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REPORT  
of  
THE STAFF OF ROCHDALE  
INSTITUTE

ON THE EDUCATIONAL WORK  
AT THE JAPANESE RELOCATION CENTER  
AT POSTON, ARIZONA, DURING THE  
MONTHS OF AUGUST AND SEPTEMBER,  
1942, WITH THE AIM OF ESTABLISH-  
ING COOPERATIVE ENTERPRISES FOR  
THE JAPANESE IN THAT AREA.



## THE ASSIGNMENT

In the early part of August, 1942, the Commissioner of Indian Affairs, wrote the Rochdale Institute that the Indian Commission was "desirous of establishing a system of cooperation at the Japanese Relocation Center at Poston, Arizona, and inasmuch as it was imperative that the operation of a cooperative should be based on sound principles of procedure and proper organization" he requested the Institute to recommend at least three specialists in the organization and management of cooperatives, and one specialist in the organization and management of credit unions.

The function of these specialists would be to "conduct training courses in the fields of consumer cooperative and credit union organization among the Japanese evacuees at Poston. This training was to cover a period of not less than one month in the case of cooperatives, and not less than one week in credit union organizational work."

The actual time given to this work by the Rochdale staff was from August 15, to September 16, 1942.

The staff consisted of: Mary Arnold, Director of Extension Work, Eastern Cooperative League, and Lionel Perkins, Secretary, Rochdale Institute.

Recreation: Ellen and Paul Linson, Cooperative Recreation Specialists, The Cooperative League.

Credit Unions: Dora Maxwell, Eastern Representative, Credit Union National Association.

The work covered is considered under the following heads:

1. The Location and the People
2. The Cooperative Study Group of the Adult Education Department
3. Public Meetings
4. Contacts with the Administrative Staff
5. An Analysis of Community Enterprises
6. Contacts with the Community Council, the Community Enterprises Management and Staff
7. The Petition
8. The Cooperative Recreation Program
9. Credit Union Organization
10. Literature and Movies
11. Summary and Recommendations
12. Snapshots of the Character of the Approach and the Reaction of the Evacuees
13. Supplementary Comments on the Report of the Educational work at Poston.
14. Exhibits



## 1. THE LOCATION AND THE PEOPLE

Poston is the largest of the Japanese Relocation Centers. It is situated on the Colorado River Indian Reservation, and at the present time has a population of approximately 18,000 people. The camp itself covers an area of approximately eight miles in length and is divided into three sections. Unit I will have a maximum population of 10,000, Unit II of 5,000, and Unit III of 5,000. There are 36 blocks of barracks in Unit I, 18 blocks in Unit II, and 19 blocks in Unit III. While we could not obtain accurate population figures because such statistics were unavailable, we were advised that there are approximately 6,000 adults over the age of eighteen in camp I.

We were not able to obtain any accurate estimate as to the relative number of Issei (Japanese nationals) and Nisei (American citizens of Japanese ancestry).

## THE COOPERATIVE STUDY GROUP OF THE ADULT EDUCATION DEPARTMENT

Previous to the arrival of the cooperative staff of Rochdale Institute at Poston, Dr. Powell of the Adult Education Department, had assigned fifteen young Japanese nisei and four issei to the study of cooperative procedure and practice. It was the intent of the Department to develop cooperative leaders among the members of this group.

Included in the group were several persons with previous experience in cooperative organizational work, interpreters, two community council members, a poster artist, and several people who could qualify for work in the field of public relations.

The Rochdale Staff conducted an intensive six day week program three hours each morning with this group during its entire stay in Poston. The subjects covered included:

- Cooperative Principles and Methods with emphasis on the democratic and economic features
- Cooperative Structure in the U.S. and Abroad
- Organization and Administration of Consumer Cooperatives
- Cooperative Retail and Wholesale Management
- The Educational and Recreational program in a Consumers Cooperative
- The Federal Cooperative Law (Bulletin 665, Bur. of Labor Statistics)
- Preparation of Model By-Laws (See Exhibit A)
- Comparison of Structure of Community Enterprises and a Consumer Cooperative Association.
- Credit Union Organization and Administration



### 3. PUBLIC MEETINGS

36 Public meetings were outlined and conducted by the Rochdale Institute staff at Poston. These meetings were held in all the three camp units. Attendance ranged from 35 to 250. The meetings lasted about an hour and a half to two hours. About half of the time was given to questions and answers. In all the meetings a large part of the audience were issei (Japanese nationals) and the services of an interpreter were used. Arrangements, including publicity, the selection of prominent persons in the various blocks who were interested in the cooperative enterprise and who would serve as chairmen at the meetings, were handled by the Cooperative Study Group.

The topic for discussion was usually announced as "Consumer Cooperation at Poston" and posters were placed in the block dining halls. Brief talks on cooperation were made also at open air theatricals attended by about 800 residents. The reaction to these meetings was definitely favorable, and a close relation was established between the speaker and the audience. Upon requests from the audience, several study seminars were initiated for the purpose of carrying on additional cooperative studies. Discussion materials (exhibit B) and cooperative literature were distributed to this group.

### 4. CONTACTS WITH THE ADMINISTRATIVE STAFF

The attitude of the administrative staff to the cooperative program was both cordial and friendly. The staff of the Rochdale Institute wishes to express especial appreciation of the support given by Mr. Wade Head, Director of the Project, to the work carried on by the Institute. Thanks are also due to Dr. Shepard, Dr. Powell, Mr. Fister, Chief of Community Enterprises and to Mr. Gelvin.

Six conferences were arranged for us by the Administrative staff at which reports on our work were submitted and administrative counsel solicited.

Through arrangements made by Mr. Gelvin, an invitation was extended to the Cooperative Staff to discuss the subject of Cooperation at the Administrative Staff's weekly meeting on September 4th. The talk was followed by a lively discussion.

An additional conference was arranged at the suggestion of Mr. Gelvin for the following week to discuss cooperative organization with Mr. Evans, Mr. Crawford, and Mr. Birge, camp managers.

Mr. Head also invited cooperative specialists from Tule Lake, Manganar, and Gila reservation for a two day conference at Poston at which we discussed cooperative organizational and educational methods with these representatives.



## 5. AN ANALYSIS OF COMMUNITY ENTERPRISES

This business organization was opened on May 11 with one store. It operates under a trust agreement under which eight temporary trustees have been appointed by the administration at Poston to conduct the business on a non-profit basis. The structure of the community enterprises is based upon a community type of business established among the Pueblo Indians according to the WRA lawyer who drew up the agreement. Five of the eight trustees are employees of the business. Community enterprises at the present time is doing a business ranging from \$3,200 to \$5,500 daily. In addition to an administrative office building and warehouse facilities located in Unit 1, other facilities include: 11 stores and canteens, 7 barber shops, 5 beauty shops, 2 radio repair shops, and one watch repair store. Total sales during the period of May 11 to August 5 amounted to \$181,741. Present sales volume of business is \$64,000 monthly. Total employees as of August numbered 184 with an administrative staff of 15. Mr. Russell Fister of the administrative staff is assigned advisor to Community Enterprises. Business has been operating during the first three months on a departmental status as follows:

<u>Department</u>	<u>Percentage of Business</u>	<u>Gross Margin</u>
Candy, Soda, Tobacco, etc.	55%	25.6%
Groceries	30%	18 %
Drugs	4%	34 %
Dry Goods	9%	20.5%
Stationery	1%	34.4%
Hardware	3%	.9%
Newspapers, Magazines, and Laundry	1%	24 %

It was possible to establish credit for community enterprises because suppliers assumed that the government would take responsibility for the incurred bills. Reserves have accumulated through percentage of gross margin set aside regularly for capital and expansion of the business. Prices have had to be kept high enough to accumulate these necessary reserves. There has been considerable pressure on the trustees of Community Enterprises to distribute some of the accumulated surplus for community welfare with special attention to moving picture films and recreational equipment. We understand that reserves now total approximately \$15,000, about \$14,000 of which is tied up in inventory.

A comparison of Community Enterprises and a typical cooperative association is attached hereto as exhibit C. The June Balance Sheet is attached as Exhibit D.

### CONTACTS WITH THE COMMUNITY COUNCIL, THE COMMUNITY ENTERPRISES MANAGEMENT AND ITS PERSONEL

The only favorable reaction to the cooperative program came from some members of the Community Council and some of the personnel of Community Enterprises.

The Council had proposed that it be vested with power to appoint the Board of Trustees of Community Enterprises, and is



at the present time 5 of the 8 trustees appointed by the Administration are employees of Community Enterprises. A more detailed analysis of the set up of Community Enterprises is appended to the report as Exhibit C.

Two members of the staff of Rochdale Institute, on invitation, attended two meetings of the Council. The Council went on record as knowing little or nothing of cooperative principles or organization, but by vote of the members present decided not to give the cooperative staff the privilege of the floor. A lawyer, employed under the WRA acting unofficially as legal adviser to the Council, was the only member of the administrative staff who gave no help in clarifying the cooperative set up and the points in which it differed from the existing set up. He had been instrumental in drawing up the trust agreement of Community Enterprises as attorney for the WRA.

The reaction of several of the personnel of Community Enterprises was equally unfavorable. Their attitude may be explained by fear that their positions might become insecure were the cooperative business method adopted at Poston. All possible facilities for examining records and obtaining data were extended to the Institute staff graciously by Mr. Fister, Chief of Community Enterprises, and by the manager, Mr. Ota. But these good offices did not extend to some of the bookkeeping personnel. Reports were not up to date and the latest figures obtainable were the June report, a copy of which is given as Exhibit D.

One of the last meetings held at Poston was a joint session with the adult education group and the bookkeeping personnel. A demonstration was given of the interpretation of the balance sheet and the income statements in simplified form as it might be presented to group meetings of a cooperative membership. The percentage basis for the presentation of income statements was recommended and questions were answered on the business set up of a cooperative.

#### THE PETITION

Progressively, with every week of the cooperative program at Poston, we felt a rising tide of interest in cooperative structure and organization. By the end of the second week, the adult education group began talking in terms of a petition which might be presented to the project director and would serve as a register for the attitude of the evacuees toward the organization of a cooperative in Poston. The advisability of such a petition was discussed with the administrative staff and received unqualified approval. On the basis of this approval, the adult education group began circulating a petition which was worded in Japanese and English (Exhibit E). Other persons circulating the petitions included Council members, block managers, and prominent issei and nisei throughout the three camp units.

The results were as follows:

The petition was approved by over two-thirds of the eligible voters at Poston as follows:

Camp I	3836 signatures	(2/3 majority)
Camp II	2033 "	(90% approval)
Camp III	1305 "	(Majority)



Tabulation of signatures is appended as Exhibit F

On September 11th these petitions were submitted to Mr. Gelvin who directed that a prepared statement giving the Administration's approval to cooperative organizational be published in the Poston Press Bulletin on Sunday, September 13th. See Exhibit G.

The War Relocation Authority Order #26 on the subject of Consumer Enterprises in Relocation Centers is appended as Exhibit H.

8. COOPERATIVE RECREATION

A supplementary and detailed report on the work covered under this subject will be submitted separately by Mr. and Mrs. Paul Linson, recreation specialists, The Cooperative League of the USA.

9. CREDIT UNIONS

A supplementary and detailed report on Credit Union organizational work accomplished at Poston as part of Rochdale Institute's field educational program will be submitted separately by our staff member, Miss Dora Maxwell, Eastern Field Representative, Credit Union National Association.

10. LITERATURE AND MOVIES

The Rochdale Institute Staff brought to Poston a trunk filled with cooperative literature for supplementary use in the organization of a cooperative association and as a means of ensuring a continuous educational program.

Much of this material will be turned over to Dr. Carey, who is in charge of the school system at Poston. It is recommended that study courses in the economics of cooperation be instituted at Poston as part of the regular school curriculum.

A library for this literature has been established in Recreation Hall 36 Camp I. An attendant is in charge of the reading room, and provision is made for the loan of cooperative material to study groups throughout the camp.

Cooperative Literature bibliography at Poston (see exhibit I)

Three films were obtained from the Cooperative League and were shown both as a part of the regular camp shows and in special meetings during the time of the cooperative project work at Poston. They were:

Consumers Serve Themselves, a fifteen minute color and sound picture of Cooperative Organization with emphasis on food store organization.

Here Is Tomorrow, a 27 minute film with sound depicting the structure of the cooperative movement throughout the US.

The Lord Helps Those, a 40 minute film. The story of cooperative organization among low income groups in Nova Scotia, (silent picture)



## 11. SUMMARY AND RECOMMENDATIONS

The organization of a cooperative store might be considered as under three distinct steps. Only the first of these steps has been completed. They are as follows:

- (1) An educational and promotional program with the aim of
  - (A) Educating a relatively small group of leaders in the aims and practical steps necessary in any segment of cooperative organization.
  - (B) A widespread educational campaign among the prospective membership, with the object of informing as many people as possible as to the nature and aims of cooperation, its history and the practical steps necessary in the organization of any cooperative enterprise.
  - (C) Bringing about an understanding of the cooperative idea on the part of the administrative staff and some of the practical steps which must be taken in the organization of a cooperative business at Poston.
  - (D) An analysis of the existing Community Enterprises at Poston and the respects in which it differs from a true cooperative.
  - (E) A discussion of the balance sheet and income statement with prospective leaders and the managerial staff of Community Enterprises and the part that simplified reports and statements play in the education of the membership.
  - (F) Obtaining the reaction of the Community at Poston to the organization of a cooperative store and the embodying of this reaction in a petition to the administration.

It must be understood that this preliminary work is only the first step in the organization of a cooperative. If the cooperative at Poston is to be built on a sound foundation, two other steps are necessary:

(2) The second step will be to carry the educational process forward to the point of organization. Readers must be trained. The people in the blocks must be educated in the practical side of cooperation: Capitalization--Balance sheets--Income statements--reports--Monthly meetings--Techniques--How a people may learn some of the problems incident to cooperative organization--How they may transmit, through legitimate channels, some of their needs, desires, comments, and criticisms to their elected representatives, and to the management of the enterprise. The actual steps in the transfer of the business from a community enterprise to a cooperative basis must be well understood.

(3) Doing the job. Setting the wheels in motion and making them go round. Training the new Board of Directors as to the nature of their job. Working out relationships between the Board and the Management appointed by them and between the Board and the people who elected them. Making meetings interesting. Digging deeper into what this thing we call cooperation really is. What it can do. Selling the Caucasian staff on the cooperative ideal. Getting them interested in how it works. Merchandising on a cooperative basis. Democracy, this thing we all believe in and what must be learned if it is to become the mainspring of our post war economy.



An outline plan, drawn up at the suggestion of Mr. Head, Project Director, and which is appended as Exhibit J to this report, attempts to put into practical form some of the questions to be considered in carrying on the work during the organizational and operation periods.

It is strongly recommended, however, that someone well experienced in the organization of cooperatives be assigned to Poston to give assistance to the local staff during this period.

## 12. SNAPSHOTS OF THE CHARACTER OF APPROACH AND THE REACTION OF THE EVACUEES TO THE COOPERATIVE PROGRAM

It is thought that a more detailed statement of the presentation of the cooperative idea and the reaction of the evacuees to it might be of interest and is given here as a supplementary report.

When we talked to the evacuees, we did not stress the price advantage of a cooperative. We talked ownership.

We told them about the cooperative movement. Something of its history, its principles and procedure. What farmers in the middle west were doing cooperatively. What white collar workers were doing in the east. We told them about fishermen in Maine, and about miners and fishermen in far off Nova Scotia.

We told them it is common experience that ordinary people all over the world have the will and the power to help themselves. If they want things on a better basis economically, they can help to make things better through their own efforts. But they need to learn the technique and they need to work together. This technique of working together we call by the name of Cooperation.

No man can say what we people in America will face when the war ends. That is true for everyone in this country as well as for the people in Poston. But one thing we do know. We know that what will happen after the war will depend in large measure on what you and I and all other Americans do today. If we are to have the kind of country we want to live in after the war, the time to begin building that country is now.

All over the country people are joining together in cooperative associations. They are starting to build a new world now through cooperative organization.

Here in Poston, we can lay a bit of that foundation for the country after the war. We can start organizing on a cooperative here in Poston. It will not be easy. Cooperation means hard work on the part of everybody. But if we wish we can have a cooperative at Poston. The Indian Commissioner is in favor of the organization of cooperatives. The WRA favors the organization of cooperatives. We can put our money into a cooperative, organize it, and run it cooperatively.

If we wish to do this we can sign a petition asking that the present Community Enterprises may be operated on a cooperative basis.



SUPPLEMENTARY COMMENT TO THE REPORT ON THE EDUCATIONAL  
WORK AT THE RELOCATION CENTER AT POSTON, ARIZONA

The foregoing report and recommendations deal with the work of the staff of Rochdale Institute in the educational program preliminary to the organization of cooperative enterprises at Poston, Arizona.

But one of the most difficult and fundamental problems at Poston lies outside of the field of cooperative organization. It has to do with the economic set up of the relocation center itself. Because this set up will inevitably have a marked influence on the character of the evacuees and their approach to cooperative organization, it has seemed proper to touch upon it in this report.

The situation at Poston reflects a serious war emergency. The Evacuees are wards of the Government. Food and lodging are supplied them. They have medical attendance. They have a cash relief or dole which goes by the name of "cash advance". The evacuees are expected to perform certain duties or services. But the cash advances they receive bear little or no relation to the kind or character of the services they give.

This economic set up has been undoubtedly necessary under the pressure of a war emergency. But its continuance beyond the period of necessary adjustment to the new situation may have grave consequences for the evacuees after the war when they must face life again on a self supporting basis.

The evacuees are an able and an intelligent people. They are ready and willing to do their part in working out ways in which they can assume the responsibility for their own self support. This is true at the present time. The grave question is whether it will continue to be true, if, over a long period, there is no relation between what the evacuees do and what they receive in compensation.

Already, among some of the younger men, the will for independence is breaking down. If a population of 130,000 should learn to accept subsidy as a normal condition, the situation, both now and at the close of the war, would be grave indeed.

Undoubtedly this present set up is being given serious consideration both by the WRA and by the Indian Department and are being worked out for something more nearly approaching a wage basis both for the evacuees who may be able to find work on the outside and for those who must remain at the relocation center.

But unless men are free to make their own living and meet their economic problems without outside assistance, it is questionable whether there will not be a serious loss in morale, and whether or organization of cooperatives will themselves counteract the mental and moral breakdown that comes from dependence on some outside agency for support.



All over this country we are facing the inevitable difficulties of post war reconstruction. In the Japanese relocation centers it would be possible to go far in laying a sound foundation here and now on which the post war structure might be built.

The situation at Poston presents a very rare opportunity. With a constructive program, sufficiently fundamental in character, experimental work along agricultural and industrial lines might be inaugurated which would put the evacuees on a sound wage basis, or an equally sound basis of return for services.

The Cooperative Association at Poston, operating as a base of economic activity and extending continuously into more fields of endeavor along the cooperative lines, could well become an integral part of such a program of social and economic reconstruction.



14. EXHIBITS

- A. Model By-Laws for a Cooperative Association.
- B. Block Cooperative Discussion Material
- C. Structural Comparison of a Typical Consumer Cooperative Association and Community Enterprise.
- D. June Balance Sheet and Operating statement of Community Enterprise.
- E. Petition for Conversion of Community Enterprises into a Consumers Cooperative Association distributed by residents at Poston.
- F. Tabulation of Petition Signatures for Conversion of Community Enterprises at Poston into a Cooperative Association
- G. Administrative Grass Statement Giving Approval to Cooperative
- H. War Relocation Authority Administrative Instruction #26
- I. Bibliography of Cooperative literature and study group aids used in Poston by Rochdale Institute staff
- J. Outline Plan of Some of the More Important Points to be discussed in the Organization of a Consumers' Cooperative at Poston, Arizona
- K. Memorandum from Dr. Ward Shepard to Mr. Wade Head, Project Director, on Cooperative Organization at Poston

(Signed) Mary Ellicott Arnold

(Signed) Lionel Perkins  
for the Rochdale Institute



## EXHIBIT A

### Suggested Bylaws of the Poston Consumers Cooperative, Inc.

#### Article I-Business

Section 1 - Business- This association shall have the authority to buy, store, distribute, sell or handle, process, and produce for its members or for its members and other patrons, foodstuffs, clothing, merchandise of all kinds, fuel, petroleum products, building materials, and any and all other commodities which the association may see fit to handle; to perform such other services as the members may desire; to acquire, either by purchase or lease, real estate and other properties, or facilities necessary or desirable in the conduct of its business; to mortgage, sell, and convey such properties; and to purchase, hold, sell assign, or transfer the shares of capital stock of other cooperative associations. It shall also enjoy all other rights and privileges consistent with its certificate of incorporation and the laws of the District of Columbia.

#### Article II- Membership

Section 1 - Membership qualifications. - Membership in the organization shall be open, without restriction as to race, sex, religion, or political or other affiliation, to any evacuee resident at Poston who agrees to abide by its bylaws and has complied with the share-capital requirements of section 2 of this article, provided however, that only members eighteen years of age or over shall be entitled to vote or to hold office.

Section 2 - Application for membership. - Application for membership shall be made in writing on a form provided for the purpose.

The applicant shall subscribe for one share of the capital stock of the association of one dollar parvalue and shall make an initial payment on such subscription of at least 25 cents, and shall pay an initiation



fee of 10 cents. The applicant becomes a full member with voting privileges only after he has paid for one share.

Nonmembers, patrons of the association's business, who have accumulated surplus savings in the form of credits towards the purchase of capital stock to the amount necessary for membership, may upon making application, and upon payment of the initiation fee, be accepted as members and receive the stock certificates to which they are entitled.

Section 3 - Action on application. - Every application for membership shall be acted upon by the board of directors, which, may in its discretion, refuse to seal to or refuse to accept a subscription from any person, but such right shall not be exercised unreasonably.

An applicant rejected by the board shall have the right to appeal to a meeting of the delegate assembly, whose decision shall be final.

Section 4 - Rights of inheritors. - A legal heir of a deceased member, who has inherited stock in the association, may apply for membership by making formal application as authorized in section 2 of this article and paying the initiation fee, but the board of directors shall have the same rights to approve or reject as are indicated in section 3. If the applicant is rejected, the association shall repurchase his shares, provided this can be done without jeopardizing the solvency to the association. In case the association does not or cannot repurchase such shares the inheritor shall have the right to dispose of them under the provisions of article I V, section 3.

Section 5 - Membership roll. - A list of the members with their addresses and the other information called for on the membership application shall be kept by the secretary. Each member shall agree to notify the



secretary within ten days of any change of address.

Section 6 - Availability of bylaws. - Copies of these bylaws shall always be available for perusal during reasonable hours at the offices of the association and at unit membership meetings. Each applicant for membership shall state in his application that he is familiar with their provisions.

Section 7 - Organization members. - Organization not operated for profit whose membership consists entirely of evacuees residing at Poston, may make application for membership and on approval by the board of directors shall subscribe for the minimum amount of stock set forth shall determine. Such an organization member shall, however, be entitled to only one voting delegate in meetings of the association, and he shall exercise this voting right at meetings of the block unit of the block in which he resides.

Section 8 - Rights and duties of members. - Every member must agree to obey the rules of the association as set down in these bylaws, or elsewhere, and the decisions of the delegate assembly or of the board of directors. He must also help to promote the aims and purposes of the association, the success of its business, and the welfare of its members.

The books of account, stock book, and transfer ledger of the association shall be available for inspection daily at reasonable hours by any member of the association.

Section 9 - Withdrawal or expulsion from membership. - A member wishing to terminate his membership shall make written application to the board of directors, which shall have the right to establish the terms according to which the repurchase of his stock may take place, subject to the provisions of article IV,



section 3.

In the interest of the association, the shares of any membership cancelled, may be repurchased under the terms of article IV, section 3.

The initiation fee shall not be returned to a member who withdraws or is dismissed.

#### Article III - Fiscal Year

Section 1 - Fiscal year. - The business period of this association shall begin with January 1 of each year and end on December 31.

#### Article IV - Capital

Section 1 - Stock certificates. - A numbered certificate of shares in the association shall be issued to each member on the full payment of his subscription to the capital stock, and for subsequent shares as paid for.

Section 2 - Limitation on shareholding. - No shareholder shall hold, either directly or indirectly, more than 5% of the total par value of shares outstanding. The record of stockholders and the outstanding stock shall be kept by the secretary in a book for that purpose.

Section 3 - Transfer or repurchase of shares. - The association shall have the first option on any shares of stock offered for sale. Shareholders desiring to withdraw from membership or to dispose of surplus shares must first offer their shares to the association, through its board of directors.

Shares shall be purchased and reissued by the board of directors only at par value.

If the association, through its board of directors, is unable or refuses to redeem such shares within 60 days of the original offer, the shareholder shall then have the right to dispose of them by any person eligible to membership in the association.



Transfers of the shares of this association shall not be binding until made upon the books of the association with the approval of the board of directors, and no transfers shall be completed until the old certificate of certificates have been endorsed and surrendered and a new certificate issued in the name of the purchaser.

The Board of directors, also, shall at all times have the authority to repurchase the shares of stock and to cancel the membership of any shareholder (1) who has died; (2) who has removed permanently from residence in Boston; (3) who has failed to meet his payments on stock subscription within the specified period of time; (4) or who has for any other reason, been judged unfit to have membership. Provided however, that such member shall have the opportunity to appear in his own defense before the next regular or special meeting of the delegate assembly and that the board of directors is sustained in its action by a majority of the delegates present.

After a shareholder's whereabouts have been unknown for a period of 10 years and due notice and warning have been given in the public press, the board of directors shall have the right to cancel such membership and transfer his share capital to the reserve fund.

Section 4 - Reducing share capital by repurchase of shares. - Whenever the share capital of the association shall, in the judgement of the board of directors be in excess of current needs, the board shall have the right to repurchase from any or all share-holders, who have shares in excess of the minimum requirement of one share of one dollar par value, as many such shares as it shall consider necessary to the best interests of the association.

The board of directors shall not repurchase the shares of any withdrawing member not of any other member when its judgment such a



reduction of the association's capital would in any way endanger the financial condition of the association.

Section 5 - Lien on capital. - The association shall have an absolute lien on the shares or loans capital, and on the interest due thereon, of any member or any subscriber to share capital, for his debts owed to the association.

Section 6 - Loan capital. - The association may accept loans from its members or from nonmembers when in the judgment of the board this is to the best interest of the association, provided, however, that the total amount of such loan capital shall at no time exceed 50 percent of the total paid-in share capital, and provided further, that any loans designed to finance the types of business must first be authorized by vote of the delegate assembly. Notes or other evidences of indebtedness shall be given by the association for such loans.

Section 7 - Returns on share and loan capital. - Any return on share capital shall not exceed 3 percent per annum and shall be paid only from earnings. Such return shall not be cumulative. No return shall be paid on shares until the subscription has been paid in full. No return shall be paid upon the one share of one dollar par value required for membership.

Loan capital shall receive interest at a rate fixed by the board of directors, but shall not exceed 5 per cent per annum; such interest may be cumulative.

#### Article V - Disposal of Net Savings

Section 1 - Distribution of net savings. - The board of directors shall at the end of each fiscal period provide for the distribution of the net savings remaining after expenses have been met, according to the following method:

(a) General



(a) General surplus reserve. - From the net savings shall be allocated to the general reserve account a sum not less than 10 per cent of such savings until the reserve is equal to 50 per cent of the paid-in capital; and thereafter not less than 5 per cent. The general surplus reserve shall consist of money especially allotted to it from net savings or earnings of the business, initiation fees, fines, contributions from individuals, confiscated capital of removed or deceased members, and any other funds appropriated to it by action of the board of directors or the delegate assembly. This reserve shall be used to absorb operating deficits of unsuccessful years, losses caused by fire, theft, or other reasons; for the extension of the association as a consumers' cooperative; or for other developments directly associated with the cooperative movement, upon vote by a meeting of the delegate assembly.

The general surplus reserve shall be the indivisible property of the association as a whole.

(b) From the net savings an educational fund shall be allocated sufficient to provide for the full time services of an educational department. This amount shall in no case be less than 5 per cent of the net savings. In addition, this fund shall receive the amounts of patronage refunds standing to the credit of nonmembers who have failed to become members within the period specified in paragraph (c) of the outline.

This fund shall be used for purposes of cooperative education among members and nonmembers.

(c) Savings returns. - Subject to determination by the delegate assembly, the sum remaining after paying the return on share capital and after providing for the reserve and educational fund, as provided



in section 1 (a) and (b) above, shall be used collectively for social purposes or be divided among the members who have paid in full for their shares of stock, in proportion to the amount of their patronage during the fiscal period; provided that these savings returns may be paid immediately in cash, or in certificate of indebtedness, or may be placed in a revolving fund upon the books of the association to the credit of the patron member, to be paid some future at the discretion of the board of directors; and provided further, that in case of a patron who is not the owner of sufficient stock to qualify for membership in the association, savings returns shall be credited to the payment of such stock.

If a nonmember fails to become a member within two years, the amount to his credit shall be transferred to the educational fund.

No savings returns shall be paid for any period in which there was an operating deficit, not as long as the association has a general deficit.

#### Article VI. - Prices

Section 1 - Distribution prices. - As nearly as feasible, goods and services shall be supplied to the members at market prices.

#### Article VII - Government

Section 1 - The control of the association shall be vested in the delegate assembly. The board of directors and such special committees as may be elected by the delegate assembly shall administer its affairs. Final and supreme authority resides in the membership as expressed through meetings of the delegate committee.

Section 2- Unit meetings. - The members of the association residing in each block shall constitute a unit.

(a) Quorum. - At any regular or special unit meeting a quorum



shall consist of 15 per cent. If a quorum is lacking at any such meeting the unit delegate shall call a second meeting, to be held and within 3 days and after due notice, those members present at such a meeting shall constitute a quorum.

(b) Regular unit meetings. - Regular unit meetings shall be held quarterly and may be held monthly at a time to be determined by the delegate assembly. Due notice of meetings shall be given all members at least six days before the date set for the meeting.

(c) Special unit meetings. - Special unit meetings may be called at any time by action of a majority of the board of directors, or of the delegate assembly, and must be called upon petition therefore, signed by at least 10 per cent of the members and presented to the board of directors. Notice of special meetings shall be given as specified in (b) above. It shall state the purpose of such meeting and the business to come before it and no business other than that specified in the call shall be transacted.

(d) Special meetings of a single unit. - Special meetings of a single unit may be called at any time by action of the unit delegate and must be called upon petition therefore, signed by at least 10 per cent of the members of that unit and presented to the unit secretary. The provisions of (c) above as to notice and business to be transacted shall apply.

(e) Rights and limitations of unit meetings. - The unit meeting shall elect a delegate and an alternate to the delegate assembly and a unit secretary; also such unit committees as it deems advisable; it may remove any of these from office when and if they are derelict in their duties. It shall hear from its delegate complete reports upon the deliberations, decisions, and recommendations of the board of directors and of the delegate assembly and may instruct its delegate



how his vote shall be cast in the delegate assembly upon any subject. It may initiate discussion upon any topic relating to the association and instruct its delegate as to action to be taken thereon.

(f) Voting rules. - Elections shall be by ballot unless unanimous consent is given to a vote by a show of hands. Action on all other matters shall be by ballot, by an aye or no vote or by a rising vote as the majority of members present may decide. Each member shall have one vote on all voting occasions, and never more than one vote unless he also casts the vote of an organization member. There shall be no voting by proxy.

At the discretion of the board of directors or of the delegate assembly or upon the presentation to the board of directors of a petition signed by 10 per cent of the association membership the unit secretaries shall, along with the notice of unit meetings, include a copy of any specific proposal to be acted upon by that meeting. A member unable to be present at that meeting shall have the right to cast his vote on such specific measures by mail, provided, that his vote shall be signed by him and shall be received by the unit secretary in time to be counted at the meeting.

(g) Referendum. - Whenever in the opinion of at least one-third of the members of the board of directors or one-third of the members of the delegate assembly or 25 % of the members of the association the action taken at any meeting of the delegate assembly is not representative of the views of a majority of the members of the association, and at their written request made within 5 days after such meeting, the board of directors shall provide for a referendum vote by ballot of the entire membership of the association on the specific questions at issue.

Section 3 - Delegate assembly. - The delegate assembly shall be



composed of one delegate or alternate acting as delegate from each block unit.

(a) Quorum. - At any meeting two-thirds shall constitute a quorum.

(b) Regular meetings. - Regular meetings shall be held monthly and may be held more frequently if the delegates decide so. Due notice of all meetings shall be given all delegates at least three days before the date set for the meeting.

(c) Special meetings. - Special meetings of the delegate assembly may be called at any time by the president of the board of directors or by one-third of the delegates. Notice of special meetings shall be given as specified in (b) above. It shall state the purpose of such meeting and the business to come before it and no business other than that specified in the call shall be transacted.

(d) Rights and limitations. - The delegate assembly shall elect the board of directors of the association and such committees as it deems advisable; it may remove any of these from office when and if they are derelict in their duties. It has both the right and the responsibility to hear and pass upon the reports of officers and the manager of the association and of any committees which are responsible to it; to determine that method of dividing the net surplus or earnings; to make the final decision regarding any drastic changes in the financial policy; to act as final arbiter in any disputes or disagreements which may arise between the board of directors and any committees or individual members; to determine what amendments shall be made to the bylaws; and to exercise its final authority in all other matters vitally affecting the association as a cooperative fraternal body and as a business organization.

(e) Voting rights. - Each duly elected delegate, or, in his absence, duly elected alternate acting as delegate, shall have one and



only one vote at meetings of the delegate assembly. There shall be no voting by proxy and no voting by mail. Election of directors and members of committees shall be by ballot unless unanimous consent is given to a vote by a show of hands. Action on all other matters shall be by a ballot unless unanimous consent is given to a vote by show of hands. Action on all other matters shall be by ballot, by an aye or no vote or by a rising vote as the majority of delegates present shall decide.

If both the delegate and alternate from any unit are unable to attend any meeting of the delegate assembly the delegate, or alternate, in the absence of the delegate, may appoint a substitute to attend the meeting, such substitute to have a voice but no vote.

If any unit is not represented at a meeting of the delegate assembly the secretary of the board shall inform the unit so that appropriate action may be taken to secure future representation, and the secretary shall further furnish such unit with a digest of the proceedings of that meeting of the delegate assembly.

Section 4 - Extraordinary General Membership Meeting. - Whenever in the opinion of two-thirds of the delegate assembly or 25% of the membership an extraordinary general meeting of the entire membership of the association is necessary or advisable, and upon their written request to the board of directors, the board shall convene such a meeting. At least six days notice shall be given to every member; such notice shall state the time place and purpose of the meeting and the business to come before it, and no business other than that specified in the call shall be transacted.

Such extraordinary general membership meeting shall have any of the rights of a meeting of the delegate assembly that may be specified in the call.



Section 5 - Directors and officers. - The management of the association shall be vested in a board of directors consisting of 7 members. The directors elected at the first meeting of the delegate assembly shall serve as follows; three shall serve 6 months, two shall serve 12 months, and two shall serve 18 months. Thereafter all directors shall be elected to serve 18 months. They shall be eligible to serve until the election of the successor.

The board shall elect its officers, a president, a vice president, a secretary, and a treasurer, from its membership. It shall be authorized to appoint an executive committee.

The board is authorized to fill a vacancy in its membership, such appointee to serve only until the next meeting of the delegate assembly, when an election shall be held.

The position of any director who fails to attend three consecutive meetings of the board without excuse satisfactory to the board shall be declared vacant,

Section 6 - Disqualification of Officers and Directors. - Any director or officer shall vacate his office if he holds any other office or place of profit under the association; if he becomes bankrupt or insolvent; or if he participates in the profits of any outside business with the association. No employee of the association or person supplying the association with goods shall hold office as a director on any account whatever. No director shall engage in business with which competes with the business of the association. No credit shall be extended on the books of the association to any director.

Section 7 - Duties of directors - The directors shall administer all business carried on by or on account of the association. The directors shall in all their actions be under control and direction of any regular or special meeting of the delegate assembly.



At meetings of the board a two-third shall constitute a quorum.

The Board shall meet at least once a week.

The president or one-third the directors may call a special meeting at any time upon 24 hours notice specifying the purpose thereof.

The directors shall act for the associations and be responsible to it for the performance of the following duties:

1. To watch closely the financial condition of the association and the operating results of its business, and to take action required to keep these in a healthy condition.

2. To appoint and assign duties to a general manager who will assume administrative control of the business.

3. If it deems it desirable, to appoint an auditor or auditors, in addition to any auditing services supplied by other sources, to be directly responsible to the board.

Nothing in this provision shall be interpreted to prevent the board from making other appointments if and when the welfare of the society makes it necessary, but the filling of the above two positions shall at all times be the direct responsibility of the board.

4. To require the manager and all officers and employees charged with responsibility for custody of any of its funds or property to give adequate bonds.

5. To provide adequate insurance of the property of the association and adequate insurance against liabilities.

6. To determine and supervise the more important policies of the organization, insuring the conduct of its affairs in accordance with the bylaws, with fairness to members and employees; to provide the best possible conditions of labor consistent with other requirements of these bylaws while demanding equivalent results in efficiency and faithfulness.



7. To decide upon the major steps in business activity and expansion, including the investments of reserve funds; borrowing money, subject to article IV, section 6; making important financial commitments, and entering into a new field of business enterprise.

8. To maintain at all times an active program of cooperative publicity and education; and to maintain relations with other cooperative societies, federations, leagues and wholesales aimed to promote the best interests of the association and to the cooperative movement.

Section 8 - Duties of president and vice president; - The president shall act as chairman at all meetings of the delegate assembly of the board of directors, and at extraordinary general membership meetings, but should he be absent the vice president shall take the chair; should he also be absent the officers and directors present shall elect one from among themselves to act as chairman on that occasion. The president, or chairman acting in his absence, shall sign all contracts.

Section 9 - Duties of secretary. - The secretary shall attend all meetings of the delegate assembly and of the board of directors and all extraordinary general membership meetings, and shall record the names of all directors and delegates present and the minutes of their proceedings; he shall also countersign all contracts sanctioned and entered into by the directors; he shall likewise receive all proposals for admission into the association. He shall attend to all correspondence, keep the accounts, documents, and papers of this association in such a manner and for such purposes as the directors may appoint. He shall prepare the regular statement of the association's affairs. The secretary shall on all occasions in the execution of his duties act under the superintendence, control, and direction of the board of directors. Sufficient clerical assistance shall be made available



to him to assure the efficient discharge of his duties.

Section 10 - Duties of treasurer. - The treasurer shall be required to attend all the regular meetings of the delegate assembly and the board of directors, and all extraordinary general membership meetings. He shall be responsible for such sums of money as may from time to time be paid into his hands by the secretary or by any other person on account of the association and for the investment of the same under the authority of the directors. He shall be responsible for having adequate financial reports presented to the board at regular periods or as the board may direct.

Section 11- Election and duties of auditing committee. - An auditing committee of three members shall be appointed by the delegate assembly to serve for one year. They shall at all times have access to the books vouchers and accounts of the association and shall examine and audit the same and every balance sheet of the receipts and expenditures and effects of the association as directed by the delegate assembly. They shall report to the delegate assembly, with recommendations, upon auditing and accounting procedures, as from time to time they deem it necessary, or as the delegate assembly may direct.

#### Article VIII - Merger with Another Association

Section 11- Merger- Upon affirmative vote by the delegate assembly, the board of directors may arrange for the consolidation of this association with another recognized cooperative composed entirely of evacuees residing in Boston, if it appears that this action would prevent duplication of activities, promote efficiency, or otherwise be in the interest of the cooperative movement.

#### Article IX - Amendments

Section 1 - Amendments. - These bylaws may be amended, repealed, or otherwise changed by a two-thirds vote of the delegates at any



regular or special meeting of the delegate assembly, due notice of which has been given in advance. Provided, that no change shall be made in article V, section 1 (c) and article VII, section 2 (f) except by unanimous referendum vote of the membership.

#### Article X - Dissolution of Association

Section 1 - Dissolution. - At any regular or special meeting of the delegate assembly, due notice of which has been given in advance, this association may be dissolved by a two-thirds vote of the delegates present.

Section 2.- Disposal of reserves. - Upon such dissolution duly authorized, any reserves of the association in excess of the outstanding financial obligations shall be turned over to such recognized cooperative or other non-profit organization as the membership may determine; or to some Government or other public agency, to be used for some social purpose or be distributed among those patrons who have been members or subscribers at any time during the past 6 years, on the basis of their patronage during that period.



EXHIBIT B

Block Cooperative Discussion Material

Question: What is the present store system's type of business organization?

Answer: It is called the Community Enterprises system and aims at the distribution of profit for community welfare and improvements.

Question: Can Issei and Nisei participate in the present set up?

Answer: No. At the present time Issei cannot be appointed to the Board of Trustees of the Community Enterprises.

Question: If this business were organized on the cooperative basis, would there be any difference?

Answer: Anyone may vote and control its policies whether Issei or Nisei, in a cooperative organization.

Question: Is the government going to establish a cooperative for us?

Answer: NO. A cooperative is your organization. Therefore, it is your responsibility to organize it yourself. The administration promises you that if the majority of you wish to have a cooperative system, you can have it. It approves of a cooperative organization.

Question: Assuming that the minority of us are in favor of establishing a cooperative, what will be our next step?

Answer: You should consolidate your block opinion and express your favor for a cooperative. The best way will be to get the signatures of those in favor of organizing a cooperative. If this is successful the council may call for a general referendum.

Question: In establishing a cooperative, are we to start an entirely new store?

Answer: Except for the present store reserve, we cannot convert the Community Enterprises easily into a cooperative enterprise. What to do with the store reserve should be decided by the people in this community.

Question: Do we need a new capital to start a cooperative, or can we use the store reserve?

Answer: The sound way is to invest a small amount of capital in shares (probably not more than \$1.00) by the members. We can use the reserves of the present store if the people are in favor of it. However, it would be more desirable for the people to invest even a small sum.

Question: If a person cannot invest a share of \$1.00, is he unable to become a member?

Answer: It is possible to make a membership deposit in sums as small as 25¢. Again, a person may apply his savings return toward the purchase of a voting share.

Question: What do you mean by savings returns?



Answer: You pay a market price for what you buy. At the end of the fiscal period, after deducting the expenses and reserve, the surplus is returned to each member according to individual purchases. This refund is called the savings return.

Question: How is the cooperative store operated?

Answer: It is operated by the Issei and Nisei members. A representative is elected by each block, and these representatives elect from among themselves a smaller group of directors who will be vested with the authority to operate the store. The Board of Directors will appoint a manager to manage the store.

Question: Is there any difference between the members and non-members in the matter of benefits?

Answer: A member has one vote regardless of the number of shares he holds, and therefore, participates in the operation of the store and other business policies of the association. It is necessary to be a member in order to receive savings returns. Nonmembers may purchase goods at the same prices as members upon payment of an initial small deposit. Savings on their purchases will be credited toward the purchase of one share of capital stock which when paid for in full will make them automatically voting members of the cooperative.

Question: The present community store has three months experience. Is it not safer to keep this than establish a new cooperative?

Answer: The experience of the six months is insignificant to the experience of 100 years had by the cooperative. The cooperative is a safe system based on a hundred years' experience. Furthermore, the Federal Government in 1940, passed a Federal law for cooperatives' incorporation. If we organize a cooperative under this law, it will be safe. In fact, the safety of the Community Enterprise system is more questionable.

Question: Can we organize a cooperative here under the Federal law and not be limited by or infringe upon the laws of the state of Arizona or of the Indian Reservation?

Answer: No. There is no cause for worry. There is a Federal law which gives full coverage to our business.

Question: We have specialists from Rochdale Institute and the Cooperative League of America. How long will they remain here?

Answer: Until the middle of September.

Question: Then it would be nice to organize a cooperative while they are here. What would be the best way to go about it?

Answer: As early as possible, get the signatures of those who are in favor of having a cooperative. When we have obtained the signatures of the majority of the block voters, we can immediately plan to organize a cooperative.

Question: Is it necessary to incorporate?

Answer: If it is incorporated, the liabilities of the members will be limited to individual capital holdings.



## EXHIBIT C

### Co-operative Association

#### I. Organization

##### A. Federal charter of Incorporation: Bylaws

1. 100 successful years of experience under this set-up; liability restricted to individual capital holdings.

B. Usually financed by capital stock shares.

##### C. Surplus distribution

1. Patronage
2. Community Welfare
3. Education

##### D. Merchandise sources

1. Open market
2. Co-op wholesale

##### E. Sales--cash basis

Low market prices possible through membership capitalization.

#### II. Control

##### 1. Open membership--one man, one vote

A. Members who hold one share or more may have one vote in politics of association and participate in patronage savings.

B. Non-members may, upon payment of small deposit, accumulate patronage savings toward purchase of membership share of stock entitling them to voting privileges.

C. Non-members may purchase at same prices as members but may not vote or share in surplus savings except that apportioned to Community Welfare.

##### 2. Supreme Control--Membership meeting

##### 3. Board of Directors

A. A Every Issei or Nisei eligible to become board member.

### Community Enterprises

#### I. Organization

A. Trust Agreement between the Administration and Trustees appointed by the Administration, as representative of the community.

1. Experimental set-up; liability of members uncertain.

B. Began on credit; continues by apportioning earnings to reserves.

##### C. Surplus distribution

1. Community welfare

##### D. Merchandise sources

1. Open market
2. Ineligible to co-operative wholesale membership

##### E. Sales--cash basis

Market prices--rather high margin necessary to accumulate sufficient reserves for business begun without capital

#### II. Control

##### 1. Every person in community an automatic member

##### 2. Supreme control--Trustees, Council and Administration

##### 3. Board of Trustees

A. No Issei at present on Board. Council proposes that trustees be appointed by council. No Issei may be elected to office under this set up although appointment of some Issei seemed possible.



## Co-operative Association

### 4. Election of Board of Directors

A. By membership of  
Co-operative alone

### 5. Membership responsibilities

A. Committees reporting to  
Board

1. Merchandising
2. Education
3. Promotion and publicity
4. Recreation
5. Commodity testing

### 6. Merchandise Control (Quality and price)

1. Manager and buyer
2. Membership committee
3. Co-operative wholesale

contacts

### 7. Co-operatives are neutral in

1. Race
2. Creed
3. Politics

### 8. Consumer Co-operative a model for other types of business organizations (Agriculture (Industrial

### 9. Consumer Co-operative a model for post-war business training and organization.

## Community Enterprises

### 4. Appointment of Board of Trustees

- A. At present by administration
- B. Proposed: By Council

### 5. Membership responsibilities

- A. Indirect through election of community council
- B. Delegated directly to management responsible to Board of Trustees

### 6. Merchandise Control (Quality and price)

1. Manager and buyer
2. No membership committee control
3. No co-operative wholesale sources.

### 7. Community Enterprise neutral in

1. Race
2. Creed
3. Politics (Community Enterprise is the economic appendage of the civic council at this camp and because of this is subject to possible political factionalism.

### 8. Community Enterprise not adopted to proposed cooperative organization in marketing and industrial production

### 9. Community Enterprise a special business method to meet a temporary war need. It offers no training for post-war reconstruction.



## EXHIBIT D

Balance Sheet as of  
June 30, 1942

## Current Assets

Cash in Bank	15885.94	
Cash on hand	808.17	
Petty cash	4.31	
Interest fund	140.00	
Stamp fund	20.00	
Inventory	10587.50	
Deposit bottles	535.13	27981.05

## Fixed Assets

Cash registers	2243.44	
Less reserve for depreciation	46.73	
		<u>2196.71</u>
		<u>30177.76</u>

## Liabilities and Net Worth

## Current Liabilities

Accounts Payable	17414.47	
Federal Excise Tax Payable	63.36	
Rent-payable barber equip.	33.95	
Deposit-payable water bottles	323.00	
Rent payable	85.00	
Contingent Liabilities		
Contracts payable, cash register	2243.44	
Maintenance cost expenditures	1829.00	21992.22

## Surplus

Profit, May 31	1955.10	
June 30	6263.65	
Income, barber shop	8218.75	
beauty shop	114.67	
	<u>1.60</u>	
	8335.02	

## Less Community Benefits

Films	73.97	
Baseball Equip.	50.51	
Water festival	25.00	
	<u>149.48</u>	
		<u>8185.54</u>
		<u>30177.76</u>



Assets	Cash in bank	10000.00	
	cash in hand		
	Petty cash	100.00	
	Funds	8000.00	18200.00
	Inventory		
Fixed Assets			
	Cash register	2000.00	
	Less Reserve for depreciation	200.00	1800.00
			<u>20000.00</u>
Current Liabilities			
	Accounts payable	15000.00	
	Tax "	100.00	
	Rent "	85.00	
	Contracts "	1815.00	17000.00
	Cash register		
Capital Stock			
Reserves			
	Margin June	1000.00	
	July	2000.00	3000.00
			<u>20000.00</u>
Sales		60000.00	
Purchases		45000.00	75.00
Gross		<u>15000.00</u>	25.00
	Wages	3000.00	5.
	Supplies, equip.	3000.00	5.
	Office Expense	600.00	1.
	Taxes	1800.00	3.
	Power	180.00	3
	Rent	300.00	5
	Misc.	120.00	2
	Reserves	3000.00	5
	Margin	3000.00	5.0
		<u>15000.00</u>	<u>25.0</u>



Budget	Statement June 30	Store \$	Income July 31	%
Sales 100%	42442.00		65000.00	
Purchases				
Freight In	32144.00	75.07		
Gross Margin	10297.00	24.30		
Selling Expenses				
Wages (cash advances)	20.00	1.69		5
Supplies				
Ice box & register				
Depreciation on register	54.00	1.50		
(cash advances)				
Office Expense				
& supplies	72.76	.17		1
Taxes	50.00	1.11		3
Power & maintenance	140.00	.33		3
Rent	175.00	.40		5
Misc.	22.04	.05		15
	<u>2100.79</u>	<u>4.78</u>		<u>14.95</u>
Education	50.00	.11		
	<u>2150.79</u>	<u>4.89</u>		
NET MARGIN	8146.37	19.19	3250.00	
	<u>10297.16</u>	<u>24.08</u>		
Reserves				5
1/3 of Surplus				<u>19.95</u>
or \$7,000 in reserves				5.00



EXHIBIT E

There are an increasing number of Issei and Nisei in Poston who feel that the present Community Enterprises would give better service to all the people in this Relocation Center if it were under more direct democratic control.

We, therefore, petition that the store be organized as a Consumers' Cooperative which would give both Issei and Nisei the right to vote, and if elected, serve on the Board of Directors. We understand that if the store becomes a Consumers' Cooperative it will have the full approval of the Administration and War Relocation Authority. We urge that this consumer cooperative form of organization be put into effect as soon as possible.



# EXHIBIT F

Official votes tabulated to date of community members in favor of co-operative taken from the petitions recently circulated. The signatures were taken from all persons 18 years and over.

## CAMP NO. 1

<u>Block</u>	<u>Number of Signatures</u>	<u>Block</u>	<u>Number of Signatures</u>
2	100	36	94
3	167	37	106
4	145	38	82 (Family Head Only)
5	19	39	153
6	9	42	146
11	135	43	66
12	50	44	105
13	144	45	127
14	180	46	14
15	145	53	126
16	109	54	101
17	113	59	72
18	130	60	118
19	132	TOTAL	3836 (Complete figure Two-thirds majority)
21	91		

## CAMP NO. 2

22	57 (Family Head Only)		
26	143		
27	112		
28	107		
30	115		
31	86 (Family only)		
32	73		
35	164		
		TOTAL TO DATE: 2033 (practically 100%) (Complete figures)	

## CAMP NO. 3

TOTAL TO DATE: 1305 (majority)



EXHIBIT C

ADMINISTRATIVE STATEMENT PUBLISHED IN POSTON  
Press Bulletin, Sept. 13, 1942

Petitions for a consumers cooperative that have recently been circulating show a decided majority of qualified voters in Poston 1, 2, and 3 as favoring that form of enterprise, it was announced today by W. Wade Head, Project Director of the Colorado River Relocation Center. In Poston 1, 3836 out of an estimated total of 5,800 qualified voters have signed the petition, in Poston 2, 2,033 out of about 2,050 voters qualified voters have signed it, and in Poston 3, 1,305 out of 2,500 voters.

"The circulation of this petition was an entirely voluntary undertaking", Mr. Head stated, "initiated by residents of this community without any suggestion whatever by the administration or outside agencies. It was originally set in motion by the Adult Study Group on Cooperatives, but much of the actual circulation was done by block managers, council members, and others not formally associated with the cooperative movement. It is an important and thoroughly democratic achievement which in itself is a clear proof that Poston is well on the road to self-government.

"I regard this petition," Mr. Head continued, "as a clear mandate from the people. I am glad to accept it as such, the more so as the organization of the proposed cooperative is now fully authorized by formal instructions from the War Relocation Authority, looking to the transformation of the existing community enterprises into full-fledged cooperatives. The community Enterprises were set up in the various relocation centers by the Government in cooperation with the residents to meet a very urgent need that could not otherwise be met. They were temporary experiments. The people of Poston, as well as the other centers, rose magnificently to the occasion and took over the bulk of the burden of



work and responsibility in a very rapidly expanding business." With this spirit and this experience, I anticipate no serious difficulty in transforming the present community enterprise into a cooperative responsive to the will of the people. In fact, it is fair to say that, besides skillfully performing a great public service, the Community Enterprise has laid the groundwork and trained the personnel that guarantees success for a cooperative."

Prior to this change, however, the Director announced that he proposed to invite the residents of the Poston communities to organize an intensive discussion campaign with the help of the administrative staff and especially of residents who have studied and had experience in the cooperative movement, in order that everyone may become acquainted with the principles and advantages of a cooperative enterprise and may take part in formulating a charter and by-laws that will meet the needs of this community. The Director expressed the hope that systematic discussion groups will be organized, mass meetings held, and intensive training courses in cooperative management undertaken by existing staff of Community Enterprises. The administration has received many inquiries as to why the existing Community Enterprise can not be continued in view of its admitted great success. The answer, according to Mr. Head, is that the community enterprise was a purely temporary expedient adopted to help the community get on its feet and recover its breath. "A fundamental policy of the War Relocation Authority everywhere and of the Office of Indian Affairs on this Project in particular", he added, "is to give the Relocation Communities the maximum of self-government. A consumer cooperative providing requisite goods and services to the community, operated by and responsible to the people themselves through an elected board of directors and experienced business managers, is bed-rock democracy. No less a person than Vice-President Wallace predicts an enormous expansion



of cooperatives in this country after the war. Intensive experience in cooperation by the entire evacuee population will be an invaluable experience for post-war rehabilitation. Mr. Head announced that after the preliminary discussion period an election will be held about October 15th to select a board of directors for each of the three communities. In this election both Issei and Nisei will have the right to vote and hold office. From that time, the board of directors will assume that leadership in formulating the charter and by-laws in consultation with the residents. Although each community will have a separate cooperative, it will be possible to have a central purchasing and auditing staff responsible to the three boards.

"Some people have mistakenly said," Mr. Head continued, "that a cooperative is a means for the Government to avoid the responsibility for providing essential community services and placing a financial burden on the people. This is not the case. The people are already almost wholly operating and financing the community enterprise. Because of that fact, there is no reason for having divided responsibility for its management. The people are amply able to run their own enterprise with a maximum of satisfaction. However, the Government will be glad to provide space, equipment, and such transportation, as may be available, and to help in an advisory way on request."



WAR RELOCATION AUTHORITY  
WASHINGTON

August 25, 1942

ADMINISTRATIVE INSTRUCTION NO. 26

Subject: Consumer Enterprises in Relocation Centers

I. General

- A. For the purposes of this instruction, Consumer Enterprises are those enterprises which supply goods, wares, merchandise, personal services or entertainment primarily to evacuees, as contrasted with those enterprises which are engaged in production primarily for an external market. Consumer Enterprises may produce, as an incident to their operation, materials and commodities used or sold in their businesses.
- B. Consumer Enterprises may be organized in relocation centers for the following purposes:
  - 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.
  - 3. To provide a means by which individual needs, desires, and tastes may be expressed and satisfied.

II. Temporary Enterprises

Certain Consumer Enterprises must be established at the time each center is opened in order to serve the needs of the residents from the outset. Such enterprises may be stocked and operated by the evacuees on a temporary basis, under the general supervision of the Project Director, until a permanent Consumer Cooperative Association of residents can be organized to take over the temporary enterprises.

- A. Temporary enterprises shall abide by the conditions of employment provided for permanent enterprises in paragraph XIV of this instruction.
- B. Project Directors shall have the right to examine the accounts and records of all temporary enterprises operating on their



respective relocation centers. Such examination may be made at such times as the Project Director deems necessary and may include complete audits of operations.

C. Operation procedure shall follow, as closely as possible, the procedure provided for permanent enterprises.

D. The existing net worth of the temporary community enterprises not in operation on certain relocation centers belongs to the evacuees. This fund shall be paid over in full to the permanent consumer cooperation association upon its organization.

### III. Permanent Enterprises

A. As soon as a consumers' cooperative association has been organized and incorporated, it may, with the approval of the Project Director, take over the assets and equities, but in such case shall assume the liabilities, of the temporary enterprises in the center. Thereafter the association may be the permanent proprietor of these and other consumer enterprises which may be inaugurated in the center.

B. Only one consumer cooperative association shall be permitted in each community within each center. The Project Director may, in particular cases, however, recommend to the Director the approval of exceptions to this rule.

### IV. Private Consumer Enterprises

Private enterprises for the sale at retail of consumer goods and services to center residents shall not be permitted.

### V. Organization of Consumers' Cooperative Associations

Project Directors shall recommend to the evacuees that they take immediate steps to organize the temporary enterprises in the various communities. Upon request of the residents, the War Relocation Authority through the Project Directors, will aid and assist in the organizational procedure. The Washington and Regional offices of the War Relocation Authority will assist Project Directors in this activity with plans for organization, as well as in drafting proposed articles of incorporation, by-laws and administrative structures. Advice will also be available on financing, accounting practices, purchasing, merchandising, personnel training, methods of encouraging membership participation, legal services, information, and consumers' problems.



VI. Cooperative Principles

A. Consumers' cooperative associations shall be operated according to the following principles:

1. Unlimited voluntary membership for all evacuees.
2. Only one vote for each member. Proxy voting shall not be permitted.
3. Limited interest rates, and restricted capital investment.

B. Project Directors shall recommend to evacuees that the policy of patronage dividends be followed, insofar as possible, particularly in the operation of the enterprises engaged in the sale of goods, wares, merchandise and commodities as contrasted to those enterprises rendering personal service.

VII. Basic Practices in Consumer Cooperation

Project Directors shall recommend to evacuees that the following basic practices be followed in the conduct of the consumer enterprises:

- A. No credit business shall be engaged in.
- B. Sales shall usually be made at prevailing market prices.

Reductions in retail prices from competitive schedules may be made where not prohibited by law. Under no circumstances, however, should prices be reduced so as to prohibit the establishment of a reserve fund of at least 30% of the total capital assets of the cooperative. This reserve fund should be accumulated by the setting aside of at least 10% of the net surplus-savings and earnings, if any, until such fund is set up. Thereafter, the association may continue to set aside 10% of its net surplus-savings and earnings as an additional reserve fund, unless the applicable state law requires a larger reserve.

- C. The cooperative should provide proper informational programs so that members may be regularly informed as to the operation of their association.
- D. The Board of Directors of the association shall encourage members to plan expansion and development of added services provided there is need for such services in the community; and provided that they are planned and budgeted and that funds are available or subscribed to support such activities.



E. Various enterprises shall operate as departments or branches of the over-all association. Each department shall have a complete separate set of records which will be maintained by a Central Accounting and Fiscal Department for the entire association. Joint-costs of this department shall be equitably shared by all departments.

V

F. All enterprises may be patronized by non-members as well as members.

#### VIII. Rights and Responsibilities of Cooperative Members

The following basic privileges of members in consumers' cooperative associations shall be recommended;

A. Full use of the services and facilities of all enterprises.

B. Access to the records of the association (including minutes of meetings and accounting records) at all reasonable times.

C. Right of hearing and representation by counsel before any properly called regular or special membership meetings, prior to expulsion from membership.

D. Proper notice of and full voice with all other members in membership meetings.

E. Eligibility for any office in the association.

#### IX. Responsibilities of the Cooperative Associations

The Board of Directors of the association shall conduct association affairs in conformity with all applicable statutory requirements, as well as the requirements set forth in its Articles of Incorporation and By-Laws and enacted in the membership meetings from time to time. The following practices shall be recommended as being in the best interest of efficient operations:

A. Maintain adequate records of all operations and meetings.

B. Bond all responsible managers and all other persons handling cooperative funds.

C. Carry adequate insurance to protect the society from undue loss from any probable cause.

D. Have all records audited quarterly for the first twelve months of operation and at least semi-annually thereafter.



X. Audits

- A. The War Relocation Authority will provide for examination of the accounts and records of all consumers' cooperative associations operating enterprises on the various relocation centers. Such examinations shall be made under the supervision of the Project Director at least annually and at such other times as he may deem necessary. The examination may include complete audits.
- B. The accounting system used by community enterprises on the relocation projects shall be submitted to the Project Director for review, and revised in accordance with his requirements.

XI. Use of War Relocation Authority Facilities by the Community Enterprises

When it has been determined that a cooperative association has been organized to manage and operate consumer enterprises, the Project Director may designate store and warehouse space in which the association may conduct its business.

XII. Relation of the War Relocation Authority to Consumer Enterprises.

- A. WRA will render advisory and instructional assistance to the community cooperative association. The control of the Community Association shall be vested in the members. The WRA assistance will be a training process in business and cooperative methods and shall include advice and suggestions to the members and directors relative to management and operation in order to assist the members in more effectively exercising their control of the enterprises established by the Association.
- B. The documents whereby the Association will acquire the facilities from the WRA shall include, as requirements of conduct, the policies outlined in this instruction.

XIII. Financing Consumer Enterprises

- A. Cooperative Associations which are properly organized and which desire to take over or inaugurate consumer enterprises, and which cannot otherwise obtain the necessary financing, may make application for a loan from the WRA.
- B. Any association requiring a loan shall apply to the Project Director.



C. The Association shall include in its application the following information:

1. Date, purpose, and description of its organization, including certified evidence of its corporate status.
2. The number of members.
3. The amount of the loan and the purpose for which it is to be used;
4. How the loan is to be repaid.
5. The security to be offered for the loan
6. Current financial statements
7. Certified copies of resolutions authorizing the association to borrow the named amount of money from the WRA and authorizing the proper officers of the association to negotiate and complete all steps necessary to obtain the loan.

D. Loans to consumer cooperatives shall bear interest at the rate of 3% per annum and shall be payable within a period of two years, or at the discontinuance of the project, whichever occurs first. Approval of loans for an amount not exceeding \$5,000 may be made by the Regional Director. Applications for loans in excess of \$5,000, and for all supplemental loans, shall be analyzed in the Regional office, and if approved shall be forwarded for review to the Director of WRA with the recommendation of the Regional Director.

#### IXIV. Employment

In order to prevent inequalities and discriminations between employees of consumer enterprises and other project residents, all enterprise employees will be assigned to the cooperative association by the Division of Housing and Employment, after the enterprises' Board of Directors or management has had the opportunity to interview several candidates for the position under consideration. Such employees will be paid cash advances and clothing allowances by the association in accordance with the work classification assigned them.



XV. Establishment of Credit Unions

Should the residents of a relocation center decide that the establishment of a Credit Union is essential, necessary or convenient to the needs of residents, they may apply to the Project Director for assistance in its organization. The Washington and Regional offices will assist Project Directors in this connection, upon request, with plans for organization, suggested articles of incorporation, by-laws, and administrative instructions.

(Signed)      D.S. Myer

Director



EXHIBIT I

Material for Poston, Arizona, Japanese Relocation Center

10 COOPERATIVE ECONOMIC DEMOCRACY  
10 STORY OF TOAD LANE  
10 WHAT IS CONSUMERS COOPERATION  
5 DISCOVERY OF THE CONSUMER  
5 COOPERATION BETWEEN PRODUCERS AND CONSUMERS  
5 GUIDE FOR DISCUSSION CIRCLES  
5 FUNDAMENTALS OF CONSUMERS COOPERATION  
1 NEA REPORT ON COOPERATIVES  
1 HOW TO READ BALANCE SHEETS  
1 COOPERATIVE BURIAL ASSOCIATIONS  
2 PRIMER OF BOOKKEEPING FOR COOPERATIVES  
1 PADDY THE COPE  
1 COOPERATIVE MEDICINE  
1 PRINCIPLES OF COOPERATIVE MEDICINE  
1 DOCTOR FOR THE PEOPLE  
10 KAGAWA AND COOPERATIVES  
1 BROTHERHOOD ECONOMICS  
1 STORY OF TOMPKINSVILLE  
1 COOPERATIVE HOUSING IN THE US  
1 CONSUMER COOPERATIVES STATUTES AND DECISIONS  
1 CONSUMERS COOPERATIVES, DEBATE HANDBOOK  
1 SWEDISH ADULT EDUCATION  
1 SWEDISH CONSUMERS IN COOPERATION  
1 COOPERATIVES IN THE USA  
1 CONSUMER COOPERATIVE MOVEMENT, CAMPBELL & LAIDLER  
1 COOPERATIVES IN AMERICA  
1 COOPERATIVES AND PEACE  
1 MASTERS OF THEIR OWN DESTINY  
1 COOPERATION, MIDDLE WAY FOR AMERICA  
5 COOPERATION, DOMINANT IDEA OF THE FUTURE  
1 SOCIALISTIC TREND  
1 COOPERATION AND NATIONALITY  
1 MORALE OF DEMOCRACY  
1 PROBLEMS OF COOPERATION  
1 ABC OF COOPERATIVES  
1 COOPERATIVES AS A WAY OF PEACE  
1 DECLINE AND RISE OF THE CONSUMER  
1 INTRODUCTION TO THE COOPERATIVE MOVEMENT  
5 ALL JOIN HANDS  
5 HOME GAMES  
1 EDUCATION THROUGH RECREATION  
1 CREDIT UNION NORTH AMERICA  
1 HANDY PLAY PARTY  
1 HANDY COUNTRY DANCE BOOK



5	Kit O
5	Kit P
5	Kit T
5	Kit 49
5	Kit R
3	Kit 54
8	POSTERS
1	PEOPLES BUSINESS
5	WHAT CAN THE COOP MEAN TO YOU
1	PINE MT. SETTLEMENT SCHOOL
50	LEARN ALL ABOUT CONSUMERS COOPERATION
5	IMPORTANT FACT ABOUT A COOPERATIVE
5	LET'S PLAY
1	HOW ST. P.X. EDUCATES FOR ACTION
1	COOPERATIVE LAW, BACKEL
1	SCHOOL COOPERATIVE
5	OBJECTIVES OF CONSUMERS COOPERATION
100	PINE TREE BUTTONS
50	HERE IS TOMORROW
50	SHORT INTRODUCTION
50	COOPERATIVE EDUCATION
25	ORGANIZATION AND MANAGEMENT.



EXHIBIT J

On the train for New York  
September 14, 1942

Mr. Wade Head, Project Director  
Japanese Relocation Center  
Poston, Arizona

Dear Mr. Head:

We are enclosing the outline plan for the organization of the cooperative in Poston which you asked us to submit to you. A copy of this outline is being mailed under separate cover to Dr. Shepard.

We want to express our appreciation of the many courtesies extended to us by you and your staff during our stay in Poston.

Very Cordially yours,

Mary Ellicott Arnold  
Lionel Perkins,  
Rochdale Institute

Dr. Ward Shepard  
Japanese Relocation Center  
Poston, Arizona

Dear Dr. Shepard:

We are enclosing a copy of the outline plan for the organization of the cooperative in Poston which you asked us to send you.

We both want to say how fortunate we feel that we are in having had your friendly help during our stay in Poston. Hoping that this outline may be of use to you and Mr. Fister, and with warm regards to you both, we are,

Cordially yours,

Mary Ellicott Arnold  
Lionel Perkins,  
Rochdale Institute



September 14, 1942

OUTLINE PLAN

of some of the more important points  
to be considered in the organization  
of a Consumers Cooperative at Poston,  
Arizona.



## ORGANIZATION AND ADMINISTRATION

### (A) Set Up

1. Three incorporated associations, one for each camp.
2. Central office for purchasing and accounting.
3. Purchasing by the central office only on the basis of requisitions from the three camps.
4. Separate accounts kept for each camp and carbons of all transactions of each camp forwarded weekly to that camp.
5. Purchasing agent for all three camps appointed by action of joint administrative committee.
6. Purchasing agent appoints his own personnel for the central purchasing office, subject to the approval of the Employment Office.
7. Collections and deposits of all money in the three camps handled through one account.

### (B) Membership, Boards and Committees

1. Supreme authority of each association vested in its membership
2. The membership of each association elects its own Board of Directors on the basis of one representative from each block.
3. Six months shall be the term of office of Board Members (It is desirable that at least one half the Board Members be re-elected for a second term so as to give a measure of continuity in economic policy.)
4. Each Board of Directors, from among its own members, elects an Executive Committee of from five to nine members. This Executive Committee becomes the policy making body for each association and has delegated to it the function ordinarily performed by a Board of Directors.
5. The Executive Committee appoints a manager who is responsible for the conduct of the business.
6. The Executive Committee, from among its own number, also appoints two members to a joint administrative committee. The manager should be one of these two members.
7. This Joint Administrative Committee supervises the work of the purchasing agent and handles all matters of joint interest in the three camps.



(C) Special Committees

Special committees may be set up of well qualified persons in different fields, such as a committee on fresh produce, on clothing or dry goods, on education, on recreation, etc. Of particular importance are committees on merchandizing and store layout. The need for these two committees is of prime importance at the present time. Men of outstanding experience should be appointed to these committees by the Boards in each camp.

(D) Elections

1. Elections should be held at the semi annual meeting of the membership on a block basis.
2. Election should be done by secret ballot.
3. Elections in each block may be held according to Plan A or Plan B.

Plan A. By nominations from the floor

Plan B. By nominations from the floor for a nominating Committee. The election of the nominating committee takes place at the meeting preceding the semi annual meeting. At the semi annual meeting, the Nominating committee presents the names of suggested candidates with the record of each candidate's standing, accomplishments, and business experience and the reason for placing his name in nomination. Additional nominations from the floor are then invited.

Plan B is recommended.

(In the work of educating boards and membership, special emphasis might be placed on the difference between the election of political and economic candidates. In an economic set up, it is of prime importance that the candidates possess sound judgment and have a record for business experience and integrity.



## BUSINESS ORGANIZATION

1. Certain principles are so fundamental to any cooperative economy that it is not necessary to do more than list them here. They are fully covered in the WRA Order, the Managers' Manual and the Manual for Boards of Directors. Market Rates, Patronage Savings Returns, Limited Interest, Cash Sales, Adequate Reserves, Conservation Policy.
2. Capitalization  
Alternative methods.
  - A No stock requirement as qualification for membership.
  - B Payment of \$1.00 as share capital for each member of Cooperative. This may be paid in installments.  
The B method is recommended.
3. Patronage Savings Returns  
may be applied to the purchase of one share of stock after the payment of the first installment by a prospective member.
4. Interest on borrowed money is considered an operating cost.
5. Open Books.  
All books and records must be open to members at reasonable hours and under reasonable conditions.
6. Monthly Reports.  
Reports must be made at least monthly to the Boards of Directors and the membership. These reports should be made in clear and comprehensible form. For income statements the percentage form of presentation is recommended.
7. Methods of Paying Patronage Savings Returns.  
There are several methods of calculating patronage savings returns. Among those that might be used at Poston are,
  1. A stamp book or folder for each member in which purchases may be recorded by pasting in stamps of different denominations.
  2. A similar book or folder in which each purchase is entered in ink or by indelible pencil.
  3. Scrip stamped with the number of each member.  
It is suggested that one of the first acts of the newly elected Boards should be to appoint a joint committee and consider the advantages and disadvantages of the several methods of calculating patronage savings returns.



## EDUCATION

1. A program for the education of cooperative leaders in the three camps has been drawn up by Dr. Sheperd. This is in memorandum form and has already been presented to Mr. Head.
2. Monthly meetings in all the blocks is an important part of educational programs. At these meetings the membership can be trained in business methods and cooperative practice and procedure by the presentation of reports and statements of the condition of the business and may register their comments and suggestions as to the conduct of the cooperative.  
It is suggested that the business part of these meetings be limited to an hour unless the membership desire a longer period and that the remaining part of the evening be given over to recreation.
3. A thorough program of employee training and of the training of Boards of Directors is an essential part of an educational program.



EXHIBIT K

Poston, Arizona  
September 8, 1942

MEMORANDUM TO: Mr. W. Wade Head, Project Director

FROM: Ward Shepard

This memorandum is in response to your request for a statement of the pros and cons of the cooperative question and ways and means to head off a possible community split on the issue.

The W.R.A. Instruction on Consumer Cooperatives considerably shifts the focus of discussion, since the Instruction makes it clear that W.R.A. policy definitely contemplates consumer cooperatives to supply consumer needs. It is clear also from the preamble to the agreement with the Cooperative Institute that Commissioner Collier also contemplates such cooperatives.

The main question therefore shifts from a competitive discussion of community enterprise versus cooperatives to the question How and When can the existing community enterprise be transformed into a cooperative?

While the existing community enterprise has many cooperative features, future discussion and thinking will be clarified if it is clearly recognized that the community enterprise is not a true cooperative since the ultimate authority and also the ultimate responsibility resides in the Government and not in the enterprise, whereas in a true cooperative authority and responsibility reside in the cooperative. The only radical change involved in transforming the community enterprise into a cooperative is in shifting the authority and responsibility to the enterprise.

Probably a minority of the residents will press for continuing the present community enterprise and for that reason we should be prepared to meet their arguments with a balance sheet of the comparative advantages of both systems, which may be outlined briefly as follows:

COMMUNITY ENTERPRISE

Advantages: It has a brilliant record of achievement and is known and respected by the community. Government control may prevent serious mistakes. Government backing gives a better credit standing, particularly in view of anti-Japanese prejudice. The people have many problems and worries, some of which the community enterprise takes off their shoulders.



**Disadvantages:**

Government control invites political pressure against the Project administration, as indicated by the recent unwise price reduction below that which is required by sound business practice. Community enterprise absorbs considerable staff time which would better be devoted to things the community cannot do for itself. It fails to achieve the full educational advantages in initiative and responsibility involved in a cooperative. It is not a type of enterprise the people will encounter and can take part in after the war.

COOPERATIVE

**Advantages:**

It will train the residents in cooperative methods and will greatly aid in their postwar rehabilitation, especially as there will probably be a great increase in cooperatives after the war, in which the evacuees will be prepared to play an important part. It will promote community initiative and responsibility and break down over-reliance on government. It will relieve the Government of political pressure to adopt unsound business practices. It will permit establishing small subsidiary producing enterprises (such as clothing and pottery) on capital financing rather than on Government appropriation, which are not likely to be forthcoming. Many of the people here have been members of cooperatives and are familiar with them. Cooperatives have one hundred years of experience behind them and a remarkably low percentage of failures.

**Disadvantages:**

Some people are against cooperatives and yet will be forced, in the absence of competition, to become members or at least customers. It will require more work and responsibility by the people. It may entail some temporary dislocation during the transition period.

SUGGESTED STEPS TOWARD A CONSUMERS COOPERATIVE

1. Announce contents of W.R.A. circular to the Council and the block managers, with a request for their cooperation in a further educational program looking to a reasonably early shift to the cooperative basis.
2. Invite Mr. Perkins, with the advice of staff members, to draft a "blue-print" of a cooperative with subsidiary enterprises, and with any special features appropriate to this unusual community.
3. Center the education program on the principles of cooperation and more specifically on this blue-print.



4. Invite the best equipped evacuees, including the abler members of the cooperative seminar, to lead intensive discussion groups composed of council members, block managers, experienced Issei business men and farmers and other leaders. This would reach three to four hundred people. At the same time, an intensive study course should be inaugurated for the principal members of the managerial staff of the community enterprise so they can make the transition to the cooperative most successfully. The Board of Trustees and the Council should be invited to appropriate from the community enterprise surplus the funds needed for the purchase of books and pamphlets for these discussion groups. This material should thereafter be transferred to the adult education program for continuing instruction of adults and high school pupils in cooperation.
5. During and after this educational program, organize mass meetings by blocks and otherwise, on the proposed cooperative, in order to give everyone a knowledge of its advantages and operation.
6. The final organization could probably be effected in six to eight weeks.

Ward Shepard

P. S. Immediate steps should be taken to restore prices of goods in the community enterprise to a sound business level. Otherwise the cooperative would be unfairly required to take the onus of this unpopular step and would get its start under a severe handicap.