Japanese American Relocation and Adult Labor Market Outcomes*

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Extended Abstract

Following the bombing of Pearl Harbor by the Empire of Japan in December of 1941, President Roosevelt signed Executive Order 9066, which allowed the War Department to declare any area a “military zone” from which it could exclude any person it deemed necessary [3]. The Order was signed in February of 1942, and by March of 1942, the United States Army forced the evacuation of all Japanese Americans (even US citizens and children) from the West Coast [3].

The US Government created the War Relocation Authority (WRA) to detain all Japanese Americans residing on the West Coast. The WRA built

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internment camps containing military style barracks and surrounded them by barbed wire and armed guards, who on more than one occasion shot internees suspected of attempting escape [3]. The internees had to wait in lines to use communal showers, bathrooms and dining halls, and shared small rooms that were between 320 to 480 square feet with three to seven people [2]. The internment camps were small communities consisting of hospitals, schools, and housing facilities, all erected in a matter of months.

Very little economic research has been done on the consequences of Japanese American internment, and none of it has focused on the effects on the interned children. In this paper, I ask how the relocation of the Japanese Americans during World War II affected the adult labor market outcomes of the interned children. To answer this question, I will focus on two effects: a schooling effect and an early life health effect. The schools within the WRA camps were of poor quality. For example, teachers were paid a fraction of what they would have been paid outside of the camps, classes were overcrowded, and grades that typically would have been separate were combined [3]. The health conditions within the camps were harsh, especially for young children. Death within the first year of life was the third highest source of mortality in the camps, dust storms caused higher rates of asthma, and poorly insulated nurseries sometimes reached 104 degrees during the summer months [2]. These poor health conditions may have negatively affected the development of the youngest children within the camps, and possibly affected their adult labor market outcomes decades later.
The relevance of this question is threefold. First, the World War II internment of Japanese Americans is an important part of American history that affected tens of thousands of children, and the economic effects on these children is still unknown. Second, in 1988, the United States Federal Government paid 20,000 dollars in reparations to surviving internees. While many working age internees were alive in 1988, almost all of the school age internees would have lived to receive the payments. Whether these payments were adequate compensations is not obvious. Lastly, this paper contributes to the literature on how primary school quality and early life health conditions affect adult labor market outcomes. Much of the research on primary school quality focuses on small changes (for example, relatively small changes in teacher pay or student-to-teacher ratios), while this paper focuses on a much more drastic change in schooling environment. Furthermore, this paper complements the literature on how the internment of Japanese Americans negatively impacted the economic outcomes of adults.

To estimate these two effects, I apply a methodology similar to that Aimee Chin [1] uses to analyze the effects of labor market withdrawal induced by Japanese American internment on earnings later in life. Specifically, I use a five percent sample of the 1980 US Census downloaded from IPUMS and exploit the fact that internment was nearly universal on the West Coast to identify who faced internment. Ninety-seven percent of Japanese Americans in Arizona, California, Oregon and Washington were interned, while only one percent of Japanese Americans outside of these states faced intern-
This fact allows me to use a difference-in-differences approach, in which Japanese Americans born outside of the West Coast become the control group, while those born in the West Coast are the treatment group. Individuals who are born on the West Coast in cohorts that would have reached school age by 1942 are considered treated by the schooling effect. Similarly, those born on the West Coast between 1941 and 1945 are treated by the early life health effect. The necessary assumption to proceed with this analysis is that the cohort trend of labor market outcomes on the West Coast would have mirrored the cohort labor market trend outside of the West Coast had internment never happened once we account for a fixed level difference. For groups that did not face internment (such as Whites and non-Japanese Asians), this is a testable assumption.

Difference-in-differences estimates suggest that incarceration during school age decreased the probability of attaining post-collegiate education by 7 percent and decreased 1980 wages (35 years after internment) by 15 percent. I also find that internment within the first year of life has a negative and significant effect on wages, but an insignificant effect on educational attainment. To check that internment and not some other West Coast related variable is driving the results, I use a difference-in-difference-in-differences (DDD) approach with Chinese Americans, who were economically similar to the Japanese and who would have faced similar anti-Asian discrimination. Adding Chinese Americans as a control group only amplifies the results. DDD estimates suggest that internment during school age decreased income.
by 25 percent, similar to the wage differential between blacks and whites today.

References

