

Research

The Federal Reserve Bank and the Relocation of the Japanese in 1942

SANDRA C. TAYLOR

Introduction

“**T**HANK YOU FOR HELPING US,” wrote Mary Tsukamoto, Secretary of the Florin chapter of the Japanese American Citizen’s League, to the San Francisco Federal Reserve Bank’s Evacuee Property Division. As she and her family joined 12,000 other Japanese being evacuated from the Sacramento area in late May of 1942, she expressed her gratitude to the Wartime Civil Control Authority (WCCA) with unintentional irony: “Ever since the beginning of our preparation for evacuation, we have felt the kindly hands of the army. . . . The wonderful sincerity with which the WCCA worked has won the complete trust and faith of thousands of bewildered, frightened Japanese.”¹ Mrs.

1. Letter from Mary Tsukamoto to the Sacramento office, files of the Evacuee Property Division, Federal Reserve Bank of San Francisco, May 22, 1942. (Hereafter referred to as FRB Files.)

Tsukamoto thanked the many “fine Americans” who had handled the evacuation program, but offered special praise for the Federal Reserve, whose field agents in Sacramento and many other cities and small towns on the West Coast had assisted the evacuees in disposing of their property in a manner intended to be consistent with American traditions of justice, fair play, and free enterprise.²

That the Federal Reserve Bank (FRB) played a role at all in the human drama of evacuation and resettlement of 110,000 Japanese, 60 percent of them American citizens, may come as a surprise. Studies of this shameful episode in American history, condoned and justified on very loose grounds of “military necessity,” have focused mainly on the victims’ incarceration in such internment camps as Manzanar and Tule Lake for the duration of the war. Yet the uprooting must also be studied in terms of the bureaucracies responsible for implementing the decision. It was perhaps paradoxical that the same bureaucrats capable of arriving at such a basically inhumane decision as relocation should be concerned about its humane implementation. They assumed, however, that the evacuees would resume normal lives at some future time somewhere in America, where they would need material goods to reestablish themselves. Even the army recognized that they were entitled to compensation for their possessions and that they should be protected from profiteers seeking to take advantage of the situation. That they would suffer some economic loss was assumed, but the government sought to minimize it. The question of how well the bureaucracy charged with protecting the economic interests of the evacuees did its task is the subject of this paper, which is based on an examination of hitherto-unavailable records of the San Francisco Federal Reserve Bank on the relocation.³

2. The author is indebted to Professors Roger Daniels and Geoffrey S. Smith, who critiqued an earlier version of this paper presented at the annual meeting of the Association for Asian Studies, Toronto, March 4, 1981. That paper was included in the Testimony of the Japanese American Citizens League National Committee for Redress, presented to the Commission on Wartime Relocation and Internment of Civilians, 1981. Funds for the study were provided by the Research Committee of the University of Utah.

3. The data for this study consisted of original interview records, correspondence, and official communications of the Evacuee Property Division of the Federal Reserve Bank, San Francisco. The author wishes to thank Dr. Kent Sims of the Federal Reserve, who facilitated access to this material for purposes of scholarly research.

Executive Order 9066, which gave the army authority to evacuate everyone of Japanese ancestry from the West Coast, was signed on February 19, 1942.⁴ The decision had been reached slowly during the two-and-a-half months since Pearl Harbor. Since that attack, the military command on the West Coast had been convinced that some form of “special treatment” of the Japanese was necessary for security, even though the secret Munson Report to the State Department had indicated in November of 1941 that there was no real likelihood of their committing sabotage.⁵ Secretary of the Treasury Henry Morgenthau, Jr. discussed possible evacuation as early as December 11,⁶ but the enormous dimensions of such a task consigned the idea to limbo, for the outbreak of the war brought more immediate problems to the executive’s attention. Aside from the freezing of their assets, which did cause hardship to the 60,000 *issei*, who were ineligible for citizenship, the only Japanese to suffer from governmental actions during this period were the 5,000 *issei* and *nisei* picked up in the FBI’s frequent raids for interrogation by the Alien Enemy Hearing Boards as possible subversives. Two thousand were held in detention camps for the duration of the war.⁷ The decision to evacuate everyone of Japanese ancestry was made despite the total lack of hard evidence of sabotage; in fact, the very absence of provocative acts became justification for action.⁸ The bureaucracy then had to divide up tasks to carry out the decision, for as

4. Roger Daniels, *The Decision to Relocate the Japanese Americans*, Harold M. Hyman, ed. (Philadelphia and New York, 1975).

5. Curtis B. Munson, “Report on Japanese on the West Coast of the United States,” in *Hearings*, 79th Congress, 1st Session, Joint Committee on the Investigation of Pearl Harbor Attack (Washington, 1946) vol. S811, Pt. 6, p. 2684.

6. Diary of Henry Morgenthau, Jr., vol. 470, Franklin D. Roosevelt Library, Hyde Park, New York, p. 2684.

7. Michie Weglyn, *Years of Infamy* (New York, 1976), p. 46. *Issei* are first generation, born in Japan; *nisei* are second generation Japanese-Americans.

8. See the statements of Walter Lippman as cited in Dillon S. Myer, *Uprooted Americans* (Tucson, Ariz., 1971), p. 22. Basic works on the history of the relocation include Dorothy Swaine Thomas and Richard Nishimoto, *The Spoilage* (Berkeley and Los Angeles, 1946); Jacobus tenBroek, Edward N. Barnhart, and Floyd W. Matson, *Prejudice, War and the Constitution* (Berkeley and Los Angeles, 1954); Roger Daniels, *Concentration Camps, U.S.A.: Japanese Americans and World War II* (New York, 1972); Morton Grodzins, *Americans Betrayed: Politics and the Japanese Evacuation* (Chicago, 1949); Audrie Girdner and Anne Loftis, *The Great Betrayal: The Evacuation of the Japanese Americans During World War II* (New York and London, 1969); Weglyn, *Years of Infamy*; and Bill Hosokawa, *Nisei: The Quiet Americans* (New York, 1969).

Lawrence Hewes, who was appointed to head the Farm Security Administration, soon realized, implementation, not further arguments about the wisdom of the program, was the order of the day.⁹

The army, whose West Coast leadership had been so instrumental in obtaining the fateful decision, was placed in charge of evacuating the Japanese to assembly centers and from there to permanent relocation camps. General John L. DeWitt headed the Western Defense Command; Colonel Karl R. Bendetsen, head of the WDC's civilian affairs board, the Wartime Civil Control Authority, handled actual removal. That agency assisted the evacuees with their social and economic problems.

The WCCA divided the task of assisting the evacuees in preparing for relocation among four existing federal agencies. The U.S. Employment Service's assignment was job relocation (for the initial assumption was that evacuees would be moved to another area and allowed to resettle freely among the local population). The Federal Security Agency was charged with providing social welfare services such as unemployment compensation. The Farm Security Administration was to oversee and administer the transfer of farm properties to new owners or tenants, and, most importantly, to see that crops were tended. The Federal Reserve Bank, in its capacity as fiscal agent of the United States, was asked to provide assistance to evacuees desiring help in equitably disposing of their property.

As the bank's "Final Report" stated, the purpose of its assignment was to "forestall action by unscrupulous creditors who would take advantage of the situation," and to minimize the evacuees' losses.¹⁰ The bank's authority stemmed from two sources: The president's Executive Order 9066, and his delegation of power to the Treasury Department. That agency clearly did not "want to bother with these little businesses and all of these properties on the West Coast," as Morgenthau put it on

9. Lawrence Hewes, *Boxcar in the Sand* (New York, 1957), Chapter 14. Milton Eisenhower similarly opposed the decision but had to implement it when he was appointed to head the War Relocation Authority; he soon resigned. Daniels, *Concentration Camps, U.S.A.*, p. 91. See also Milton Eisenhower, *The President is Calling* (Garden City, N.Y., 1974).

10. "Report of the Federal Reserve Bank of San Francisco: Fiscal Agent of the U.S. on the Operations of the Evacuee Property Division as of May 22, 1942." (Hereafter cited as FRB, "Final Report,"), pp. 1-5.

February 27, 1942,¹¹ and shifted the burden to the Federal Reserve Bank of San Francisco. In addition, the alien property custodian delegated his authority on this issue to the Federal Reserve Bank and the Treasury Department in order to avoid duplication of services.¹² Thus from the outset the bank had two tasks somewhat at odds with each other: to protect the interests of the evacuees, but also to aid the war effort by expediting as quickly as possible the transfer of properties so that people could be moved with minimal disruption of the local economy.

The Federal Reserve's Role in Relocation

The operation at the Federal Reserve Bank was set up in great haste during the next two weeks. An Evacuee Property Department (EPD) was created, headed by Vice President William Hale and supervised by Assistant Cashier R. E. Everson. Branch offices opened in San Francisco, Los Angeles, Portland, and Seattle. When most of the states of Washington, Oregon, and California and part of western Arizona were designated on March 2 as Military District 1,¹³ field offices were established throughout the region. The bank representatives, who numbered 184 at the height of the program, were to operate as a team with the other agencies in cases where problems were interrelated, and they often shared facilities. They viewed their assignment as just another task, albeit an extraordinary one, and the officials responsible did not pass judgment on its wisdom.

As time was short, the procedure for working with the evacuees was only sketched out. Anyone seeking help would be referred first to a Federal Security Agency representative, who would assist with welfare and job-related problems. Then the client would be turned over to a bank or Farm Security agent, depending on the nature of his or her problem.¹⁴ These officials

11. Morgenthau Diaries, February 27, 1942.

12. War Relocation Authority, *First Quarterly Report: March 18 to June 30, 1942* (Washington, D.C., 1942), p. 6.

13. Military District 1 included the coast and interior sections of Washington, Oregon, and California and part of western Arizona. Military District 2 consisted of areas further inland in those states, and was not originally designated to be evacuated. The "prohibited" zone of Military District 1 was along the coast and the Mexican border. Daniels, *Concentration Camps, U.S.A.*, pp. 83–84.

14. Vader Report, Office Operations, March 16, 1942, San Francisco Office, FRB Files.

would give advice or refer the evacuee to others for more specific assistance. In practice, however, cases were rarely handled so smoothly. Although the number who actually asked for help was relatively small—the bank conducted about 27,000 interviews—the agents were soon overworked. There was little time for follow-up investigations to measure the success of their efforts at assistance, for most evacuees had only two months between the announcement of the decision and their removal.

The ability of the bank agents to solve the evacuee's financial and property problems depended largely on their expertise in fiscal and real estate matters and their ability to persuade the Anglo community to cooperate. Although the bank could freeze property in dispute if necessary, this weapon remained sheathed. On March 27, Vice President Hale informed Everson that the freezing power was to be used only if the evacuation would be delayed otherwise, or if it appeared that the evacuee was being victimized due to his imminent departure. Freezing was "seldom if ever justified," especially if litigation had been instituted, as it would be "prejudging the rights of the litigant."¹⁵ Instead, much was made of the powers of moral persuasion. On March 20, Tom Clark, then chief of the civilian staff of the WCCA, issued a stern warning that "any person taking advantage of the confused state of mind of the Japanese to defraud them will be prosecuted by the Department of Justice." He called such miscreants "un-American, unfair, and deserving of severest censure."¹⁶ To "table" a difficult case would have meant lawsuits and delay, and perhaps would have required the complainant's return from the camps, yet haste in settling led to quick decisions that often came undone or were later regretted, while unresolved problems later became a legacy for the War Relocation Authority (WRA).

The Federal Reserve officials had their work cut out for them, for exploitation of the Japanese had begun months before the evacuation order was issued. Since December 7, 1941, Japanese-Americans had lived in a climate of fear, bombarded with rumors and misinformation, as a suspicious and frightened citi-

15. Memo from Hale to Everson, March 27, 1942, San Francisco Office, FRB Files.

16. Memo from Evacuee Property Department, March 30, 1942, San Francisco Office, FRB files.

zenry conditioned by years of prejudice and racial stereotyping was over-quick to identify them with the enemy. Tales of imminent incarceration or deportation coupled with the very real loss of jobs and a lack of ready cash due to the freezing of foreign assets and closing of Japanese-owned banks thoroughly scared the Japanese minority, who were unsure whom to trust or what to do. Some moved quickly from areas designated “prohibited” because of their proximity to defense installations, and attempted, often in vain, to find more secure locations inland. The very vagueness of Roosevelt’s Executive Order and the indefiniteness of plans made for its implementation compounded their confusion. For example, the military first authorized and encouraged voluntary migration, and then, on March 26, prohibited that in favor of a plan freezing movement until each of ninety-nine designated areas in Military Zone 1 was evacuated in turn. This turnabout exacerbated an already bad situation.

Meanwhile, the Federal Reserve turned to the task of hiring field agents to interview and advise those requesting its assistance. Neither San Francisco nor the branch offices prepared a job description for this position. Some records indicate that an attempt was made to exercise “exceptional care in employing the highest type individuals available for the work” by soliciting recommendations from other bankers or leading citizens in the community.¹⁷ However, the work was to be of limited duration, approximately two to six months, and there was great pressure to hire people and begin immediately. Reports from the field offices make clear that the usual procedure was to interview and hire retired bankers, federal employees, real estate agents, or people with some business experience who were willing to take a temporary job. Their feelings toward the Japanese or knowledge of their culture or native language were not determined. In short, they appear to have been quite typical representatives of the prevailing climate of opinion in their communities—white, middle class, and at least moderately racist. Most were, after all, the products of California’s “politics of prejudice.”¹⁸ None doubted the morality of the task they were to do. Its justification appeared self-evident.

17. Report from the Assistant Manager, Los Angeles Office, to the Head Office, San Francisco, May 30, 1942, San Francisco Office, FRB Files.

18. See Roger Daniels, *The Politics of Prejudice* (Berkeley, 1962, reprinted 1977).

The selection of the head field agent for Sacramento, Albert J. Reid, is a case in point. Dallas Gray was sent from the Home Office in San Francisco in mid-March, 1942, to hire someone for the position. He reported that none of the people whose names he obtained from the U.S. Employment Bureau proved to have the “type of personality” required. Following a few leads obtained from acquaintances in the city, he found a suitable candidate, but the man declined the job for more permanent employment. Gray reported that he then interviewed Reid and hired him on the spot. The new head of the Sacramento office of the Evacuee Property Division reported for work the next morning to meet his colleagues, Wayne Phelps of the Farm Security Administration, Patricia Thayer of Federal Security, and Ray Donnally of the U.S. Employment Service (the latter served as coordinator of the WCCA operation in Sacramento). Since Gray spent the rest of the day meeting with leaders of the Japanese-American community to explain procedures and the services the agencies could render the evacuees, Reid received few instructions. Nowhere in his report did Gray mention Reid’s qualifications for the position.¹⁹ It would appear, from this report and others, that sheer availability was one of the chief prerequisites for the job.

The Federal Reserve Operation in Sacramento

The manner in which the bank agents helped the Japanese to prepare for relocation can best be understood by studying in some detail the experience of the City of Sacramento. The office in that city served Japanese from a nine-county area in Northern California. The city was of medium size and located in the heart of the rich Sacramento valley; Japanese had lived there since 1883. Although that minority probably made up less than 10 percent of the city’s population in 1942, Sacramento County had the third densest Japanese population on the West Coast. While most of them were involved in agriculture, others were urban residents of the city’s lively Japan Town, which offered

19. Report from Dallas H. Gray to Head Office, March 24, 1942, Sacramento Office, FRB Files.

banks, churches, restaurants, groceries, hotels, and beauty and barber shops.²⁰

Sacramento Japanese had about two months in which to prepare for relocation: more time than the unfortunate residents of Terminal Island in Los Angeles harbor, who were summarily uprooted within twenty-four hours, but still not enough. The bank office was set up in mid-March, and headed by Reid, who then hired five subordinates. As Henry Taketa (a prominent *nisei* lawyer in the city) stated, the Federal Reserve Bank “had good intentions, but it didn’t go out asking people if they could help.”²¹ Taketa estimated that only one family in ten actually asked for assistance from bank agents. The remainder, distrusting the government for good reason, preferred to solve their own problems. The agents attempted to disseminate information through the local chapters of the Japanese American Citizen’s League (JACL), whose leaders together with other community spokesmen met with Gray during his visit. Gray urged a rapid dissemination of information through the media and Japanese organizations, so that people, “disconcerted and confused” as they were, would be prepared, and not have to be removed by the Army *en masse*.²² The Buddhist Church tried to keep people informed, and throughout March and April the local newspapers urged people to prepare for departure. On April 4, for example, the *Bee* reported a “final warning” to West Coast Japanese to be ready to move, stating “no exceptions will be made.”²³ In the week prior to evacuation, the JACL in Florin distributed a mimeographed newsletter, including a pathetic note reminding people to take their pets to the local Humane Society, which promised to find them good homes.

Such general pronouncements left many questions unanswered. When Gray met with community leaders in Sacramento, he was asked to provide specific information. Who

20. Cheryl L. Cole, *A History of the Japanese Community in Sacramento, 1833–1972: Organizations, Businesses, and Generational Response to Majority Domination and Stereotypes* (San Francisco and Saratoga, Ca., 1972) pp. 8, 14–27, and *Sacramento Bee*, May 7–8, 1942.

21. Interview with Henry Taketa, June 21, 1980, Sacramento, and Cole, *Japanese Community*, p. 46.

22. Gray Report, FRB Files.

23. FRB Files, and the *Sacramento Bee*, April 4, 1942.

would aid a family whose head had been arrested by the FBI? How could a family sell its car if the legal owner had been incarcerated? What about the property problems of *nisei* in the armed forces? Should families sell household goods or store them? Would they ever be able to return?²⁴ Because the program had not been thoroughly conceptualized, confusion reigned supreme and bank agents could do little to mitigate it.

As bank agents in Sacramento conducted interviews with those Japanese who did come in for assistance, they completed a total of 625 forms to be sent to the San Francisco office. Looking at these forms, we can analyze the way in which the bank officials operated. Approximately half of the forms dealt solely with the disposal of an automobile. Others recorded interviews with Anglos or minority groups anxious to acquire the property the Japanese had to leave behind. Of the remainder, 230 cases that contained sufficient information to make the problem and its solution comprehensible were analyzed by computer. Selecting comparable data was a difficult task, for the cases were extremely varied. The results of this study provide a way of looking at the economic loss of the Japanese, as well as the actual operation of the Federal Reserve's Evacuee Property Division.

The Sacramento office served Japanese from a nine-county area in Northern California. One-hundred-fourteen of the 230 were residents of the city or had a rural address in Sacramento, while eighty-two came from small towns in the county and its valley neighbors. Twelve cases involved people who had already relocated once from areas in the "prohibited" district along the coast. Most, 157 of 230, represented only themselves, although about 10 percent represented others: their *issei* parents or other relatives, or on occasion an organization. The vast majority were males and 149 were American citizens. (The form solicited all this information, including a question asking if they had ever visited Japan. Ninety-five had; ninety-one had not.)

The cases covered a wide variety of topics, ranging from urban small businesses (approximately 25 percent of the cases) such as hotels, groceries, dry cleaning establishments, and nurseries, to agriculture (another 25 percent). The Sacramento *City Directory* listed a total of 238 Japanese businesses in the city in

24. Gray Report, FRB Files.

1940.²⁵ Never did an individual present the bank agent with the totality of his economic situation; instead, evacuees asked help only with the few problems they had been unable to resolve themselves.

Uprooting the Japanese was not a simple task. Vagueness regarding the final disposition of the cases makes an evaluation of the effectiveness of the bank's program in Sacramento difficult. Settlement prior to evacuation was apparent in ninety-seven of the cases, or 42 percent; the remainder were handed over to the WRA. In each relocation camp there was an Office of Evacuee Property, which attempted the follow-up that the Federal Reserve's limited program could not offer. It is difficult to determine if the settlements facilitated by the bank agents were "fair"; they do appear to have been satisfactory from the agent's point of view, which was the only perspective recorded. In one-third of the Sacramento cases no information was provided as to outcome, and only one case required extensive legal research.²⁶ In six cases it appeared that the evacuee had been pressured into accepting an offer lower than he desired; occasionally the irritation of the bank agent surfaced in a remark about recalcitrance or stubbornness. Reid noted in one case, "This man has not put his best efforts forward to liquidate his affairs."²⁷ The vast majority accepted the bank officers' suggestions, and occasionally recorded their gratitude in touching letters of thanks sent later from the camps.²⁸ There was for most no time to argue, no sense that resistance could achieve anything, and the need for haste was all-pervasive. The bank's assistance was accepted for what it was—better than no help at all, and many people were very grateful for it.

25. As listed in Cole, *Japanese Community*, p. 144.

26. The Ishino-Kercheval case was the most troublesome Sacramento case, and was used as an example in the bank's "Final Report."

27. March 24, 1942, Sacramento Office, FRB Files.

28. The case of Dr. George Iki was exceptional. A prominent Sacramento physician, he cooperated fully with the officials, and even evacuated to Walerga a week ahead of the others in order to set up a 150-bed hospital. As the time of evacuation drew near, he wrote Reid asking help with his own affairs in order that he could take his office equipment with him. He received no answer, and later wrote from Tule Lake asking for references so he could borrow money to re-equip. He received the reference together with a personal note wishing him well, and suggesting that he might be able to do some fishing and hunting now that he was relocated! Sacramento Bee, May 7, 1942, and FRB Files.

It is unclear whether the people who called on the Federal Reserve Bank were representative in terms of their economic status in the community. Based on internal evidence, it appeared that eighteen were prosperous property owners, while eleven were in desperate financial straits. Evacuees volunteered little information about their overall situations. The Japanese community in Sacramento was certainly not prosperous in the years immediately preceding the war; hard-hit by the depression, it had not recovered by 1942. Most Japanese were tenant farmers unable to own land due to the Alien Property Laws of California, and the majority leased their homes or places of business.²⁹ Only 20 percent owned either urban or rural property.³⁰ In one county, 205 of the 416 Japanese farm operators were owners, and only thirty-seven had disposed of their property prior to 1945.³¹ The prosperous Japanese farmer competing unfairly with white labor—the “yellow peril” stereotype so publicized by Sacramento publisher V. S. McClatchy in the immigration controversies of the early 1920s—was conspicuous by his absence in 1942. The Japanese farmers did work hard, often on marginal lands, and they were willing to do the stoop labor required to raise such truck crops as strawberries and asparagus, but this had not made them rich.³² In fact, it only added to their problems in 1942, for no one else wished to lease such farmlands and do that kind of work. The case of the Japanese community of Florin, located twenty miles south of Sacramento, graphically demonstrated their problems, and its fate was an example of the worst that could happen.³³

When the agents encountered a complicated agricultural

29. Cole, *Japanese Community*, Chapter 2.

30. War Relocation Authority, *Final Report*, Sacramento District, May 15.

31. War Relocation Authority, *People in Motion: The Postwar Adjustment of the Evacuated Japanese-Americans* (Washington, D.C., 1947), reprinted 1975, vol. 5, p. 67.

32. The *Bee* reported a week after evacuation that most of the strawberry crop would be lost, as no one was available to harvest it. May 27, 1942.

33. The Japanese of Florin raised grapes and strawberries. As the land was poor, no whites wanted to purchase or lease it, and corporations finally took over large tracts. The property stored in Florin was vandalized even as the former residents were leaving, and this continued through the war with little effort exerted by law enforcement agencies to prevent it. By the time the former owners began to return in March, 1945, the community was devastated, and many of the farms had been partially abandoned. War Relocation Authority, *The Wartime Handling of Evacuee Property* (Washington, D.C., 1946, Reprinted 1975), pp. 93–96.

case, they conferred with the Farm Security Administration (FSA), whose stated purpose put harvesting of the crops on a par with protecting the property interests of the farmer.³⁴ The FSA's policy was to encourage farmers to plant in spring 1942 despite the expense of seed and fertilizer, even though the planters would be unable to harvest their crops. Those who did not aid in agricultural production, so necessary in wartime, could be charged with sabotage.³⁵ In fact, one Sacramento Japanese was arrested for destroying his four acres of lettuce.³⁶

Evacuees with complicated urban holdings were referred to real estate agents, commercial banks, and attorneys (there were two Japanese attorneys in Sacramento, Taketa and Walter Tsukamoto). Often the only solution to a real property problem was to give power of attorney to a commercial agent or a white friend and hope that a satisfactory solution could be worked out after the owner's departure. Sixty-five gave such power of attorney, approximately 30 percent of the cases studied. Two-thirds of the Sacramento cases involved real estate. Forty-two owners were advised either to sell, sublet, engage a neighbor as manager, or, if all else failed, to give someone else power of attorney.

Farm equipment generally went with the land, and the ultimate disposition of the crops was the new proprietor's concern. The Federal Reserve was quite successful in preventing creditors from repossessing tractors or household equipment on which the purchaser was paying installments; when evacuation was announced, many creditors refused to accept any further payments from Japanese, instead demanding repossession of the goods. This was clearly illegal as well as unfair, and the agents stopped such harassment.

Throughout, bank agents assumed that the evacuees should follow normal procedures in a free enterprise economy: advertise and sell for what the market would bear, and accept as a consequence of their haste some economic loss. Many white advocates of evacuation believed that the Japanese Americans were being asked to make a normal wartime sacrifice, if any-

34. Farm Security Administration, "Final Report," December, 1942, Japanese-American Research Project, Bancroft Library, University of California.

35. Interview with John Tateishi, JACL, San Francisco, June 24, 1980.

36. Sacramento *Bee*, March 5, 11, and 26, 1942.

thing a lighter one than that required of draftees. Under war-time circumstances, why argue about a few dollars? And as is shown by the interview records, the agents shared such assumptions. Certainly the irritation that arose when the very occasional Japanese protested the economic fate being meted out to him would support such a conclusion.

Automobiles, unlike household possessions, could not be stored indefinitely without loss. While the Sacramento division statistics do not reflect the total number of cases involving cars, vehicle problems represented as much as a third of the work of the EPD throughout Military Districts 1 and 2. Disposition was complicated by a frequently changing policy. At the outset it appeared that evacuees would be permitted to drive to the assembly centers; Sacramento Japanese first were told they could take their cars to nearby Walerga, but were discouraged from doing so, for the vehicles would be left in open fields. Many, nonetheless, hoped they might recover their cars when they found work near the relocation centers, so they stored them with the government. But under pressure from the army, the bank changed its policy, first encouraging, then demanding sale. Not only was it impossible to maintain vehicles left in open lots for indefinite periods of time, but such items were needed for both civilian and military use. The bank ultimately made two appraisals of a stored vehicle's worth, and then pressured the evacuee to sell to the army. By the end of 1942 the few cars still in storage, about one hundred, had been requisitioned by the military.³⁷

More than 20 percent of the people interviewed by the Federal Reserve in Sacramento had financial problems. Some people lost their jobs when firms acted on the prevailing climate of hostility and dismissed them. The California State Personnel Board fired all of its Japanese-American employees on April 2, claiming that they "disrupted morale" and were potential traitors due to their dual citizenship.³⁸ Others were penalized when the federal government closed enemy-owned banks; thanks to Eleanor Roosevelt's intercession, that order was modified the week after Pearl Harbor so that Japanese Americans could get \$100 a month from their bank accounts if they had no other

37. Evacuee Property Division, p. 4, San Francisco Office, FRB Files.

38. Sacramento *Bee*, April 3, 1942.



A Japanese-American woman working at the Tule Lake, California camp circa 1942. (Photo courtesy of Special Collections, Western Americana Division, Marriott Library, University of Utah.)

sources of income.³⁹ However, twenty-one people reported hardships due to the freezing of their bank accounts, and another six tenants or agricultural laborers complained of their inability to collect pay due them at harvest time. Federal Security provided temporary assistance for indigents. The Sacramento office encouraged city banks to loan money on blocked accounts, but took no action when the local Bank of America at first refused cooperation. The FRB did make provisions for the need for funds en route to the camps, urging evacuees to retain their local bank accounts and to carry a small sum in traveler's checks. Temporary branch banks were also opened near the assembly centers.

In other financial matters the field agents reminded evacuees of ongoing obligations. Insurance premiums should not be allowed to lapse, and taxes could not be forgotten. The agents endeavored to protect the evacuees' equity if they defaulted on a sales contract, but rarely did the owner gain more than the can-

39. Daniels, *Decision to Relocate*, p. 11.

cellation of the remaining obligation upon return of the goods.

The responsibility of the field agents to protect evacuees from victimization was a source of concern and criticism from the outset. Vice President Hale advised them on April 10 that a follow-up to the initial interview was imperative. The agents should even seek out Japanese who might need help, and assist them with their problems. He stressed, "It is not sufficient just to advise the evacuee to settle his affairs. You should go sufficiently into details of the problem to satisfy yourself . . . and then follow through until you have definite knowledge that it has reached a satisfactory conclusion." Instructing the agents to keep a complete history of each case, he emphasized, "Remember, undoubtedly cases will be found in the future in which we shall be called upon to defend our actions." The very fact that the bank had not received any so-called "critical" cases seemed to indicate to Hale that the treatment given advice-seekers was superficial, and a reading of the interview records themselves bears out this concern.⁴⁰

Hale's warnings were echoed a month later when the Tolan Committee reported the results of a two months' investigation of national defense migration to the United States House of Representatives. The committee members held hearings on relocation on the West Coast between February 21 and March 12, 1942. While they upheld the need for evacuation because of what they considered convincing evidence of sabotage, they were not laudatory regarding the actions of the Federal Reserve.⁴¹ They charged that the bank's property program was deficient on two counts. First, it dispensed erroneous information; evacuees were urged not to store, but to sell needed property, especially household goods, which they would be unable later to replace. The committee also castigated the bank for being "cautious in the extreme," in stipulating that goods were to be stored at the owner's risk, which created a "bad psychological factor" in the minds of the evacuees.⁴²

The Tolan Committee's criticism singled out an important

40. Instruction Letter No. 19, from William Hale to Field Representatives, April 10, 1942, San Francisco Office, FRB Files.

41. U.S. Department of the Interior, *Wartime Exile: The Exclusion of Japanese Americans from the West Coast* (Washington, n.d.), p. 143.

42. Tolan Committee Report, Associated Press News Release, May 13, 1942, San Francisco Office, FRB Files.

concern—storage. The Federal Reserve files are filled with massive documentation as to the number of fire extinguishers purchased for the warehouses it provided, but that was not the problem: the facilities were poorly guarded and were occasionally vandalized. The suspicions the Japanese had of government-provided services were fully justified. However, few evacuees were as financially secure as Henry Taketa, who stored his goods with the reputable Bekin Van Lines. Most had to leave their goods with friends, in churches, in privately provided facilities, or with the government, risky or not.⁴³ Why the bank could not provide insurance, however, is an unanswered question; probably it would have required federal authorization, and it certainly would have cost money.

The Federal Reserve was not unresponsive to criticism and established its own investigative unit, headed by Rae V. Vader. On May 4 Vader reported to John W. Pehle, Assistant to the Secretary of the Treasury, that corrective action had been taken. The field representatives were now conducting more follow-up investigations, and the information they provided the evacuees was more specific and useful. Offices which had been especially lax in recording complete case information on the interview sheets seemed to have improved. The office Vader singled out as most deficient in this respect was Sacramento.⁴⁴ However, as procedures improved, time ran out. The Federal Reserve files are replete with thousands of form letters mailed out to people who were interviewed once, requesting them to report back as to the solution of their problems. Few of these elicited a response, and those that did usually provided such cursory information as “I sold my farm (tractor, car).” They were marked “case closed.”

An examination of the data drawn from the interview records of Sacramento reveals no clear pattern. Citizens, far more likely to own land, appear to have sold more often than aliens, although the sample is probably too small to be significant. The Federal Reserve representatives inquired of most evacuees if they had ever been to Japan, but this information elicited noth-

43. Weglyn reports that an unidentified postwar survey found that 80 percent of the goods privately stored were pilfered, rifled, or stolen during the relocation; *Days of Infamy*, p. 77.

44. Rae Vader to John Pehle, May 4, 1942, San Francisco Office, FRB Files.

ing of any real relevance, nor did it appear to have influenced the handling of the cases. The cases were too varied to lend themselves to more detailed statistical analysis, and it would appear that Sacramento's Japanese, whether citizens or not, were treated much the same.⁴⁵

The bank agents did protect people from the more obvious forms of victimization and tried to prevent others from reaping a windfall from their calamity.⁴⁶ Federal Reserve representatives had many contacts among local real estate agents and bankers, but no one firm seems to have profited unduly from the business it received. An examination of the most complicated case that the Sacramento office handled also shows no particular attempt to influence the settlement.⁴⁷ The agents in Sacramento appear to have been as interested in an equitable solution as anyone, but in this, as in everything, external variables set the outer limits. A case was settled within two months: haste and the perceived need to cooperate with the military overrode everything.

When on May 7 the order was finally issued to evacuate the city of Sacramento, bank representatives were on hand to help the Japanese settle last-minute concerns. During the next three days evacuees were processed in the municipal auditorium. They were registered by the agents of the U.S. Employment Service, and could confer once again with the bank, Federal Security, and Farm Security representatives. Five days later they reported at the appointed time, tagged and with bundles in hand, to board buses for the assembly center at Walerga. The evacuation of the city took three days and was completed on

45. As the land cases demonstrate, citizens and *issei* shared a common fate. Of forty-two landowners, thirty-three were citizens, seven *issei*, the remainder not identified. Twenty-two percent of the Japanese Americans interviewed owned land, 16 percent of the *issei*. Thirteen citizens (10 percent) and one *issei* sold, while 11 percent of the *nisei* and 9 percent of the *issei* leased.

46. On a complaint from one woman, Agent Reid investigated two men who were soliciting powers of attorney from the Japanese, implying that they were government agents. Reid warned the FSA of this, and asked the FBI to warn them off. FRB Files.

47. Ishino-Kercheval case, Sacramento office, FRB Files. The case, involving a dispute between a landlord and a Japanese asparagus farmer, reached such an impasse that both sides hired attorneys. The Japanese farmer, untypically, utilized a leading non-Japanese firm. The Federal Reserve office was unable to arbitrate the dispute, and asked San Francisco for assistance. The out-of-court settlement appeared to be a compromise of the differences, probably an inevitable outcome since the contract was primarily verbal and not specific.

May 16; the county was evacuated two weeks later.⁴⁸ By June 5 Military District 1 had been completely cleared of Japanese.

The Federal Reserve in Retrospect

Though the operation of the Federal Reserve Bank in Sacramento was typical of the procedure used elsewhere, each locale had its own specific problems. In Seattle, for example, many Japanese owned small residential hotels where transient fishermen stayed. Finding new owners for real estate in an abandoned ghetto was difficult, particularly for marginally profitable enterprises requiring the labor of all family members. In the Los Angeles area, where the largest percentage of Japanese resided, problems were primarily agriculture-related. While most truck farms were saleable to other minorities willing to perform stoop labor, luxury goods enterprises like a cut-flower business were harder to unload. Everywhere disposition of vehicles was difficult because of time payment contracts, and tales of human misery filled the files.

The question of whether the Federal Reserve Bank helped evacuees prepare for their uprooting in the best manner possible can be assessed on several levels. Much can be learned from the criticisms it received at the time, first from the Tolan Committee and second from the WRA, which inherited the Japanese and their problems once they had been removed to the camps. The Tolan Committee issued a report in May 1942, part of which dealt with the actions of the Federal Reserve. While the bank appeared to have done its utmost "to prevent injustice and hardship to the evacuees, within an established framework," the committee, as noted earlier, faulted several aspects of its procedure.⁴⁹ Although the bank's officers tended to discount its observations since the committee had visited San Francisco shortly before the Evacuee Property Division was operational and had stayed in the city only a few days, its complaints appear to have been valid.

The WRA also criticized the actions of the Federal Reserve. In its *Final Report*, it listed six basic complaints. Although it

48. Sacramento *Bee*, May 8, 1942.

49. Tolan Committee Report, *ibid.*

admitted that some economic loss was inevitable, it found a fundamental problem in that procedures for safeguarding property were established so slowly. Much victimization occurred between the time of Roosevelt's proclamation on February 19 and the granting of authority to the Federal Reserve on March 5. This interval provided "a golden opportunity for swindlers and tricksters." In the interim the federal government assumed, incorrectly, that existing social agencies could handle any problems. When the government did establish a program, its provisions were inadequate to remedy initial losses or prevent ongoing victimization. Each agency's role in the evacuation was limited, and responsibility for safeguarding evacuee property "bounded from agency to agency."⁵⁰ The Federal Reserve Bank's San Francisco office was in charge for a mere six months while people were evacuated from their homes to the assembly centers, a task completed by August 7. The WRA assumed control of the operation in the fall, when the evacuees had been relocated into the "concentration" camps that housed most of them for the duration of the war. It was too late by then to prevent abuses. The bank's Evacuee Property Division wound up its operation on December 31, 1942.

The initial losses suffered by the evacuees were compounded by the indifference of local officials to the need to protect their goods. These authorities closed their eyes to vandalism and even arson, and were unenthusiastic about prosecuting offenders. The army, primarily interested in getting the Japanese out, abdicated its responsibility for safeguarding their property, and the Federal Reserve could offer little help. The WRA *Report* concluded that "wartime handling of evacuee property is a sorry part of the war record."⁵¹

In a major study of relocation undertaken by the University of California in 1942, the role of the Federal Reserve drew some attention. Sociologist Dorothy Swaine Thomas concluded that the policies of the bank resulted in "something close to disaster for virtually every Japanese-American businessman . . . It may safely be concluded that every evacuee incurred some loss, that

50. United States Department of the Interior, *The Wartime Handling of Evacuee Property* (Washington, 1946, reprinted 1975), RG210-F6/2, National Archives, pp. 3-4.

51. *Ibid.*

many of them suffered severe and irreparable losses, both tangible and intangible, and that the burden fell more heavily upon the small owner than the large.”⁵² Her evaluation contrasts sharply with the official report issued by the bank in December 1942, which noted with some pride that the program had been implemented successfully: “The evacuees were cooperative and the Japanese-American Citizen’s League expressed its thanks” for the bank’s help.⁵³

The program might have been carried out successfully from the bureaucrat’s perspective, but for the Japanese it was an economic disaster. Most later estimates put their property losses at \$400 million, citing the Federal Reserve as the source.⁵⁴ The interview records were clearly not the basis for that figure, nor was anything else the bank published on the subject. Despite the order to keep detailed interview records, few agents did so, and only rarely did dollar amounts even appear in their reports.⁵⁵ Since individuals only brought to the bank agents problems they could not solve themselves, the records contain no information on the property people disposed of privately. The bank maintained detailed records on the number of interviews conducted at each field office every week, and it kept a careful accounting

52. Thomas and Nishimoto, *The Spoilage*, p. 16.

53. FRB, “Final Report,” p. 21.

54. The \$400 million figure is cited in many secondary sources, such as Weglyn, *Years of Infamy*, p. 276; Girdner and Loftis, *Great Betrayal*, pp. 436–37; Hosokawa, *Nisei*, p. 440; Daniels, *Concentration Camps*, p. 168. All cite the Federal Reserve with no specific reference. Mike Masaoka, Washington Representative of the JACL, attributed the figure to the FRB in a statement made at the Hearings of Subcommittee No. 5 of the Committee on the Judiciary, House of Representatives, 83rd Congress, 2nd Session, 1954, pp. 15–16, but he himself first mentioned it in his “Final Report” from Camp Shelby, Mississippi, dated April 22, 1944; Letter to the author from Roger Daniels, March 27, 1982. Helene Briggs, corporate services manager and former archivist, Federal Reserve Bank, San Francisco, in a letter to the author May 12, 1981, acknowledged that neither she nor the research librarians at the bank could find the source of the figure. The JACL used the \$400 million figure in its work on the redress issue; see *The Japanese American Incarceration: A Case for Redress* (San Francisco, 1978), p. 22; and the figure came up again in the Washington hearings of the Commission on Redress, July, 1981. Although some sources mention other figures, ranging from \$250 to \$385 million—the latter is in Leonard Bloom and Ruth Riemer, *Removal and Return: The Social-Economic Effects of the War on Japanese-Americans* (Berkeley, 1949)—the \$400 million is the most common. It has now reached the status of folk wisdom.

55. A count of the Sacramento cases reveals that only about one-third of the cases mention any specific figures. Of those, approximately one-fourth give sufficient details to estimate the actual loss. A more intensive study of the entire body of the 27,000 cases will be necessary before this author can draw any hypothesis as to total economic loss based on this data.

of the funds it expended to run the entire operation (\$315,694.47 as of December 31, 1942).⁵⁶ But the economic loss suffered by the Japanese themselves appears not to have been of primary concern, despite the bank's stated charge.⁵⁷ Rather, its goal soon became the preparation of the Japanese for rapid departure. It was concerned more with speed than with equity.

Time lends additional weight to the critics of the bank program, which was hastily-devised, ill-conceived, and procedurally sloppy. The bank had no experience with such a task, and while its agents gave advice well suited to a peacetime move, it was inadequate given the magnitude of the problem. The white community, for the most part anxious to be rid of its unwelcome neighbors, was quick to victimize them. The bank agents could only prevent the grossest abuses, and then only for a few of the thousands uprooted. Had they dealt with the entire community they would have gained a better perspective on the dimensions of the problem. Hampered by inadequate time and inability or unwillingness to apprehend or punish the exploiters, the agents failed, and in their failure they too became victims of a misguided policy. Through its intervention the bank itself assumed some responsibility for the tragic policy failure of relocation. Eugene Rostow called it, in 1945, "our worst wartime mistake."⁵⁸ One can only conclude that the means to achieve that dubious end were inept as well.

56. FRB, "Final Report," p. 20.

57. For example, the article, "Work in Evacuees' Interests in the Federal Reserve Bank of San Francisco," *Federal Reserve Bulletin*, April 1, 1943, is concerned only with the economic impact of the removal of the Japanese from California agriculture.

58. Eugene V. Rostow, "Our Worst Wartime Mistake," *Harper's Magazine* 191 (September 1945): 194-201.