distributed at a later date.

During the last two weeks in June a meeting of the Business Enterprises Section was held in New York City to review the current position of the enterprises, with a view to reorganizing the supervisory service provided by the Authority to center enterprises. It was decided to terminate all project business enterprises supervisors as of June 30. At Tule Lake and Manzanar, because of the restrictions placed on evacuee movements in the Western Defense Command Area, it was deemed necessary to retain permanent supervisors. The new plan, in principle, involves the substituting of a field supervisory service, which places responsibility on each auditor-supervisor for the supervision of three relocation centers. The auditor-supervisor will work out of the Washington Office and will spend three month periods in the field. During each three month interval the fieldman will make two visits to a project, each visit lasting for a period of two weeks. To assure the success of this method of supervision, a Handbook covering in detail the duties of the auditor-supervisor will be distributed shortly to fieldmen and all project personnel concerned.

During the last six months the Tule Lake Business Enterprises, due to sharp increases in the project's population and the probability that the segregation center would exist for a longer period than any other center, launched a program of active expansion. The increase in project employment which resulted and will result from this development should represent an important contribution to the over-all employment needs of the center.

Most business enterprises experienced difficulty in working out the details of an evacuee employment service primarily for the benefit of the

of the appointed personnel. Unfortunately, no uniform effort was made prior to the circulation of Manual Section 50.5 to bring project domestics within standard WRA evacuee employment regulations. As a result, a variety of wage rates were paid to those domestics by members of the appointed staff using this type of service. More often than not, these wage rates were far in excess of standard rates. The evacuees concerned, when faced with a reduction in wages, blamed the enterprises for instigating this new change in policy and showed considerable reluctance to work as regular employees of the enterprises. The members of the appointed staff affected did not favor the new change in policy and were reluctant to pay for this type of service on the basis of the prevailing rate in the nearest community comparable in size to their project. The most recent reports, however, would seem to indicate that most business enterprises have succeeded in setting up the necessary machinery to handle this service and that, barring any unforeseen difficulty, the problem should soon be worked out entirely.

The normal relocation process continues to present the enterprises with problems related to personnel procurement. As this situation is becoming more serious every day, definite steps are being considered and will be taken to assist the enterprises in meeting their personnel requirements. Travelling supervisors have been encouraged to assist with the institution of an apprentice system within the framework of the various organizations. The Vocational Training Section in Washington has evidenced interest in this need and undoubtedly will give the enterprises every possible assistance in the conduct of formal training courses and apprentice programs.

The problem of slow moving and dead stock at some of the centers must be solved, at least to an appreciable extent, if the process of future liquidation is to be facilitated. With this in mind, a master check list has been prepared and will be filled in at each center and forwarded to the New York buying office. This office, in conjunction with the personnel of the Federation of Center Business Enterprises, will endeavor to find outlets for this type of stock through other enterprises or private business concerns.

The Federation of Center Business Enterprises, set up in Chicago in September of 1943 by the various project business enterprises, held a three day meeting in Granada, Colorado during the month of April, 1944. This Federation was established by the various enterprises in order to coordinate their respective educational plans, purchasing, and any and all other objectives, the realization and attainment of which would depend on concerted and cooperative effort. The Federation, in the months ahead, will be encouraged to establish such agencies or programs favorable to the end of self-sufficiency, thus enabling the War Relocation Authority to provide only the bare minimum of active supervision. When firmly established it is hoped the Federation can:

1. Assist in the liquidation of the Center Business Enterprises -
 - a. Provide the machinery for disposing of the inventory to other centers and/or private parties at the least possible loss.
 - b. Subject to legal technicalities, act as administrator or trustee for any center cooperative after its dissolution.

2. Provide a constant channel through which to move surplus goods accumulated in all centers, resulting in a stronger financial position of all center enterprises.

3. Carry on discussions with the center enterprises with a view to the perpetuation of the Federation into a permanent organization which would be able to assist the residents of relocation centers to establish themselves on a sound cooperative basis in the postwar period.

SEMI-ANNUAL REPORT OF THE BUSINESS ENTERPRISES SECTION
FOR THE PERIOD OF JULY 1 - DECEMBER 31, 1944

For the six month period ending December 31, 1944 Business Enterprises operated at each of the eight relocation centers and the segregation center at Tule Lake. All of these enterprises operated as incorporated cooperative organizations with the exception of Heart Mountain. However, while Heart Mountain continued to operate as a Trust, it maintained a cooperative character in structure and function. Furthermore, the transition of this Association has progressed to a point where the actual incorporation of the organization would be sufficient to convert it into a formal cooperative.

The total number of all the enterprises employees as of December 31, 1944 was 1,825. The total number of members amounted to 36,696, while the aggregate population of the projects was 80,003. This decrease in population naturally has contributed to the decrease in sales and net earnings of the Business Enterprises, as reflected in the following Summary and Detailed Supplement attached hereto. The total number of stores, shops and service units at the close of the year numbered one hundred sixty-six (166).

Combined Sales and Earnings of Project Business Enterprises

	<u>Total Net Sales</u>	<u>Total Net Earnings</u>
For Calendar Year 1944	\$7,131,052.12	\$910,527.55
For Calendar Year 1943	7,524,329.03	912,676.56
Decreases	\$ 393,276.91	\$ 2,149.01
For Six Month Period ending 12/31/44	\$3,604,200.35	\$422,747.10
For Six Month Period ending 12/31/43	3,724,010.38	482,903.13
Decreases	\$ 119,810.03	\$ 60,156.03

It will be recalled that a change in the WRA supervision of project Business Enterprises was made as of June 30, 1944. At that time all resident superintendents were withdrawn from the WRA centers, with the exception of Tule Lake, and replaced by a team of traveling field auditor-supervisors working out of the Washington office. This change of policy, however, was not implemented before the Enterprises Section was confronted with the resignation of the Head of the Section and one of the three auditor-supervisors. To complicate matters further, a serious crisis developed in the Tule Lake Business Enterprises organization as a result of the assassination of the General Manager and the subsequent resignation of the entire Board of Directors and key officials. When this situation began to reveal its intensity in a wave of mass resignations on the part of some 400 employees in the organization, it became necessary for the

Washington office to dispatch the two remaining auditor-supervisors to Tule Lake. Although the crisis was met successfully and normal operations facilitated, this combined set of circumstances made it impossible for the Washington office to fulfill its service commitments to other projects. However, the Enterprises Section did succeed in meeting all of the important problems existing in other centers.

Most of the enterprises were presented with serious personnel replacement difficulties as a result of relocation and the normal processes of Selective Service. As the various Business Enterprises fall in the category of department stores, important key positions can be filled satisfactorily only by well-trained people. Experience has indicated that when an employee acquires this intensive training and some months of actual experience, he usually relocates. Furthermore, with most Business Enterprises employees ranging in age from 18 to 28, it can readily be seen how the normal processes of Selective Service, combined with the relocation process, would affect adversely the operations of project business organizations.

Such a rapid turnover and loss of trained personnel required that the Enterprises resort to the employment of a greater percentage of Issei in key positions. This segment of the population usually lacks the aggressiveness and business adaptability of the American born Nisei. It has been discovered in some instances that Issei staff appointees were found to be completely ignorant of the Enterprises commitments and scope, as embodied in the Manual and Agreements entered into with the Authority. It probably will be necessary to translate these documents into Japanese for the convenience and enlightenment of the Issei.

New York Business Service Office

The New York Business Service Office is primarily responsible for (1) the procurement of critical merchandise for the projects; (2) assisting the enterprises in interpreting OPA, WPB and other war agency regulations; (3) the compilation of financial statements which are made available to all the projects, business organizations, the Washington office and commercial credit rating agencies. This office is sponsored jointly by the WRA and the Enterprises-owned Federation of Business Enterprises. The WRA personnel consists of a Business Enterprises Supervisor and a Purchasing Officer, who work very closely with the two purchasing agents employed by the several project cooperatives.

Direct purchases by the center cooperatives through the New York office for the period July 1, 1944 through December 31, 1944 totaled \$76,713.44. Indirect purchases, in the negotiation of which the New York office acted in a liaison capacity, are believed to be substantial.

Critical merchandise purchased through this office for the various enterprises consists of sheets, towels, electrical goods, certain foods, hardware, infants goods, kitchenware, mens and boys wear, sewing supplies, office supplies, womens and girls wear, cotton, rayon, woollens, yarns and supplies, etc. It is interesting to note that nearly half of the purchases made by the New York office are for piece goods, yarns and supplies and sewing and knitting accessories. Merchandise procurement requests received by the New York office relate to specific commodities which cannot be obtained by the enterprises from local sources.

In cases of urgent necessity, where the New York Business Office finds it impossible to purchase essential garments at wholesale, application usually is made to the War Production Board for priority assistance in securing materials to be made into needed garments by a manufacturer whose facilities are available for that type of work. During the last six months such action was taken on two occasions. The first application was for 3,250 yards of broadcloth for 250 dozen mens shorts and the second for 19,450 yards of flannel to be made into 450 dozen mens and boys pajamas. Both of these applications were approved by the WPB and the necessary priority assistance extended. Despite this assistance, however, difficulty was experienced in securing the required material because the priorities were found to be not high enough.

During the last six months of 1944, the procurement function of the New York office has become progressively difficult, due to the further decrease in the already depleted stocks of goods available for civilian consumption. On the other hand, the New York office, despite this adverse trend, has on occasion relieved the enterprises of unnecessary hardship which materialized because of a lack of proper contact with firms who distribute their merchandise on a voluntary quota basis. Some projects, for instance, had experienced difficulty in securing soap. However, when brought to the attention of the New York office, the matter was negotiated with the national sales managers of the leading soap companies and rectified.

The New York Business Service Office has made a sustained effort to secure some kind of relief from present rationing regulations so that project business enterprises could dispose of excessive stocks of cheap grade and large size shoes without ration currency. With ultimate liquidation drawing near, excess shoe stocks are becoming more of a real problem, since other retailers face the same difficulties with cheaper grade shoes and are naturally reluctant to build up an increased inventory in these lines. As yet no assistance has been forthcoming from the OPA officials in Washington but the Enterprises Section still is discussing this matter with the OPA.

The Third Annual Conference of Center Business Enterprises was held at the Gila River Relocation project from December 4-7. Representatives from all centers were in attendance, with the exception of Rehner. Representatives from the Business Enterprises Section also were present and outlined for the delegates a plan for the orderly liquidation of the Enterprises. Washington advisers laid particular stress on the immediate liquidation of slow-moving and dead stocks and non-essential equipment. Delegates also were encouraged to complete rental agreements with WRA on all government equipment utilized by their business organizations. They were told of the need for the immediate establishment of liquidation committees to examine stocks, with a view to a gradual paring down of inventories, abolition of goods and service shops which would not greatly inconvenience the residents at this time and to work very closely with the Project Attorneys and members of the Business Enterprises staff, so as to conduct gradual and legally accurate liquidations.

The final draft of a "Guide for Liquidation of Center Business Enterprises" was completed by the Legal Division and the Business Enterprises Section. This manual outlines the proper business and legal procedures to be followed in the states in which the respective enterprises are located.

Enclosure

STATISTICAL REPORT ON
BUSINESS ENTERPRISES OPERATING IN RELOCATION CENTERS
FOR SIX MONTHS PERIOD ENDING DECEMBER 31, 1944.

<u>PROJECT</u>	<u>TOTAL NET SALES 7/1-12/31/44</u>	<u>NET PROFIT EARNINGS 7/1-12/31/44 (Estimated)</u>	<u>NO. OF EMPL. AS OF 12/31/44</u>	<u>NO. OF MEMBERS AS OF 12/31/44</u>	<u>POPULATION AS OF 12/31/44</u>	<u>NO. STORES, SHOPS AND SERV. UNITS</u>
Tule Lake	\$876,454.57	\$103,506.18	423	7,588	18,725	13
Manzanar	308,030.51	19,517.73	176	4,445	5,549	13
Heart Mountain	382,415.60	56,700.76	173	-	8,822	19
Poston	512,833.98	48,653.05	196	4,923	11,306	25
Minidoka	427,472.12	58,196.00	189	2,638	7,416	21
Gila River	374,517.43	45,963.33	250	5,704	9,493	29
Topaz	243,385.00	24,750.00	160	4,630	5,899	17
Granada	283,250.63	37,243.47	116	2,662	6,102	17
Rohwer	<u>195,840.51</u>	<u>28,216.58</u>	<u>142</u>	<u>4,106</u>	<u>6,691</u>	<u>11</u>
TOTALS	<u>\$3,604,200.35</u>	<u>\$422,747.10</u>	<u>1,825</u>	<u>36,696</u>	<u>80,003</u>	<u>165</u>

SEMI-ANNUAL REPORT OF BUSINESS ENTERPRISES
for the period, January 1st to June 30, 1945.

Due to reduction in center population, a sharp decline in business volume was experienced during this period by the business enterprises in the eight relocation centers. Only the Tule Lake segregation center continued with normal operation and, to some extent, even expanded some of its services. The combined volume of business was \$2,788,912 as compared with \$3,526,851 for the same period a year ago, representing a decline of nearly three quarter million dollars. Net earnings likewise dropped to \$302,228 as compared with \$427,624 for the same period in 1944. Though total assets decreased from \$1,560,344 at the beginning of the year to \$1,153,109 at the end of June, the business enterprises generally are in excellent financial condition. Liabilities have been reduced to a minimum and the cash position is better than at any time in the history of the enterprises. Inventories have been reduced over 100% and the cash balance has increased from \$441,561 on January 1st to \$603,379 on June 30th. There are sufficient reserves to cover liquidation expenses and losses. Payment of membership equities has been accelerated and members are being encouraged to withdraw all monies due them before relocating. The number of members has decreased from 40,720 as of January 1st to 32,225 on June 30th. The average number of employees was 1,703 during the six month period.

The Conference of Center Business Enterprises held at the Gila River Relocation Center in December, 1944, marked the turning point from normal business operation. At this conference members of the Business Enterprises staff outlined for the delegates a plan for orderly liquidation of the enterprises in view of the impending closure of relocation centers. Emphasis was placed on getting the enterprises in shape for dissolution on reasonably short notice, disposition of slow moving stock and non-essential equipment, the gradual paring down of inventories, and closing of stores and shops which would not greatly inconvenience the residents. A guide for liquidation, cutting proper business and legal procedure to be followed, was prepared and distributed in January. A systematic cleaning out of slow moving merchandise was inaugurated and was carried out rather successfully. Considerable losses were reported from these close-out sales in many instances. However, inventories were reduced from \$877,032 to \$419,539. At the same time the number of stores, shops and services were reduced from 165 to 140. Buyers have been closely supervised by the managers and, with the uncertainty as to the remaining life of the business, have become conservative in their placement of orders for additional goods, even for staple and essential commodities. Shortages have been satisfactorily explained to the residents and relatively few complaints have been received. All enterprises, with the exception of Poston and Tule Lake, have withdrawn from membership in the Federation of Center Business Enterprises and the New York buying office.

Most of the enterprises have had serious personnel replacement difficulties due to relocation. The rapid turnover and loss of trained personnel and leadership has adversely affected the efficiency of business operation. Whereas the volume of business

had decreased 20% during this period as compared to the same period in 1944, the average number of employees decreased only 1.6%. The average employee monthly sales were only \$270 as compared with \$320 for the same period in 1944, indicating a 15.5% reduction in employee work output and efficiency.

New York Business Service Office.

The New York Business Service office has continued in its function in procurement of critical merchandise for the projects, assisting enterprises in interpreting OPA and WPB regulations, compilation of financial statements which are being made available to all projects, business organizations and commercial credit rating agencies. This office has been sponsored jointly by the WRA and enterprises-owned Federation of Center Business Enterprises. The WRA personnel has consisted of a Business Enterprises Adviser, Purchasing Officer and a Stenographer. The Business Enterprises Adviser was withdrawn in April and the office was closed on July 31st with the transfer of the Purchasing Officer to the Washington staff and the Stenographer to the New York Relocation Division. The secretary's office of the Federation in Anache was also discontinued.

Direct purchases by the center cooperatives through the New York office for the period from January 1 to June 30, 1945, totaled \$83,872.29. Due to withdrawal from membership of the Federation and the buying office of majority of the cooperatives, purchases of the Tule Lake and Poston cooperatives represent in excess of 85% of the total. As in the past, men's, women's and children's wearing apparel constituted a large percentage of these purchases. Sewing supplies, tobacco, luggage, photo supplies, infants wear, hardware and domestic supplies were also much in demand. In addition to the direct purchases, the office has also negotiated a considerable number of indirect purchases, acting in a liaison capacity.

Due to general shortages of consumer goods on the market this office was able to supply only 40% of the goods requested. Inquiries received indicated that practically all projects faced difficulty in securing cigarets and tobacco, and several indicated difficulty in securing an adequate supply of soap. Very little assistance was possible for increased supplies of cigarets. However, where the enterprises reported soap shortages, all national manufacturers were contacted and assurances received that necessary steps would be taken to alleviate the shortage. It has been virtually impossible to buy bed sheets and pillow cases in any quantity.

In view of the impending dissolution of center cooperatives, the disposal of rationed shoe stocks has ~~been~~ been a pressing matter. Nearly all centers have reported they will have difficulty, at the time of liquidation, in disposing of their shoe inventories and have requested the assistance of this office. The Business Service Office has also assisted relocated evacuees in re-establishing them in business by furnishing information concerning sources of supply and assisting them in securing needed equipment.

3.

Total Business

As of June 30, 1945, the total volume of business handled by the Business Enterprises, from their inception in 1942, was \$20,012,640.52. The net earnings total \$2,411,652.06 of which amount over \$1,800,000.00 has already been refunded to center residents.

BUSINESS ENTERPRISES

The acceleration of movement of people from the centers has adversely affected the efficiency of business operation. Volume of business during the first five months of 1945 was only \$2,370,328 as compared with \$2,963,749 for the same period a year ago. The decline was in excess of one-half million dollars. On the other hand, it has been exceedingly difficult to make comparable reductions in overhead and other operating expenses. For example, on May 31, 1944 the payrolls listed 1,762 employees and on May 31, 1945 the number was still 1,606. This represents a decrease of only 9% in the number of workers, with a decrease of 20% in sales volume. The employees monthly sales averaged \$276 during this period as compared with \$320 a year ago, indicating a 14% reduction in employee work output. There has been very little change in the average per capita monthly purchases from the center stores and shops. Each person had purchased \$6.43 worth of goods and services as compared with \$6.66 during the same period a year ago. Net earnings for the five month period were \$258,539 as compared with \$345,146 for the similar period a year ago.

The Business Enterprises generally are in excellent financial condition. As of May 31, 1945 the assets total \$1,237,369. Though this is 16% lower than a year ago, the liabilities have been reduced to a minimum and the cash position is better than at any time in the history of the Enterprises. Inventories have been reduced from \$872,000 to \$429,000 and the cash balance has increased from \$441,000 to \$666,000.

The All-Center Business Enterprises Conference held at Gila River in December, 1944 planned the initial steps for liquidation of the Enterprises. A systematic cleaning out of all dead stock and slow moving merchandise from the shelves of the stores was inaugurated and has been carried out rather successfully. Considerable losses have been reported from sales of these commodities in many instances, which are largely responsible for the smaller earnings during this period. Rapid turnover in the staff and loss of key personnel have handicapped a normal business operation.

The New York Buying Office continues to service the centers on a limited scale. During the first six months of 1945, purchases through this office totaled \$83,872. However, Tule Lake and Poston purchases represented in excess of 85% of this amount, other centers having discontinued all quantity buying, due to impending liquidation. As in the past, purchases of men's, women's and children's wearing apparel and cotton, woolen and rayon yard goods constituted a large percentage of these purchases. Sewing supplies, tobacco, luggage, photo supplies, infants goods, hardware, food and domestic supplies were also much in demand. Due to shortages generally in the market, this office was able to supply only 40% of items requested. It is planned to close the buying office as such on July 31. However, head buyer George

Morey is being maintained in New York by the Tule Lake Cooperative to continue buying for them and by agreement will take care of minor wants for other centers on a commission basis.