

Human Capital Investment and the Internment of Japanese Americans during WWII: A Public Choice Approach*

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Abstract: On February 19, 1942, U.S. President Roosevelt signed Executive Order 9066, which gave final approval to the relocation of Japanese and Japanese-American citizens from the west coast to the interior of the country (Chin, 2005; Caudill and Hill, 1995). The order was signed amid the hysteria following Japan's late 1941 attack on Pearl Harbor. In the process of the internment, many Japanese Americans lost their farms and property. This paper seeks to determine what effect the internment and resulting loss of property had on human capital investments made by Japanese Americans. Economic theory suggests that when returns on other types of capital diminish or become riskier, individuals substitute away from investments in those types of capital and towards investments in human capital. Using large datasets constructed from the 1966 Japanese-American Research Project and the 1960 U.S. Census, empirical results are consistent with the hypothesis that the internment led to increased investments in human capital by Japanese Americans.

Keywords: public choice theory, human capital investment, American economic history, Japanese-American internment

JEL Classification: D72, J24, N42

1. Introduction

The thesis of this study is based on the experience of Japanese immigrants in the continental U.S., which generally means the Japanese experience in California. When the Japanese first entered the U.S., primarily to work in undesirable agricultural positions known as "stoop" labor, they were generally welcomed. The Japanese immigrants wanted more than to simply work on farms; they wanted to *own* farms. As long as the Japanese remained workers, U.S. citizens did not feel threatened. The perceived threat came when the Japanese immigrants became farm owners (Caudill and Hill, 1995). This perceived threat, and attendant growing resentment, led to anti-Asian and anti-Japanese legislation in the U.S., particularly in California, during the first half of the 20th century. This legislation first sought to stop the immigration of Japanese into the U.S., and then, achieving that goal, to make the U.S., and California in particular, so unattractive that the remaining Japanese would emigrate.

Although immigration was slowed to a trickle, California had little success in getting rid of the remaining Japanese up until the 1941 attack by Japan on Pearl Harbor. Then, stating national security concerns, the U.S. government relocated the Japanese (even U.S. citizens) from the Pacific coast states (primarily California) back east to what were viewed as less strategic locations. There, about 110,000 individuals of Japanese descent were incarcerated in War Relocation Authority (WRA) relocation centers (Chin, 2005).¹ In the process of this internment, many Japanese and Japanese Americans lost their farms and property. The U.S. government's

attempt at providing compensation immediately following the war fell far short, with many receiving little compensation relative to the value of their lost property.

This study seeks to determine what effect the internment and resulting loss of property had on human capital investments made by Japanese Americans. Economic theory suggests that when returns on other types of capital diminish and/or become riskier, individuals substitute away from investments in those types of capital and towards investments in human capital. This paper posits that the U.S. government's internment of Japanese Americans during WWII led to such an increase in investments in human capital within this group. We test this public choice hypothesis using data from the Japanese-American Research Project (Levin, 1966) and the 1960 U.S. Census. Interestingly, the empirical results are consistent with the hypothesis that the internment led to increased investments in human capital among Japanese-American immigrants. As such, this paper extends other studies that examine public choice aspects of human capital investments (Mixon and Wilkinson, 1999; Palia, 2000; Mixon, 2001; Mixon and Salter, 2008).

2. Historical Background

The story of the internment of Japanese Americans during WWII is really the story of immigration in California. A pattern was repeated, first with Chinese immigrants and later Japanese immigrants. The state of California, through various laws, initially made it difficult for immigrants to enter the state and then, if they managed to enter, unattractive for them to remain. The main difference between the Japanese and the Chinese in California was the Japanese desire to own land. This difference led to special legislation concerning land use that was aimed at the Japanese.

Between 1850 and 1882 over 280,000 Chinese entered California (Chuman, 1976). The immigration of Chinese occurred because the enormous economic growth in California required a cheap labor source, and the Chinese provided a solution. The Chinese were first welcomed, but by 1869 the railroad opened up California to the Eastern half of the U.S., the same time a recession began (Caudill and Hill, 1995). Organized labor lobbied for an end to Chinese immigration, stating that the Chinese were no longer needed. As early as 1875, California was subject to a statute eliminating Chinese immigration, although the statute was ultimately declared unconstitutional by the U.S. Supreme Court (Caudill and Hill, 1995). California and organized labor then turned to Washington, D.C., for political assistance. This effort was rewarded when, on May 6, 1882, the first *Chinese Exclusion Act* went into effect (Caudill and Hill, 1995). This act eliminated the immigration of Chinese laborers for a period of 10 years, and also prevented the Chinese from becoming naturalized citizens.

The agitation leading up to the *Chinese Exclusion Act* made it clear to many that something drastic regarding Chinese immigration was about to occur. Even before passage of the Act, labor recruiters began to visit Japan to find laborers to replace the lost Chinese (Chuman, 1976). As Caudill and Hill (1995) point out:

“The first large numbers of Japanese laborers to come to U.S. territory were contract laborers. In 1884 and 1885 several hundred contract workers landed in Hawaii, which at the time was a protectorate of the U.S. Californians were concerned that the Japanese might leave Hawaii for California. Consequently, on February 26, 1885, the United States Congress enacted a bill to

‘prohibit the importation and migration of foreigners and aliens under contract or agreement to perform labor in the United States, its territories, and the District of Columbia.’”

California began taking steps to make Japanese immigration difficult. A congressional act in 1882 had already imposed a head tax of fifty cents on all immigrants (Caudill and Hill, 1995). Soon afterward labor union leaders began to turn their attention to the “Japanese problem.” In 1905 the Asiatic Exclusion League was formed. Initially this group consisted mostly of union leaders and workers, but eventually support was widespread (Caudill and Hill, 1995). According to Daniels (1961), delegates from sixty-seven local and nearby labor organizations met in May of 1905 to form what became the Asiatic Exclusion League. From the time the League was formed, until after the end of World War II, an organized anti-Japanese movement existed in California, drawing its origins from labor unions in San Francisco (Daniels, 1961). The most prominent labor leaders attending the May 1905 meeting were European immigrants.

In an effort to reduce tensions, Japan attempted to voluntarily restrict immigration to the U.S. In 1900 the Japanese government stopped issuing passports for laborers headed for the U.S., but continued to allow immigration to Hawaii (Caudill and Hill, 1995). In California there was again concern that Japanese would enter through Hawaii. Consequently, the Asiatic Exclusion League prompted the legislatures of other Pacific Coast states to adopt resolutions restricting Japanese immigration from Hawaii (Caudill and Hill, 1995). In light of this agitation, the Japanese government started to limit immigration to Hawaii, and in April, 1905, Japan temporarily suspended all immigration.

Other legislation was designed to make life in California unattractive to Japanese Americans. In April of 1905, the union-dominated San Francisco Board of Education submitted a plan to the board of supervisors to segregate Japanese public school children (Caudill and Hill, 1995). On October 11, 1906, the board of education passed the segregation order. The move outraged Japan, and the U.S. government attempted to intervene. A compromise was reached and the problem was resolved with the passage of the *Immigration Act of 1907* (Caudill and Hill, 1995). The *Act* listed twenty different classes of worker, collectively called contract labor, that were prevented from immigrating. The *Act* also allowed the President to refuse passports to any citizens of any nation found issuing passports to any insular possession or the Canal Zone who ultimately come to the U.S. Also, the *Act* did not allow entry from Canada, Mexico, or Hawaii (Caudill and Hill, 1995). This *Act* succeeded in keeping Japanese laborers from entering the U.S. through a third country or territory.

The next issue was dealing with direct immigration. That goal was largely achieved through the “Gentleman's Agreement” of 1908 (Caudill and Hill, 1995). Japan agreed to limit immigration to “relatives,” “former residents,” and “settled agriculturalists.” The term “settled agriculturalists” is defined to mean a person who had invested capital in the enterprise, and whose share in its proceeds, if it is carried on in partnership, will be in proportion to the amount of his investment (Caudill and Hill, 1995). The Gentleman's Agreement led to an immediate decline in immigration. Soon afterwards, departures exceeded arrivals, as the number of Japanese entering the country had slowed to a trickle. The efforts then were focused on passing legislation to make life in California unattractive to the remaining Japanese Americans. The large part of this effort was aimed at land ownership (Caudill and Hill, 1995).

In the 1909 legislative session in California at least 17 anti-Japanese bills were introduced. In 1913, the session was flooded by more than thirty anti-Japanese measures. Most dealt with the holding of agricultural land. Out of this session emerged the *Heney-Webb Alien Land Law of 1913*. This law, which was to go into effect in August, tied land ownership to citizenship. It also provided that aliens not eligible for citizenship could lease land for a period of no more than three years. The state's Attorney General (Webb), himself a co-sponsor, was not shy about its intent, stating (see Chuman, 1976):

“It is unimportant and foreign to the question, whether a particular race is inferior. The single and simple question is, is the race desirable . . . It [the law] seeks to limit their presence by curtailing their privileges which they may enjoy here: for they will not come in large numbers and long abide with us if they may not acquire land. And it seeks to limit the numbers who will come by limiting the opportunities for their activity when they arrive.”

The law would not allow aliens to acquire, possess, enjoy, transmit, and inherit real property. Japanese Americans began to put land titles in the names of their U.S.-born children who were citizens, and therefore entitled to hold property (Caudill and Hill, 1995).

In 1919, state senator J.M. Inman introduced an alien land law designed, primarily, to fill this loophole in the Alien Land Law of 1913. The heart of the new act was that it was now illegal for an alien to provide funds to purchase land if the title was held in the name of another person in an attempt to avoid the law (Caudill and Hill, 1995). The act also prohibited leasing any land to persons ineligible for citizenship. The measure was placed on the ballot in the general election of 1920 in the form of an initiative. On November 2, 1920, the measure was passed by a vote of 668,483 to 222,086 (Caudill and Hill, 1995). Still, those in California were not yet satisfied, and hoped to put an end to all Japanese immigration as they had done years before with the Chinese. That goal was achieved when on May 15, 1924, by a vote of 308 to 62, a bill that became the *Japanese Exclusion Act of 1924* passed the House of Representatives (Caudill and Hill, 1995).

Despite all of the anti-Japanese legislation, the growth of the Japanese in agriculture during this period remained impressive. By 1940 Japanese farmers produced at least 90 percent of snap beans, celery, peppers, and strawberries. Japanese farmers also produced 50 to 90 percent of artichokes, celery, cucumbers, fall peas, spinach, and tomatoes for canning, and 25 to 50 percent of the asparagus, cabbage, cantaloupes, carrots, lettuce, onions, and watermelons (Salutos, 1975). Thus, it is not surprising that when the 1941 attack on Pearl Harbor heightened agitation against the Japanese Americans, the Caucasian farmers of California were anxious for internment and eager to acquire the land held by the Japanese. Austin Anson, the managing secretary of the Grower-Shipper Vegetable Association, a farm organization, is quoted as saying (see Grodzins, 1949):

“We're charged with wanting to get rid of the Japs for selfish reasons. We might as well be honest. We do. It's a question of whether the white man lives on the Pacific Coast or the brown men. They came to this valley to work, and they stayed to take over. They offer higher land prices and higher rents than the white man can pay for land. They undersell the white man in the markets. They can do this because they raise their own labor. They work their women and children while the white farmer has to pay wages for his help. If all the Japs were removed tomorrow, we'd never miss them in two weeks, because the white farmers can take over and produce everything the Jap grows. And we don't want them back when the war ends, either.”

The fact that the Japanese farmers were not wanted back after the war runs counter to the security arguments given for the evacuation. Those concerns certainly would not exist after the war. It is very clear that some viewed the situation that existed in California after the attack on Pearl Harbor as a unique opportunity. In May, 1942, O.L. Scott, another member of the Grower-Shipper Vegetable Association wrote to a Congressman [Anderson] (see Grodzins, 1949):

“If it were not for the ‘white-skinned Japs’ in this country there wouldn't be any Japanese question. What can you suggest I do and thousands of Californians be led to do, that may make it possible to get rid of all Japs, sending them back to Japan either before or after the war is won. I am convinced that if it is not done or at least the action completed before the war is over, it will be impossible to get rid of them . . . The Japanese cannot be assimilated as the white race [and] we must do everything we can to stop them now as we have a golden opportunity now and may never have it again.”

As the next section indicates, the opportunity created by Japan's 1941 attack on Pearl Harbor was indeed seized by the special interests described above.

3. The Internment

On February 19, 1942, President Roosevelt signed Executive Order 9066, which gave final approval to the relocation of Japanese and Japanese-American citizens from the west coast to the interior of the country, where about 110,000 persons of Japanese descent were ultimately incarcerated in WRA relocation centers (Chin, 2005; Caudill and Hill, 1995).² The order was signed amid the hysteria following Japan's late 1941 attack on Pearl Harbor. The reason given at the time for the evacuation was concern about espionage, or so called “fifth-column” activities of Japanese and Japanese Americans on the west coast. According to the intelligence services of the government, the concern over espionage was misplaced. At the outbreak of war in Europe, Roosevelt placed J. Edgar Hoover and the FBI in charge of internal security for the nation. Before the attack on Pearl Harbor, the FBI and Naval Intelligence maintained lists of alien suspects. Though the lists contained 250 to 300 suspects, only 40 or 50 were considered real threats (Daniels, 1975). Within two days of the attack on Pearl Harbor, the suspects and many others were detained. The FBI contended that these measures were sufficient to control any threat of espionage, and that the relocation of Japanese and Japanese Americans was not necessary for the sake of security (Daniels, 1975). As additional evidence that security was not the reason for the internment, no mass detainment of people of Japanese ancestry occurred in Hawaii, despite the fact that Hawaii was much closer to Japan, home to many Japanese and Japanese Americans, and had been attacked by Japan in December of 1941 (Chin, 2005). In Hawaii, only suspected Japanese were incarcerated, as the FBI had suggested be done in California (Caudill and Hill, 1995).

If espionage was not the reason for the evacuation in California, what was the reason? The answer can be found in an examination of several special interest groups. At first, the labor unions, and later, the farmers wanted the Japanese out of California and off the land long before the attack on Pearl Harbor. The attack on Pearl Harbor provided an opportunity for special interest groups to complete a task that was started several years before. As a consequence of the evacuation, farms and other property owned by Japanese Americans were sold in fire sales for a few cents on the dollar to Caucasian farmers (Chin, 2005; Caudill and Hill, 1995). Although one

estimate of the value of Japanese farmland in 1940 was over \$72 million (Caudill and Hill, 1995), according to Chuman (1976) the Federal Reserve Bank in San Francisco's conservative estimate of Japanese property losses stood at \$400 million.³

After the war, the Japanese-American Citizen's League argued for compensation for evacuees. Their efforts were rewarded when, on July 2, 1948, President Truman signed the *Japanese Evacuation Claims Act*. Evacuees were given eighteen months from the date of passage to file a claim with the federal government for property loss compensation. Evacuees filed 23,689 claims totaling over \$131 million. Most of the claims were filed for less than \$2,500, which was the limit directly payable from the funds appropriated by the *Act*. The total is less than one third of the Federal Reserve Bank's conservative estimate. Much later, in 1988, in recognition of the inadequacy of the compensation provided by the *Japanese Evacuation Claims Act*, the federal government included a provision in the *Civil Liberties Act of 1988* that re-addressed the situation (Chin, 2005; Caudill and Hill, 1995). First, in the bill the government apologized to Japanese Americans for the internment, also admitting that the relocation was not justified for security reasons. Second, the bill required that the surviving internees were paid a lump sum of \$20,000 each (Caudill and Hill, 1995). Reparations of \$1.6 billion have since been paid out (Chin, 2005).

The internment was, without a doubt, a terrible episode that caused great upheaval in the Japanese-American community. What effects did the internment, and its attendant property losses, have on Japanese Americans' subsequent investments in human capital? The property losses associated with the internment of Japanese and Japanese Americans caused great concerns over physical capital investments in those segments of the U.S. population. Farms, factories, shops, and bank deposits had been easily taken away in the aftermath of the bombing of Pearl Harbor in 1941. Economic theory suggests that when returns to physical capital are perceived as having diminished or become riskier, there is a substitution away from investments in those types of capital and towards investments in human capital. It is these investments that Becker (1975: 9) describes as "activities that influence future monetary and psychic income by increasing the resources in people." The list of activities described by Becker's explanation above includes formal schooling, on-the-job training, medical care, and migration (Shultz, 1962 and 1963; Mincer, 1974; Becker, 1975). More recently, this list has grown to include other forms of human capital, such as imagination capital (Becker, 1975 and 1996; Becker and Mulligan, 1997). Human capital is not as easily appropriated, by governments or other groups, as physical capital, and it is also more mobile than most other types of capital. Thus, economic theory is consistent with the idea that the internment, and the attendant property losses suffered by Japanese Americans, led to increased investments in human capital among this segment of the population. The next sections of this paper empirically examine this hypothesis.

4. The Data

The data used in this study come primarily from the *Japanese-American Research Project: A Three Generation Study, 1890-1966* (hereafter referred to as the JARP), which was completed in 1966. As described therein, the Issei (first-generation individuals) sample is a stratified random sample chosen from a project listing 18,000 Issei who survived until 1962 and lived on the U.S. mainland. The sample initially contained 2,304 cases, though some of these cases are omitted from the final analysis. This study is limited to only those Nisei (second-generation

individuals) born between 1900 and 1940, and whose educational attainment is recorded as something other than zero years. Thus, the final analysis includes 2,177 observations.

Information on the Nisei used in this study includes birth year, gender, and number of siblings. Additional dummy variables are created for prewar and postwar years. Prewar has the value one if the birth year is before 1914, and zero otherwise. Postwar has the value one if the birth year exceeds 1926, and zero otherwise. As the main hypothesis in this paper concerns the coefficients of the prewar and postwar dummy variables, some justification of the periods chosen for each is appropriate. The definitions of these dummy variables are motivated by concerns about how to treat individuals reaching college age during the war years. The war certainly affected a great many individual education decisions, but it is difficult to know exactly how. As a consequence, this study makes an effort to eliminate the effects of WWII.

The prewar and postwar intervals are chosen to allow individuals sufficient time to pursue educational goals without concern for the disruptive war years, here taken to be 1939 to 1945. As indicated above, the prewar dummy variable has the value one if an individual is born before 1914, and zero otherwise. An individual born in 1914 would be 24 years old by the beginning of WWII, and should have had sufficient time to pursue and achieve educational goals before the beginning of the war. Again, the postwar dummy variable has the value one if the individual is borne after 1926, zero otherwise. Thus, an individual born after 1926 would achieve college age (18 years) on or after 1945. These individuals should also be able to pursue educational goals without the interference of WWII.

For the sake of comparison, data on the education attainment of Whites and Blacks by birth year are also obtained from the 1960 U.S. Census. Individuals are included in this study if they are born between 1900 and 1935. The final cutoff date of 1935 is chosen to allow individuals to completely pursue their educational goals prior to the 1960 Census. This cutoff implies that only individuals age 25 or over are in the sample, thus facilitating comparisons to the Nisei sample.

Observations had to satisfy other conditions to be included in the Census sample. The sample included only data for either the head of the household or the wife of the head of the household. The sample also included only native-born individuals. This stipulation is necessary to make this sample more compatible with the Nisei sample because all Nisei are native born. Also, no Spanish-surnamed individuals are included the sample. These restrictions, along with deleting those observations with missing values, resulted in a White sample containing 65,994 observations, and a Black sample containing 6,720 observations.

5. Empirical Results

The estimation results in this study are based on three samples: the Nisei, White, and Black. A comparison of education attainment by birth year of each of these groups is given in the Appendix. The Appendix clearly shows that Nisei education attainment during the period is highest, followed by Whites, and then Blacks. The Appendix also shows that there are fewer Nisei observations for birth years in the early part of the century. One should note that the Nisei sample extends five years beyond the other samples due to the different dates the surveys were taken, and the need to make the data sets as compatible as possible. Comparing these individual series, without any additional information, is difficult. Thus, regression analysis is needed.

The estimation results from three models employing the Nisei sample are contained in Table 1. The results from estimating the first model are contained in column two of the table. This model explains education attainment using birth year, number of siblings, gender, and the prewar and postwar dummy variables. Birth year is expected to retain a positive coefficient, given that an upward trend in education attainment over time is expected. The coefficients for the number of siblings and gender, which is a dummy variable equal to one for females (zero otherwise), are both expected to be negative. In the former case, larger families face higher opportunity costs with respect to education attainment. In the latter case, the conservative cultural attitudes of the period resulted in diminished education opportunities for females relative to males.

The *F*-statistic from the first model in Table 1 is 43.11, indicating statistical significance of the regression at any of the usual levels of confidence. The model's R^2 of 0.09 is low, but not too surprising given its parsimonious construct and given that the model attempts to predict individual education attainment decisions by looking back in time. All of the explanatory variables have the expected sign and are statistically significantly different from zero at the usual levels of significance. The coefficient on birth year is positive, indicating an upward trend over time in education attainment, as expected. The number of children in the parents' family is negative and significant, as expected, reflecting higher the opportunity cost of education in a large family. The coefficient on the female dummy variable is negative, as expected, and statistically significant, reflecting the conservative cultural attitudes of the time. The prewar dummy variable is also negative and significant, while the postwar dummy variable is positive and significant, indicating a higher level of educational attainment after the war and the internment. This coefficient is consistent with our hypothesis that investments in human capital made by Japanese Americans increased following the internment. As stated earlier, this finding supports and extends other studies that examine public choice aspects of human capital investments (e.g., Mixon and Wilkinson, 1999; Palia, 2000; Mixon, 2001; Mixon and Salter, 2008).

The results obtained from estimating two additional models are presented in columns three and four of Table 1. Model 2 is similar to the model discussed above, but with the parents' number-of-children variable omitted. In addition, model three omits the gender dummy variable. The estimation results for these two models are very similar to the results of model 1, and so are not discussed in detail. These models are estimated simply to facilitate comparisons with the White and Black regressions based on the 1960 U.S. Census data, because the parents' number-of-children variable is not available from the 1960 Census data.

The results from estimating education attainment models based on the 1960 Census data are contained in Table 2. The results from estimations based on the White sample are contained in columns two and three of the table. The results from estimations using the Black sample are contained in columns four and five. In none of these models is the postwar dummy variable statistically significant. Thus, larger investments in human capital after the war do not seem to have occurred within the White and Black samples, unlike with their Nisei counterparts.

6. Concluding Comments

This study has presented evidence suggesting that the policies pursued by the governments of the U.S. and the State of California, particularly the internment of Japanese Americans during

WWII, contributed to higher postwar investments in formal education among that segment of the U.S. population. The government's confiscatory policies greatly increased the risk of future physical capital investments. This led naturally to and increase in Japanese-American investments in relatively safe human capital. Empirical evidence consistent with this hypothesis is presented based on survey data from the 1966 Japanese-American Research Project and the 1960 United States Census.

Endnotes

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1. The internees made up 87 percent of the Japanese population in the continental U.S., and 97 percent of the Japanese population on the west coast. The internees were held for an average of three years (Chin, 2005: 492). Finally, about 85 percent of the internees from the Pacific coast states were from California, while Pacific coast internees made up 99.9 percent of all internees in the continental U.S. (Chin, 2005: 496).

2. As Chin (2005: 493) indicates, EO 9066 authorized military commanders to designate parts of the country as military areas, from which any or all persons may be excluded. The western U.S. military commander designated much of Arizona, California, Oregon, and Washington as such, and removed all individuals of Japanese descent from these areas. For more on life inside the internment camps, see Chin (2005).

3. Chin (2005) points out that the loss of income among these Japanese and Japanese Americans was, though precisely unknown, also substantial. For a survey-based study on the magnitude of property and income losses in this case, see also Broom and Riemer (1949).

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Table 1
Educational Attainment Regressions – NISEI

| Variable | Model 1 | Model 2 | Model 3 |
|----------------|---------------------|---------------------|---------------------|
| intercept | -73.863† (-2.97) | -74.689† (-3.00) | -75.059† (-2.98) |
| BIRTHYR | 0.046† (3.53) | 0.046† (3.55) | 0.046† (3.51) |
| NSIBLINGS | -0.017† (-3.29) | | |
| FEMALE | -0.635† (-7.31) | -0.626† (-7.19) | |
| PREWAR | -0.347* (-1.85) | -0.345* (-1.83) | -0.294 (-1.55) |
| POSTWAR | 0.397‡ (2.23) | 0.388‡ (2.17) | 0.379‡ (2.10) |
| R^2 | 0.09 | 0.08 | 0.06 |
| F -statistic | 43.11† | 50.96† | 49.59† |
| <i>nobs</i> | 2,177 | 2,177 | 2,177 |

Notes: Numbers in parentheses are t -ratios. †(‡)[*] denotes the .01(.05)[.10] level of significance.

Table 2
Educational Attainment Regressions – Whites and Blacks

| Variable | <i>Whites Sample</i> | | <i>Blacks Sample</i> | |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Model 1 | Model 2 | Model 3 | Model 4 |
| intercept | -117.318† (-19.16) | -117.506† (-19.19) | -235.162† (-10.67) | -233.767† (-10.57) |
| BIRTHYR | 0.067† (20.99) | 0.067† (21.02) | 0.127† (11.04) | 0.126† (10.96) |
| FEMALE | -0.048‡ (-2.10) | | 0.564† (6.87) | |
| PREWAR | -0.150† (-3.17) | -0.151† (-3.20) | 0.185 (1.10) | 0.174 (1.03) |
| POSTWAR | -0.081* (-1.85) | -0.082* (-1.88) | 0.015 (0.10) | 0.024 (0.16) |
| R^2 | 0.05 | 0.05 | 0.12 | 0.11 |
| F -statistic | 938.03† | 1,249.18† | 221.87† | 278.17† |
| <i>nobs</i> | 65,994 | 65,994 | 6,720 | 6,720 |

Notes: Numbers in parentheses are t -ratios. Models 1 and 2 are for Whites, and Models 3 and 4 are for Blacks. †(‡)[*] denotes the .01(.05)[.10] level of significance.

APPENDIX
Educational Attainment in Years

| Birth Year | NISEI | White | Black |
|------------|----------------|------------------|---------------|
| 1900 | 8 (1) | 10.04 (1,418) | 6.63 (98) |
| 1901 | 11.67 (3) | 9.72 (1,659) | 5.65 (184) |
| 1902 | 10 (3) | 9.78 (1,371) | 7.37 (114) |
| 1903 | 8.67 (3) | 9.64 (1,581) | 6.28 (120) |
| 1904 | 11 (2) | 9.95 (1,642) | 7.18 (147) |
| 1905 | 13.14 (7) | 10.19 (1,686) | 7.51 (149) |
| 1906 | 13 (6) | 10.15 (1,742) | 7.1 (145) |
| 1907 | 13.57 (7) | 10.4 (1,858) | 7.66 (146) |
| 1908 | 14.56 (9) | 10.46 (1,793) | 7.54 (163) |
| 1909 | 13.73 (11) | 10.25 (1,911) | 7.35 (163) |
| 1910 | 13.16 (19) | 10.38 (1,852) | 7.75 (185) |
| 1911 | 12.67 (24) | 10.50 (1,869) | 7.31 (234) |
| 1912 | 12.34 (38) | 10.59 (1,876) | 7.96 (170) |
| 1913 | 13.06 (36) | 10.65 (2,030) | 7.7 (182) |
| 1914 | 12.61 (68) | 10.72 (2,011) | 8.06 (194) |
| 1915 | 13.01 (69) | 10.89 (2,105) | 7.48 (212) |
| 1916 | 12.98 (85) | 10.88 (2,040) | 8.43 (208) |
| 1917 | 13.62 (92) | 10.98 (1,953) | 8.55 (213) |
| 1918 | 13.38 (126) | 11.12 (2,088) | 8.28 (210) |
| 1919 | 13.42 (132) | 11.25 (2,027) | 8.74 (194) |
| 1920 | 13.71 (142) | 11.06 (1,985) | 8.41 (264) |
| 1921 | 13.75 (120) | 11.37 (1,981) | 8.7 (220) |

| | | | |
|------|----------------|------------------|----------------|
| 1922 | 13.6 (136) | 11.49 (2,113) | 9.27 (195) |
| 1923 | 13.19 (125) | 11.56 (2,054) | 9.06 (231) |
| 1924 | 13.38 (119) | 11.57 (20.31) | 9.5 (232) |
| 1925 | 13.7 (84) | 11.68 (2,095) | 9.25 (219) |
| 1926 | 13.61 (80) | 11.65 (1,953) | 9.44 (218) |
| 1927 | 14.13 (79) | 11.65 (1,865) | 9.77 (217) |
| 1928 | 14.13 (55) | 11.73 (1,967) | 10.16 (209) |
| 1929 | 14.12 (66) | 11.61 (1,777) | 9.84 (193) |
| 1930 | 14.14 (65) | 11.87 (1,755) | 9.67 (206) |
| 1931 | 13.9 (50) | 12.03 (1,726) | 9.8 (196) |
| 1932 | 14.21 (48) | 11.96 (1,582) | 10.42 (165) |
| 1933 | 14.95 (40) | 12.04 (1,625) | 10.57 (190) |
| 1934 | 14.49 (49) | 12.01 (1,519) | 10.41 (163) |
| 1935 | 14.92 (36) | 11.93 (1,554) | 10.44 (171) |
| 1936 | 14.91 (44) | | |
| 1937 | 15.11 (27) | | |
| 1938 | 14.22 (23) | | |
| 1939 | 14.73 (22) | | |
| 1940 | 14.42 (42) | | |

Note: The statistics above are means (the number of observations) for each year.