

COMMISSION ON WARTIME RELOCATION AND INTERNMENT OF CIVILIANS



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STUDY ESTIMATES ECONOMIC LOSS OF JAPANESE AMERICANS, RESIDENT ALIENS DURING WORLD WAR II AT \$810 MILLION TO \$2 BILLION IN 1983 DOLLARS

A study of economic losses of Japanese Americans and resident aliens of Japanese ancestry who were excluded from the West Coast and interned during World War II estimates that the ethnic Japanese lost between \$149 million and \$370 million in 1945 dollars, and adjusting these figures to account for inflation alone, between \$810 million and \$2 billion in 1983 dollars. The study was conducted for the Commission on Wartime Relocation and Internment of Civilians by ICF Incorporated.

"The excluded people suffered enormous damages and losses, both material and intangible," said CWRIC Chair Joan Z. Bernstein. "The purpose of the study has been to analyze the extent of the economic loss and develop reasonable and reproducible estimates of that loss.

"The analysis deals with property loss that was not compensated in claims paid under the Japanese American Evacuation Claims Act of 1948 and income loss incurred by the detainees. Undoubtedly, the ethnic Japanese suffered many other kinds of losses from their lives being uprooted and from their careers and education being disrupted, but the scope of this analysis is limited to a determination under rigorously applied analytical methods of only income and property losses during the detention period from 1942 to 1946," she said.

The ICF analysis concludes that because the losses under investigation occurred some forty years ago, there is no straightforward way to present a single figure for the value of losses incurred by the ethnic Japanese community.

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For each estimate of loss, figures are presented for the value of the loss in 1945 dollars; the value of the loss in 1983 dollars to account for inflation; the value of the loss in 1983 dollars at actual corporate bond rates over the years; and the value of the loss in 1983 dollars when both a 3 percent real interest rate and inflation are considered. The adjustments for foregone interest are made to account for the fact that had the loss not occurred, the amount lost could have been invested between 1945 and 1983.

Total uncompensated economic losses of the ethnic Japanese adjusted for the corporate bond rate range from \$1.2 billion to \$3.1 billion, and at a 3 percent interest rate and inflation, from \$2.5 billion to \$6.2 billion, according to the ICF analysis.

The Commission was created by Congress in 1980 to review the facts and circumstances surrounding the Executive Order issued on February 19, 1942, by President Franklin D. Roosevelt which led to the exclusion of approximately 120,000 Japanese Americans and resident aliens of Japanese ancestry from the West Coast. An estimated 5,000 to 10,000 were impelled to leave the West Coast on their own. Another 110,000 people were removed and detained in bleak, isolated camps.

The ICF analysis of income loss covers the 88,000 adults detained in camps. It does not cover those individuals who removed themselves from the West Coast prior to exclusion. Estimates of income loss of these detainees are based on projected income minus actual compensation (monetary and in-kind) received in camp and accumulated over the entire camp period. The result is that the total net loss of income suffered by the ethnic Japanese falls between \$108 million and \$164 million in 1945 dollars. Adjusted to 1983 dollars to account for inflation alone, the total net income loss of the adult detainees falls between \$589 million and \$893 million.

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Adjusted to account for the corporate bond rate, the ICF estimates show the net income loss ranging from \$892 million to \$1.4 billion. The estimated value of net income loss at the 3 percent real interest method plus inflation falls between \$1.8 billion and \$2.7 billion.

"Property losses were incurred by many if not all ethnic Japanese during the war, for a variety of reasons," the ICF study says. "Some sold their property at a loss before evacuation; and some property was damaged, partially or wholly destroyed, or lost while in the care of others during the detention years."

Under the Japanese American Evacuation Claims Act of 1948, ethnic Japanese who suffered real and personal property losses as a result of exclusion and detention were allowed to claim compensation for these losses. Between 1948 and 1958, 26,568 claims were filed with the U.S. Department of Justice totaling \$148 million, and the U.S. Government paid out about \$37 million in awards or settlements.

"There is good reason to believe that neither of these figures -- \$148 million in claims and \$37 million in awards -- represents the 'true losses' of ethnic Japanese as a result of exclusion," states the ICF analysis.

The study points out that certain types of claims were specifically excluded, many cases were settled for a fraction of the claim and most claims were probably settled for a great deal less than the reasonable value of the loss. Claims were also paid -- throughout the 1950s -- in 1950s dollars for losses incurred in the 1940s. No account was taken of inflation or interest foregone. "For these reasons, then, it appears virtually certain that the true losses suffered by the ethnic Japanese community exceeded the \$37 million paid in awards," ICF's study says.

"Whether or not the \$148 million figure represents an overestimate or an

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underestimate is less clear," the study observes. But it is possible that some people did not file because their claims were small, some may have been unaware, and some may have not filed because of insufficient written documentation for otherwise legitimate claims.

"These factors suggest that \$148 million may have been an underestimate of the true loss of property," the study says, although one could argue that in any claim situation, there is an incentive to increase the value of the loss claimed. ICF's study estimates property losses through reevaluation of available claims files and summary sheets and adjudication reports of the Justice Department and extrapolates from them to the entire universe of excluded ethnic Japanese.

The study estimates that the total property loss net of compensation received under the Japanese American Evacuation Claims Act ranges from \$41 million to \$206 million in 1945 dollars, and adjusting to 1983 dollars to account for inflation alone, between \$221 million and \$1.1 billion.

Adjusted to account for the corporate bond rate, the total uncompensated property loss falls between \$335 million and \$1.7 billion. ICF estimates that the value of such loss applying the 3 percent real interest method plus inflation ranges between \$680 million and \$3.4 billion.

The study commissioned by CWRIC was conducted by ICF between February and May, 1983. The analysis discusses estimates of economic losses only and does not deal with compensation or recommendations. ICF Incorporated is an economic and public policy consulting firm in Washington, D.C.

Copies of the study are available for review at the CWRIC office, Suite 2020, 726 Jackson Place, N.W., Washington, D.C.