

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date March 25, 1942

To Chairman Eccles

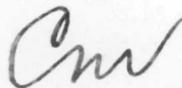
Subject: \_\_\_\_\_

From Chester Morrill, Secretary

For your information and at the request of Governor Szymczak there is attached a copy of his memorandum of March 25 to the Board in regard to the Japanese Evacuation Program on the West Coast.

The original of this memorandum and the attachments referred to are being circulated to the other members of the Board.

Attachment.



March 25, 1942.

Board of Governors  
Governor Szymczak

Japanese Evacuation Program  
on West Coast.

Following the meeting in Chairman Eccles' office on Thursday, March 5, 1942, attended by Messrs. Ed Foley, General Counsel of the Treasury, and John Pehle, Assistant to the Secretary of the Treasury, and following a report to the Board on Friday, March 6, 1942, recorded in the Board's minutes of that day, in connection with the program of evacuating the Japanese from the Pacific Coast military areas, I made a trip to the Federal Reserve Bank of San Francisco and the branches in Seattle, Portland and Los Angeles, leaving Washington on Saturday morning, March 7, 1942, and returning Friday, March 20th. This memorandum deals with certain phases of the program and some of the steps taken by the Federal Reserve Bank of San Francisco in connection with its part of the program, that of assisting the evacuees with their property problems.

#### Authority

On February 12, 1942, the President delegated to the Secretary of the Treasury all power and authority conferred upon him by Sections 3(a) and 5(b) of the Trading with the Enemy Act, as amended by the First War Powers Act of December 18, 1941. Section 5(b) is the section under which the Secretary exercises his powers relating to Foreign Funds Control. On March 7, 1942, the Secretary of the Treasury delegated to the Federal Reserve Bank of San Francisco as Fiscal Agent of the United States all of his authority under Section 5(b) for the purpose of dealing with the property of evacuees in the Pacific Coast military areas.

On March 11, 1942, the President revoked his general delegation of authority to the Secretary of the Treasury and assigned to the newly created Alien Property Custodian certain powers under Sections 3(a) and 5(b), including especially the powers to vest foreign property in the United States. On the same day, however, Mr. Leo T. Crowley, the Alien Property Custodian, addressed a memorandum to the Secretary of the Treasury re delegating to the Secretary all the authority under Sections 3(a) and 5(b) which the Alien Property Custodian had received. This re delegation was temporary, however, and may be revoked by the Alien Property Custodian in whole or in part at any time. Furthermore, the Executive Order of March 11, 1942, provides that any order, instruction, etc., which the Secretary of the Treasury may have issued under the blanket powers conferred upon him on February 12 should remain in effect "unless and until amended or revoked by the Alien Property Custodian." On March 16, 1942, the Secretary of the Treasury advised the Federal Reserve Bank of San Francisco that the authority conferred upon it to exercise the powers under Section 5(b) in dealing with the property of evacuees in the Pacific Coast military area remained in full force and effect.

In addition, on March 11, 1942, Lieutenant General J. L. DeWitt addressed a letter to the Federal Reserve Bank of San Francisco authorizing and requesting the Bank to carry out its program of dealing with the property interests of evacuees from the Pacific Coast military areas. This authority was conferred by General DeWitt pursuant to Executive Order No. 9066 of February 19, 1942, by which the President authorized and

directed the Secretary of War and the military commanders whom he might designate to carry out the general evacuation program.

On March 18, 1942, the President issued an Executive Order establishing the War Relocation Authority which has broad powers to administer those aspects of the evacuation program which do not fall under the military authorities. These powers considerably overlap those of the Secretary of the Treasury (and the Federal Reserve Bank of San Francisco). However, on March 20, 1942, the Director of the War Relocation Authority, Mr. Milton S. Eisenhower, addressed a letter to me telling me not to be disturbed by the property provisions in this Executive Order and stating that he "would do nothing whatsoever to impede the systematic voluntary methods that have already been established." Also in this connection, in a telephone conversation on March 20, Mr. J. W. Pehle, Assistant to the Secretary of the Treasury and who is in charge of the Foreign Funds Control work, advised me that he and Mr. Eisenhower had agreed on a letter which Mr. Eisenhower is to send to the Secretary from the Coast delegating his (Eisenhower's) powers to the Secretary.

Wednesday, March 25, 1942, Mr. Leo Crowley called me and made an appointment to come over Friday, March 27, 1942, to discuss operation and authority as between the Treasury, the Federal Reserve Bank of San Francisco, and the Alien Property Custodian.

#### Areas Covered

A strip, ranging in width from about 80 miles at the narrowest place to about 200 miles at the widest, all along the Western coasts of

the States of Washington, Oregon and California, and the Southern coast of Arizona. The strip begins at the Canadian border and extends to the Mexican border. This comprises Zone A-1 and Zone B, created by the military authorities.

There are also certain particular points, lying outside the area to be evacuated, which have been designated as "prohibited zones." These are in the four coast States named and in the States of Montana, Idaho, Nevada and Utah. The points include strategic factories and plants, railroad bridges and tunnels, radio stations, telephone and telegraph companies, etc. Japanese are to be excluded from these points.

#### Size of Problem

##### Distribution of Population by States

The 1940 census revealed that 126,947 persons residing in the United States were of Japanese extraction. Of these 47,305 were foreign born and thus ineligible for citizenship; 79,484 were native born.

Of the total Japanese-extraction population of the United States, nearly 90 per cent were in the States of California, Oregon, Washington, and Arizona, and were distributed as follows:

<u>State</u>	<u>Total</u>	<u>Foreign Born</u>	<u>Native Born</u>
California	93,717	33,569	60,148
Oregon	4,071	1,617	2,454
Washington	14,565	5,683	8,882
Arizona	632	220	412
TOTAL	112,985	41,089	71,896

<u>Occupational Group</u>	<u>Number of Persons</u>		<u>Oregon</u>
	<u>California</u>	<u>Washington</u>	
Total number of workers	40,374	6,546	1,771
Professional workers	960	152	45
Semi-professional workers	199	24	7
Farmers and farm managers	5,807	845	349
Proprietors, managers and officials, except farm operators	4,217	993	281
Clerical, sales, and kindred workers	4,608	733	171
Craftsmen, foremen, and kindred workers	681	183	60
Operatives and kindred workers	2,717	675	125
Domestic service	3,235	269	37
Service workers, except domestic	2,421	803	169
Farm laborers (wage workers) and foremen	7,692	495	220
Farm laborers, unpaid family workers	3,954	693	185
Laborers, except farm	3,605	667	111
Non-classifiable	278	114	11

#### Industrial Distribution in the Pacific Coast States

Employment of Japanese workers in the five leading industries, as given by the Bureau of Census, is indicated in the following table:

<u>Industry</u>	<u>Number of Persons</u>		<u>Oregon</u>
	<u>California</u>	<u>Washington</u>	
Agriculture	19,289	1,979	759
Domestic Service	4,393	313	38
Food and Dairy products stores: milk retailing	4,101	656	215
Wholesale Trade	1,880	268	42
Forestry and fisheries	727	58	1

Of the total engaged in agriculture in the three States, 8,677 were native-born, and 13,350 were foreign-born Japanese. Distribution among

the other industries indicates: in Wholesale Trade 1,194 native-born and 996 foreign-born; in Domestic Service 2,422 native-born and 2,322 foreign-born; in Food and Dairy Products Store 2,623 native-born and 2,349 foreign-born; and in Forestry and Fisheries 202 native-born and 584 foreign-born.

#### Business Establishments Owned by Japanese Americans

Census data and other sources of information indicate that persons of Japanese extraction own not more than 6,000 non-agricultural establishments in California, Oregon, Washington, and Arizona. Of these, probably less than one-third are owned by Japanese aliens, but the extent of control exercised by aliens must be much greater. Ownership is frequently vested in native-born children, while control remains in the hands of adult aliens.

Of the 6,000 establishments, 8-10 per cent are restaurants and cafes, 12-15 per cent are groceries and food markets, and 13-18 per cent are nurseries and other firms selling perishable goods. Nearly all the remainder are small retail and service establishments, such as gasoline stations, laundries, small hotels and barber shops.

#### Reports under TFR-300 - Series I and Value of Property

Reports filed on Form TFR-300, Series I, do not indicate the value of property owned by Japanese-Americans. The reports were filed only by those Japanese who had not been domiciled in this country, i.e., by persons whose position in the United States was very different from that of the overwhelming majority of the persons of Japanese extraction. Hence,

no legitimate conclusions can be drawn from the fact that one-half of the census reports filed by Japanese not engaged in business revealed assets of more than \$5,000 and one-third revealed assets of more than \$10,000. General appearances indicate that the average person of Japanese extraction has only very limited property holdings.

#### Civilian Agencies Working on the Program

##### Federal Reserve Bank of San Francisco

Problems in connection with the liquidation of property holdings of the evacuees and the protection of the property of such persons against fraud, forced sales and unscrupulous creditors.

The Reserve Bank and its three branches have set up and staffed four headquarter offices and forty-three primary locations, and have established sixteen secondary locations (the secondary locations will be serviced out of other offices). Other offices will be set up as and when needed. It is contemplated that all of the agencies will be represented at these offices and that they will move along with the military authorities.

##### Social Security

To encourage voluntary evacuation; furnish transportation to persons who have definite destinations but lack means.

##### Agriculture

Provides management for farm properties; establishes necessary crop loans for protection of growing crops.

##### War Relocation Authority

Responsible generally for resettlement, relocation, community planning, etc. Will take over reception centers (managed by W.P.A.)

representative) as soon as prepared to do so.

Wartime Civilian Control Administration

Planning, policy, liaison with and coordinator of civilian organizations.

Miscellaneous

(1) The military authorities estimate that it will take from three to six months to complete the evacuation program.

(2) Questions will naturally arise between the Alien Property Custodian and the Reserve Bank, but it is understood that those questions will be ironed out by the representatives of the Alien Property Custodian and Reserve Bank on the grounds.

(3) On Saturday, March 21, a bill was signed by the President which provides a penalty for any violations of instructions or orders which may be issued from time to time by the Secretary of War or by any military commander designated by the Secretary of War. An offender may be fined not to exceed \$5,000 or imprisoned for not more than one year, or both. The passage of this legislation not only provides for the protection of the military areas or zones but will also be a means of preserving the safety and security of the persons who are to be removed.

(4) On March 18, 1942, the Federal Reserve Bank issued Special Regulation No. 1, under the authority of Section 5(b) of the Trading with the Enemy Act and under the authority vested in the Bank by General DeWitt. This regulation forbids any dealing in or exercising any right with respect to "Special Blocked Property" except as authorized by license. The

term "Special Blocked Property" is defined to mean property in which an evacuee national has an interest and which has been designated as Special Blocked Property by the Federal Reserve Bank of San Francisco in certain designated ways. The term "Evacuee National" is in turn defined to mean any Japanese, German or Italian alien, or any person of Japanese ancestry, resident in the areas to be evacuated. It should be noted that the regulation states "for the purpose of this regulation all evacuee nationals are nationals of a foreign country."

(5) The Federal Reserve Bank of San Francisco will make regular reports of its operations to the Secretary of the Treasury (Foreign Funds Control) and copies of the reports will be sent to the Board.

(6) Attached are the following:

(a) Organization and functional chart showing the agencies which are assisting in the evacuation program and their assignments of duties.

(b) Forms filled out by members of the staff of the Evacuee Property Department covering a few cases handled.

(c) Map prepared by the military authorities showing area to be evacuated. As pointed out in the text of this memorandum, there are certain points, lying outside the area to be evacuated, which have been designated as "prohibited zones". Some of these points are shown in the attached map and others are located in the States of Montana, Idaho, Nevada and Utah.

(d) List of conferences held and names of conferees.

(e) News clippings.