

**A SURVEY OF CANADIAN IMMIGRATION POLICIES  
AS THEY IMPACTED ON CHINESE IMMIGRANTS  
AND AN EVALUATION OF THE BUSINESS IMMIGRATION PROGRAMS**

BY

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84

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in partial fulfillment of the requirements of the degree of**

**MASTER OF ARTS**

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### ABSTRACT

This thesis is intended to demonstrate that Canada's immigration policy was administered in such a way that permitted the selection of immigrants on geographic lines which in real terms meant the selection on the basis of race and culture.

By employing the incremental mode of decision-making theory championed by Lindblom together with Simeon's power approach in understanding public policy analysis, the evolution of Canadian immigration policies has been explained by the author. It is shown that the Chinese were more harshly discriminated against than the Japanese immigrants as a result of actions taken by elected representatives, government officials, and the general public in Canada. The most important reason for this differential treatment stemmed from the fact that Japan was fast becoming an ally of the British Empire during the first two decades of 20th century, while China was weak due to internal conflicts which served to render many of its nationals without an effective spokesperson with respect to emigration.

This thesis argues that since the Conservative government's "experiment" with the business immigration program has not succeeded, it is time that the government revert its policies back to the old and tried methods of selecting immigrants on the basis of skills, education, and experience, and away from methods which hold wealth to be the most important selection criterion. It calls for a proportional increase in the amount of immigrants selected vis-a-vis the family class and the refugee class.

### ACKNOWLEDGEMENTS

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Any defects that may remain in this work are mine alone.

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## INTRODUCTION

Canada is perceived by many to be a nation which strives to uphold individual liberty, freedom, and equality both in law and practice among all its citizens regardless of race, ethnicity, religion, creed, and gender. In the international arena, Canada is active in mediating conflicts among nations as a "middle power" country. While immigration policy has been an integral part of nation building in Canada, early Canadian race relations, especially in British Columbia, were turbulent at best. The head tax imposed on Oriental immigrants, the anti-Oriental riot of 1907 in Vancouver, and the eventual exclusion of Orientals from Canada in 1923 exacerbated these relations.

This thesis will discuss the formulation and evolution of Canadian immigration policies as reflected in various orders-in-council, immigration acts, regulations and case law beginning with the period shortly before Confederation. More specifically, it will address immigration policies which reflect in part systemic racial discrimination against Orientals. It will discuss the body of literature that deals with the issues concerning Chinese immigrants in particular. While it is true that the issue of racial discrimination has not been historically restricted to Chinese immigrants, this group of immigrants constitute the largest

group of South Asians who came to Canada.

### 1.1 A Review of Theories and Approaches used in Public Policy Analysis

This section will review theories and approaches used in public policy analysis. In addition, it will help us to identify which of the various theories and approaches enumerated here could be utilized in analyzing public policy decisions with respect to the issue of Oriental immigration to Canada.

Adie and Thomas point out that policy-making usually involves a multitude of decisions that may be classified as procedural, substantive, routine and fundamental.<sup>1</sup> Usually public policy decisions are made not by a singular decision; rather, there are several approaches to understanding the complexity of decision-making. In general, these approaches can be grouped into four major theories of decision-making.

The first, comprehensive rationality, is a widely used theory of government decision making. This theory assumes a concise, logical sequence of events:

- the rational decision-maker is confronted with a issue that can be isolated from other issues and examined in comparison with them;
- the decision-maker first clarifies his objectives vis-a-vis

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<sup>1</sup> Robert F. Adie and Paul G. Thomas, Canadian Public Administration: Problematical Perspectives (Scrborough: Prentice-Hall Canada, Inc., 1982), pp. 87-139

the problem and then prioritises them in terms of their significance;

- the decision-maker then proceeds to enumerate all the possible ways of reaching the objectives;

- the decision-maker addresses all possible consequences that could result if a given policy alternative is chosen;

- the decision-maker compares all alternatives with their attendant consequences;

- Finally, he selects the policy alternative that maximizes the attainment of his objectives.

Ideally, the outcome of this process is a rational one which accomplishes a desired end. Some critics, notably Charles Lindblom, criticize rational theory as being too inflexible, and not sufficiently attentive to the limitations of the real world.

A second body of decision making theory has been labeled incrementalism. Lindblom argues that decision-makers normally must first identify and define the nature of the problem. Moreover, it is not usually presented to them in an unambiguous way. The outcome of the decision is critically determined by this definition. Lindblom also argues that, in spite of the recent advances in decision-making techniques, (e.g., systems analysis, computers, etc.), analytical requirements for rational decision-making cannot be satisfied. Incrementalism is said to be a more realistic, intuitive, unstructured and non-systematic approach than rationalism.

Lindblom asserts that, confronted with the complex array of

contemporary public policy, governments choose an incremental mode of decision-making. Choices are made from among a series of closely related alternatives which are not very different from past policies. In making their choices decision makers do so without evaluating all possible consequences. Incrementalism is exploratory in that goals and means are adjusted in the face of experience; it is continuous in the sense that there is no single decision or right solution to a problem. Incrementalism is said to be congruent with political reality. Incrementalism, however, has difficulty in explaining broad scale changes. It also has difficulty in providing guidance in setting objectives.<sup>2</sup>

Amitai Etzioni's "mixed-scanning" is another well-known theory in decision-making in the public sphere. Etzioni differentiates "contextuating" or fundamental decisions from incremental decisions. While incremental changes in policy occur more frequently than fundamental changes, the latter may be more important. To evaluate the success of incremental policies, one must have some framework with which to compare. Occasionally a more fundamental review process is undertaken. At this stage, the scanning of alternatives is mixed, with only a handful of issues and alternatives chosen for close scrutiny. This fundamental review process takes place when there is rapid change in a society or when a crisis occurs due to chronic neglect or mistaken treatment of a problem. Mixed-scanning provides for greater

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<sup>2</sup> Ibid., p. 98

theoretical recognition of those occasions when bold and creative policies are possible. However, Etzioni fails to provide us with concrete examples of how mixed-scanning would function in practice.<sup>3</sup>

Theodore Lowi contends that one must first classify policies in terms of their real or anticipated results with respect to society. Lowi advances a classification scheme involving "distributive", "regulatory", "redistributive", and "constituent" policies and maintains that each of these policies produces a distinctive policy process. According to Lowi, patronage and subsidies to particular regions or groups are typical examples of distributive policy making. Regulatory policy making involves clear winners and losers and therefore groups have an incentive to press their demands openly. Policy tends to be the outcome of group conflict. An example of regulatory policy is the taxation system. Redistributive policies involve a smaller number of groups in conflict than in the case of a regulatory policy framework. The emergence of the welfare state is regarded as the best example of redistributive policy.<sup>4</sup>

Richard Simeon's essay "Studying Public Policy"<sup>5</sup> provides five general approaches that help explain patterns of policy. Simeon views policy as a consequence of the *environment*, of the

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<sup>3</sup> Ibid., p. 100

<sup>4</sup> Ibid., pp. 101-102

<sup>5</sup> Richard Simeon, "Studying Public Policy", Canadian Journal of Political Science, Vol. IX, No. 4, pp. 548-580

distribution of *power*, of prevailing *ideas*, of *institutional frameworks*, and the *process* of decision-making. These five approaches are not mutually exclusive; rather, they are complementary. Simeon argues that these approaches also suggest ways of incorporating aspects which are not commonly addressed in understanding policy. Simeon's five suggested approaches are summarized below.

First, the student of public policy could consider certain characteristics of the environment of politics as independent variables that explain patterns of policy. In general, these refer to such broad characteristics as demography, geography, the levels of urbanization, wealth, and industrialization. Although the influence of environmental factors in determining policy is somewhat tentative, this is clearly an important starting point for policy since it defines a set of problems that need to be dealt with and places limits on resources - material, technological, and intellectual - available for dealing with them.

The interdependence of societies means that policies, especially economic policies, have large spill-over effects. It appears impossible, for example, to fully explain Canadian policy in many areas without reference to Canada's dependence on the United States. The second approach suggests that possession of power may explain what governments do by reference to the distribution of interests in the society and the resources available to these interests. Essentially, the pattern of policy will reflect the distribution of power and influence, given certain

patterns of division and cleavage. This approach is the most plausible and complex of the approaches. One would expect policy outcomes to be a function of the number of interests involved, the extent of conflict among them, and the relative means of influence which each is able to bring to bear in the policy process.

One strategy in minimizing problems that arise from the debate among the Millsian elite theorists, the neo-Marxist class analysts, and the pluralists is to focus on the end product, or rather, the incidence of burdens and benefits among social groups. We cannot infer for example, that if group A received certain benefits they were the result of the successful exertion of influence. However, if one takes the distribution as a starting point, one can project backwards to the political process to examine such things as the role group A played, the attitudes that other groups had towards group A, and the pattern of alliances that evolved.

The third approach focuses on cultural and ideological factors. This approach suggests that policy is a function of the dominant ideas, values, theories, and beliefs in society. These factors provide the basic assumptions and framework within which policy is considered. Culture simply means such basic orientations to the political system as the definition of the relevant community to which duty is felt, optimism or pessimism regarding man's ability to change his world, orientations to political activity, orientations towards disputes, etc. Ideology is the aggregate of explicit, detailed, and politically focused ideas, which explain the political world. It provides a framework for interpreting

special events, and offers prescriptions for future action.<sup>6</sup>

It is unlikely that policies are derived from some explicit ideological framework. Rather, ideas appear to provide a general framework within which discussions of particular choices take place. Considered in this context, the development of the welfare state was not merely a result of a changed environment, or of the accession to the power of the workers. It was also manifested in changes in ideas about the role and duties of the state.

The fourth approach focuses on the policy consequences of the institutional structure - the formal rules and regulations - of the political system. It examines, for example, various institutional arrangements, how the government is organized, degree of centralization, distribution of authority, and the extent to which mechanisms for registering decisions are formalized.

The institutional factor is so intertwined with the other approaches that it is difficult to measure its independent influence on policy. The most useful approach will probably be to conduct comparative studies of similar issues across units with clear institutional variations. It is important to note that institutions themselves have no specific policy content. Instead, they influence lives through interaction with other social forces, and the ways in which they confer advantages on some and not others.<sup>7</sup>

The fifth approach is known as the process approach. It is

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<sup>6</sup> Ibid., p.570

<sup>7</sup> Ibid., p. 575

almost indistinguishable from the institutional approach. Much of the available policy literature is mainly concerned with describing the process by which the "proximate" policy-makers (ie: civil servants, politicians, interest group leaders, etc.) interact in the development of policy.<sup>8</sup> Comparative case studies can illustrate many of the broader aspects the approaches imply. Through comparison it is possible to highlight what is considered most important, namely, those that are taken for granted by the participants themselves. Process, then becomes the linkage through which we work in reverse order from variations in policy outcomes to seek explanations.

It is very difficult to state at the outset which of the five approaches (i.e.: environment, power, ideas, institutions, and process) in studying public policy outlined by Simeon will prove to be most viable in the writing of this thesis. The approaches are complementary; they are not in competition with one another in helping us to understand issues such as how public policies are conceptualized, the passage of enabling legislation in respective legislatures and how a given set of programs are being implemented. As a consequence, it is likely that this thesis will incorporate all of the five approaches at one stage or another.

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<sup>8</sup> William D. Coleman and Grace Skogstad. Policy Communities and Public policy in Canada: a Structural Approach. Mississauga: Copp Clark and Pitman Ltd., 1990.

## Chapter I

### THE IMPACT OF CANADIAN IMMIGRATION POLICIES ON ORIENTALS

This chapter will describe early Chinese immigration to Canada starting in the 1850s and extending to the period immediately following the First World War. It will also discuss whether Chinese immigrants received more hostile treatment (from elected representatives, and the federal and provincial governments) relative to their Japanese counterparts. Available literature appears to support this premise given the transient life-styles of the Chinese (i.e., the Chinese gold miners and railway workers who intended to return to China when "sufficient fortune" was made), and China's relatively diminutive international stature during the late 19th and early 20th Centuries.

#### 1.1 Early Chinese Immigration to Canada

Anthony B. Chan's book, Gold Mountain, describes the conditions that promoted a mass exodus of Chinese peasant workers to North America and to Canada in particular:

British Columbia, with its anti-Chinese feelings, was inhospitable, but to many, China in the 1870s offered little hope of even a subsistence livelihood. South China was going through a period of reconstruction following the Taiping Rebellion. More than 20 million people died during that war, which had lasted from 1850

to 1865; many more had been left homeless. In 1873 (the year the first anti-Chinese society was established in Victoria) South China was on the brink of ruin. For the poor Chinese worker or peasant, the choice was between leaving China or staying behind and perishing in the agony of poverty.<sup>1</sup>

In their book, the Chinese in Canada<sup>2</sup>, Jin Tan and Patricia E. Roy maintained that the first wave of Chinese immigrants was part of a great overseas *diaspora* that resulted from the convergence of two major historical forces, namely a rural crisis in China and Western imperialism. China's unprecedented population growth during the High Qing *pax sinica* placed severe pressure on the land. China's population more than doubled in size to approximately 313 million during the 18th century. By 1850, it had reached 430 million. The strain from population growth was especially pronounced in the south. By 1911, in the province of Guangdong, the origin of Chinese emigrants in the 19th Century, the population totalled 31 million. The average population density measured 600 persons per square kilometre.

Second, Western capitalist expansion, especially in the tea and opium trades, drained the local economy of silver, brought about deflation and led to severe recession. The south consequently became fertile ground for the Taiping Rebellion. In addition, the West's unwelcome entry into the Chinese market and the loss of Chinese tariff autonomy seriously damaged the domestic

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<sup>1</sup> Anthony B. Chan. Gold Mountain: The Chinese in the New World (New Star Books; Vancouver, 1983) p. 52

<sup>2</sup> Patricia Roy and Jin Tan. The Chinese in Canada (Keystone Printing and Lithographing Ltd.; Saint John, N.B., 1985).

textile industry. The influx of cheap, high quality machine-made foreign cloth retarded the development of local industry and almost eliminated the cottage industry which had traditionally supplied peasant families with a source of additional income. Migration, either to the new weaving centres of the cities or overseas, provided an opportunity to improve the family income.

During most of the Qing Dynasty, emigration was prohibited. Nevertheless, under relentless pressure from foreign countries, China entered into emigration treaties with Britain and France in 1860 and with the United States in 1868. It was not until 1893 that China abolished all emigration restrictions. Western demand for cheap labour to replace slaves created the notorious coolie trade. In a strict sense, coolies were indentured labourers.<sup>3</sup> Although a few emigrants came to North America as "free" men (ie: they were not indebted to outsiders but had borrowed their transportation and head tax money from relatives) the majority used the so-called credit-ticket system. Under this arrangement, a labour contractor arranged to pay their transit fare in advance. The contractor subsequently partly recovered his investment by way of commission earned for obtaining work for his gang of labourers. In addition, the contractor supplied groceries, clothes, and other necessities in such a way so as to entrench his control over them. Despite the chaotic situation in China, the Chinese emigrated with the intention of returning when a sufficient fortune was earned

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<sup>3</sup> In common North American slang, the term "coolie" came to refer to any cheap, unskilled labour.

overseas.

In 1858 when the Chinese population in San Francisco area exceeded 10,000 people, and was becoming increasingly ostracized by the white population, the news of rich gold deposits attracted thousands of fortune-seekers to the placer beds of British Columbia.<sup>4</sup> Displaying typical caution, the Chinese government dispatched one of their members to British Columbia to investigate. On his return, he reported that the country was very rich and that the miners were extracting gold by the bucketful. He also reported that he had been offered lodging and twenty dollars a day to become a cook. Unfortunately, his mission precluded acceptance of this lucrative position. Subsequently, a large number of Chinese were drawn to British Columbia during the summer of 1858. The mining records at Yale recorded Chinese names with increasing frequency. Two years later, the Chinese were migrating directly from China to British Columbia. The Chinese worked the first few years as miners. The total number of Chinese in 1860 was estimated to be 2,500.<sup>5</sup>

Initially, British Columbians welcomed the migrant Chinese miners into the Fraser River Valley. This is evident in the following writing of the day:

At first, as was the case in California, the presence of

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<sup>4</sup> Tien-fang Cheng. Oriental Immigration in Canada (The Commercial Press, Limited; Shanghai, 1931) p. 35. and Charles J. Woodsworth. Canada and the Orient (University of Toronto Press; Toronto, 1972) p. 19.

<sup>5</sup> Cheng, op. cit., p.36

the Orientals was not resented. By many it was welcomed. "There are no distinctions made against them in these colonies", wrote the correspondent of the London Times in 1860, "...the great bulk of the population is very glad to see them coming into the country. Fears for the results are the phantoms of a few nervous and ill-informed persons."<sup>6</sup>

The Chinese soon found work in occupations other than mining; white settlers were few in number and labourers were in high demand. In fact, cheap Chinese labour (relative to their white counterparts) had the effect of lowering the cost of labour. The Chinese became employed in various businesses, fisheries, sawmills, and farms. They also entered households as domestic servants, cooks, and laundrymen. They were enthusiastically received and hired. Some of the larger companies also used the Chinese as a means of dealing with labour disputes with white workers. This included the use of Chinese workers as scabs or temporary replacements. It did not take long before fellow miners began showing resentment toward the Chinese. Even as early as 1860 the imposition of a special tax on the Chinese was considered but withdrawn due to favourable new gold strikes. Resentment against the Chinese centred around claims that the Chinese miners did not pay the fees due for their mining licenses. Coincidentally, white miners in California had accused the Chinese of similar conduct. As it turned out, the Chinese miners tended to work on abandoned claims after whites left the area. Consequently, they were able to avoid paying for the mining licenses since the claim was marginal

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<sup>6</sup> J.D. Pemberton. Facts and Figures Relating to Vancouver Island and British Columbia. (London. 1860), p. 171 cited in Woodsworth, op. cit., p. 20

and no one else wanted it.

A string of anti-Chinese legislative measures began to appear in British Columbia. Some of these measures included:

- a motion to tax Chinese \$50.00 per year was introduced by John Robson; the motion was defeated by fifteen votes to seven during the first legislature of British Columbia in 1872;
- a Bill prohibiting Chinese voting in provincial elections was passed and proclaimed immediately in 1875;
- a resolution forbidding contractors to employ Chinese workers on public works was passed; the imposition of a special tax of \$10.00 per quarter was assented to by the Lieutenant-Governor in 1878; this Act was immediately declared to be unconstitutional by Mr. Justice J.H. Gray, of the Supreme Court of British Columbia.

The Dominion House of Commons discussed Chinese immigration for the first time in 1878 when Arthur Bunster, a Member for Vancouver Island, moved that employment regulations with respect to the construction of the Canadian Pacific Railways, set forth by the federal government should include a clause stating that, "no man wearing his hair longer than five and one-half inches shall be deemed eligible for employment."<sup>7</sup> This motion was clearly directed at Chinese labourers who at the time wore their hair in queues. Fearing a delay in the railway construction, the Commons defeated the motion.

British Columbia maintained its opposition to the continued influx of Chinese. In 1879, a committee of the legislature reported that there were 6,000 Chinese in the province. The committee outlined four principal causes of animosity against the Chinese community: their degraded moral and social condition,

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<sup>7</sup> Woodsworth, op. cit., pp. 26-27

their general undesirability as settlers, their incapacity to assimilate, the system of coolie labour which defied competition, and the degrading effect of slave labour. The committee recommended that the Dominion Government be asked to co-operate with other colonies in securing restrictions.<sup>8</sup>

British Columbia exerted relentless pressure on the federal government to exclude the Chinese, arguing that the United States Congress had passed similar legislation ten years previously, in 1882. Bowing to western pressure, the federal government introduced a new Bill which imposed a head tax of \$50.00 on Chinese and limited their immigration to one person for every 50 tons of the carrying vessel. This Act was the Parliament's first measure designed to restrict Asian immigration.

Woodsworth has written that the federal government was reluctant to staunch the flow of Chinese immigrants, for fear of hindering the railway effort:

Even in the last stages of the debate on the immigration act the regard felt for interests of the railway company is manifest. Mr. Chapleau, for example, refused to entertain a proposal that the tonnage limitations be raised from 50 to 100 tons on the ground that "if we adopted the suggestion of the hon. gentleman it might interfere with the contracts of the Canadian Pacific Railway."<sup>9</sup>

When the Canadian Pacific Railway was completed in November 1885, it forced thousands of Chinese workers out of work. Many of them were destitute, without food and clothing. British Columbia

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<sup>8</sup> Ibid., p. 27

<sup>9</sup> Ibid., p. 35

requested help from the federal government to deal with the crisis, but Parliament refused. Faced with imminent starvation, many Chinese left the province, while those remaining scrambled for employment, further aggravating racial enmity. The Census of 1891 indicated there were 9,129 Chinese in Canada, of whom 8,910 or over 97 % lived in British Columbia. This represented slightly over 9.0 % of the total population of the province of 98,173. This information was used by the anti-Chinese segment of the population to renew its demands.

Recognizing that the Dominion government would disallow further restrictive measures, the British Columbia legislature turned its attention to regulating the conditions under which the Chinese might gain employment in the province. Many petitions describing the harmful effects of the Chinese on the rest of the population reached the legislature beginning in 1886. These effects continued unabated until a petition protesting Chinese immigrant employment was submitted with 2,700 signatures in 1892.<sup>10</sup>

The British Columbia legislature had earlier moved to disenfranchise the Chinese in 1875. The resulting legislation was disallowed by the federal Government. Two decades later, the legislature again concentrated on restricting the Chinese within the jurisdiction of the province, despite the widely held perception that the federal Government would disallow the Provincial legislation. Some of the provincial initiatives included:

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<sup>10</sup> Ibid., pp. 40-41

- i) a declaration barring Chinese and Japanese from voting in municipal elections in 1896;
- ii) the Alien Labour Act of 1897 which prohibited the employment of Chinese and Japanese on works authorized by the provincial government;
- iii) the Labour Regulation Act of 1898;
- iv) amendments to three other private acts to prohibit the employment of Chinese and Japanese.

All of these restrictive Acts were disallowed by the federal authorities. However, in response to persistent protests the federal government decided to act on the Chinese issue. In June 1900, Prime Minister Sir Wilfrid Laurier introduced an amendment to the Chinese Immigration Act of 1885 raising the head tax to \$ 100.00.

Among the five approaches for the study of public policy which Simeon identified, the *power* model is particularly useful in analyzing the evolution and formulation of Canadian immigration policies during the first half of Confederation. In essence the model suggests that we explain what governments do by reference to the distribution of interests in society and the resources available to support these interests. For example, during the debates that led to the enactment of the Chinese Immigration Act of 1885, the ability to influence the direction of policy in respect to Chinese immigration was held by the railway promoters, owners of coal mines, and a group of liberal-minded persons in British Columbia, as well as by elected officials from west of the Rockies. They were all in favour of a continued influx of Chinese labourers. On the other hand, the power of anti-Chinese agitation resided

primarily with local politicians, merchants and trades people as well as other white labourers who competed with the Chinese in various occupational settings. The federal government was temporarily successful in avoiding the restriction of Chinese immigration through legislation by using two main arguments. The first was the railway argument and the second was the treaty argument. However, when M.P.s from British Columbia were able to convince their counterparts to the east and when trade unions similarly obtained support from eastern affiliates, it was very difficult even for powerful steamship owners to prevent the Chinese exclusion movements from becoming law in 1923.

Table 1

Chinese Immigration to Canada, 1886-1940

<u>Year</u>	<u>Number</u>	<u>Exempted from Head Tax</u>	<u>Total Revenue</u>	<u>Registered For Leave</u>
1886	212	1	\$ 11,895	829
1887	124	-	7,424	734
1888	290	-	15,694	868
1889	894	112	40,808	1,322
1890	1,166	97	46,258	1,671
1891	2,126	12	107,785	1,617
1892	3,204	6	166,502	2,168
1893	2,258	14	115,491	1,277
1894	2,109	22	105,021	666
1895	1,462	22	72,475	473
1896	1,786	24	89,800	697
1897	2,471	24	123,119	768
1898	2,192	17	109,754	802
1899	4,402	17	220,309	859
1900	4,257	26	215,102	1,102

(Table 1 continued)

<u>Year</u>	<u>Number</u>	<u>Exempted from Head Tax</u>	<u>Total Revenue</u>	<u>Registered For Leave</u>
1901	2,544	26	178,704	1,204
1902	3,587	62	364,972	1,922
1903	5,329	84	526,744	2,044
1904	4,847	128	474,420	1,920
1905	77	69	6,080	2,080
1906	168	146	13,521	2,421
1907	291	200	48,094	2,594
1908	2,234	752	746,535	3,533
1909	2,106	695	715,131	3,731
1910	2,302	688	813,003	4,002
1911	5,320	805	2,262,056	3,936
1912	6,581	488	3,049,722	4,322
1913	7,445	367	3,549,242	3,742
1914	5,512	238	2,644,593	4,143
1915	1,258	103	598,124	4,373
1916	88	68	19,389	4,064
1917	393	121	140,487	3,312
1918	769	119	336,757	2,907
1919	4,333	267	2,609,669	3,244
1920	544	181	538,479	5,529
1921	2,435	1,550	474,332	6,807
1922	1,746	287	743,032	7,532
1923	711	59	434,557	6,684
1924	674	49	334,039	5,661
1925	-	-	308,659	5,992
1926	-	-	25,969	3,947
1927	-	-	14,844	5,987
1928	3	1	25,679	5,087
1929	1	1	30,795	5,480
1930	-	-	50,799	5,682
1931	-	-	28,846	5,783
1932	-	-	11,584	4,387
1933	1	1	9,152	3,626
1934	2	2	7,237	2,156
1935	-	-	6,506	2,103
1936	-	-	6,501	2,138
1937	1	1	9,893	2,059
1938	-	-	2,359	792
1939	-	-	2,959	817
1940	-	-	4,066	933

Source: Woodsworth, op.cit., pp.287-288

Based on information from:

1886 - 1917, Annual Reports, Department of the Interior;

1918 - 1936, Annual Reports, Department of Immigration and  
Colonization;

1937 - 1940, Annual Reports, Department of Mines and  
Resources.

Table 2

Country of Last Permanent Residents by Year of Landing  
and Canadian Population, 1941 - 1991

<u>Year</u>	<u>China</u> <sup>11</sup>	<u>Hong Kong</u>	<u>Taiwan</u>	<u>Canada(000)</u>
1941	155			11,507
1942	40			11,654
1943	18			11,795
1944	26			11,946
1945	76			12,072
1946	107			12,292
1947	150			12,551
1948	265			12,823
1949	855			13,447
1950	1,814			13,712
1951	2,994			14,009
1952	2,678			14,459
1953	1,910			14,845
1954	1,754			15,287
1955	1,918	710		15,698
1956	1,516	815		16,081
1957	856	866		16,610
1958	894	1,752		17,080
1959	519	2,018		17,483
1960	183	1,146		17,870
1961	118	710		18,238
1962	244	426		18,583
1963	179	1,008		18,931
1964	83	2,490	101	19,291
1965	57	4,155	140	19,644

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<sup>11</sup> Figures for China includes Hong Kong and Taiwan in 1942 - 1954.

(Table 2 continued)

	<u>China</u>	<u>Hong Kong</u>	<u>Taiwan</u>	<u>Canada(000)</u>
1966	125	3,710	259	20,015
1967	257	5,767	385	20,378
1968	231	7,594	557	20,701
1969	177	7,306	789	21,001
1970	119	4,509	749	21,297
1971	47	5,009	761	21,568
1972	25	6,297	859	21,802
1973	60	14,662	1,372	22,043
1974	379	12,704	1,382	22,364
1975	903	11,132	1,131	22,697
1976	833	10,725	1,378	22,993
1977	798	6,371	899	23,258
1978	644	4,740	637	
1979	2,058	5,966	707	
1980	4,936	6,309	827	
1981	6,551	6,451	834	24,343
1982	3,572	6,542	560	
1983	2,217	6,710	570	
1984	2,214	7,696	421	
1985	1,883	7,380	536	
1986	1,902	5,893	695	25,354
1987	2,625	16,170	1,467	
1988	2,778	23,281	2,187	25,923
1989	4,430	19,908	3,388	26,219
1990	7,989	29,261	3,681	
1991	13,915	22,340	4,488	27,297
1992	10,429	38,910	7,456	
1993	9,353	36,026	9,797	28,866

Source: unpublished Immigration Statistics obtained from the Immigration Statistics Division, Immigration Canada; Statistics Canada. Historical Statistics of Canada Second Edition, 1983; Canada Year Book 1990 and 1991.

Woodsworth concluded his thesis by advocating the repeal of the Chinese Immigration Act of 1923, stating that it was inherently discriminatory and harmful to the future of political relations

between Canada and China. He also pointed out the differential treatment of the Chinese and Japanese by the federal government. While the entry of Chinese immigrants was prohibited by the Chinese Immigration Act, a limited number of Japanese immigrants were still legally allowed to enter Canada under a special administrative arrangement between Canada and Japan known as the "Gentlemen's Agreement."<sup>11</sup>

Woodsworth also concluded that British Columbia's policy of discrimination had the effect of depressing Oriental living standards, and inflating the birth rate. His observations on racial discrimination in British Columbia are illuminating:

Second and third generation Orientals, not to mention the original first generation immigrants, find themselves subject to a series of discriminations erected against them on the ground of race. Born in Canada, educated as Canadian citizens, they are denied many of the privileges and rights of citizenship. They are not allowed to vote. More important, they are prohibited from certain of the higher paid occupations. The consequences of this situation are far-reaching. Socially, it tends to create discontent and bitterness among a fairly large group in the community. Economically, the policy of discrimination tends to perpetuate the very evil from which British Columbia has suffered in the past and still suffers, that of competing standards of living. The reason is simple. British Columbia complains of low living standards and a high birth rate among the Orientals, especially among the Japanese. But higher standards of living are almost invariably associated with a lower birth rate.<sup>12</sup>

Stanislaw Andracki's dissertation, the Immigration of Orientals into Canada with Special Reference to Chinese, provides a chronological description of Canada's public policy responses to

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<sup>11</sup> Ibid., pp. 84-95, 111-117

<sup>12</sup> Ibid., p.278

the increased influx of Chinese immigrants into British Columbia, the ebb and flow of popular anti-Oriental movements, and the restrictive regulatory initiatives of the Legislative Assembly of British Columbia. The study also illustrates intriguing interplays between the federal and provincial legislatures, and between the British Colonial Office and the Governor-General of the Dominion.

Andracki contends that there were two motivating factors underlying Parliament's restrictive treatment of Oriental immigrants and residents. The first factor, which closely relates to the "treaty argument" already discussed, operated as a self-imposed control over the endeavours of British Columbia members of Parliament. The so-called "railway argument" was advanced by the federal government during the last phase of construction of the western stretch of the Canadian Pacific Railway.<sup>13</sup>

With respect to the treaty argument, Andracki argues that Amor De Cosmos and his British Columbian protagonists were mistaken in their belief that there were no treaty obligations that would limit the power of the Dominion Government to take actions which affected the legal rights of Chinese subjects already settled in Canada. Placing restrictions on the entry of Chinese immigrants would presumably violate Great Britain's treaty obligations with China. He repudiates these assertions and states that, in fact, the reverse was more accurate.<sup>14</sup> He observes that from 1882 to the

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<sup>13</sup> Stanislaw Andracki The Immigration of Orientals into Canada with Special Reference to Chinese (Arno Press Inc; Toronto, 1978) p.14

<sup>14</sup> Ibid., pp. 16-17

completion of the Canadian Pacific Railways, the railway argument was the favourite weapon against any legislative proposals that would result in the reduced influx of Chinese labour to the Canadian Pacific Railway contractors.<sup>15</sup>

These two issues occupied a significant position in the House of Commons debates on the history of the Chinese problem in the years preceding the 1885 Chinese Immigration Act.

### 1.2 The First Report of the Royal Commission on Chinese Immigration

On July 4, 1884, a Royal Commission was established to report on Chinese immigration, Canada's trade relations with China, and the social and moral objections to the influx of Chinese people into Canada. The Commissioners appointed were Joseph Adolphe Chapleau, the Secretary of State of Canada, and John Hamilton Grey, a Judge of the Supreme Court of British Columbia. The establishment of a Royal Commission fulfilled a promise made by Premier Sir John A. Macdonald. In exchange, a motion seeking to prohibit future Chinese immigration introduced during the previous session of Parliament was withdrawn.<sup>16</sup>

From the outset, the Commission's mandate was to offer proof

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<sup>15</sup> Ibid., pp. 24-27

<sup>16</sup> Royal Commission. Report of the Chinese Immigration, Sessional Papers No. 54a., 1885, p. v

The motion read "that in the opinion of this House it is expedient to enact a law prohibiting the incoming of the Chinese to that portion of Canada known as British Columbia."

that the principle of restricting Chinese immigration was proper and served the interests of the province of British Columbia and the Dominion. Commissioner Chapleau spent three weeks in California obtaining evidence. Subsequently, the two commissioners met in Victoria where they took evidence from fifty-one persons, chosen for their wide range of opinions on the matter of Chinese immigration. The Commission identified three groupings of public opinion on the subject. The majority called for the absolute exclusion of Chinese immigrants. The minority was split between those who sought no legislation, and those who argued for moderate restrictions.

For the duration of the Royal Commission, two opposing forces jockeyed for position. The view of employers was championed by Robert Dunsmuir, the owner of the Wellington Coal Mines which employed 700 to 800 whites and Chinese at the time of the enquiry. He argued that agitation against the Chinese was largely political and did not warrant a restrictive policy response. Dunsmuir asserted that without the Chinese coal miners, he would have a hard time staying in business because others would refuse to work for the wages that he paid Chinese workers. He feared that without the Chinese, the mining industry would be seriously crippled. Employers of canning establishments along the Fraser River also favoured a continued supply of Chinese workers because no other class of labourers could be found to work in the canning industry. Another powerful ally of the Chinese labourers was Andrew Onderdonk, who was responsible for the construction of the portion

of the Canadian Pacific Railway to be located in British Columbia. At that time, he employed 6,000 Chinese whom he considered to be industrious, sober, economical and law abiding. According to his assessment, the Chinese were vitally important to the country and its many industries.<sup>17</sup>

In contrast, a group representing organized and unorganized white labour in British Columbia was vehemently opposed to the continued landing of Oriental labourers. The Nanaimo Branch of the Knight's of Labour, after praising the abundance of natural resources and the scenic beauty of British Columbia, described the Chinese in their written submission to the Royal Commission as follows:

All who have ever come into close contact with them are satisfied that they are not only a most undesirable but a positively dangerous class to any country, having free popular institutions. They are thus fitted to become all too dangerous competitors in the labour market, while their docile servility renders them doubly dangerous as the willing tools whereby grasping and tyrannical employers grind down all labour to the lowest living point.<sup>18</sup>

Between these two extreme groups, there existed a group of professional people who were sentimentally attached to the idea of liberalism, and probably quite accustomed to the high quality of Chinese domestic service.<sup>19</sup>

The conclusions of the Royal Commission suggested that the Commissioners focused on purely economic considerations, while

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<sup>17</sup> Ibid., pp.148-149

<sup>18</sup> Ibid., pp. 155-156

<sup>19</sup> Woodsworth, op. cit., p. 41

avoiding a web of emotional debates:

There is not in the province of British Columbia the white labour to do the required work. Yet the work must be done or the country must stand still when the white labour is abundant, that there is a reasonable fear that the country may be injured by the competition, Parliament can legislate by exclusion or otherwise, to meet the occasion. There is no such fear at present, and the evidence shows the occasion has not arisen.<sup>20</sup>

While the Royal Commission refused to halt Chinese immigration, it made a conciliatory gesture to the people of British Columbia by recommending that "an act be passed by the Parliament of the Dominion imposing a duty of say \$10.00 per head, to be collected as other customs duties, on each and every Chinaman or Chinawoman, every Chinese boy or girl landing in or coming into the Province of British Columbia."<sup>21</sup>

In sum:

The policy of restriction and regulation which the Commissioners report is a *policy of judicious selection*. Take what is good, reject what is bad, study the interests of the country, consider its circumstances.<sup>22</sup>

Bowing to a strongly worded resolution sent to Parliament in February 1885 by the Select Committee of the Legislative Assembly of British Columbia as well as a similar letter sent to the Governor General in March, and petitions from trade unions east of the Rockies (e.g. Hamilton, Toronto, Montreal and Quebec), Secretary of State Joseph Chapleau introduced a bill "to restrict and regulate Chinese immigration" on April 13, 1885. The new bill

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<sup>20</sup> Royal Commission, op. cit., p. LXXXVI

<sup>21</sup> Ibid, p. LXXXVI

<sup>22</sup> Ibid.

which provided for a head tax of \$50.00 and a ratio of one Chinese for every 50 tons of cargo was substituted for the original wording which had set the limit at one Chinese immigrant per 10 tons of cargo. The earlier version had met with vocal protest from the M.P.s of British Columbia.

### 1.3 Report of the Second Royal Commission on Chinese and Japanese Immigration

A Royal Commission was appointed in September 1900 for the purpose of examining and investigating for the whole question of Oriental immigration into Canada. The Commission, unlike that of 1885, had no difficulty in reconciling various public interest as there was not much opposition against the prohibition of Chinese immigration among the witnesses interviewed. The overwhelming majority of witnesses testifying before the Commission thought that the immigration of Chinese should be stopped, either by a prohibitive capitation tax or by exclusion. It was apparent that none of the existing industries in the province would face difficulty by the reduction in the supply of Oriental labour.

By 1900 the Chinese had branched out their activities into a variety of trades, including the laundry business, tailoring, and market gardening. Consequently, the competitive nature of these trades and vocations invited hostile reactions on the part of white craftsmen and traders. Aside from the increased competition from the Chinese, there were other aspects about them that made them an easy target for resentment and discrimination.

The following points which appeared in the Commission Report are worth noting:

They pay no fair proportion of the taxes of the country. They keep out immigrants who would become permanent citizens, and create conditions inimical to labour and dangerous to the industrial peace of the community where they come. They spend little of their earnings in the country and trade chiefly with their people.<sup>23</sup>

The Commission report also showed that the Chinese population had increased from 4,483 in 1880, to 8,910 in 1891, and to 16,000 in 1901. The majority of these consisted of adult males who supported their families in China by sending the money they earned in Canada back home. The Commission concluded that further immigration of Chinese labourers into Canada ought to be prohibited. They also recommended that:

- i) a treaty be made, followed by suitable legislation;
- ii) until a treaty is obtained, the capitation tax should be raised to \$500.00.

The only point they could not agree on was when the capitation tax was to be raised. Chairman Clute and Commissioner Foley preferred an immediate increase, while Commissioner Munn wished to have it increased in two stages, first to \$300.00 then to \$500.00 within two years barring the enactment of a prohibitive treaty.

The imposition of the head tax on Chinese immigrants began at \$50.00 per head in 1885 with the institution of the Chinese Immigration Act. The tax was raised to \$100.00 per head in 1891, and eventually to \$500.00 per head in 1894.

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<sup>23</sup> Canada, Report of the Royal Commission on Chinese and Japanese Immigration (Arno Press; New York, 1978) p.278

Until the Chinese Immigration Act of 1923 which excluded Chinese immigration altogether, Canadian immigration policy was marked by rigorous constraint. Even so, Chinese immigration grew steadily as was shown in the Tables One and Two, presented earlier in the chapter.

Despite the steady increase in the amount of the head tax, the number of Chinese immigrants arriving in Canada continued to increase. MacKenzie King lamented, "the Chinaman who had landed in this country prior to January, 1904, discovered that the state, unwittingly perhaps, had, by restricting further competition from without, created of his labour a huge monopoly; without organization, without expense, without even agitation, every Chinaman became a unit in a labour group more favoured than the most highly protected trade union."<sup>24</sup> As it turned out, the head tax money was apparently regarded by Chinese as the cost of making money in Canada. Consequently, the numbers of Chinese immigrants which had decreased to less than 100 in each year beginning in 1905 to 1907, began to abruptly increase in 1908 to about 1,500 and continued to grow until 1910. Chinese immigrants attempting to enter Canada had considerably more difficulty than their European, Japanese, or Korean counterparts. This was primarily the result of the fact that the onus was on the Chinese to prove to the authorities that he was worthy of admission to the country. Conversely, for Europeans, Japanese, and others the onus was on the authorities to prove that a would-be immigrant was

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<sup>24</sup> Woodsworth, op. cit., p. 100

either admissible or inadmissible. Canadian immigration policy was devised and implemented in a discriminatory manner against one ethnic group -- the Chinese. In other words, the discrimination was contrary to the notion of the equality of races with respect to the conditions of immigration.

#### 1.4 The Gentlemen's Agreement

It is interesting to note that while Chinese immigrants to Canada were regulated by the head tax, Japanese immigrants were administered by the so-called "gentlemen's agreement" which was negotiated by Postmaster-General Rodolphe Lemieux, and the Japanese Foreign Minister, Count Hayashi in Tokyo in 1908. The agreement was entered into by the two governments in response to a heightened demand for the exclusion of Japanese in a manner similar to that already implemented by the federal government against Chinese immigrants. In essence, the Canadian government took the assurance of the Japanese government that emigration of their nationals to Canada would not exceed 400 persons per year. In exchange, Japanese nationals would not be regulated through an exclusion Act. In addition, the immigration policy applied to the Japanese was generally more humane. For example, Chinese residents in Canada were not allowed to bring their wives and children to join them, while Japanese were allowed to bring *their* families. In this respect, a passage in Cheng's work is particularly illuminating:

Again, they would not object so much if the law applied to all Orientals in the same way. But they cannot help

feeling indignant when they see that the Chinese are barred by a law, while the Japanese immigration is regulated by an agreement. Are not the Japanese as objectionable as the Chinese? Then, why do we have the different treatment? Is it not because China is weak while Japan is strong? And because China is weak, justice is denied to her people.

...According to the present law they cannot come in, but according to justice and humanity they certainly should. It is indeed miserable to see the Chinese struggling for a living in a foreign land while their wives and children are left thousands of miles away. It is unfair to expect a man to be upright and law-abiding while depriving him the happiness of his home.<sup>24</sup>

It is also interesting to note that the Imperial Government decided not to interfere with discriminatory legislative initiatives directed at the Chinese. In contrast, the Imperial Government exhibited its sensitivity toward legislative initiatives directed at the Japanese. The preferred treatment accorded Japanese immigrants can be attributed to a trend in diplomatic cycles at the turn of the century which signalled that Japan was rapidly becoming an ally of England.

The Japanese Canadians, written in 1938 by Charles Young, Helen Reid, and W.A. Carrothers, presents a ground breaking study of the Asian community in British Columbia. In so doing, however, the book relies upon two earlier studies: Reginda Sumida's thesis, "The Japanese in British Columbia", and N. Yamaoka's "Survey of the Second Generation of Japanese in British Columbia".<sup>27</sup>

The book is divided into two parts: the first part focuses on the issues surrounding the Japanese, while the second part deals

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<sup>24</sup> Cheng, op.cit., pp.256,258

<sup>27</sup> Charles H. Young et. al., op. cit.

with the living standards of the Chinese and other Oriental groups living in British Columbia.

Having examined various issues concerning Japanese immigration, settlement and expansion including commercial activities in urban centres, Japanese-Canadian society and institution, and the relations between the Japanese and white Canadians the authors proceed to describe how the white minority, who competed directly with the Japanese workers in the job market, influenced the majority opinion:

The community at large, therefore, cannot know the Japanese by first-hand contact and has to learn about them from their militant antagonists. So the White community for the most part has no alternative but to regard the Japanese as a group which threatens not only the few Whites who suffer from their direct competition but also the welfare of the community as a whole. When this stage is reached, the White antagonists secure a favourable hearing at the court of public opinion when they seek encouragement and protection from the White community. Such support is necessary because protection is ultimately legislative, and legislative action is dependent upon a much larger section of the White community than that which is directly affected by competition with the Japanese. In this way the informal antagonism between the Japanese immigrants and their White competitors, generated in occupational contacts and defused throughout the community by the Whites affected, becomes crystallized in legal measures which attempt to restrict the economic activities of the Japanese and their participation in the public affairs of the community.<sup>27</sup>

During the first two decades of 20th century Canada spent close to \$ 19,000.000 in attracting and managing 3,250,000 immigrants to Canada which amounts to about \$ 3.17 per immigrant. William George Smith's observation on the head tax is worth noting:

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<sup>27</sup> Ibid., pp. 127-128

They (the Chinese) have paid into the treasury of Canada by that means alone over \$ 18,000,000, and nothing was spent in China for promoting emigration, while over ten million dollars were spent in Europe in urging people of the British Isles and the continent to seek our shores. Clearly, on that score, the Chinese are a paying investment.<sup>28</sup>

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<sup>28</sup> William George Smith A Study in Canadian Immigration (Toronto: The Ryerson Press, 1920), pp. 167-168

## Chapter II

### A REVIEW OF LITERATURE ON CANADIAN IMMIGRATION POLICIES

The discussion in this chapter will focus on selected aspects of Canadian legislation on immigration. The discussion opens with a brief overview of MacKenzie King's statement of the principles of Canadian immigration policy to Parliament. The discussion then addresses the White Paper on Immigration(1962), the Green Paper on population studies(1974), the introduction of the Immigration Act of 1976, and other important developments in this field, including the new immigration policy direction suggested by the Liberal Immigration Minister Sergio Marchi in March 1994 and the subsequent public consultations on immigration policies.

The period 1923 - 1947 contains few developments in the area of public policy concerning Chinese immigration. Few developments in MacKenzie King's statement in 1947 marked a shift in government policy. His statement read in part:

The policy of the government is to foster the growth of the population of Canada by the encouragement of immigration. The government will seek by legislation, regulation and vigorous administration, to ensure the careful selection and permanent settlement of such numbers of immigrants as can be advantageously absorbed

in our national economy.<sup>1</sup>

In essence, there were six major long term thrusts that were contained in the statement. First, the immigration policy objective was to enlarge the population of the country for the purpose of economic development. Second, immigration would be used as an instrument to improve the Canadian standard of living. Third, immigrants would be carefully selected which implied that the rules for, and standards of, selection would be critical. Fourth, immigration had to be related to Canada's absorptive capacity. Fifth, immigration was considered a matter of domestic policy and subject to the control of Parliament. While blatant discrimination would be removed from the existing legislation, an alien had no "fundamental human rights" to enter Canada because immigration was considered a privilege. Finally, the people of Canada did not wish to make a fundamental alteration in the character of their population through mass immigration. The government had no intention of changing the regulations governing Asiatic immigration "unless and until alternative measures of effective control have been worked out."<sup>2</sup> Although the categorical rejection of Asiatic immigration in King's statement was noteworthy, it was a sentiment shared by countries such as Australia, Canada, and United States which had similar experiences with Asians, particularly with Chinese people. David C. Corbett's

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<sup>1</sup> Cited in Freda Hawkins, Canada and Immigration: Public Policy and Public Concern. (McGill-Queen's University Press; Montreal, 1972), p. 91

<sup>2</sup> Ibid., pp. 92-93

book, Canada's Immigration Policy describes Canada's immigration policy-making as a function of the government's responses to community pressures. Corbett argues that:

A national government dealing with immigration policy is like a ship buffeted by contrary winds. Labour blows one way and employers another; French Canadians puff up a powerful blast against the prevailing English speaking majority; and a chill draught of prejudice against foreigners comes from some of the old stock. In these gusty waters the government must steer a course. Sometimes it may choose to use its auxiliary motors and go against the wind; it may decide to permit certain forms of immigration which the community is not eager to welcome, but which, with a little education, it can learn to accept.<sup>3</sup>

Corbett's argument can be clearly illustrated upon closer examination of the rules for the admission of immigrants to Canada. In the Immigration Act, an Act of Parliament which may be amended from time to time when Parliament is in session. The Act most relevant to Corbett's discussion is the 1952 Revised Statute of Canada, c. 325. Admission rules can also be identified in the Order in Council passed under the Act and in departmental directives.

Section 4 of the Immigration Regulations (Order in Council P.C. 1954-1351, September 17, 1954) gives the Governor General in Council wide powers to make Orders in Council which prohibit the entry of persons considered undesirable. In response to the Supreme Court decision in the case of, *Attorney General of Canada v. Brent*, the Governor General in Council was compelled to make major revisions in the Immigration Regulations. It was determined

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<sup>3</sup> David C. Corbett. Canada's Immigration Policy: A Critique (The University of Toronto Press; Toronto, 1957) p. 37

that a crucial part of the Regulations was illegal because it delegated the authority of the Governor General in Council to subordinate officials (Special Inquiry Officer). Moreover, these subordinates were given the authority to decide whom to admit and whom to exclude from Canada. Until the Immigration Regulations began to specify which groups of persons could come into Canada from each foreign country in May 1956, the main source of information regarding immigration policy was contained in departmental directives which were much easier to change on short notice than Orders in Council.

The Immigration Act (1952) reflected the geographic bias of Canada's immigration policy. Immigrants from Britain, France, Ireland, the United States and the European-settled Dominions of the Commonwealth, Australia, New Zealand and South Africa were most desirable. People from the remainder of Europe west of the Iron Curtain were next. The third preferred group consisted of persons from Egypt, Israel, Lebanon, Turkey, the countries of eastern Europe, and South and Central America. Last of all were the countries of Asia and those remaining of Africa. Implicit in the selection of immigrants on the basis of geographic location was the selection of immigrants on the basis of race and culture.

Corbett argues that distinguishing between prospective immigrants on the basis of their country of origin was clearly written into the policy. The admissible categories were arranged by country, and were broader for some countries and narrower for others. Even the classes of admissible relatives depended on area

of origin. For some countries the term "relatives" was broadly defined, while in others it was applied narrowly ( i.e., India, Pakistan, Ceylon and the rest of Asia). Notably, citizens of countries such as China and Japan were included in the latter group. An additional regulation applied to all countries in this group was that a child under 21 of a Canadian citizen could only be admitted if his father or mother was admitted concurrently with him. This provision appeared to have been designed with the Chinese in mind. Earlier it was not uncommon for Chinese-Canadian men to maintain their wives and families in China. They later applied for the admission of their children to Canada one at a time. Under the 1952 Act this was no longer possible.

The Act also listed the prohibited classes. The most comprehensive prohibited class was "persons likely to become a public charge." Since the Act did not define the specific characteristics which made a person likely to become a public charge, Immigration officers who enforced the Act were left with considerable discretionary authority to exclude people under this provision.

It is interesting to compare one specific part of the Immigration Regulations, which expired in May 1956, with its Immigration Act counterpart. Both exclude a very broad category of persons. Section 4 of the Immigration Regulations states as follows:

Subject to the provisions of the Act and to these regulations, the admissions to Canada of any person is prohibited where in the opinion of a Special Inquiry Officer such person should not be admitted by reason of:

(a) the peculiar customs, habits, modes of life or methods of holding property in his country of birth or citizenship or in the country or place where he resided prior to coming to Canada;

(b) his unsuitability, having regard to the economic, social industrial, educational, labour, health or other conditions or requirements existing, temporarily or otherwise, in Canada or in the area or country from or through which such person comes to Canada, or

(c) his probable inability to become readily assimilated or to assume the duties and responsibilities of Canadian citizenship within a reasonable time after his admission.<sup>4</sup>

The Immigration Regulations permitted considerable latitude for interpretation. For example, what are "peculiar customs" in Section 4(a)? What "other" conditions or requirements are covered by the wording of Section 4(b)? Should an individual be penalized for his or her country's "peculiar methods of holding property" without giving any consideration to his or her own beliefs and practices regarding property? What constitutes "probable" inability to become readily assimilated as stated in Section 4(c) above? Anyone coming from a country where there are so-called "peculiar customs" might conceivably be kept out of Canada by virtue of this regulation.

Section 4 of the Immigration Regulations and section 61 of the Immigration Act differed in at least one respect of notable mention. More specifically, the regulation did not contain the following subsection:

The Governor-General-in-Council is permitted to make regulations to prohibit the admission of persons by reason of (i) nationality, citizenship, ethnic group,

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<sup>4</sup> Corbett, op.cit., p. 51

occupation, geographic area of origin.<sup>5</sup>

The regulation limiting the admission of Asians exemplified Cabinet's use of its power to admit on geographic area of origin. In addition, subsection 61(iii) of the Act contains an adjective "climatic" which precedes the word "economic" in subsection 4(b) of the regulation. Corbett cites a speech made by a CCF member regarding a black person from Barbados whose application to join her Canadian grandfather was denied on the basis of the "climatic" clause. Corbett describes the aftermath:

Small wonder that negroes in Canada, and others who followed the case, became convinced that "climatic conditions", as the Immigration Branch used the phrase, was nothing but a euphemism for "race". Negro applicants were being rejected, it appeared, on the grounds of theories about the effect of climate on their health; theories which were apparently unverified.<sup>6</sup>

Corbett notes that Parliament, in formulating Canada's immigration legislation, had in fact delegated to the government the power to decide who can come to Canada, which is the main idea of immigration law. In approving legislation which transferred much of this responsibility to the Cabinet and which allowed wide discretionary powers to the Minister, Parliament revealed major weaknesses. The Cabinet did not need to reveal its reasons for rejecting any particular group. To minimize potential embarrassment in the international arena, the Cabinet and the governing legislators had in effect decided to deal with these sensitive issues which also touched on questions of prejudice or

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<sup>5</sup> Ibid., p. 52

<sup>6</sup> Ibid., p.52

preference under the cloak of Cabinet secrecy and bureaucratic anonymity.

Corbett observes that government policy is not wholly initiated by administrators. The electorate, political parties, pressure groups and Parliament all participate in the process. However, administrative opinion is a central influence, and if the administration cannot be strictly impartial in its decision-making, it should at least be well-balanced.

In citing two extraordinary periods of Canadian economic development and prosperity - the wheat boom of 1896 to 1913 and the postwar period up to 1954 - Corbett observes the phenomenal rate of increase in population due to natural increase as well as expanded immigration. Although an increase in the rate of population is insufficient by itself to achieve economic growth, it is a necessary condition for economic expansion, together with capital investment, innovations, and resources. Corbett also advances the argument in favour of an increased level of immigration from overly populated regions of the globe for ethical and humanitarian reasons. If Canada seeks to enhance its stature in the community of nations, increased admission of immigrants from the impoverished regions of the world is essential. Finally, Corbett argues in support of an impartial appeal mechanism which would allow rejected applicants legal recourse.

### 2.2.2 The White Paper on Immigration (1966)

In 1966, the Liberal government issued the White Paper on

Immigration<sup>7</sup> Its purpose was to foster enlightened discussion in Parliament and among the general public; the resulting views were to be reflected in the new Immigration Act. The White Paper described the role immigration had played in Canada as follows:

Immigration has made a major contribution to the national objectives of maintaining a high rate of population and economic growth and thus of strengthening our position of independence and our ability to follow a course of friendly co-operation with like-minded countries of the world. Without a substantial continuing flow of immigrants, it is doubtful that we could sustain the high rate of economic growth and the associated cultural development of our national identity beside the economic and cultural pulls of our neighbours to the south.<sup>8</sup>

The primary objective of the White Paper was to reduce the rate of growth of the sponsored immigrant stream. As Freda Hawkins has noted, the reasoning contained several elements:

In fact, the major objective of the White Paper was the legitimate and long-standing one of achieving a reasonable control over the sponsored movement, in light of the increasing need for skilled manpower in Canada and the very real difficulties experienced by the unskilled in the Canadian labour market. The Deputy Minister had suggested that, among the solutions available, the restrictive factor most acceptable to the public might be that Canadian citizens should have a preference in sponsorship, thus creating a delaying factor in the sponsored stream. Under this arrangement, all immigrants could bring their immediate family to Canada. Canadian citizens could sponsor a wider range of relatives, provided that these relatives were literate or (if male) had or could attain seven years' schooling by the age of sixteen or were qualified occupationally. Exactly half the White Paper is occupied with the development of arguments leading to this proposal and the proposal itself.<sup>9</sup>

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<sup>7</sup> Canada, White Paper: Canadian Immigration Policy (Queen's Printer; Ottawa, 1966)

<sup>8</sup> Ibid., p. 7

<sup>9</sup> Hawkins, op. cit., pp. 159-161

The White Paper emphasized the concept of adaptability. This notion could be measured in terms of a balance of personal qualifications and of the assistance available to a prospective immigrant from relatives in Canada. In addition, the White Paper sought to remove the discriminatory aspects of the existing sponsorship system.

The significance of the White Paper lay in the fact that, for the first time in Canadian history, the perennially secretive immigration policy-making process invited the general public to provide input. It stated that, as a matter of principle, admissions criteria and decisions had to be universally applied and could not discriminate by reason of race, colour, or religion. Moreover, the White Paper called for a need to distinguish between unsponsored and sponsored classes of immigrants fairly and effectively.

### 2.2.3 The Green Paper on Canadian Immigration and Population (1974)

In 1974, the Department of Manpower and Immigration presented the results of a comprehensive review of Canada's immigration policy. This represented the culmination of the widest cross-section of public consultations on immigration policy undertaken by the government up to that date. A series of discussion documents was prepared which collectively, constituted the Green paper. The entire project was designated as the Canadian Immigration and Population Study.

Several trends had emerged following the institution of the

new "points system" in 1967. Among those most significant were:

i) The dramatic shift in major immigrant source countries. For example, in 1966 Europe accounted for 76 per cent and Asia accounted for 6 per cent of total immigration movement; in 1974 European countries made up 39 per cent while that of the Asian countries increased to 23 per cent of the annual intake.

ii) The share of immigrant workers in the sponsored and nominated categories exhibited a pronounced increase.

iii) A general downward trend in the overall skill level.

iv) Accentuated preference for larger urban centres by the newly arrived, e.g., Ontario received over 56 per cent in 1973, while British Columbia replaced Quebec as the second most important immigrant-receiving province with 15 per cent.

The Green Paper stated the basic assumptions underlying the selection system that existed in the early 1970s. These assumptions are derived from the strongly expansionist assessment made in the 1960s, as documented by the 1966 White Paper.

The Green Paper expresses doubt concerning the long term vision of earlier policy-makers:

On the domestic front, from the standpoint of longer term labour market requirements, there are also reasons to question the wisdom of an expansionist philosophy. Projections show that during the next decade the Canadian labour force will continue to grow at a very rapid rate, in relation to Canada's past experience and compared with projections for other industrialized countries.

...Considering, however, Canada's heavy investment in its own training and educational establishments, the product of which will be entering the labour force at extremely high rates in the years to come, it is evident that this should become a rarer occurrence, and that the education-saving argument has lost much of its validity as a principle of policy<sup>10</sup>.

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<sup>10</sup> Canada Department of Immigration and Manpower, Immigration Policy Perspectives. in a Report of the Canadian Immigration and Population Study (the Green Paper) (Information Canada; Ottawa) pp. 26-27

In providing a range of immigration policy options to be considered by the general public, the Green Paper advanced four approaches for discussion. The first approach discussed involved retaining the existing responsive system of resource allocation abroad. This system did not rely upon present visa quotas over a specified time horizon. The second approach involved intensively gearing the program to meet economic and labour market objectives. The third approach involved developing and announcing explicit annual visa targets on a global, regional, and possibly post-by-post basis. The fourth approach involved establishing an annual global ceiling for the total immigration movement.

This would also entail specifying the priorities to be observed in the issuance of visas to different categories of immigrants within that ceiling. The last approach would also require planning and preparation well ahead of each immigration year. The first requirement under this approach concerned the determination of the number of visas to be issued in the annual planning cycle. In setting the target, the central government would need to institute a regular consultation regularly with its provincial counterparts as well as with designated outside agencies and organizations. The second requirement would be to determining the order in which applications from different classes of prospective immigrants would be processed. Having established the overall ceiling and priorities, an estimate could then be made of the number of applicants in each priority group for each source country and area of the world. On the basis of this estimate,

processing capacity overseas would be deployed to ensure that the higher priority applicants in all countries were examined during the target year, and that the lower priority applicants did not face lengthy delay of a country-specific nature.

The Green Paper argued that the 'brain drain' was a symptom of international economic disparities. Thus it reaffirmed Canada's established policy of abstaining from active promotion or recruitment in the developing world.

With respect to the issues concerning refugees, the Green Paper asserted that Canada should continue to assume its fair share in helping to ease the refugee problem. Regardless of decisions made in the future which could control immigration volume, it was imperative to provide for the discharge of this humanitarian obligation. However, the Green Paper noted that financial or material assistance in some circumstances may be the more appropriate way to assist refugees.

The Green Paper traced federal-provincial relations to the constitutional framework. Section 95 of the British North America Act(1867) states immigration and agriculture to be matters under the concurrent jurisdiction of the federal Parliament and the provincial legislatures. However, in the event of conflict the Act stipulates federal paramountcy. In the years immediately following Confederation the division of authority was elaborated into federal-provincial agreements whereby the federal government undertook the maintenance of immigration posts at home and abroad, while the provinces assumed responsibility for the settlement and

colonization of uncultivated lands.

During the first half century after Confederation, constitutional case law had been developed in connection with a series of enactments by western provinces which dealt with Asian immigrants. Ultimately, these laws were challenged in the federal court. This experience through the 1920s served to uphold federal authority. In a series of decisions, it became evident that federal jurisdiction did not rest entirely on the primacy clause of Section 95. Rather, it relied heavily on the federal government's exclusive constitutional jurisdiction over aliens and naturalization. In the final analysis, the federal government accepted and exercised the responsibility in accordance with the interests of the country as a whole.

The Green Paper, also examined four concrete examples where solutions could not be offered under the existing legislation.

As it stood, a deportation order was the only means to remove a person from Canadian soil. On humanitarian grounds and in the interests of effective immigration management, a new Act could have provided alternative means (i.e., less stigmatizing) of excluding people from Canada where circumstances warranted action. Next, officials were required to make a decision at the point of entry regarding the legitimacy of the individual's intention. Granting conditional entry that would provide for a subsequent determination of status would provide a dimension of flexibility. Further, in the space of a few years, the procedures governing the review of deportation orders had undergone significant change. An era of

wide ministerial discretion was brought to an end when the Immigration Appeal Board was established in 1973. As a result, there ensued a short period when the right to appeal to the Board was open to all those ordered deported. On the grounds of national interest, access to the appeal system had to remain limited, extending only to those with a close affiliation with Canada, or to those deserving of special consideration for humanitarian reasons. Working from this premise, it became a paramount concern for the law to ensure due process during inquiry hearings, and to set high standards of fairness and thoroughness.

Finally, the new Immigration Act lacked statutory recognition of refugee status and the protection Canada currently extends to refugees as per the terms of the United Nations Convention. The Green Paper emphasized the positive aspect of immigration policy within strict administrative control.

#### 2.2.4 The Immigration Act, 1976 and Subsequent Policy Development

The Immigration Act of 1976 represents the culmination of extensive public consultation on a highly sensitive and often emotional public policy issue, beginning with the publication of the Green Paper. The new Act clearly states the objective of Canadian immigration policy under subsection 3(f):

...to ensure that any person who seeks admission to Canada on either a permanent or temporary basis is subject to standards of admission that do not discriminate on grounds of race, national or ethnic origin, colour, religion or sex...

Judged entirely on the letter of the law, Canada has made

significant progress with respect to racial discrimination against prospective immigrants from non-white nations.

Under subsection 3(d), the new Act provides a clear mandate for co-operation between the federal government and other levels of government and non-governmental agencies to encourage and facilitate the adaptation of immigrants to Canadian society.

The most significant accomplishment of the 1976 Act was the establishment of mechanisms to co-ordinate the input from the provincial governments. This was especially relevant for the Province of Quebec, although other provinces that had entered into bilateral immigration agreements with the federal government were also affected.

#### A. The Role of Provincial Governments

Provincial participation in immigration policy-making is more firmly embedded in the Canadian Constitution (i.e., the British North America Act, 1867 section 95). Despite this legal framework however, provincial participation had remained minimal. Thus, immigration remained in the federal domain until the new Act was promulgated in 1976. The declining population that Quebec faced by the early 1960s together with its declining popularity among immigrants prompted Quebec to reverse its position from passive "onlooker" to an aggressive "seeker" of new inhabitants.

##### 1. The Quebec Experience

Since the late 1960s there had been increasingly vocal demands

from many quarters that called for an active and aggressive provincial immigration policy which they thought would strengthen the economy of Quebec and would ensure the survival and perhaps expansion of French culture in Quebec through an increased number of skilled immigrants and from increased population size as a whole.

Jacque Brossard's L'Immigration investigates the possibility of deliberate or inadvertent discrimination by the federal government against Quebec in immigration matters. Brossard stresses the critical importance of immigration for French speaking Canada:

Pourtant, ce sujet est d'une importance evidemment cruciale pour le Canada francais, non seulement sur le plan economique et sociale comme dans le cas de l'Ontario, mais notamment sur le plan national et culturel: qu'il suffise de rappeler que, sur 2,500,000 immigrants admis au Canada depuis 1945, environ 60% etaient de langue anglaise ou d'origine anglo-saxonne tandis que 3% etaient de langue francaise et quelque 15% d'origine latine, et que seule une partie de ces derniers immigrants, meme au Quebec, s'integre au Canada francais. Ceux qui le font sont d'ailleurs dans l'ensemble moins qualifies sur le plan professionnel que les immigrants qui s'integrent a la communate anglophon.<sup>11</sup>

Brossard articulated the popular opinion (widely held in Quebec) that the federal government had formulated and administered its immigration policy in a manner which systematically favoured and strengthened English-speaking Canada during the mid 1960s. He pointed out that staff at the federal Immigration Service in Ottawa and abroad were comprised almost entirely of English-speaking

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<sup>11</sup>Jacques Brossard. L'Immigration - Les droits et Pourvoirs du Canada et du Quebec. (Les Presses de l'Université de Montreal; Montreal, 1967) pp. 121-122

Canadians, with a few French-Canadian "vendus". Brossard suggested further that information about Quebec was rarely given to immigrants, and that the French milieu in Quebec was neither understood nor presented by immigration officials. It is possible that the situation in Quebec may not have been deliberate, Brossard concedes, but the bottom line revealed a considerable degree of discrimination and a grave loss for the Province of Quebec.

Freda Hawkins' book, Canada and Immigration documents Rosaire Morin's conspiratorial suspicions:

Morin wanted, in 1966, a provincial Ministry of Immigration, an international presence for Quebec, an immigration office at Quebec House in Paris and Milan, immigration officers and agents in all French-speaking centres, a massive publicity campaign in French-speaking countries, a repatriation program for French Canadians in the United States and in English-speaking Canada, ..., a French Canadian Citizenship Council, special reception centres at all ports of entry, a Quebec placement service, and other measures ... Morin was also frank on attitude in Quebec towards immigrants. Opposition towards federal immigration policies, he felt, was translated into a hostility towards immigrants themselves. Part of his proposed program involved a determined efforts to change this state of affairs.<sup>12</sup>

Before long, through a series of negotiations Quebec had entered into agreements with the federal government. Nearly all of the proposals put forward by Morin had become a reality. Listed below are the various Canada-Quebec agreements and a brief description of each agreement.

a) Marchand-Gabias Agreement (1968)

This was a verbal agreement between Yves Gabias, Quebec provincial secretary and Jean Marchand, federal minister

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<sup>12</sup> Hawkins, op. cit. pp. 217-218

responsible for immigration:

- legislation would be introduced in the Quebec National Assembly to create an Immigration Department to assist the integration of immigrants into Quebec's French speaking community;<sup>13</sup>
- allowing Quebec to place immigration officials in Canadian offices abroad to help select the type of immigrants that were acceptable to Quebec;
- Quebec, like other provinces, had the right to participate in the promotion and selection of immigration to that province, and a role in assisting them to integrate in Quebec society by providing reception and language centres for immigrants.

b) Textbook and Language Training Agreement (1969-71)

This was an agreement by which the instructional costs for language and citizenship training would be shared on an equal basis between the governments. The Textbook Agreement signed in 1971 provided that the total cost for textbooks used by provinces in their immigrant language and citizenship classes would be borne by the federal government.<sup>14</sup>

c) Lang-Cloutier Agreement (1971)<sup>15</sup>

This was essentially a formal written restatement of the Marchand-Gabias verbal agreement.

d) Andras-Bienvenue Agreement (1975)<sup>16</sup>

This agreement set out the four main areas of co-operation and consultation between the two governments, namely the exchange of

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<sup>13</sup> Yves Gabias, "Marchand and Gabias --- Quebec Immigration Department." Toronto Globe and Mail, February 17, 1968.

<sup>14</sup> Quebec, L'Immigration: Rapport Annuel 1975-76 by Ministere de L'Immigration, pp. 110-111

<sup>15</sup> Canada Lang-Cloutier Agreement, 1971

<sup>16</sup> Andras-Bienvenue, L'Immigration: Rapport Annuel, 1975-76, pp. 104-109

information, publicity, recruitment and selection. Such consultations would take place provided that they did not result in any undue delay in processing the applications.

e) Cullen-Cloutier Agreement (1978)<sup>17</sup>

Among its many provisions, several are particularly noteworthy. For example, Section 3 of the agreement outlined the procedures and sets of criteria to be used in selecting and processing immigrants destined for Quebec. It stated that a provincial selection criteria would be devised and applied concurrently with the federal "points system". Subsection 3(2) outlined the procedures to be used in selecting immigrants. Although Article (a) stated that the selection of immigrants destined to Quebec was to be done on a joint basis according to the two sets of criteria, Article (b) clearly stated that "the landing of an independent immigrant in Quebec [would require] Quebec's prior agreement." However, Quebec was not granted such unilateral discretionary powers in the case of the "assisted relatives class".

## 2. Manitoba's Policy Requirements

On the basis of Quebec's experience, Manitoba could, given sufficient skill and bargaining strength, exert considerable influence over immigration policy formulation. It would appear that opportunity is limited only by the negotiating skills and bargaining strength of a province. It is also important to note

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<sup>17</sup> Canada Department of Manpower and Immigration Cullen-Courtoure Agreement (1978) pp.7-8

that the current round of constitutional realignment aimed at appeasing Quebec will have serious implications in the field of immigration. For example, the latest deal reported to have been made would give more power to provinces over culture and job training<sup>18</sup>. These are the two areas most closely linked to the field of immigration. For Quebec, this could bolster cultural and linguistic identity.

Listed below are several areas of concern that require policy decisions in Manitoba if the province is to realize its immigration potential.

a) Federal Provincial Agreement

The Quebec experience has clearly demonstrated the need for a comprehensive federal-provincial agreement which stipulates the precise nature of provincial participation in the immigration process. Most provinces had already entered into such an agreement, but Manitoba was not one of them (although Manitoba did enter into a special agreement with the federal government in 1981). The Special Program for Assisting Refugees (SPAR) enables the provincial and federal governments to work co-operatively with sponsoring groups to provide adequate services and assistance for the successful adaptation of refugees who are inadmissible according to Canada's Immigration Act and Regulations. The latest available statistic indicates 239 special needs refugees and their immediate families have been admitted to Canada. This figure

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<sup>18</sup> Toronto Globe and Mail, "Power shifts to the provinces", May 22, 1992, pp.1-2

consists of 59 unaccompanied minors, 23 medically inadmissible, 139 joint assistance families and 7 women at risk with their 11 children, from 1981 to the end of 1989.<sup>19</sup>

b) Creation of an Advisory Council

Since public support is indispensable for civil servants and politicians in particular, a policy decision to create an immigration advisory council is highly desirable. Membership could be drawn from the ranks of labour, business, immigrant groups as well as civil servants. Such an advisory council could have established a formalized consultation mechanism. Instead, the Government of Manitoba established the Manitoba Intercultural Council in 1983. Its legislated mandate under Section 3 reads as follows:

The council shall make recommendations and provide information and advice to the Government of Manitoba through the minister on all ethnocultural matters in the province including education, human rights, immigrant settlement, media and communication, and cultural heritage, and may undertake such other ethnocultural activities as the council deems advisable<sup>20</sup>.

Certainly, a council dedicated solely to the issues of immigration would produce more tangible results in a more timely fashion.

c) Establishment of Provincial Immigrant Selection Criteria

An argument could be made for a provincial "points system". A properly administered provincial selection criteria may lead to an increase in the number of immigrants who would choose to settle

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<sup>19</sup> Manitoba Immigration and Settlement Services Branch, Programs and Services", December 1989, p. 6.

<sup>20</sup> Chapter 155 Manitoba Intercultural Council Act, Section 3 Subsequently the Act was repealed in August 1993.

in Manitoba both on economic and humanitarian grounds. It is quite conceivable that a better distribution of immigrants throughout the different regions of Manitoba, and the rest of the country for that matter, would significantly increase Canada's absorptive capacity.

#### 2.2.5 The Immigration Regulations of 1978 and the Revised Points System

The 1978 Immigration Regulations specified the conditions of admission relating to the points system, employment authorizations, visitors visas, and student authorizations, as well as the admissible classes. The Regulations expanded the refugee provisions of the 1976 Act, and established a new refugee sponsorship program. In addition, the revised points system is contained in Schedule I of the Regulations containing an important section dealing with priority processing. The regulations also specified the requirements for the conduct of inquiries by adjudicators in great detail. It provided the right of appeal to the Immigration Appeal Board to persons claiming to be a U.N. Convention refugee after having been denied under subsection 45(5) of the 1976 Act. Similar rights were provided to Canadian citizens who had sponsored an application and were denied. It also introduced what might be called a "Canadians first" provision whereby immigration officials could not issue an employment authorization without first considering whether the prospective employer had made reasonable efforts to hire or train Canadian

citizens or permanent residents for the job.

In contrast to the points system introduced in the Immigration Regulations of 1967, the 1978 version of the points system placed more emphasis on practical training and experience than on formal education. The maximum number of points awarded for educational attainment decreased from 20 to 12 points, while vocational training and job experience combined to account for a maximum of 23 points. The 1978 revision also introduced the concepts of "designated occupation" and "designated area," to satisfy skill shortages and to provide a way, although somewhat limited, of directing immigrants away from the major urban centres.

#### 2.2.6 The Business Immigration Programs

The Conservative government introduced an amendment to the Regulations under the Immigration Act of 1976 to allow for the accelerated immigration of wealthy individuals. This program targeted affluent Hong Kong businessmen who feared that the Chinese government, which is scheduled to take over Hong Kong from the United Kingdom in 1997, would disallow a continuation of Hong Kong's capitalist economy.

Since an evaluation of the effectiveness of the investor/entrepreneur immigrant program is dealt with in Chapter three of this thesis, it will suffice to state its legislated program objectives:

The objective of the business immigration program is to promote, encourage and facilitate the immigration of experienced business persons from abroad who will make a positive contribution to the country's economic

development by applying their risk capital and know-how to Canadian business ventures which create jobs for Canadians<sup>21</sup>.

### 2.2.7 New Directions on Immigration Policy Development

In tabling the Annual Immigration Plan for 1994 in the House of Commons, Sergio Marchi, Immigration Minister in the newly elected Liberal government, announced several initiatives aimed at achieving greater public consultation on immigration policy. Marchi's initiatives contained in the annual immigration plan read in part:

There can be no doubt that the decisions we make about immigration over the next decade will determine, in large measure, the character of our country -- the size of our population, the nature of our society, and the competitiveness of our workforce in the 21st century. We need to talk about where we are going, and develop a strategy for nation-building.

...New groups of people have come to Canada over the years, each justifying their faith in our country. They raised families, worked hard, and sacrificed. They helped build railroads, ploughed new frontiers, raised great cities. They helped build Canada -- and why should we believe now that such nation-building will come to an end?<sup>22</sup>

### 2.2.8 Public Consultations on Immigration Policies

As announced by Immigration Minister Marchi in the House of Commons, a national debate on immigration began across Canada during the spring and summer of 1994. In March, a group of

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<sup>21</sup> Canada Employment and Immigration Immigration Manual Chapter 5, February 1976.

<sup>22</sup> Canada Annual Report to Parliament: Immigration Plan 1994. Ottawa. Citizenship and Immigration Canada, pp. ix-x.

Canadians from all levels of government, business, international bodies, labour, education, media and social action groups met with the minister to plan the consultation process and identify the key areas of concern. Ten priority issues were identified from this meeting.

Consequently, the current public consultations on Canada's immigration policy and programs will likely revolve around these ten priority issues. In the following pages, a summary of these concerns and issues is provided. Clearly, further examination of these concerns and issues is required in order to formulate immigration policy for the next generation.

1. What is the vision of Canada that Canadians seek to support through immigration policy?

A Discussion Paper<sup>23</sup> identifies this issue as raising the most difficult and fundamental questions about immigration. For example:

i) what is the desired future population of Canada and what role should immigration play?

ii) what are the fundamental values that Canadians wish to retain and how would this value be affected by immigration?

iii) what role should immigration play in fostering the development of Canada?

Several years ago a Canadian visa officer stationed in Nairobi, Kenya, travelled throughout Africa interviewing prospective immigrants. He suggested, during his appearance on a

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<sup>23</sup> Citizenship and Immigration Canada. Immigration Consultations 1994: Discussion

C.B.C. television program that discussed issues and concerns regarding immigrants, that Canadian immigration policy, "...is like choosing your next door neighbour; you have to ask yourself, do I really want to have this person as my next door neighbour?"

Indeed, the issue surrounding the vision of Canada regarding immigration has to be the most perplexing one of all issues to be discussed in the current round of public consultations process. The average Canadian does not really understand neither what future population size for Canada should be nor what role immigration should play in shaping that future. Nonetheless, they do notice and feel what they encounter in their daily lives.

Opinion polls have shown Canadians to be increasingly hostile to the currently high levels of immigration, which are scheduled to bring another 250,000 immigrants and refugees into Canada this year. A recent Globe and Mail article reported the current public sentiment towards immigration as follows:

Earlier this year, a Gallop Poll found that 45 per cent of Canadians wanted a reduction in immigration levels, while only 11 per cent were in favour of an increase. It was the lowest support for increased immigration that Gallop had recorded in more than a decade. Another poll, by Ekos Research Associates Inc., found a dramatic rise in intolerant attitudes towards immigrants in Toronto, where 67 per cent of respondents said there were too many immigrants. Across the country, Ekos found that 53 per cent of Canadians wanted fewer immigrants allowed in. Pollsters said it was the first time a clear majority of Canadians polled had called for a cut in immigration levels. Three years ago, by comparison, only 31 per cent of Canadians wanted fewer immigrants.<sup>24</sup>

About 16 per cent of Canada's current population was born

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<sup>24</sup> "Talking tough, acting soft", The Toronto Globe and Mail, June 27, 1994, pp. A1, A3.

outside Canada. The proportion of foreign born inhabitants among the Canadian population will increase under existing immigration policies. Concurrently, the diversity of cultural backgrounds and visible minorities living in Canada will increase. Historically, the majority of immigrants came to Canada from Europe and the United States. At present, 50 per cent come from Asia, while Europe and the United States account for less than one third. Concern exists among Canadians that these changes in immigration source countries may lead to turbulent race relations as was experienced by the early settlers and the Chinese and Asians in the Pacific coast during the first half century following Confederation. The recent emergence of the Reform Party in the west may have provided an effective vehicle for expressing these concerns. In fact, some observers argue that social tensions are an inevitable result of immigration and diversity.

Immigration and the consequent diversity could play an important role for Canada in increasing economic and cultural ties with the countries from which immigrants are received. Immigrants could aid in helping Canadian companies to establish a foothold in their marketing efforts in those countries and to expand their existing bases. However, both federal and provincial governments appear to be somewhat tentative in placing these people in strategic positions. It may have a great deal to do with the institutionalization of racism which is pervasive and especially difficult for immigrants to overcome given the lack of resources to do so.

2. What selection criteria should be used to achieve Canada's social and economic objectives?

The rules and criteria used to determine admissibility can be modified, depending on the objectives to be realized. Some of the issues which need to be addressed include:

i) should immigration be managed in response to the business cycles or only on the basis of long term social goals?

ii) how much consideration should be given to the principle of family reunification?

iii) what criteria should Canada consider in admitting immigrants (e.g., education, language ability, occupational skills, business acumen, funds available to invest, etc.)?

The required points for admission to Canada differs, depending on the category of immigrants. For example, entrepreneurs and investors require only 25 points to gain entry, while self-employed (includes 30 bonus points for being self-employed), skilled workers, and assisted relatives (includes 5 bonus points for assisted relative) require 70 points from a possible maximum of 140 points under the existing selection criteria.

Table 3

Selection Criteria for Business Immigrants, Assisted Relatives and Other Independent Immigrants

<u>FACTOR</u>	<u>UNITS OF ASSESSMENT</u>	<u>NOTES</u>
Education	16 maximum	
Specific vocational preparation	18 maximum	
Experience	8 maximum	0 units is an automatic refusal, except for persons

(Table 3 continued)

with arranged employment or  
designated occupation

<u>FACTOR</u>	<u>UNITS OF ASSESSMENT</u>	<u>NOTES</u>
Occupation	10 maximum	0 is an automatic refusal, unless arranged employment, designated occupation or self-employed. (N/A for entrepreneurs and investors)
Arranged employment or designated occupation	10 maximum	N/A for business immigrants
Demographic factor	8 maximum	established by Minister
Age	10 maximum	10 units if 21-44; 2 units deducted for each year under 21 or over 44
Knowledge of English or French	15 maximum	
Personal suitability	10 maximum	
Bonus for assisted relatives	5 maximum	
Bonus for self-employed immigrants	30 maximum	

Source: Canada's Immigration Law  
Ottawa: Government of Canada, p. 13.

One of the built in advantages of the points system is the ability of the Minister of the day to fine tune the maximum points allocated to all of the factors being assessed of prospective immigrants without having to overhaul the existing Immigration Act. For example, recent changes to the points system raised the maximum

number of points available for education and skills, and placed more emphasis on the prospective immigrant's ability to speak English or French.

The federal government effected these changes to underscore the increasing need for higher levels of training and skills in the contemporary labour market, and to ensure that immigrants would be able to make an economic contribution to Canada soon after their arrivals.

3. How should Canada meet its humanitarian obligations towards refugees?

Under the 1951 United Nations Convention relating to the Status of Refugees, and its 1967 Protocol, Canada has an obligation to determine the status of persons who claim refugee status in Canada. Questions that could be discussed about humanitarian immigration may include:

- i) should Canada dedicate a significant proportion of its immigration intake for humanitarian purposes?
- ii) is the current legislation inclusive; is it sufficiently humanitarian?
- iii) how might the in-Canada refugee status determination process be improved?

4. How can Canada work with other nations to deal with migration pressures?

Canada's immigration policies and programs can not be isolated from the growing migration pressures around the world. Some of the questions on this topic may include:

- i) how can Canada help to manage migration pressures at the international level?

ii) how can migration impacts be integrated into Canada's domestic trade policies and in foreign development strategies and agreements?

5. How should Canada help immigrants assimilate into Canadian society?

Many new immigrants face enormous challenges when they arrive in Canada. For example, finding a job, adapting to a new culture, coping with language barriers. At the same time, many Canadians face a challenge in accepting and accommodating the needs and backgrounds of immigrants. Some questions in this respect may include:

i) should immigrants assume greater responsibility for their integration?

ii) should immigrants agree to fulfil certain responsibilities within a given time period, e.g., language proficiency?

iii) what should be the division of responsibility among governments, the beneficiaries of immigration and others for the cost of settlement programs and services?

6. How can Canada maximize the economic benefits of immigration?

Studies in Canada, Australia, and the United States show that immigration brings a small, but positive benefit to the receiving country. Once established in their new country, immigrants contribute more than they receive. The following questions may serve as a starting point for a discussion:

i) how should the economic objectives of immigration be balanced with the family reunification and humanitarian objectives of immigration?

ii) how can immigration contribute to Canada's economic development in terms of productivity, regional development, work force skills, job creation and international competitiveness?

iii) what key factors should be taken into account in shaping Canada's immigration program to produce the maximum economic benefits at a minimum cost?

For brevity, the remaining four major topics will simply be identified below:

1. How do we integrate immigration policies and programs with other policy areas?

2. How should Canada enforce and maintain the integrity of the immigration program?

3. How do we build partnerships among all levels of government?

4. How do we build a common database on immigration to serve public policy and program goals?

In September a national conference is planned which will bring together 200 participants to review the consultation submissions and to move towards the development of a national consensus on Canada's immigration policy and programs.

## Chapter III

### AN EVALUATION OF CANADA'S BUSINESS IMMIGRATION PROGRAMS

The purpose of this chapter is to provide an overview of the magnitude of Canada's business immigration program. It will evaluate how successful the program has been in meeting its stated objectives and offer suggestions for future courses of action with respect to Canada's immigration program.

The Conservative government introduced an immigration program in 1986 which was primarily designed to attract wealthy businessmen from Hong Kong fearful of losing control over their wealth when the United Kingdom returns the colony to the People's Republic of China in 1997. Not surprisingly, Canada is not the only country trying to attract businessmen from Hong Kong. In fact, Australia and the United States are two of Canada's major competitors in courting business immigrants to their respective shores. Essentially, Canada's business immigration program is limited in scope in that its principle client group is wealthy Chinese from Hong Kong.

#### 3.1 An Overview of the Business Immigration Program

Needless to say, even in the absence of a specific policy and program designed to attract overseas human and risk capital, there will always be a stream of business immigrants arriving in Canada

each year.

The enactment of the 1976 Immigration Act and its associated 1978 Regulations formally recognized the benefits to be realized by actively seeking the infusion of human and risk capital in terms of its employment-generating capability and economic development potential. Previously, business persons were selected as immigrants but not within the context of a program that was specifically designed to create jobs for Canadians and to support provincial economic development objectives.

Entrepreneurs and Self-Employed were given recognition as distinct categories of immigrants with their own selection criteria when the 1978 Regulations were introduced. During the 1978 - 1983 period, a series of immigration guidelines were introduced to promote a program that sought experienced business persons who had the potential to apply their risk capital and expertise to business ventures in Canada.

Despite a genuine effort on the part of the federal government to entice Entrepreneurs and Self-Employed, they were given a very low priority in terms of overseas processing - ranking fourth behind Family Class, Refugees, Assisted Relatives and Other Independent selected workers.

It is interesting to note that the changes introduced in 1984 resulted in a program of more flexible dimensions. These program changes included the reduction of the number of jobs to be created or retained to one from five. Likewise, Self-Employed only had to be in a position to employ themselves, instead of having to create

five jobs as stipulated previously.

Furthermore, a third stream of immigrants called the Associate Entrepreneur was introduced on a trial basis. This category provided for two or more entrepreneurs to receive permanent resident status on the basis of a single business proposal. An Associate Entrepreneur was required to invest in projects identified by provinces as important to their economic development.

To further facilitate the entry of Entrepreneurs under the program's new orientation, two new admission procedures were instituted. First, Provisional landing conditions permitted the entry of entrepreneurs who had not initiated a business plan even though the business proposal had been supported by the province of destination. Admission was granted by the issuance of a Minister's Permit and employment authorization for up to two years. Immediately after a business was started or purchased the entrepreneur was granted permanent resident status. The second landing procedure introduced was the Early Admission classification. This was utilized in cases where the entrepreneur's presence was urgently required in Canada prior to the finalization of the admission proceedings.<sup>1</sup>

All of these initiatives were designed to attract and facilitate the entry of a broader range of business persons whose interests lay in the establishment of small to medium-sized enterprises.

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<sup>1</sup> Canada, Entrepreneur Program: Objectives and Procedures  
Ottawa: Employment and Immigration Commission, October, 1984

A third category of business immigrant introduced in 1986 was the Investor category. Investors replaced the Associate Entrepreneur class, however, the objective of attracting business expertise and increasing the flow of overseas risk capital remained unchanged. Also, admission under a Provisional landing was eliminated. Thus one could enter Canada as either a Conditional or Unconditional landing. Additionally, the federal government nearly doubled the target number of Investor immigrants to 4,000 in 1986 from the level reached a year earlier. Finally, Entrepreneurs admitted under a Conditional landing were allowed up to two years to establish a viable business instead of five and half months as stipulated earlier.

### 3.2 The Program

There are three distinct categories of business immigrants under the program. They are, entrepreneurs, investors, and self-employed persons.

#### i) The Entrepreneur

The entrepreneur class designated immigrants with business experience and intentions to purchase or to start a business in which they would play an active managerial function. The business must create employment opportunity for one or more Canadians and is required to make a significant contribution to the Canadian economy. Business people who have experience in managing small and medium enterprises belong to this category.

ii) The Investor

The investor class refers to prospective immigrants who have proven business experience and have accumulated by their own efforts, a personal net worth of at least \$500,000. Members of this class must invest as required in one of the investment tiers described below.

Tier One<sup>2</sup>

Qualified investors may be eligible if they have a net worth of \$500,000 and make a three year term investment of at least \$150,000 in a province which, in the previous year, had received fewer than three percent of Canada's business immigrants. Manitoba, Saskatchewan and the Maritime Provinces belong to Tier One.

Tier Two

Qualified investors may be eligible if they have a net worth of \$500,000 and make a three year term investment of at least \$250,000.

Tier Three

Qualified investors may be eligible if they have a net worth of \$700,000 and make a five year term investment of at least \$500,000.

iii) The Self-employed

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<sup>2</sup> The federal government introduced the December 1990 revised guidelines, which increased the minimum investment categories by \$ 100,000 for the Tier One and Tier Two. Also, Alberta was reclassified as a Tier One province.

The self-employed class applies to immigrants who will establish a business in Canada that employs only themselves. The business is expected to contribute to the economy, or the cultural or artistic life of Canada. This category includes farmers, artists, members of the performing arts, and owners of small community oriented businesses.

As it had become apparent to immigration officials that a "generic" business plan was in circulation which was being modified slightly to suit each client's needs, they began to question the value of the business proposal as a tool in assessing prospective business immigrants' prospects in Canada. Thus, the decision of whether or not to admit an applicant tends to be based more on one's business experience and their knowledge of Canadian market realities.

The 1978 Cullen - Couture agreement provided the province of Quebec with special powers with respect to immigration. In real terms, the effect of this agreement on the Business Immigration Program for those applicants destined to Quebec was that their counselling and selection rested with Quebec provincial officials abroad.

### 3.1.1 Growth of Business Immigration Program

During a ten year period beginning in 1978 when the Business Immigration Program was established until the first half of 1989, a total of 24,402 principal applicants had been admitted for all three components of the Business Immigration Program. The total

number of Business immigrants admitted for each of the three categories was: 12,743 entrepreneurs, 607 investors, and 11,052 self-employed. The reason for the relatively small number of investors admitted during the decade was because the investor immigrant category began in 1986 with only five principal applicants being admitted. Together with accompanying dependents, a total of 84,401 persons were admitted as a result of the Business Immigration Program.

Both the entrepreneur and investor categories have experienced expansion over the years, while the self-employed category has shown a marked decline since 1983. In terms of total numbers admitted each year, the program as a whole has continued to expand.

There has been a marked shift in the major suppliers of business immigrants in terms of source countries. Until 1982, the leading source countries included Germany, the United States, England, and the Netherlands. In 1984, Hong Kong replaced Germany as the top supplier of business immigrants and remained so since. In fact, since 1987 the top three source countries have been Asian countries, namely, Hong Kong, South Korea, and Taiwan.

Table 4 shows the top ten supply countries during the 1978-1988 period.

Table 4

Top Ten Source Countries of Business Immigrants  
during Period 1978 - 1988 in Aggregate Numbers

	<u>Admissions</u>	<u>Percent</u>
1. Hong Kong	4,587	20.8 %
2. Germany	2,032	9.2

(Table 4 continued)

	<u>Admissions</u>	<u>Percent</u>
3. U. S. A.	1,585	7.2
4. England	1,318	6.0
5. France	1,153	5.2
6. Netherlands	887	4.0
7. Taiwan	846	3.8
8. Korea, S.	732	3.3
9. Switzerland	685	3.1
10. Lebanon	<u>534</u>	<u>2.4</u>
Total (Top 10 Country of Last Permanent Residence)	14,359	65.2 %

Source: Employment and Immigration Canada Evaluation of Business Immigration Program, April 1990, P. 9

In terms of their destinations, business immigrants went to Ontario (35%), Quebec (29%) and British Columbia (21%) which generally corresponds to the overall distribution of all immigrants to each province. As can be expected, business immigrants have chosen the major population centres of Toronto, Montreal and Vancouver as their most preferred destination points.

During the ten year period under discussion, the relative share of entrepreneurs destined to the Maritimes and Prairie regions showed a slight decline. Ontario and British Columbia continue to be the most preferred destination points for these immigrants, although Quebec has recently increased its share.

The distribution of the type of business intended to be

The distribution of the type of business intended to be established in Canada showed that 49% of entrepreneurs declared that they would be in the goods-producing sector. The remaining 51% of businesses were declared to be established in the service-sector.

The distribution of intended business to be established by those categorized as self-employed showed farming and related (25%); managerial and related (23%); and sales type occupations (18%). The remainder was accounted for by service (9%); product fabricating (5%); and artistic, literary, and endeavours related to the performing arts (4.5%).

According to a recent federal study, the Business Immigration Program has been estimated to have created or retained a total of 73,549 jobs and to have attracted a total of approximately \$ 9.5 billion of risk capital since its inception between 1978 to 1988.<sup>3</sup>

### 3.2 An Evaluation of Entrepreneur and Self-employed Categories of the Business Immigration Program

Press coverage and public debate often centres on the economic impact of Canada's Business Immigration Program. There is no doubt that such coverage is interesting and informative. However, such discourse is seldom accurate and provides little by way of an empirical base upon which to evaluate the success of the program.

An attempt to provide a factual account of the program's

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<sup>3</sup> Canada, Program Evaluation Report, Evaluation of the Business Immigration Program: Entrepreneurs and Self-employed Categories (Employment and Immigration; Ottawa, April, 1990)

effectiveness was undertaken by the Strategic Policy and Planning Branch of the Department of Employment and Immigration Canada in 1985. The study examined entrepreneurs who landed in Canada between 1979 and 1984. Six major population centres were selected for the study.

A more recent study undertaken by the Department of Employment and Immigration assessed both the entrepreneur and self-employed categories of business immigrants who landed in 1986 and 1987. In this study, sixteen major population centres across Canada were chosen for analysis.<sup>4</sup>

### 3.2.1 Purpose and Scope of the Program Evaluation

The purpose of the evaluation undertaken by the Department of Employment and Immigration was to assess the impact and effectiveness of the entrepreneur and self-employed categories by determining the extent to which they contributed to the achievement of the following program objective:

The objective of the Business Program is to promote, encourage and facilitate the immigration of experienced business persons from abroad who will make a positive contribution to the country's economic development by applying their risk capital and know-how to Canadian business ventures which create jobs for Canadians.<sup>5</sup>

The Regulatory definitions of the entrepreneur and self-employed categories of the program need to be stated clearly in order to measure the program's effectiveness in attaining its

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<sup>4</sup> Ibid, p. 1

<sup>5</sup> Ibid., p. 12

objectives. The definitions used are as follows:

Entrepreneur refers to an immigrant,

i) who intends and has the ability to establish, purchase or make a substantial investment in a business or commercial venture in Canada that will make a significant contribution to the economy and whereby employment opportunities will be created or continued in Canada for one or more Canadian citizens or permanent residents, other than the entrepreneur and his dependents, and

ii) Who intends and has the ability to provide active and on-going participation in the management of the business or commercial venture.

Self-employed refers to an immigrant

i) Who intends and has the ability to establish or purchase a business in Canada that will create an employment opportunity for himself and will make a significant contribution to the economy or the cultural or artistic life of Canada.

In conducting an assessment of the effectiveness of both categories of the Immigrant investor Program the study raised two basic questions:

1. How successful are entrepreneurs and self-employeds in their undertakings?
2. How many and what type of jobs for Canadians do they create and at what skill levels?

To describe what was involved in obtaining information relevant to these basic issues, the study sought to obtain empirically-based answers to the following questions in its evaluation:<sup>6</sup>

- i) How useful are the Business Immigration Program's promotional/counselling activities to landed business

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<sup>6</sup> Ibid, p. 13

immigrants from their point of view?

ii) Frequency and extent of the use of business/legal counsel abroad and their usefulness and value for money from immigrants perspective.

iii) Identification of types of support in Canada used by these immigrants to help them establish a business. Determination of its usefulness and identification of other types of needed support.

iv) Are business immigrants doing what they originally said they were going to do? If not, what are they actually doing now and why?

v) Types of economic activities or cultural/artistic endeavours undertaken by them and its success rate.

vi) Extent of involvement by immigrants in the management of their enterprise.

vii) The time required to establish a viable enterprise for different types of businesses.

viii) Number and kind of jobs created/maintained for Canadians by this program.

ix) Immigrants perception of their long term growth potential for their businesses.

x) Mobility of immigrants and determinants of mobility.

xi) Enforceability of the current Regulation governing the program.

xii) Attainment of stated provincial priorities as outlined by the program.

To determine the program's success or failure in terms of meeting its stated objectives, the study interviewed 389 entrepreneurs and 266 self-employed for a total of 655 business immigrants admitted to Canada during 1986 and 1987. This accounted for 15.8% of the 4,141 entrepreneurs and self-employed admitted and destined to 16 major population centres in Canada during two year period under investigation.

### 3.3 An Evaluation of Entrepreneur Immigration Program

In evaluating the entrepreneur immigration component of the Business Immigration Program, the federal program evaluators made the following two assumptions. First, all entrepreneurs who had established/purchased a business within a 24 month period from the time of their landing and continued to operate that business were considered successful participants in the program.

Second, entrepreneurs who stated that they were directly involved in managing their business for a minimum of ten hours per week were considered successful participants in the program.

The authors of the study conceded that these assumptions were somewhat arbitrary due to the imprecise nature of the language used in defining the program in the first place.

#### 3.3.1 The Economic Impact of the Entrepreneur Immigrant Program

Of the 389 entrepreneurs surveyed in the summer of 1989, 292 entrepreneurs or 75% of the respondents were considered successful

program participants based on the success criteria established by the program evaluators. 29 entrepreneurs, or 7.5%, who established a business after landing failed to maintain its operation for the specified period. There were also 28 entrepreneurs, or 7.2%, who failed to establish a business during the specified two year period after landing in Canada. Finally, there were 40 respondents, or 10.3% of the sample, who were considered potential failures due to the fact that they had not established a business during the first 18 month period after having landed in Canada.

The evaluators concluded that since there were only 29 businesses that had failed the program's success rate was 91% during the period of observation. Their glowing remarks about the program's outcome are worth noting:

It should be noted that the number of respondents who had failed in business (i.e. 29) when compared to a total of 321 respondents who had established a business since arrival gives an impressive survival rate of 91%. This very high survival rate compares most favourably with survival rates for Canadian firms in general - where only about 70% are expected to survive their first year of operation and a little over 60% can be expected to survive the second year.<sup>7</sup>

It is erroneous to suggest that the program's success rate was 91%. In fact, a success rate of 83.7% would be more accurate since the evaluators did not include those who never bothered starting a business despite the fact that the only reason why they were issued a visa was to do so or to continue an existing business. When one adds 40 potential failures to this figure, the success rate may be considered as low as 75.1%.

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<sup>7</sup> Ibid., pp. 45-46

In addition, the program evaluators appear to have overlooked a tendency among some, limited but nonetheless significant, business immigrants who establish a marginal business, by intent or consequence, to meet the regulatory requirement in removing the condition placed on their entry visas. Frequently, such immigrants have declared bankruptcy or have sold their businesses in order to move to other population centres which seem more lucrative. This problem continues to be especially acute among the entrepreneur and self-employed immigrants who have landed in Manitoba. It is very difficult however, to assess what impact the current economic recession might have on their future business endeavours.

The authors identified four variables as having had an influence on success outcomes from among 24 variables tested utilizing the Chi-Square test of independence. The four variables were:

- i) receipt of promotional material on the Program abroad
- ii) familiarity with the details of business proposal
- iii) visa status at landing (i.e. landed with/without conditions)
- iv) had contact with business organizations in Canada.

It appears that industry-specific provincial preferences were met by the program in some provinces. For instance, only Quebec, Ontario, Alberta and British Columbia were able to attract entrepreneurs willing to establish business ventures in the manufacturing sector. Three of these four provinces did not state their preferred type of business to be established by entrepreneur immigrants. As a result, of the remaining seven provinces which

had a stated preference for manufacturing industries, Ontario was the only one fortunate enough to attract businesses associated with manufacturing.

A major flaw in the current business program is the high expectation of Canadian immigration policy-makers that new immigrants create employment and become successful virtually overnight. This expectation continues despite the fact that even firmly established Canadian businesses are facing unprecedented challenges as a result of a rapidly changing economic environment. Such challenges have included those associated with the North American Free Trade Agreement, the European Economic Community, and the cut-throat competition from the newly industrialized Asian trading partners. Additional problems have arisen as a result of the structural realignment many Canadian manufacturers are undergoing in order to survive. Moreover, it is unreasonable to expect foreigners to solve Canada's pressing unemployment problem.

### 3.3.2 Amount of Capital Transferred to Canada

The evaluation study undertaken by the Department of Employment and Immigration revealed the amount of capital being infused into the Canadian economy by entrepreneurs.

There is no minimum requirement as to the amount of money that must be transferred to Canada by entrepreneurs, while the investor immigrants must transfer a minimum amount of risk capital. Nevertheless, many of the entrepreneurs surveyed transferred substantial amounts of money, although not all of which was

intended for use in the start-up of their business. The study led to the following conclusions with respect to capital formation by entrepreneurs.

i) the average amount of capital transferred to Canada was \$443,370.00.

ii) the average amount intended to be used in business start-up was \$235,710.00.

iii) the average amount actually invested at start-up of business is \$141,920.00.

iv) the average amount actually invested in the business at time of survey was \$180,290.00.

Not surprisingly, the results reveal a substantially lower average amount of money actually being invested at start-up than was originally intended. Only 40% of the intended amount was actually invested. At the time of the survey, the actual amount invested in business fell short of the intended amount by 24%.

The study found that only 44.3% of respondents met or exceeded the amount quoted and recorded in the Employment and Immigration Canada's Immigrant Data System Overseas (IDSO) files. Only 37.8% of respondents met or exceeded their stated intentions as recorded on the External Affairs's Monitoring of Arrival System for Entrepreneurs (MASENT). Despite the apparent discrepancy in the two data sets, it underscores the fact that intentions stated abroad are not necessarily carried out. This suggests that the business immigration program commonly known as the "selling visas scheme" has not accomplished its stated objectives.

### 3.3.3 Impact on Employment Creation and Retention

One of the major tasks the evaluators set for themselves involved obtaining information on the magnitude of the program's success or failure with respect to job creation in Canada.

The entrepreneurs under investigation intended to hire an average of 5.2 employees at start-up. The average number of full-time employees actually hired at the start-up however, was only 3.5. It then grew steadily to 6.3 employees at the time of the survey. When the fact that three entrepreneurs who had moderate intentions at the outset were responsible for creating 550 employees was taken into consideration, the average number of full-time jobs created by time of the survey would have been 4.6 jobs.

Only 35.5% of the respondents had met or exceeded their stated intentions regarding job creation or retention. The evaluators also found that only 64.7% of respondents who had established a viable business were employing at least one Canadian on a full-time basis at start-up, although this percentage had increased slightly to 66% at the time of the survey.

The most significant finding of the survey was the fact that a considerable proportion of respondents were not meeting the requirement of creating or retaining at least one job for a Canadian. It reported 30.8% of respondents admitted to having no full-time employees at the time of the survey.

Consequently, only 52% of entrepreneurs surveyed had actually met both parts of the first general criterion of successful program participant, although it was recorded earlier that 75% of entrepreneurs surveyed had established a viable business.

Also, it was revealed that 2.6% of entrepreneurs spent less than 10 hours a week actively managing their business, thus failing to meet the second criterion of a successful program participant. The evaluators concluded that about one in two of the entrepreneurs surveyed were meeting the two criteria of a successful program participant and they are almost equally divided between those landed with conditions at 48% and those landed without conditions at 52%.

One cannot help but to question how accurate these employment creation numbers are. There are reasons to believe that these figures could have been inflated by the respondents of the survey given that the program evaluators made no mention of any verification mechanism for the data gathered.

The evaluators identified four factors as determinants of success. First, whether or not the entrepreneur had received detailed promotional material on the program abroad. Second, whether or not the entrepreneur was familiar with the details of their business proposal. Third, whether or not the immigrant landed with conditions attached to the landing. Fourth, the degrees to which the entrepreneur had contact with other business organizations in Canada after having landing.

### 3.4 Divergent Views on the Economic Impact of the Entrepreneur Immigrant Program

Alan Nash's study published in 1987 shed some interesting

light on the subject of the entrepreneur immigrant program.<sup>8</sup> Drawing heavily on research conducted by Wong, Schutz and Crone's 1985 study<sup>9</sup> as well as many others, Nash made several divergent observations regarding the entrepreneurs immigrant program worthy of review.

As was the case with the Department of Employment and Immigration's evaluation study, the number of jobs intended to be created and the actual number of jobs created was one of prime concerns of Nash's study. His observations are worth noting in detail:

It is possible to get some sense of the reliability of the MASENT data from the monitoring study conducted by Wong and his associates. This is because they included 147 entrepreneurs in their sample who appear in the MASENT system for 1983 and 1984 and are therefore able to determine differences between the actual and intended number of jobs created. Their results show that proposed job creation was overstated by 19 percent in 1983 and by 34 percent in 1984. Interestingly, they note that the number of entrepreneurs who overstated job creation decreased, but the overall percentage of overstatement rose because the magnitude of individual over-estimates increased.<sup>10</sup>

Nash estimated, on the basis of data compiled according to the actual landings and the year when visas were issued, the average entrepreneur created or retained a minimum of approximately 4.5 and

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<sup>8</sup> Nash, Alan The Economic Impact of the Entrepreneur Immigrant Program (Studies in Social Policy, Institute for Research on Public Policy; Ottawa, October 1987)

<sup>9</sup> Wong, G.G., C.A. Schutz and G.A. Crone Evaluation of the Entrepreneurial Immigration Program (Employment and Immigration Canada; Ottawa, 1985)

<sup>10</sup> Ibid., P. 24

a maximum of 6 jobs, depending on the assumption made regarding overstatement.

He noted that the estimates are averages and that the presence of a few large employers would be sufficient to mask the under-achievement of many smaller entrepreneurs. Thus, estimates of the program's overall success did not reflect the individual experience of every entrepreneur admitted to Canada between 1984 and 1986.

In terms of the wider issue of job creation, Nash made the following observations:

Although the total number of jobs created or retained by entrepreneur immigrants was 9,249 in 1985 and 11,515 in 1986, there were over 1.2 million unemployed in Canada in each of those years. Even if it is assumed that each entrepreneur hired individuals who had previously been recorded as unemployed, job creation by entrepreneur immigrants could only have affected 0.69 percent of the unemployed in 1985 and 0.93 percent the following year. Table 16 [not shown] shows over 28,000 jobs created or retained between 1984 to 1986, yet Table 17 [not shown] indicates that this was only 2.8 percent of all full-time jobs lost between 1981 and 1984. These percentages may even be smaller if the overstatement of job creation intentions is taken into account. Given a total employed work force of 11.6 million in Canada in 1986, it is clear that the job creation activities of entrepreneur immigrants can have little overall economic impact.<sup>11</sup>

Thus, Nash concluded that although the entrepreneur immigrant program during the period of observation met with the requirements set out in the Regulations, and has achieved some economic successes, its overall economic impact has been negligible and is likely to continue as such.<sup>12</sup>

In terms of funds to be transferred, Nash Echoed the findings

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<sup>11</sup> Ibid., P. 28

<sup>12</sup> Ibid., P. 29

of the Wong and Associates study which revealed that funds to be transferred were over-estimated by up to 27 percent of the actual capital transferred and that the degree of over-estimation had increased between 1983 and 1984.

It may be useful to provide description of the magnitude of funds transferred by the entrepreneurs. The Canadian Jobs Strategy spent \$1,800 million on active labour market programs in 1985 and in 1986. Of this amount, the Institutional training program received \$700 million or 39 percent, the largest share.

In other words, the immigrants under the business immigration program transferred almost the same amount of funds to Canada in 1986 as were spent on all active labour market programs funded by the government of Canada, while the stated intentions of entrepreneur immigrants with respect to transferring funds easily surpassed the total allocated to institutional training administered by the government of Canada. The total budget for the Department of Regional Economic Expansion in fiscal year 1985-1986 was \$803.6 million. This represents 80 percent of the level of capital transferred to Canada by entrepreneur immigrants in 1986. When compared with total direct foreign investment in Canada in 1986, investment by business immigrants accounted for about 25 percent of the estimated gross figure of \$6,752 million and 21 percent of the total amount of Canadian direct investment abroad of \$7,963 million in 1986.

### 3.5 An Evaluation of the Immigrant Investor Program

Of the three business immigration streams currently being operated in Canada (ie: the entrepreneur, the self-employed, and the investor class) information on the Immigrant Investor Program particularly scarce and difficult to obtain. This is especially true in Manitoba. This is due in part to the fact that Manitoba received a great deal of media attention as a result of a serious allegation involving the administrators of a certain investment syndications created for the purpose of accepting risk capital brought to the province by would be immigrant investors. Apparently, project costs were inflated and trust accounts used in a manner inconsistent with general accounting principles. In fact, the Government of Manitoba is the first and only province that suspended the agreement it had entered into with the Government of Canada with respect to the Immigrant Investor Program after receiving an auditor's report that supported an earlier allegation.

Also, the Filmon government quietly dismantled the Immigrant Investor Branch which was an integral part of the Department of Industry, Trade and Tourism and transferred all of its administrative functions to the Citizenship Division of the Department of Culture, Heritage and Citizenship.

This partially explains why several requests for information were conveniently forgotten or ignored by both federal and provincial officials who no doubt have information that the writer has been seeking diligently for several months.

### 3.5.1 Interim Report on the Immigrant Investor Program

The Standing Committee on Labour, Employment and Immigration chaired by M.P. Robert Wenman tabled a report in Parliament titled, Interim Report on the Immigrant Investor Program in July 1992. What follows is a brief synopsis of that report.<sup>13</sup>

In terms of the magnitude of the program's overall achievement, the Committee's interim report has this to say:

The record of the proceedings before your Committee establishes that the Program has attracted risk capital investment and that direct employment, in excess of 10,000 jobs, had been created as a result of the investment. The Program is unquestionably an important vehicle for attracting foreign capital. For example, although germane comparisons are difficult to make given the available data, the \$491 million subscribed under the Program in 1990 represents approximately 31% of total net foreign purchases of Canadian corporate securities in the same period.<sup>14</sup>

The Standing Committee on Labour, Employment and Immigration stated that as with many new programs, design and operational problems partially obscured and impaired both the benefits and potential of the Program. It suggests some changes to the Program are essential in order to accomplish several important objectives. These objectives include the need:

- i) to maintain Canada's position as the pre-eminent jurisdiction for investment-related immigration programs;
- ii) to ensure that investments are utilized to create or expand business ventures or to create employment, wealth or an expanded tax base and not utilized to reduce risk

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<sup>13</sup> Canada, Interim Report on the Immigrant Investor Program The Standing Committee on Labour, Employment and Immigration (House of Commons; Ottawa, July 1992)

<sup>14</sup> Ibid., P. 3

iii) to ensure each permitted investment provides an economic benefit to the host province;

iv) to enhance the ability of small and medium-sized businesses to access financing sources under the Program;

v) to ensure the tier levels of immigrant investor investment direct an appropriate proportion of investments to each province, etc.<sup>15</sup>

The Standing Committee made several recommendations after considering the discussion document based on the report of the Ministerial Task Force on the Immigrant Investor Program. Among the many recommendations it made one in particular merits review. The committee recommended a return to tier levels of \$150,000 and \$250,000, citing the Program's acceptable past performance. The Ministerial Task Force recommended in its report "to widen the tier differential by lowering the disparity tier to \$200,000 from the current \$250,000 and maintain the current \$350,000 tier for other provinces"<sup>16</sup> The Committee felt it unnecessary to change the existing mode of deciding a province's tier level. Although the Committee shared the sentiment of the Task Force in recognizing regions of disparity within each province, it preferred to retain the current division of tier membership for reasons of stability and certainty.

The Committee concluded that the Program represents an innovative attempt by Employment and Immigration Canada to foster economic development through immigration. In addition, it viewed the program as an enormous economic development opportunity for

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<sup>15</sup> Ibid., P. 4

<sup>16</sup> Ibid., P. 6

Canada. Consequently, the suggestion was made that "there is an obligation to address the problems and improve the Program for the economic benefit of Canada."<sup>17</sup>

### 3.5.2 Macroeconomic Impacts of Immigrant Investor Program

In its desire to obtain accurate program performance, Employment and Immigration Canada commissioned two evaluation studies. The first was entitled National and Provincial Macroeconomic Impacts and was conducted by Informetrica Ltd. The other evaluation study was carried out by Ernst and Young and Associates. What follows is a review of the findings reported by Informetrica Ltd.<sup>18</sup>

Due to the lack of detailed program records, immigrant and risk capital flows to the province of Quebec has been excluded in the economic impact study undertaken by Informetrica. Administrative records suggest that about \$1.1 billion had been subscribed by the investor immigrants until mid-1992. Of this amount, \$722 million had been allocated to specific investments by the investment intermediaries. Informetrica reported that administrative records indicated 9,800 permanent jobs would have been created by this activity once all facilities were in full operation.

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<sup>17</sup> Ibid., P. 22

<sup>18</sup> Canada, Evaluation of the Immigrant Investor Program National and Provincial Macroeconomic Impacts (Informetrica Ltd.; Ottawa, January 1993)

The Informetrica study conducted a thorough examination of the administrative records to estimate annual flows of these investments for each year from 1986 to 1991, allocating the totals to individual sectors in each of the provinces. It concluded that the immigrant investor program reached annual flow amounts in the range of \$230 million in 1990 and 1991.

Results in earlier years were much smaller, indicative of start-up costs. Almost similar amounts were recorded for 1990 and 1991, suggesting that the program may be considered to have matured to that level of activity.

What separates the Informetrica study from other studies on the subject is the fact that it used its own econometric models, namely the Informetrica Model (TIM) and Regional-Industrial Model (RIM) to estimate quantitatively the national and provincial economic implications of immigrant investor program.

Major findings of the study included the following:

i) Annual allocations have been the largest in Saskatchewan, British Columbia, Manitoba and each of the Maritime provinces. Flows to Ontario and Alberta have been small, accounting for only one-sixth of the total in 1990-1991. Investment flows have been concentrated by four-fifths in sectors representing hotels, other accommodation and other recreational services, and in commercial building space and retail trade.

ii) Contextually, annual flows generated by the program have been small. In 1991, funds moved into the investment category constituted only 0.2 percent of all savings required to support public and private investment in the economy. If the flows generated in 1991 had been recorded for each year of 1986-1991, they would have been equivalent to only 1.5 percent of corporate savings generated over that period. These figures appear small even when compared to annual flows of foreign savings.

iii) By 1991, 7,765 permanent jobs could be associated

with the program. This estimate of the cumulated effect suggests that the program in 1991 accounted for 0.06 percent of total output in the economy. Annual additions in 1990 and 1991 were in the range of 3,250.

iv) Incrementality considerations related to venture capital support of high technology projects are not generally relevant to the immigrant investor program since few of the investments supported by the program would qualify as high technology.

v) In the absence of this specific program, but given the same amount of effort that has been expended by practitioners to match projects with the immigrants pool of savings, sponsors of the projects would otherwise have been able to obtain financing from domestic or foreign sources at equivalent costs of borrowing.<sup>19</sup>

### 3.5.3 Interviews with Investors, Businesses and Stakeholders

The second evaluation study commissioned by Employment and Immigration was conducted by Ernst and Young and Associates. It was entitled, Evaluation of the Immigrant Investor Program: Interviews with Investors, Businesses and Other Stakeholders.<sup>20</sup> What follows in this section is a review of the findings reported.

A total of 662 principal applicants and 1,160 dependents were landed under the immigrant investor program in four years between 1986 and 1989, excluding investor immigrants landed in Quebec. British Columbia and Ontario received over 90% of the immigrants. Hong Kong and Taiwan accounted for about 80% of the total number of investor immigrants to Canada.

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<sup>19</sup> Ibid., pp. i-vi

<sup>20</sup> Canada, Evaluation of the Immigrant Investor Program: Interviews with Investors, businesses and Other Stakeholders (Employment and Immigration Canada; Ottawa, November 1992)

As of the end of 1989, 346 of the 351 proposals submitted by the practitioners to the federal government were accepted. Of these, 194 reached a minimum subscription with \$833.5 million raised. Again, this figure does not include amount raised by Quebec.

Of the many interesting findings by Ernst and Young and Associates' in their evaluation, those listed below are particularly significant.

1. Saskatchewan, followed by British Columbia and Manitoba raised the most capital through the program accounting for more than 60% of all capital raised. Saskatchewan's success primarily reflects the April 1, 1988 revisions that created the tiering system whereby the minimum investment level was reduced in certain provinces.

2. Overall, the \$833.5 million supported 558 business projects, half of which were start-up ventures. Close to sixty percent (58%) of the businesses surveyed said they would have been unable to raise any capital without the program.

This finding is contradicted by the study undertaken by Informetrica which stated in part, "in the absence of this specific program, but given the same amount of effort that has been expended by practitioners to match projects with the immigrants pool of savings, sponsors of the projects would otherwise have been able to obtain financing from domestic or foreign sources at equivalent costs of borrowing."<sup>21</sup>

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<sup>21</sup> Informetrica, op. cit., p. vi

A plausible explanation for the divergent findings of the two evaluation studies commissioned by Employment and Immigration Canada in roughly the same time frame may reside in the fact that the Ernst and Young study relied more heavily on the responses of practitioners who, by definition, had intimate business interests in the outcome of the study. In other words, practitioners views on the availability of funds may have been somewhat biased.

3. According to EIC administrative data, 7,833 jobs were created/retained by the 194 successful funds. The Ernst and Young study attempted to verify and differentiate this number. The total number of jobs created/retained was found to be somewhat smaller than that reported to EIC - approximately one-third less.

4. Foreign Capital Incrementality is the portion of foreign capital that came into Canada solely as a result of the immigrant investor program. This analysis resulted in an estimated incremental foreign capital rate of 40%. This translated into \$333.4 million dollars in foreign capital that came into Canada between 1986 and 1989 solely as a result of the immigrant investor program.

5. The Investment Incrementality rate was estimated as a function of both the Gross Foreign Capital and the Incremental Foreign Capital attributed to the immigrant investor program. The Ernst and Young estimate of Investment Incrementality as a function of the Gross Foreign Capital was \$300 million, while Investment Incrementality as a function of the Incremental Foreign Capital amounted to \$120 million.

6. Incremental employment was estimated by multiplying the 7,833 jobs, as reported by EIC, by the high and low investment incrementality estimates. The resulting figure was between 2,820 and 1,128 incremental jobs created/retained by the immigrant investor program.

7. The April 1, 1988 changes to immigrant investor program regulations creating tier levels has had a dramatic effect where immigrant investor program capital is invested - it has shifted investment away from Ontario, British Columbia and Alberta toward Saskatchewan, Manitoba and the Maritime provinces. In 1986, 1% of all capital raised through the program was in Tier 1 provinces, while in 1989, 83% of all capital raised through the program was in Tier 1 provinces.

8. Perhaps one of the more surprising findings of the study was that about half of the immigrants would have invested and immigrated to Canada, even if there was not an immigrant investor program in place.

9. Finally, real benefits have been realized by government's three partners - immigrant investors and their families, practitioners, and businesses. The program's underlying, fundamental rationale is clear, workable, and of continued relevance, especially in an increasingly global economy. However, its success has been much more limited than suggested by gross estimates of numbers of immigrant investors, or their gross investment. Nevertheless, the potential exists to increase significantly the achievement of the program's intended objectives

of transferring entrepreneurial skills and resources to Canada by taking better advantage of the program's design and fundamental rationale.<sup>22</sup>

### 3.6 A Review of the Immigrant Investor Program in Manitoba

As mentioned briefly in Section 3.5, the immigrant investor program in Manitoba has had some turbulence in its administration. It is not within the scope of this thesis to prove or disprove allegations made by certain individuals that some immigrant investment syndicates and business venture projects do not meet the generally accepted accounting principles, thereby the integrity of the immigrant investor program is being seriously eroded. Rather, it would suffice to indicate some examples of investment practices which may lead to misappropriation of funds held in trust, inflation of project costs, etc. Thus, when the holding period of investors' funds expires in three or five years, depending on investment tiers and the year in which transaction occurred, the likelihood of receiving the original investment plus an acceptable rate of return by immigrant investors is considerably reduced.

In response to several allegations of irregularities with respect to the administration of the immigrant investor program, the Government of Manitoba contracted the services of an accounting firm to conduct a review of the immigrant investor program operating in Manitoba. The chartered accounting firm of Deloitte & Touche was given the assignment and asked to report its findings

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<sup>22</sup> Ernst and Young, op. cit., pp. i-x

to the Minister of Industry, Trade and Tourism. It is this department which is responsible for the review and administration of memoranda submitted by investment practitioners.

Among a number of findings reported by the audit review, several merit attention here. Most notably:

i) In the areas of monitoring and compliance there is a lack of coordination, review and control. Due to the federal scope of the program, it recommends such responsibilities be administered nationally.

ii) There is limited regulatory control over the offerings made to immigrant investors under the existing federal and provincial guidelines. Although the Hong Kong Securities and Futures Commission monitors public investment offerings under its jurisdiction, immigrant investors from other countries are left at the mercy of the so-called practitioners. The audit study recommends that the Department of Industry, Trade and Tourism continue to be responsible for economic analysis but all matters relating to application, disclosure, control and monitoring be under a regulatory agency, e.g., Manitoba Securities Commission.

iii) Each proposed investment by a syndicated fund must have prior acceptance from the province under the Manitoba Guidelines. Under the federal Guidelines, there are restrictive time limits relating to the identification and the investment in approved investments as well as to the holding period of the investors' funds. Both of these restrictions hamper fund managers in investing in venture capital opportunities. These time limits include the necessity to invest a majority of a funds' capital in a limited period and an implicit expectation by the investor of liquidity at the end of the mandatory holding period of five years (three years for pre-1993 \$150,000 offerings). The audit report recommends the extension of holding period in syndicated funds from the existing five years to seven to ten years. Also, the time limit by which funds need to be invested be extended.<sup>23</sup>

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<sup>23</sup> Deloitte & Touche Immigrant Investor Program Review: Summary Report and Recommendations Winnipeg, December 1992, pp. 10-19

iv) The Immigrant Investor Program Guidelines require stringent trust conditions through the use of escrow agents during the raising of the minimum offering amounts. However, virtually no control exists after funds are released from escrow account. The audit report recommends that all immigrant investor funds, including interest thereof are maintained as trust funds, with specific guidelines relating to accounting and control, including control over the expenditure of funds to ensure compliance with the terms of the related offering memorandum.

v) Existing Immigrant Investor Program Guidelines do not clearly define the promoters' and developers' obligation to disclose all financial benefits accruing to them, including recoveries of expenses and overhead costs, and transactions with and fees earned by related parties. The audit report recommends that all fees earned by related parties be clearly disclosed within the offering memorandum. It recommends for project related offerings to place a maximum financial return to the promoter and developer as to the various fees, overhead expense recoveries and amounts earned by related parties which can be charged to the investors.

### 3.7 The Experience of the Korean Entrepreneur Immigrants in Manitoba

A recent case study conducted by Tao<sup>24</sup> with the sponsorship of the Manitoba Department of Culture Heritage and Citizenship on the experience of the Korean entrepreneur immigrants in Manitoba is briefly described below.

In December 1991, Tao sent a Korean and English (bilingual) questionnaire to all of the 85 Korean entrepreneurs who were operating their businesses in Manitoba, the majority of which were

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<sup>24</sup> Tao, Kai. Increasing Business Immigration and Encouraging Ethnocultural Entrepreneurship As Manitoba's Strategic Revival Option in the Dynamic Global Economy: A Case Study of the Korean Immigrant Entrepreneurs. An unpublished M.A. practicum, Central Michigan University, May 1993

grocery store operators located in Winnipeg. To ensure a high response rate in the survey, a follow up call was made two weeks after it was initially distributed. Thirty-one out of the 85 persons initially chosen responded. The overall response rate then, was 36.5% which in turn became the primary sample for Tao's research.

Some of the respondent attributes the survey attempted to identify included such things as age, gender, education, year of arrival in Manitoba, immigration categories, previous occupation, business experience, business status, self appraisal of business success, English class attendance, management issues and training needs.

The study found that the majority of the Korean entrepreneur immigrants in Manitoba suffered from communication barriers as a result of their inadequate knowledge of English. It also identified perceived and real needs for training in labour law (employment standards), fraud prevention and security, hiring practices, financial management, and bookkeeping. In addition, the study found that the respondents held a desire to improve skills in dealing with wholesalers, bankers, accountants, lawyers, and customers.

To underscore the significance of inadequate English language skills, the study cited an example of one particular respondent who stated that he required other people's help when it came to important business deals and problems. Frequently, it was stated, confidential business information had to be placed at risk in the

process of seeking such help from others. It was also stated that success in business was hindered by a general lack of understanding with respect to the business environment. This problem was compounded by the fact that it was difficult to access existing business training and support programs due to language and cultural barriers.

Although the study confidently argued that, "Canada (and Manitoba) has been experiencing a below replacement fertility rate for many years and therefore needs immigration to meet its social, demographic and economic needs."<sup>25</sup>, the evidence presented by the author does not appear support the argument. In fact, the selection of the Korean entrepreneur immigrants as justification for increased levels of business immigration is a tactical error. If anything, the study unintentionally demonstrated quite the contrary in what not to do. Because the profile of the Korean entrepreneur immigrants in Tao's study was such that almost all of them operate grocery businesses, toiling for long hours to the point that they do not even have time for the English language classes or for that matter, management courses that may have direct relevance to their business enterprises, not to mention creating employment opportunities for fellow Canadians.

Among the many conclusions drawn by the study, two other conclusions are interesting to note. First, Business Immigration Program arrivals in Manitoba are experiencing a declining share of the national total. This situation is compounded by a high leakage

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<sup>25</sup> Ibid, p. 100

rate which results in an extremely low retention rate. It recognizes the need for corrective action.

Second, human resources gained through immigration, particularly entrepreneurs admitted under the business Immigration Program, have great potential for both Manitoba and Canada's economy. But the study concluded that these arrivals are unable to achieve their potential due to language and cultural obstacles. It concluded that members of ethnocultural communities and entrepreneurs arriving under the Business Immigration Program could benefit from a formal, well organized entrepreneurship development program.

## **Chapter IV**

### **CONCLUSIONS**

This thesis was written in order to demonstrate that the generally held perception about Canada as a nation striving to uphold individual liberty and freedom, equality among its citizens regardless of race, ethnicity, religion, creed, and gender, both in law and practice is only a recent phenomenon.

In fact, Canada's immigration policy was administered in such a way that permitted the selection of immigrants on geographic lines which in real terms meant selection on the basis of race and culture. Needless to say, the countries of Asia were the last in terms of Canada's preference for particular immigrants. Also Parliament delegated its power to decide who can come to Canada to the government. By transferring this responsibility to the Cabinet, the governing legislators had minimized potential embarrassment in the international arena about sensitive issues dealing with prejudice or preference.

It was not until 1966 with the introduction of the points system for assessing prospective immigrants that Canada did away with blatantly racist immigration policy.

In terms of fitting the evolution of the Canadian immigration

policies with that of the established theories in public policy analysis, the incremental mode of decision-making championed by Lindblom appears to offer some answers, although it is less than satisfactory in explaining all public policy outcomes in the field of immigration in Canada.

Among Simeon's five suggested approaches to public policy analysis, the possession of "power" appears to offer promise. One would expect policy outcomes to be a function of the number of interests involved, the extent of conflict among them, and the relative means of influence each brings to bear in the policy process. This was evident in the Canadian government's differential treatment of Chinese immigrants under the direction of the Chinese Exclusion Act as compared with the administration of the Japanese immigrants by the so-called gentlemen's agreement.

Because policy is a function of the dominant ideas, values, theories, and beliefs in the society, Simeon's discussion of the role of "ideas" partially explains recent developments in Canada's immigration policies with respect to the business immigration program. In this respect, we have witnessed in recent years the Conservatives emphasis on the central role of business in social and economic development.

The Conservative Government's preoccupation first with the Canada-U.S. Free Trade Agreement and the subsequent North American Free Trade Agreement is congruent with its enthusiastic promotion of the business immigration program for wealthy Hong Kong

businessmen.

In Chapter I, an attempt was made to determine if the Chinese immigrants were discriminated against more severely than Japanese immigrants by elected representatives, government officials, and the general public in Canada. Indeed, the Chinese were treated more harshly than the Japanese for several reasons. The most important reason for the differential treatment stemmed from the fact that Japan was rapidly becoming an ally of the British Empire during the first two decades of the 20th century, while China was weak due to internal conflicts. These conflicts left Chinese nationals to manage their migration without effective government assistance. When the Chinese exclusion movement was successful in securing the support of the trade unions east of the Rockies, Parliament quickly introduced the Chinese Immigration Act of 1923 which resulted in a complete exclusion of the Chinese. When a similar sentiment was expressed against the Japanese, the St. Laurent government sent a special envoy to Japan which resulted in the so-called gentlemen's agreement. The agreement allowed for the regulation of the landing of Japanese labourers through an administrative procedure the control of which resided, ironically, with a foreign country.

In Chapter II, a review of literature on significant developments in the formulation of Canadian immigration policy following the introduction of the principles of Canadian immigration policy by Prime Minister MacKenzie King in Parliament

in 1947.

In Chapter III, efforts were made to determine the degree to which the entrepreneur/investor immigrant program had achieved its stated objectives. Two main goals of the program appear to be the transfer of the risk capital and know-how and the creation or retention of employment in Canada.

In essence, there exist two divergent views on the economic impact of the business immigration program. First, the immigrant investor program has been indispensable in that about 60 per cent of the businesses surveyed stated that they would have been unable to raise any capital without the program. Second, the macroeconomic impact of immigrant investor program has been small. In 1991, funds moved into the investment category constituted only 0.2 percent of all savings required to support public and private investment in the economy. And, given the same amount of effort that has been expended by practitioners to match projects with the immigrant pool of savings, sponsors of the project would otherwise have been able to obtain financing from domestic or foreign sources at equivalent costs of borrowing.

Based on a substantially lower average amount of money actually invested at start-up than was originally intended by the entrepreneur immigrants (approximately 40% lower), together with a considerable proportion of respondents not being able to meet the regulatory requirement of creating or retaining at least one job for a Canadian (30.8 per cent of respondents had no full-time employees), one can conclude that the entrepreneur immigration

program should not be considered an overwhelming success.

In addition, the employment creation aspect of the investor immigrant program generated 7,765 permanent jobs in 1991. This suggests that the program accounted for 0.06 per cent of total output in the economy.

Thus, it is clear that when the Canadian immigration policy makers devised the immigrant investor program with the intention of attracting wealthy Hong Kong businessmen to Canada, it sacrificed ability and qualification as vital selection criteria of would be immigrants. Accordingly, it is apparent that, having experimented with the business immigration program for almost ten years, it is time to revert back to the tried and proven method of selecting more independent immigrants instead of the current preference for admitting the business class immigrants.

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