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The Immigration Problem

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President, Colonel Mess:—Guests and members of the Canadian Club: We seem lately to have brought you nothing but problems. Last week we had Canada's foreign relations, the previous week the problem facing Christianity, and today the Immigration problem. We have had experts to handle these subjects, and today is no exception. Undoubtedly a problem of this kind needs serious consideration. It is a problem on which opinions vary widely throughout the Dominion, and it is on this account that we have brought the matter before you today. Our guest speaker has made a study of immigration. His studies in the University of Manitoba and at Oxford, with his later experience in the department of economics at Brandon College and MacMaster University, and in the capacity of adviser to the Canadian delegation to the Imperial Economic Conference, will, without doubt assure you of a very clear presentation of the problem. Gentlemen, Mr. Hurd.

Mr. Hurd:—Mr. President, Guests and Members of the Canadian Club: In the time at my disposal, it is obviously impossible to discuss more than a few of the many aspects of the immigration problem, and it seemed to me that my remarks would likely prove most useful if they dealt particularly with certain phases of the subject which have received rather less prominence than their importance warrants. In outlining my remarks I was influenced also by a desire to bring to your attention the results of a number of excellent research studies bearing more or less directly on the problem of augmenting our Canadian population. Certain of these studies have brought to light facts of considerable practical significance. I have, therefore, imposed rather

drastic limits on the scope of my discussion. As a consequence, I shall have to omit all reference to many considerations of first importance in the formulation of any practicable and acceptable immigration policy for this country. Let me assure you, however, that my failure to discuss many important angles of the problem derives not from any lack of appreciation of their significance but merely from limitations of time.

The first question I should like to raise may seem, at first glance, a bit academic, yet it is fundamental to any intelligent approach to the subject in hand. Why does immigration take place? Is it the result of a push or a pull? Does emigration occur because of unfavourable social and economic conditions in the country of origin or because of particularly *favourable* conditions in the country to which emigration takes place? The answer seems to be that in certain cases the push is the determining factor, in others, it is the pull, and in still others there is both a push and a pull. If I understand my history aright, the emigration of the Hugenots to England during the religious wars on the continent was primarily a push movement. The heavy exodus from Ireland after the potato famine at the middle of the last century and the more recent emigration of Jews from Germany might also be placed in this category. On the other hand, European emigration to this continent during the last fifty or sixty years appears to have been mainly of the pull variety. In support of this statement I should like to cite two references. A recent study by Prof. Carr-Saunders, an eminent British authority, has brought to light the fact that the great waves of emigration from European countries occurred, not when times were bad in Europe, but when times were good, and some years ago Dr. Jerome, a distinguished American student, demonstrated, with particular reference to the United States, that the great inflows of immigration from Europe tended to synchronize also with periods of industrial expansion and business prosperity on this side of the Atlantic. The findings of these two authorities are complementary. Taken together they would seem to provide conclusive evidence that European immigration to this continent, at least during recent decades, occurred not primarily because conditions were bad

at home—they weren't—but because opportunities were better in America.

Now the question immediately arises as to whether the prosperity caused the immigration or the immigration caused the prosperity. Dr. Jerome found that the turn in the cycles of immigration occurred not before, but on the average several months after the upturn in business activity. In other words, prosperity in the receiving country appears to have been an antecedent condition of immigration. That is not to say, of course, that immigration when it was resumed, did not contribute to the prosperity. The funds spent on transportation and on financing settlement obviously added to the current demand for goods and the labour of the new arrivals as well as their continued consuming power contributed materially to the good times prevailing during the ensuing period of expanding business. Nevertheless prosperity came first and immigration followed. Economic, physical and technological conditions had to be favourable to the more extensive exploitation of natural resources, prior to any considerable inflow of settlers from abroad.

What is true of the shorter business cycles seems to apply equally to the larger cycles of population growth. Let us look at the experience of Canada since the middle of the last century. The local depression of 1857 marked the beginning of a period of heavy emigration and drastic lowering of the rate of population growth. This period extended for four decades owing to the adverse effects of the American Civil War, the abrogation of the Reciprocity Treaty in 1866 and the world-wide depression following 1871, to mention only a few of the more important events in this phase of the cycle. Then followed two decades of phenomenal expansion ushered in by the building of the Canadian Pacific Railway, the opening of the Canadian West and the absorption by European markets of increasing amounts of our agricultural and other products. In the post-war decade, there ensued a second drastic drop in the rate of population growth, associated with the progressive decline in foreign demand for Canada's exportable surpluses and the spread of economic nationalism in an increasingly acute form. During the whole of this period

Canada had at her disposal far more people than she was able to absorb. Obviously conditions other than the mere presence of people controlled the rate of population growth. I suggest to you that they were largely economic.

These findings are quite in accordance with theoretical expectation. Many years ago Malthus enunciated the principle that prosperity does not depend on population, but population on prosperity. Yet we are in constant danger of forgetting that the first condition of more rapid population growth either through natural increase or immigration is not more people, but the ability to make more effective and more profitable use of our material environment. The fundamental and basic importance of this truth must be kept in mind, if one is to achieve any adequate understanding of the conditions under which immigration may make any permanent contribution to our resident population.

The next question I should like to raise might also seem a bit academic, yet like the former it has a direct bearing on the present situation: Does immigration really result in any net addition to population and, in particular, how far has it augmented the population of Canada in recent decades?

The view is sometimes advanced that immigration adds nothing to the population of a country; it merely results in a replacement of native by foreign stocks. This replacement, it is claimed, is effected in two ways: first by decreasing the fertility of the native stock; and, second, by inducing emigration of natives to other lands.

The first type of effect was emphasized many years ago by General Francis Walker when he put forward the startling thesis that during the century following the Declaration of Independence the population of the United States would have grown quite as rapidly by natural increase had there been no immigration whatever. An analogous view has recently been expressed by M. Georges Langlois in his History of the French-Canadian population in Canada. He attributes the decline in the French-Canadian birth rate since 1760, and particularly after the middle of the last century, to population pressure induced by Anglo-Saxon and later by Continental immigration to Upper Canada and the Canadian West.

What truth is there in these assertions? One must admit, I think, that it is quite possible and even probable that some casual connection does exist between the decline of native birth rates and immigration; but the existence of such a connection has never been proved, and of course its extent has never been measured. It has been effectively demonstrated that General Walker greatly overstated the case, as far as the United States is concerned, but just what has been the precise effect of immigration on native fertility will probably never be known, because of the inadequacy of early vital statistics.

Fortunately there is a more adequate statistical basis for studying the effect of immigration and emigration on the population of Canada. We all realize, of course, that there has been heavy emigration of native Canadians to the United States. In 1930 the census of that country showed well over a million and a quarter native Canadians living south of the Border and in addition upwards of two millions and a quarter with one or both parents Canadian-born—a total of nearly 3½ millions. Now it is commonly supposed that this movement across the southern boundary was exclusively of the pull variety and that immigrants merely flowed into Canada to take the places which were vacated by native Canadians or which native Canadians refused to occupy. This view appears to be incorrect. Recent investigations leave little doubt that, as far as Canada is concerned, more or less unrestricted immigration from abroad did contribute materially to the emigration of native Canadians both to the United States and other countries.

Such being the case how far have our losses through emigration offset our gains through immigration? In an excellent and scholarly statistical study on the stages of growth of population in Canada, Mr. M. C. McLean of the Dominion Bureau of Statistics makes the following statement:

"In the eighty years between 1851 and 1931, 1,740,000 Canadians left Canada for the United States, or if we allow for Canadians who returned after residence in the United States, about 2,250,000. As against these losses, the increase in population in the eighty years attributable to immigration (i.e., to immigration, which we retained) was

1,844,000. . . . . The latter figure about balances the permanent loss of native Canadians through emigration to the republic to the South."

If we accept these figures, and we must because they are not only official but represent findings of one of the most careful and competent students of population on this continent, it is clear that *gains* through immigration over the 80-year period certainly fell short of balancing the *loss* of native Canadians to the United States and other countries combined.

That is not to suggest that Canada would have grown as rapidly during the past eight decades as she has done had there been no immigration from abroad. Considerable emigration of Canadians to the United States would almost certainly have occurred in any case. The point is that taking boom and depression periods together our population could have increased as fast *on a self-contained basis* as it actually did.

But one may object that Canada was not on a self-contained basis. That is true; but she is *now*. In 1924 the United States closed its doors to the emigration of foreign born across our southern border and in 1930 the door was closed to native Canadians. This closing of the great safety valve to the south has removed the chief avenue of escape for our surplus population and has radically affected our present and future ability to receive new immigration from abroad. In fact it has changed the whole picture.

One cannot predict how long the United States will continue its present policy. Progress in the social assimilation of past immigrants and in the economic absorption of the unemployed is proving slower than some had anticipated. But it is certain that so long as its present immigration policy continues, if we admit to Canada a larger number of immigrants than we can employ, we ourselves will have to take care of the unemployed surplus, whether they be native or foreign-born. Obviously then, from now on the inflow of immigration into this country must be much more carefully adjusted to our capacity to absorb new workers in productive employment than has been the case in the past.

Now what has been said regarding the last eighty years as a whole does not apply to every decade in the period. At

certain times of rapid expansion, and notably during the years following the opening of the West, immigration did add substantially to the rate of Canada's population growth. During these periods our population requirements materially exceeded our natural increase. This condition existed, however, only when the general economic situation favoured rapid agricultural and industrial expansion. During periods of less rapid economic expansion natural increase far exceeded the absorptive capacity of the Dominion and there occurred an overflow to other countries far in excess of current additions from abroad.

At this point I should like to explain precisely what I mean by the term "absorptive capacity", and how it may be measured. The simplest way of doing this is by examining the population data for any one of the last three intercensal decades. Let us take the ten-year period 1921-1931. In this decade, there was a surplus of births over deaths of native-born amounting approximately to 1,557,000 and about 300,000 Canadians returned from the United States, making a total of 1,857,000 recruits to the native-born population. In addition 1,212,000 immigrants entered the country. Had all, both native-born and immigrants, remained, the population would have increased during the decade by 3,053,000 or more accurately by between 200,000 and 300,00 less than that number, because allowance must be made for deaths of resident immigrants. The actual increase as shown by the census of 1931 was only 1,586,000. obviously native increase and immigration combined, supplied Canada with almost double the numbers we could absorb. Much the same situation existed in the two preceding ten-year periods.

When one pours water into a hot water bag and half of it overflows, one seems justified in concluding that under existing conditions of size and elasticity the bag is full. It can be made to hold and retain more only under pressure. So with a country and its population. If, as we have seen to be the case, Canada has had about twice the number of recruits for her population that she could retain, the number she did retain would seem to be a fair measure of her absorptive capacity under existing conditions.

How large were these numbers? During the decade

1901-1911, the mean rate of population increase was 183,000 per year; in the decade 1911-1921 it dropped to 158,100; and in the last decade it rose slightly to 158,600.

The question naturally arises as to what proportion of the net annual additions to our population in the recent past might have been provided by natural increase and the repatriation of native Canadians. I have looked up the figures on natural increase for the last ten years for which data appear in the Canadian Year Book. The period runs from 1925 to 1934 and includes five years of comparative prosperity and five years of depression. The average annual excess of births over deaths amounted to 128,946; the average number of Canadians returning from abroad was 29,662. These two figures combined make a total of 158,608, a number almost exactly equal to the average annual population increase of the Dominion for the decade 1921-1931 and slightly in excess of that for the preceding one. In other words, the annual supply of native Canadians available through natural increase and repatriation in the last ten years for which data are available was equivalent to the average annual absorptive capacity of the country for the last two decades.

To be perfectly fair I must point out that during the latter part of the depression our natural increase has fallen appreciably below the ten-year average, and the stream of returning Canadians has been greatly reduced in volume. One is reminded, however, that our absorptive capacity has also been greatly reduced. With the return of prosperity it would seem reasonable to expect a significant rebound in the birth rate—about half of the current decline has been due to delayed marriages. It is also reasonable to expect at least a temporary revival in the re-entry of native Canadians from abroad since there is no reason to doubt that there are still large numbers, in the United States particularly, who are anxious to return to Canada as soon as economic conditions warrant. If in addition one considers the fact that there are still in the neighbourhood of 400,000 unemployed persons in the Dominion, it seems probable that Canada will be more than able to supply her own population requirements for several years to come, even if the rate of economic expansion obtaining during the last two intercensal decades is restored. And if by good management or good luck the boom conditions of 1901-1911 were somehow brought back, she would probably not need to draw more than 25,000 or 30,000 permanent settlers yearly from abroad to meet her enlarged absorptive capacity.

Unless some major error inheres in the above reasoning, or the United States unexpectedly lowers the barriers to emigration of native Canadians, or some unforeseen and revolutionary change occurs in the technique and speed of development of our primary and secondary industries, it would seem that Great Britain alone, despite her declining birth rate, would be able to supply any extra population we are likely to require for at least the next five to ten years.

Now I fully realize that these conclusions are radically at variance with the views of many prominent Canadians as well as with those of certain population experts on the other side of the Atlantic. Nevertheless they seem to follow from the factual basis presented above and before presenting them here today I have taken the precaution of having a number of Canadian students check the reasoning which has led to the conclusions just stated. I should make it clear, however, that I am not discussing the long range point of view—that is, I am not looking ahead fifty or a hundred or two hundred years. I am discussing the near future in terms of the immediate and recent past, immigration will be of the pull rather than the push variety; that immigrants will come in response to opportunities to earn a livelihood and maintain a standard of living comparable with that of our own resident population; in a word, that Canadian immigration policy will be determined by Canadians for Canadians and not imposed on us from without. These assumptions require no apology; any alternatives would be totally unacceptable to the people of this Dominion.

Before passing on, I would like to pause for a moment to discuss why, in my opinion, most current forecasts of Canada's future population growth—and of her capacity to absorb immigrants—are so greatly in excess of anything we have been able even to approximate in the past. One reason is that, as a nation, we have not yet fully realized that in the boom years before the war when 200,000 to 400,000 immigrants were arriving yearly, we were able to

retain only a small portion of them as permanent settlers, and that such permanent immigrant additions as did occur were offset to a very considerable extent by losses of native Canadians. We find it difficult to believe that in no intercensal decade did Canada's population increase by 400,000 to 500,000 a year, or by anything remotely approaching that figure. Another reason is the misleading nature of the criteria used in arriving at these over-optimistic estimates. Two of these criteria are so widely employed and so universally accepted, that not one in a hundred ever thinks of questioning them.

In the first place, low population density per square mile is often taken as *prima facie* evidence of great absorptive capacity. Such is far from being the case. As a matter of fact, in a good many instances just the opposite obtains. Experts tell us, for example, that over-population is most marked, not in the more densely settled western parts of Europe, but in the more sparsely inhabited eastern and central sections of the Continent. Population migrations in Europe, since the war, support this contention. The same is true of Canada. During the last intercensal decade there occurred a net migration, from sparsely settled rural to densely settled urban parts, of nearly 437,000, a movement quite the reverse of expectation on the basis of relative density figures per square mile. Cases of this sort could be multiplied indefinitely. The error seems to arise from a failure to recognize that surface area is only one, and a decreasingly important aspect of the natural physical environment. Climate, topography, location, the physical constituents of the soil, subsurface supplies of minerals and fuels, and a number of other natural physical factors, are equally as important as land area. Moreover such an index entirely neglects the artificial physical environment, as well as technological, economic, and social conditions which are of paramount importance in limiting population growth. Great open spaces are no criterion of population absorptive capacity; nor in themselves, are great unused natural resources. We are all too prone to forget that it is only, when a natural agent can be made to yield adequate returns on the capital and labour employed, that it has any current economic significance or can be counted on to support increased population. The mere presence of resources is not enough to ensure their economic exploitation, nor is the added presence of population. May I illustrate? In the province of Alberta we have one of the greatest bituminous coal reserves in the world. Since the beginning of the century these reserves have been as accessible as they are today. Yet they remain virtually unused, despite the fact that over practically the whole of the period, we have had twice the number of new recruits to our population that we were able to absorb. A second reason, then, for the extravagant nature of many popular forecasts, is the superficial and improper use of such criteria, as the man-land and the man-natural resource ratios.

I would like to suggest a third: It is the habit of comparing the present population with what one fancies, or hopes it may be, one hundred or two hundred years hence. It is postulated, for example, that Canada should have a population of say 75,000,000 by the close of the present century. Why 75,000,000, and why the close of the century, is not quite clear. At any rate this assumption is taken as axiomatic. That which, in the nature of the case, can be little more than a guess or a pious hope, is elevated to the position of a logical promise. Simple arithmetic is then employed to show that between now and then our population should increase at 1,000,000 a year. This sort of thing is not reasoning; it is wishful thinking. It serves merely to confuse public opinion at home and to give the impression abroad that Canadian statesmen and business men are at once unequal to the task of developing our natural resources and unwilling to allow others to do so. I don't believe that is true for a moment. Canadians are as enterprising as any people on earth, and as quick to see and grasp the chance of a profit. Besides we have always welcomed the assistance of brains and capital from any part of the world and, save for one or two short intervals, have kept on hand a supply of workers far in excess of the opportunities of profitable employment. The reason why our resources have not been more rapidly developed is not because of lack of enterprise or capital or willingness, or even lack of population, but because they could not be more rapidly developed on a paying basis under the circumstances then existing.

This brings us to the crux of the problem. How can one speed up our economic development, and what direction is it likely to take?

I shall comment on the last question first. In the first decade of the present century immigration was directed largely to rural parts; in the decade just past (1921-1931) 75% of the net additions to our immigrant population settled in urban centres. In the first decade of the century the bulk of the immigrant arrivals went to the western provinces; in the last decade approximately three-fifths settled in Eastern Canada. There has thus been a decided shift in the destination of immigrant arrivals. A shift from rural to urban parts and from West to East. That such a shift should have occurred despite the continued and determined efforts of the Canadian Government to foster agricultural immigration and to discourage urban, indicates that the underlying economic forces were at variance with this objective and suggests that any major expansion that may occur in the immediate future is likely to appear in occupations other than agriculture—in other words, in mining and the secondary industries.

Now I am aware that the recent failure of governments to stimulate agricultural settlement is sometimes attributed to the type of agricultural settlement that has been attempted. The proposal is often made to set up more or less self-contained peasant farm communities based on European immigration. It may well be that settlement of this sort might be possible in certain limited and carefully chosen districts, but one doubts whether, as a general policy, the establishment of such colonies would prove either a practicable or acceptable method of expanding population under existing conditions. In the first place, as we have seen, the trend of development has been away from agriculture. The primary cause is not of local origin, but derives from the determination of European countries to become independent of overseas food supplies. As a result of measures taken in an attempt to realize this objective, Canada now finds herself in a greatly over-extended position in the matter of agricultural development. So long as this situation lasts, further agricultural expansion of any sort would appear to run counter to basic economic trends. In the second place,

the type of agriculture that has been found most successful, not only in Canada but on this continent generally, is the capitalistic, commercial sort. In 1931 the average investment per farm in Canada exceeded $7,000. The bulk of farm produce is raised to sell—not for consumption on the farm. As a matter of fact, in Western Canada the average farmer sells enough produce to purchase about two-thirds of his living necessities and I presume much the same situation exists in the East. These purchases consist of implements and manufactured consumers' goods, made in our towns and cities. The prevailing type of agriculture thus has the advantage of being not only most expedient from the farmer's standpoint, but most profitable from the point of view of the urban worker and the urban business man. Such being the case, it hardly seems the part of wisdom to try something else—especially something that is admittedly less efficient. In the third place, even if one admits, for argument's sake, that certain European settlers might temporarily accept the hardships and the primitive living conditions imposed by a self-contained peasant agriculture, while neighbouring farmers, and workers in nearby towns were enjoying the comforts and conveniences of a modern society, it is not likely that they would do so permanently and their children certainly would not. Two radically different standards of living cannot exist side by side for workers in a democratic country like Canada, where choice of occupation is free, where all are entitled to compete for any employment that is offered, and where the movement of citizens from place to place and from employment to employment is and must continue to be unrestricted. A peasant agriculture cannot be counted upon as a permanent part of our economy, unless the equivalent of peasant conditions obtains among urban workers as well. And in the fourth place, a peasant economy is inconsistent with the practice of democracy of the British sort. It was no mere historical coincidence that, in the Motherland, the decline of peasant farming paralleled the extension of the franchise and the rise of constitutional government. Nor is it a mere coincidence that, where a peasant agriculture has survived to modern times, we find it almost invariably associated with dictatorships of one variety or another. For these reasons,

it seems to me, peasant agricultural settlement must be ruled out.

If population expansion is not to be achieved in this direction, what sort of development is likely to take place? I have already suggested present trends point in the direction of secondary industries and extractive industries other than agriculture. I cannot be more definite because I do not know. As far as I can find out, no one knows. The nature and possible scope of development in these industries, is yet to be determined. That is why it seems to me that logically, the first step in formulating any program designed to promote population increase in this country is a careful survey of the possibilities of expansion in the industrial and extractive field.

In 1900, there was no uncertainty regarding the direction of our development. The Prairie Provinces had just been opened for agricultural settlement, and Europe was clamouring for our wheat. To-day the course of future development is much more obscure, yet we must get a fairly definite idea of where we are going before we can proceed very far along our way. A second step might well be an intensive search for new resources, and the discovery of new uses for, and more effective ways of exploiting known resources. A third requirement has to do with finance. The savings of our Canadian people have never been adequate to take care of a great expansion. Every encouragement should, therefore, be given to the inflow of foreign capital. Just what additional inducements we can offer I am not in a position to say, but it seems to me that we must at least see, that foreign investors get a fair run for the money they invest, and have already invested in this country, and that our public and private credit is maintained at a high level on the money markets of the world.

Finally, there is the necessity of extending our foreign trade. A cursory survey of Canada's natural resources reveals the fact that, because of their localized and specialized nature, their exploitation will continue to depend to an unusual degree on the securing of export markets. It is because of this circumstance, that the per capita external trade of the Dominion normally exceeds that of all other important countries, except New Zealand; is twice that of France

and Germany, and a third larger than that of the British Isles. By virtue of this situation, Canada's population absorptive capacity is extremely sensitive to the trade and fiscal policies of other nations; and not the least of our difficulties will be to persuade over-populated countries that our ability to receive their exports of population is dependent on their willingness to receive our exportable surpluses of raw materials and manufactured goods.

We will doubtless encounter other difficulties. Yet, if the facts which I have presented this afternoon have any weight and if my interpretation of them is, in general, valid, it is the measure of success we are able to achieve in the execution of some such comprehensive plan of economic expansion, that will determine our rate of population growth in the immediate future, and the number of permanent settlers we can absorb from abroad.

In conclusion, Mr. Chairman, I would like to assure you that, despite everything I have said, I am not pessimistic about Canada's future. I am quite confident that we shall not only equal, but surpass anything in the rate of economic expansion and population increase we have yet achieved. I have merely tried to emphasize the fact, that, if we are to do so, we must stop romancing, take a realistic view of the situation, and address ourselves, intelligently and energetically to the practical problem of increasing our absorptive capacity. That is the first prerequisite of increased population and increased immigration.