

WAR RELOCATION AUTHORITY
WASHINGTON

August 25, 1943

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 operations, 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 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, and tastes may be expressed and satisfied.

II.

uses

enterprises must be established in order to serve the needs of the evacuees. Such enterprises may be organized on a temporary basis under the Project Director's supervision and coordination of the operation of such enterprises.

by the conditions of the relocation centers.

right to examine such enterprises and to determine whether they are being operated in accordance with the provisions of this instruction.

as close as possible to the permanent enterprises.

temporary relocation of such enterprises.

be paid for the use of such enterprises.

C. Of the enterprises which are established in the relocation centers, the following shall be considered as permanent enterprises:

D. The expenses of the operation of such enterprises shall be paid for by the evacuees who are engaged in such enterprises.

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 services.

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 conducted i

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, 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.

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 suggestion to the members and directors relative to management operation in order to assist the members in more effectively exercising their control of the enterprises established Association.

B. The documents whereby the Association will acquire the titles from the shall include, as requirements of

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, Purposes, 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.

XIV. 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 establishment of a credit Union is essential, necessary convenient to the needs of residents, they may apply to Project Director for assistance in its organization. Washington and Regional Offices will assist Project Director in this connection, upon request, with plans for organization suggested articles of incorporation, by-laws, and administrative instructions.