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SPECIAL CABINET  
COMMITTEE ON CLAIMS  
BY JAPANESE EVACUEES  
1947

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Victoria Bldg.,  
Ottawa, Ontario,  
February 17, 1947.

MEMORANDUM TO: The Honourable Colin Gibson,  
Secretary of State.

RE: Claims by Japanese Evacuees.

The declaration of war with Japan on December 7, 1941, created the immediate need for control by the Custodian of Japanese enemy assets, and on December 18, 1941, an announcement was made by the Custodian, in the Vancouver Press, advising that the Custodian was taking control of property and businesses in Canada owned by persons residing in Japanese occupied or controlled territory.

The Defence of Canada Regulations provided for the arrest and detention of enemy aliens. The application of these Regulations as it concerned persons of the Japanese Race in Canada resulted in the internment, from time to time, of Japanese coming under this category.

By Government Notice, dated February 5, 1942, enemy aliens were required to leave the Protected Area and on February 26, this ruling was extended to include every person of the Japanese Race.

The establishment of a Protected Area was provided for by Order in Council P.C. 365, dated January 16, 1942. There were approximately 22,000 persons of the Japanese Race residing within the Protected Area, and to implement and direct the evacuation, Order in Council P.C. 1665, dated 4th March, 1942, was passed, establishing the British Columbia Security Commission under the Department of Labour, with wide powers in regard to the movement of all persons of the Japanese race within and without this area.

Order in Council P.C. 1665, to which reference has been made, provided for the vesting and control by the Custodian, as a protective measure, of all property delivered up or which upon evacuation was left in the Protected Area. Certain exceptions were made in regard to fishing vessels, deposits of money, shares and other securities.

At a later date, P.C. 469, dated January 19, 1943, an enlargement was made in the interpretation of control and management to include, from the date of vesting in the Custodian, the power to liquidate or otherwise dispose of such property.

The Custodian was not at the outset concerned with fishing vessels, as immediately following the declaration of war, steps were taken by the Naval Service to bring into custody all fishing vessels owned by persons of the Japanese Race. The removal of a substantial part of the fishing fleet from active service prompted the Government to appoint a Committee for the purpose of returning these vessels to active fishing in the hands of fishermen other than of Japanese origin. Under the authority of the War Measures Act a special Committee known as the Japanese Fishing Vessels Disposal Committee was empowered by Order in Council P.C. 288, dated 13th January, 1942 (recommended by the Minister of Fisheries) to make such arrangements as would make it possible for the owners to freely negotiate for charters, leases or sale. The impounded vessels consisted of seiners, packers, trawlers, etc., and numbered 1137. It became evident that certain Japanese were determined to retain ownership, if possible, and in view of this, offers were received by the Committee and sales negotiated without the owner's consent. According to report, 950 vessels were sold for the sum of \$1,406,055.89.

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By Order in Council P.C. 2647, dated 20th July, 1942, vessels remaining unsold as at August 1, 1942, were to be turned over to the Custodian. The Custodian took delivery of 238 vessels and completed the liquidation of these.

In my report to you under date of 3rd instant, I reviewed the work of the Custodian's Office in Vancouver and outlined the procedure followed relative to the establishment of independent Committees, one to supervise disposal of Greater Vancouver Properties under the Chairmanship of Mr. Justice Smith and the other to supervise the disposal of Rural Properties under the Chairmanship of His Honour Judge Whiteside. In this report, I pointed out that the Custodian had disposed of 1,607 parcels of real estate showing an appraised value of \$2,292,624.25, and sales value of \$2,411,285.00 - excess of sales value over appraisal - \$118,660.75; and also submitted Statement of Cash Realization of Evacuee Assets and Revenues amounting to \$5,373,317.64.

On the 24th January, the Prime Minister issued a statement on Canadian Japanese Policy, in part, as follows:

"With respect to the property of persons of Japanese origin who were removed from the Pacific coast, and whose property was sold by the Custodian, the government is of the opinion that the sales were made at a fair price. In all cases a complete appraisal was made before disposition. The total of the prices secured is greater in aggregate than the total appraisal value.

To ensure, however, the fair treatment promised in 1944, the government is prepared, in cases where it can be established that a sale was made at less than a fair market value, to remedy the injustice".

Since that time, numerous enquiries have been received from Solicitors acting for Japanese, as well as many Japanese themselves, asking for information as to filing of claims and if proper machinery is to be set up for the hearing of same.

The type of claim in which this office is particularly interested relates to the liquidation of real and personal property left with the Custodian. We have pointed out that evidence already submitted indicates that the Japanese claimants feel that the losses they incurred went far beyond this. By reason of evacuation they were required to surrender their businesses and the positions in which they were employed and generally speaking, their chances of earning a livelihood were cut off. All such claims are based upon the economical loss caused by the results of evacuation. The consideration of claims of this nature would appear to be a matter of overall policy to be decided upon by the Government. Unless the scope of enquiry is confined to losses referred to in the Prime Minister's announcement, it is reasonable to suggest that claims will far exceed those referred to in the statement.

We are of opinion that while some claims may be made in regard to properties which this office has advertised and sold on the basis of valuation and with the approval of the Advisory Committees, generally speaking, the sale prices can be justified. We have pointed out, however, that the Government may need to face the fact that the valuations of the Soldier Settlement Board appraisers, which formed the basis of the sale to the Director, Veterans' Land Act, may have been below a value which might fairly have been placed upon these properties by other appraisers. The total Soldier Settlement valuation was \$867,000.00. The original offer was for \$750,000.00, and after negotiating, this was raised to \$850,000.00.

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From the foregoing you will appreciate that Departments other than the Secretary of State will be interested in the setting-up of a Commission, if such a course is decided upon. We are of opinion that a Commission should be established and that the Japanese should be required to file with the Secretary of such Commission, a duly verified statement of their claim, disclosing all particulars. The Custodian's Office should be furnished only with copies of claims relating to sales of the property, both real and personal, in order that the Vancouver Office may be given an opportunity to review particular files and submit its defense.

It will be necessary to decide upon a policy in connection with chattels. As you are aware, there was a considerable amount of chattels left in the Protected Area which in the early days the Custodian was not able to protect due to the speed with which evacuation proceeded. The Government may wish to take the stand that the Custodian has exercised all reasonable care and that unless the personal property was actually disposed of by the Custodian, he will not be accountable for same. On the other hand, it may be considered that because the Japanese was required to be evacuated and leave his property with the Custodian, that he is entitled to receive a fair value for it, even if we are unable to account for its disposal.

Your attention has been called to a communication received from Messrs. Norris & MacLennan, Solicitors, Vancouver, asking for the names of all Japanese who had property.

We have no idea as to the amount which may be involved in settling claims, and it would appear that the cost of investigation will be considerable, but by proceeding somewhat as outlined above, the period of time during which any Commission might need to sit would be greatly reduced.

In the course of our interview this morning, mention was made of the fact that consideration should be given to the insertion of an item in the supplementary estimates to defray the costs, including compensation which may be allowed the Japanese.

K. W. Wright  
Counsel to the Custodian.

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March 3, 1947.

MEMORANDUM TO THE CABINET

RE: CLAIMS OF JAPANESE EVACUEES FOR PROPERTY LOSSES.

By Government Notice, dated February 5, 1942, enemy aliens were required to leave the protected area of British Columbia and on February 26, 1942, this ruling was extended to include every person of the Japanese race.

To implement and direct the evacuation, Order in Council P.C. 1665, dated 4th March, 1942, (attached hereto and marked Exhibit "A") was passed, establishing the British Columbia Security Commission under the Department of Labour, with wide powers in regard to the movement of all persons of the Japanese Race within and without this area. Order in Council P.C. 1665, as amended by Order in Council P.C. 2483, dated 27th March, 1942 (attached hereto and marked Exhibit "B") provided for the vesting and control by the Custodian as a protective measure of all property delivered up or which upon evacuation was left within the protected area.

Pursuant to Order in Council P.C. 469, dated January 19, 1943, (attached hereto and marked Exhibit "C") an enlargement was made in the interpretation of control and management to include, from the date of vesting in the Custodian, power to liquidate or otherwise dispose of the property of Japanese Evacuees.

The Custodian experienced extreme difficulty in dealing with the large number of substandard buildings and the vast quantity of inferior personal property which the Japanese possessed.

Two independent Committees were established. One is known as the Advisory Committee on Greater Vancouver Properties. The following members were appointed to the Board on the 8th of March, 1943:

Honourable Mr. Justice Sidney Smith of the Appellate Court of B.C., Chairman; Alderman Charles Jones; Mr. Kishizo Kimura (resigned 20th July, 1943).

The other Committee is known as Advisory Committee on Rural Properties. The following members were appointed on the 15th of March, 1943: His Honour Judge David Whiteside, New Westminster, Chairman; Messrs. D. E. MacKenzie; J. J. McLellan; Hal Menzies; Yasutaro Yamaga.

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Mr. McLellan resigned almost immediately and Mayor W. Mott of New Westminster was appointed in his stead. Mr. Yamaga resigned on the 26th of May, 1943. Mr. MacKenzie died on the 11th of October, 1944.

The Custodian asked both Committees whether or not they would recommend liquidation. The members visited many Japanese properties and unanimously endorsed, with the approval of the Japanese members, a policy of liquidation. Shortly afterwards both Japanese members resigned and no new Japanese appointments were made.

The Committees were asked to report as to the method of liquidation and they recommended that Catalogues be prepared, listing the properties; that the properties be individually appraised by Agents approved by the Boards; that parcels be not sold for less than the fixed value and that public notices be published in the press calling for tenders. The policy, as outlined, was adopted. All offers for land have been referred to the Advisory Committees and their approval obtained before any have been accepted.

Insofar as the rural properties are concerned, a sale of 741 parcels was made to the Director, Veterans' Land Act, as the Government desired to acquire property for the purpose of rehabilitating returned men. The Advisory Committee recommended acceptance of the sale price eventually agreed upon.

Chattels have been sold on the basis of recommendations by the Committees, that is, by public auctions conducted by licenced auctioneers, except in those cases where chattels were essential to the operation of farms, in which case the tenant or owner of the farm was given an opportunity to buy at an appraised value.

The policy of liquidation has resulted in the Custodian paying out large sums of money to the Evacuees and paying debts on their behalf. In co-operation with the Department of Labour, the Custodian releases such funds to Evacuees, still in Interior Housing Schemes operated by the Department of Labour, as are considered necessary. Where Evacuees have moved East from the Province of British Columbia, the Custodian releases the balance.

Sales of Evacuee Properties to December 31, 1946, were as follows:

	<u>SALES</u>	<u>APPRAISAL</u>	<u>SALES VALUE</u>
Greater Vancouver	466	\$ 915,600.00	\$ 1,004,785.00
Rural	400	529,146.25	570,244.00
Veterans' Land Act	741	847,878.00	836,256.00
	1607	\$2,292,624.25	\$ 2,411,285.00

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Proceeds from sales, including farms sold to the Director, Veterans' Land Act, exceeded fixed valuations by \$118,660.75

STATEMENT OF CASH REALIZATION OF  
EVACUEE ASSETS & REVENUES

Fishing vessels & scows	\$ 203,049.40
Fishing nets & gear	101,215.08
Cars	63,583.98
Trucks	94,540.63
Sundry Business assets	200,230.12
Household effects	255,968.76
Radios	17,049.64
Farm Equipment	15,995.08
Life Insurance	65,259.75
Securities	59,766.04
Accounts Receivable	150,901.03
Sundries	32,524.74
Veterans' Land Act	807,400.22 X
Real Estate Sales	1,689,103.48
Real Estate Income	503,397.35
Dividends from Securities	9,795.84
Rooming House rentals	33,362.36
Cash turned in by Repatriates	1,070,174.14
	<u>\$ 5,373,317.64</u>

I am informed that the distribution of Japanese in Canada at November 30, 1946, was as follows:

British Columbia	6,981
Alberta	4,262
Saskatchewan	503
Manitoba	1,193
Ontario	6,617
Quebec	1,210
Nova Scotia	1
New Brunswick	10
Prince Edward Island	6
Yukon and Northwest Territories	31
Total	<u>20,814</u>

During recent months there have been growing indications that an effort would be made by certain organizations to induce the government to give consideration to Japanese claims. I am informed that questionnaires have been circulated by the Japanese Canadian Committee for Democracy to secure information establishing claims. The following appears in The New Canadian, a weekly publication for Canadians of Japanese origin, under date of November 23, 1946:

"The questionnaire, in its tentative form, seeks information on losses under the following general classifications:

Real Estate (residential); Business of all types; Farm Property; Fishing Vessels and Gear;

Personal Estate; Loss of Revenue (rent, income, wages, etc.); Accounts, Uncollected (rent, interest, loan, deposit, claims, etc.);

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Fees Paid (attorney or agent, storage, transportation, travelling, medical, educational, funeral or any other charges directly attributed to evacuation); Family Allowances; and Relief Deductions".

On January 24, 1947, the Prime Minister made an announcement in connection with Japanese problems and referred to claims put forward in regard to properties, as follows:

"With respect to the property of persons of Japanese origin who were removed from the Pacific coast, and whose property was sold by the Custodian, the government is of the opinion that the sales were made at a fair price. In all cases a complete appraisal was made before disposition. The total of the prices secured is greater in aggregate than the total appraisal value. (Avg 9.1544. Hume p 6052)

To ensure, however, the fair treatment promised in 1944, the government is prepared, in cases where it can be established that a sale was made at less than a fair market value, to remedy the injustice."

It appears desirable in the public interest that a Commission, to consist of not more than 3 persons, the Chairman of which should be a person who holds or has held judicial office, should be appointed to consider the claims which may be filed by persons of the Japanese Race. In my opinion it is also necessary to now determine the types of claims to which consideration should be given by such Commission.

When this question is determined, I recommend that advertisements be inserted in numerous newspapers, including The New Canadian, calling upon the Japanese to file their claims, duly verified, and to address all such claims to the Office of the Custodian, 506 Royal Bank Building, Vancouver, B.C. A time limit should be fixed for the filing of such claims. This will afford the officials in the Vancouver office an opportunity to review files and assemble data which will be helpful to the Commission referred to.

I am of opinion that it should be left to the members of the Commission to determine the places where hearings are to take place.

It is very probable that thousands of claims will be filed, but very improbable that the vast majority could be substantiated in a Court of Law. The Japanese have inflated ideas as to the value of their assets and doubtless their claims will be grossly exaggerated.

It is very difficult to estimate the amount that will be required to meet the claims and defer the expenses of the Commission. At all events it appears necessary to insert an item in the supplementary estimates in order to provide funds from consolidated revenue.

Your attention is directed to the fact that P.C.1665, referred to, indicated that no commission was to be charged by the Custodian in respect to the administration of Japanese Evacuee assets and that up to the present time, the Custodian has advanced the sum of \$725,500.00 in order to defray all such expenses.

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CONFIDENTIAL

A meeting of the Special Cabinet Committee on Claims by Japanese Evacuees was held in the Privy Council Chamber on Monday, March 24th, 1947, at 10:30 a.m.

Present:

Secretary of State and Custodian of Enemy Property (Mr. Gibson)  
Minister of Veterans Affairs (Mr. Mackenzie)  
Minister of Justice (Mr. Ilsley)  
Minister of Labour (Mr. Mitchell)

Also Present:

The Deputy Minister of Labour (Mr. MacNamara)  
Counsel for Custodian of Enemy Property (Mr. Wright)

Acting Secretary (Mr. Halliday, Privy Council Office)

1.

The Secretary of State, referring to the Cabinet decision of March 10th, 1947, stated that the Committee had been called together to consider and report on matters arising out of the disposal of the property of Japanese wartime evacuees and, in particular, the establishment of a Commission to deal with such claims and the terms of reference of such a Commission.

A memorandum had been prepared (copies of which had been circulated) outlining the action which had been taken for the liquidation or other disposal of the property of Japanese evacuees.

Two Advisory Committees had been established for Greater Vancouver and for Rural Properties, and sales had been made in accordance with the Committee's recommendations. There was now evidence to indicate that claims for compensation might cover a wider field than sales of property and include such items as loss of revenue, property disposition by evacuees themselves, theft, and personal charges and expenditures directly attributed to evacuation.

It was recommended that a Commission be appointed to consider these claims.  
(Memorandum to the Cabinet, March 3, 1947)

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The Minister of Justice drew attention to the Prime Minister's statements in 1944 and in January of this year that fair treatment would be granted all loyal Japanese Canadians and that the government would be prepared to remedy any injustice in cases where it could be shown that sale of property had been made at a loss rather than at a fair market value. It would seem important that any recommendation to Council for establishment of a Commission should define clearly the types of claims to be considered.

3. The Committee, after discussion, agreed to defer decision pending the preparation and examination of:-

- (1) a draft submission to Council recommending appointment of a Commissioner to consider claims arising from the sale of property of Japanese evacuees by the Custodian of Enemy Property.
- (2) a memorandum showing the types of all other claims not covered by the draft Order in Council and on which representations might be made, for possible extension of the terms of the above Order.

The meeting adjourned at 11:30 a.m.

W.E.D. Halliday,  
A/Secretary.

Privy Council Office,  
March 24, 1947.

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