

Immigration and Canadian Economic Development

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Article abstract

Dans cet article, notre collaborateur étudie la politique d'immigration que le Canada a suivie depuis quelques années. Nous avons pensé que nos lecteurs s'intéresseraient à cette étude qui a fait la base d'une discussion à une réunion du « Social Planning Council » à Toronto récemment. C'est un problème primordial pour le Canada. – A.

Immigration and Canadian Economic Development¹

by

JACQUES PARIZEAU

16 *Dans cet article, notre collaborateur étudie la politique d'immigration que le Canada a suivie depuis quelques années. Nous avons pensé que nos lecteurs s'intéresseraient à cette étude qui a fait la base d'une discussion à une réunion du "Social Planning Council" à Toronto récemment. C'est un problème primordial pour le Canada. — A.*

The economist's point of view on immigration must necessarily be quite complex. On the one hand, economists love to be as complicated as possible in the way they view things, and on the other the relationship between the growth of the economy and immigration is not as simple as it is often thought to be.

Why should Canada want a persistent flow of immigrants? What kind of advantages do we think we can derive from such an additional increase in our population? The answer to such question must be quite detailed if we are to have any rational immigration policy. And this answer we must reach before asking ourselves whether in the present state of the world we are at all likely to find the quantity and quality of the immigrants we wish to attract here.

It is a well known fact that on the very long run immigration has served to compensate the loss of heavy emigration from Canada to the United States. There were periods where emigration was prevalent and others where immigration attained very high levels. Historically, these movements

¹ An address to the Social Planning Council delivered at Toronto on April 19, 1963.

of population have largely cancelled each other out so that the net gain at least from Confederation until the end of the second world war was relatively limited.

In other worlds net migrations have probably been a relatively secondary factor in the rise of the population, but they have contributed significantly to a change in the composition of the population. From 1951, onwards however, a large wave of immigration developed that was to last about ten years and came to an end during the last two years.

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It is of course much too soon to know whether we now stand at the threshold of another period of net immigration. In 1961 and 1962 the arrival and departures have cancelled each other out but no one can yet predict whether this is likely to go on or not. I would like to suggest however that the ultimate result will depend to a significant degree upon the economic policies that we are likely to adopt.

The post war immigration boom was largely the result of a very high rate of economic development in Canada. This development involved an incredible expansion of construction and investment. The scarcity of labour was such that manpower had to be found abroad. The climax came in 1956 and 1957 when the Canadian economy achieved a level of investment that had very seldom if ever been reached in Western industrialized countries. Large development projects were all carried out at the same time, the labour market became incredibly tight, and in 1957 alone 282,000 immigrants entered the country just in time for the incoming recession.

Throughout this period, however, the structure of the Canadian economy was changing. Considerable emphasis was being put on the development of natural resources while secondary industries were faced with mounting problems of readjustments in view of international competition. Our com-

mercial policy helped to create this divergent evolution. We absolutely wanted to open up world markets for our primary products but, at the same time, we had to bargain such advantages against those that had previously been given to national manufacturing industries.

18 As long as investment in natural resources was in full swing, employment was still growing very rapidly. Once however the projects had been largely completed, once production was underway, unemployment would have to be quite high.

In effect, primary industries and particularly extractive industries have reached a point where with the help of modern technology the productivity of labour is considerable. Such industries pay very high wages but, once the construction phase is finished, employ few people.

On the other hand the labour that was being released by manufacturing industries under the double impact of foreign competitions and technological progress has at times been very considerable.

Fortunately service industries have developed quite fast and have absorbed part of the redundant labour force, but they have often also contributed to increase the labour force insofar as they have attracted a number of women on the labour market.

Be it as it may, the lack of expansion of secondary industries and the limited amounts of labour required by primary production do not help to support a large inflow of immigration. The natural increase of the Canadian population is already very high, much higher in fact than the natural increase of European countries.

I feel certain that an active and sustained policy of immigration can only be associated with a rapid development

of the secondary sector of the economy. If Canadians see their country as a gigantic reservoir of raw materials for the American economy, I feel that they should also accept the fact that their population should remain relatively small. This may be the quickest way to attain a high standard of living. The broad and rapid expansion of secondary industries, on the other hand, requires a large internal market and thus must be associated with a maximum rate of increase of the population, even though this might mean that income per head will not rise very fast, particularly during the opening phase of such a policy.

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In any case, one has to choose what kind of development policy one wants to pursue before taking a stand on a long term immigration program. We have now acquired a limited skill in the manipulation of immigration, on a year to year basis in response to the economic conditions of the country. We know now how to turn the tap on or off in response to booms or recessions. We sometimes react a little too late, but at least we can recognize our mistakes.

I suggest however that we have made very little headway in linking the amount and kind of immigration we want with the sort of economic structure we wish to set up in this country. In other words, long term programming has still not been evolved in a significant way. We know that due to the lack of a diversified type of growth we loose every year to the United States a staggering number of highly skilled technicians. We are not certain whether what we gain through immigration is, on the average, as highly trained as what we loose. We are not too sure of the kind of growth we want and therefore have little idea of how to plan ahead as far as immigration and emigration are concerned.

Such programming must in any case be based upon the choice between what I just roughly sketched as being two very different types of economic structures.

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All of this is concerned with the demand side. How does the supply look like? Here again we can start from a well known fact. Most immigrants that enter our country come from Europe and the United Kingdom. Since the War two types of immigrants have come from these countries. One group could be called political immigration. It was relatively small but often of a very high level of education. These were people who for political reasons could not remain in their country of origin and for economic reasons had considerable difficulties in earning a living in their first country of adoption such as Germany, France, Belgium and the United Kingdom.

Political immigration has now receded and is unlikely to be appreciable in the foreseeable future, except for exceptional incidents such as the Hungarian uprising of 1956.

The economic immigration comprises a much larger group of people that is really divided into two sub-groups. The first includes a number of people that do not really come from countries where the standards of living is abnormally low but who go to Canada, Australia or some Latin American countries because opportunities seem much brighter there than those they have at home. A number of British, Scandinavian or Dutch immigrants have found themselves in that situation, and it is often in that group that the largest number of skilled workers or technicians are found.

The second sub-group includes a large number of residents from countries where income per head is very low or where unemployment has reached massive proportions. Italians, Portuguese, Greeks, come from countries where the standard of living has, in certain areas at any rate, been hopelessly low, and where unemployment forces population to leave.

On the other hand unemployment rather than income was largely responsible for the emigration of a number of German people in the ten years that followed the War, whereas in spite of a rapid rate of growth, the German economy found it exceedingly difficult to absorb the millions of refugees that had fled east Germany, the Sudetenland and kept pouring in through the green border.

People that we have rather quickly, I admit, classified in the first sub-group, are likely to be extremely sensitive to the level of economic activity in Canada and to our rate of growth. These people understood very rapidly the significance of 1957-58 recession and, at once, moved to other lands or stayed home. Thus immigration from the United Kingdom was cut by six between 1957 and 1959 and has not yet recovered.

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On the contrary immigration from the second sub-group of countries is much less sensitive to prevailing economic conditions in Canada, or rather, it only becomes slowly sensitive to a change in these conditions. This is the main reason in fact why Italians have been in recent years the largest group of immigrants. In any case these are the people who are likely to feel the main impact of restrictions in times of recession.

Now the state of the European economy has changed enormously in the last few years, as is known to every one. Europe in fact has achieved an outstanding rate of growth. Unemployment in Germany, in France, in the Benelux, has all but vanished. It has been sharply reduced in Northern Italy. At the same time real wages have been considerably increased. More important still new opportunities have developed that just did not exist a few years ago. In many areas of Europe it is not necessary any more to have a doctor's degree in law to become a cashier in a bank branch. Not

because standards have been lowered but because Doctors in law can now be put to better use.

22 Granted other areas are still depressed, other still share to only a very limited extent in the common growth. But it has become exceedingly clear that such areas must be and will be transformed so as to insure a balanced growth. The considerable efforts deployed in Southern Italy are already showing appreciable results. Southern France is no more the Cinderella of the French Economy and it is in itself a significant phenomenon that the repatriation of settlers from Algeria was the main factor that allowed the French economy to continue to grow at a time where labour scarcity were very acute indeed.

In other words the combination of a rapid rate of overall growth and of regional planning will reduce appreciably the inducements to migrate. Furthermore migrations between European countries are now encouraged, organized and financed in such a way that they have become a significant factor in the global picture of world migrations. The sustained lack of man-power in Northern Europe is now being met by large scale imports from the South.

Thus it would seem that the prospects of large scale European emigration to non-European countries must be sharply reduced in the foreseeable future. Southern Europe will certainly remain for some time yet a center of emigration but Canada will be in competition with a number of other countries to top this diminishing flow.

Great Britain has not yet undergone the economic revolution that is now in full swing in continental Europe. To that extent it could probably still be in a position to send abroad quite a number of people. But here again it is a question of a few years before the U. K. become closely associated with the dynamic forces that have gathered on the other side of the Channel.

In any case it has now become clear that large scale migrations are most likely to be had from underdeveloped countries where the population pressure has now sometimes reached the point of a catastrophe. Yet Canada is not particularly well prepared for this sort of development. Even though we might wish to obtain a large number of immigrants, we certainly have remarkable legislative and administrative barriers against candidates from many countries. In other words the supply of potential emigrants that is now available in underdeveloped countries has few opportunities to enter Canada at all. I, personally, doubt very much whether we would be ready to accept such a large number of West Indians as Great Britain did before eventually coming around to restrictions.

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It may be that the reasons for such discrimination are inhuman and immoral, but they are what they are, and as an economist I must accept the barriers that have been set in the past and exist now as an important factor in any kind of planning for a future immigration policy.

Certainly the lag of production behind population growth, or the inadequacy of the rise in per capita income in so many underdeveloped countries will bring about intolerable tensions between them and the industrialized countries. But I would not be surprised at all if the latter tried to reduce these tensions by increasing by leaps and bounds the amount of aid they distribute rather than open their borders and change what has often been called the racial structure of their population.

This brief study of the demand and the supply of immigrants would seem to lead to three conclusions.

In the first place, it would seem useless to think that we can ever count on a sustained and massive program of immigration. What happened during the 1950's is not an

24 indication of larger future inflows. The Canadian population will grow mainly because of its natural increase and immigration can only be seen, in view of the supply situation, as a secondary, if possibly important factor. Canada has missed the opportunity that existed before 1914 to increase massively its population through the entry of millions of immigrants. This opportunity does not exist any more and there is nothing to make one believe that it could ever appear again.

Secondly, in so far as we stand ready to put far more emphasis than we have in the past on secondary industries, insofar in fact as we want to diversify and deepen the structure of our economy we must also make all necessary effort to maintain as high a level of immigration as present circumstances will allow. The simple fact of pulling out of the stagnation which we have known from 1957 to 1961, will help to increase the rate of immigration. But we will need also to go at great lengths to attract migrants that might otherwise go to other countries or might not remain in Canada very long.

At the same time such an economic structure would help to keep in Canada a number of skilled workers which drift in rising numbers to the United States.

Thirdly, if we decide that increasing integration with the United States economy should be accepted and that such an integration is likely to reduce the scope for secondary industries and enhanced further still resource development, then we should accept to keep immigration at a low level, let emigration rise, and allow the population of Canada to be kept at a level compatible with the sort of activities that are being given the highest degree of priority.