

# CHAPTER X V I I

## ATTRACTING INDUSTRY TO THE PROVINCE

### I. *The Need for more Industry*

1. Surely there is no need to argue that only economic expansion and a decrease in the chronically high level of unemployment can fully solve the financial problems of the provincial government and the municipalities. The measures which we are recommending would greatly improve the quality and increase the efficiency of the vital government services of education, health, welfare and justice, and the many gross inequities in the weight of taxes paid by different taxpayers would be ended. In the short run, the total cost of government services would not be reduced but more would be obtained for each tax dollar. For the longer term, we are confident that the cost of a given level of services can be reduced. Nevertheless it must be frankly admitted that nothing less than a very substantial enlargement of the tax base, that is, the total incomes of residents of the province, could transform financial stringency into financial ease.

2. Over the next decade the cost of government services, especially of education, is bound to increase sharply in any event. If the reforms which we propose are adopted, significant improvement in the quality of teaching and other services can be realized. Without the reforms, we expect that expenditures will rise by about the same amount and perhaps more, but much less will be accomplished.

3. In our discussions of social welfare in Chapter 9, we made it quite clear that a comprehensive social welfare programme for New Brunswick could not be successful in the full sense of the term unless and until the rate of unemployment is substantially reduced. The welfare policies of Britain and the countries of continental Europe are grounded on the maintenance of full employment, and what holds true for a country is valid as well for a region of the country. Even if the federal government were to assume full financial responsibility for all welfare expenditures in New Brunswick, the statement would still be true. For the welfare of the individual, there is no substitute for an opportunity to work for his living and the support of his family.

4. These are the considerations which prompted us to include this chapter in our Report and to make proposals which go beyond a consideration of the effects of taxes upon the location of industry in New Brunswick.

### II. *Taxation and Industrial Location*

5. Although its importance is often exaggerated, there is no doubt that the weight of property taxation is an important element of an economic climate favourable to the maintenance and expansion of industry in a province. Property taxes, unlike most other forms of taxation, constitute a fixed charge which must be paid regardless of the volume of business or profitability of the firm. If property taxes are higher in New Brunswick than elsewhere, other things being equal, New Brunswick will be a less attractive location for industry. Similarly, higher property taxes can make a particular municipality in the province a less attractive place for industry to locate. Instability in the amount of the tax payable is also a deterrent: it makes the profitability of a business enterprise all the more uncertain. We have throughout our investigations kept in mind the effects which property taxes have upon the economic expansion of the province. We are certain that the carrying out of our recommendations with regard to them would do much to provide a favourable climate for economic growth.

6. Faced by unduly heavy and inequitable property taxes, a firm now has little choice but to negotiate a tax agreement with a municipality. The result is either that other business firms and owners of residential property are penalized by having to pay higher taxes, or that the whole community suffers from inferior services. We have therefore been at pains to make recommendations which would make tax agreements unnecessary.

7. We have also recommended a uniform and stable property tax base throughout the province. Most business concerns would find that the property taxes which we propose would be preferable to those which they have been paying. Business firms would also have the assurance of a *fixed* level of taxation at a stable percentage of the market value of their real property (revalued every five years). Property taxes for all businesses would be a predictable cost just as they now are for those which possess tax agreements. We are convinced that this would be an attractive basis for the taxation of business concerns in the province.

8. It could not, of course, be guaranteed that the recommended uniform rates — 1½ per cent for schools and a municipal rate not to exceed ½ per cent on the market value of industrial and commercial property payable by the owner and a

like amount payable by the tenant — would never be raised. Future circumstances would have to decide this. But if the rates were changed, the uniform taxation of all commercial and industrial property throughout the province should be maintained and the weight of tax should not be raised much above the level of other provinces.

### III. *Industrialization and the Level of Services*

9. Heavy taxation is one way to discourage new industry. Another way almost as effective is the provision of a low level of public services, both general and local. The calibre of executives and other employees which the province can attract and retain will be substantially influenced, in many instances decisively, by the quality of the schools, the health and welfare services, the physical appearance of the municipality, and by its cultural and recreational facilities. We have made recommendations which provide for a uniform standard of general services (education, hospitals, social welfare and justice) throughout the province at standards as high as the province's resources will permit. And we have recommended that each municipality be placed in a financial position to provide an adequate level of local services without imposing an unduly heavy weight of taxation.

10. We have mentioned elsewhere that the most valuable resource which the province possesses is its people. Looking ahead five to ten years, there is no more profitable investment which the province can make than the raising of the general level of education and the technical skills of its youth. The greater productivity of the new entrants to the labour force enhances the attractiveness of the province as a location for investment. A well educated and therefore, self-reliant work force is enterprising, and enterprise is needed if advantage is to be taken of the business opportunities which exist and if the necessary new job opportunities are to be created. The general level of wages in New Brunswick is considerably lower than in the central and western provinces. But low wages combined with low productivity repels rather than attracts new industry. It is sometimes said that the raising of the levels of education should be made to wait until the job opportunities exist. This is putting the cart before the horse. The existence of a skilled work force, including persons with professional and semi-professional skills, is always a necessary condition and is often the most important factor in the stimulation of industrial expansion. In the decade immediately following the war, unskilled labour was in short supply in most parts of Canada. Now it is in surplus supply almost everywhere and it is likely to remain so for the foreseeable future. Elsewhere in our report, we have laid stress upon the necessity of raising the levels of education in

the province as a goal which is desirable in its own right. And so it is. But even on the single ground of speeding industrial expansion, better education would be amply justified: We consider that this investment will be far more rewarding than such other public projects as building roads to resources, for which many persons have recently shown considerable enthusiasm.

### IV. *Attracting Industry*

11. There are two avenues to fast growth open to a private company superior sales promotion and lower costs. The same two avenues are open to a province. The counterpart to sales promotion is the persuasion of companies to invest in the province and we wish to deal with this **aspect** of the matter before focusing our attention on the problem of cutting costs.

12. New Brunswick needs a programme like the one provided through Industrial Estates Limited in Nova Scotia. It is not the subsidy features or the shared-cost arrangements of campaigns to attract industry to particular regions which most concern us. It is the abilities and energies of the men on the job. An industrial estates plan will be only as good as the men who devise and run it. We think that New Brunswick should develop such a programme to attract industry based on the availability of skilled people who are in a position to offer interested companies the assistance they need in whatever form they want.

13. For this reason, we welcomed the announcement in August of the activation of the New Brunswick Development Corporation and the appointment of a vigorous general manager. We trust that the manager will receive the full cooperation of all agencies of the provincial government: The task before him is, as formidable as that of any of his counterparts in Canada, for it is apparently more difficult to attract new industry to New Brunswick than it is to any other province except Newfoundland and, perhaps, Prince Edward Island.

14. Concerning the offering of inducements which are paid for in one way or another from the revenues of the province, we wish to urge that it should be decided in advance, as an important **aspect** of public policy, what is the maximum amount of assistance which can be offered to any company or industry. The Development Corporation should then be empowered to negotiate with prospective industry within the limits prescribed, and with the objective of securing its location in the province at minimum cost to the provincial revenue, although, the emphasis should, of course, be upon securing the industry and not on minimizing the cost. It is urged that the maximum assistance should be expressed separately as a percentage of the capital cost of the project and of the net value added to production actually

achieved. (Net value added is the gross revenue from sales less the cost of materials, parts, fuel and power purchased from other concerns.) The lower of these two maxima should govern. We have already suggested that the form of the assistance should be tailored to the company's preference. It does not matter whether the customer wants whipped cream or chocolate icing; the province can afford to be flexible and co-operative. It is the overall cost to the treasury which matters. The form of assistance therefore might readily take the form of building and leasing a factory to the company's specifications; the provision of a service at less than cost; a grant equal to part of the capital cost; training workers to suit the particular needs of the industry; or a straight cash subsidy.

15. All concessions and assistance granted under the programme should be published. The enabling legislation should set limits to the powers of the Corporation, set the maximum amount of assistance which may be granted and should require that all grants of assistance be published within 60 days. It may be said that this course is impracticable because the general public is not sufficiently sophisticated in these matters to look with favour upon the concessions which are made. The answer to this objection is that publicity is the public's guarantee against abuse of executive powers and it is the only way in which a provincial government can protect itself against unwarranted charges of favouritism. Publication would be in keeping with our recommendation that all exemptions from property taxes granted to charitable institutions and the like should be published annually with a calculation of the amounts of tax which would be payable in the absence of exemptions. It is surely desirable that the public should know what the industrial incentive programme is costing the general revenues; this is the best guarantee that the programme will be confined to the purposes for which it was created.

16. It is taken for granted that the research conducted by the Economic Council of Canada, the Atlantic Provinces Economic Council, the Atlantic Provinces Research Board, the Atlantic Provinces Development Board, the Atlantic Provinces' Studies Project sponsored by the Social Science Research Council of Canada and similar agencies within individual provinces will be utilized to the full and that duplication of research will be avoided.

17. We believe that only firms which sell 60 per cent or more of their output outside the province should be eligible for special assistance. The objective is to increase the total value of investment, production and employment in the province. It is not urgent therefore to induce more bakeries or dry cleaners to set up shop since they would merely take business away from others

already here. New firms or expansions of existing plants may reduce the amount of commodities bought from other provinces and countries and thereby raise total production in New Brunswick. However, the displacement of imports is extremely difficult to identify and the local market is not large enough to support a firm in a line of manufacturing requiring a large volume or output to achieve low costs. A new firm which displaces imports is therefore likely to sell most of its output outside the province. Accordingly, a general screening rule that 60 per cent of sales must be made outside the province would focus incentives upon the segment of new investment which contributes most to increasing total production and employment.

18. There is one important exception to these general statements. Industries which sell a large proportion of their products outside the province usually also buy a substantial portion of their materials, supplies, machinery and equipment elsewhere. In a number of instances, the purchases of these New Brunswick industries is large enough to support a viable supplier industry within the province. The fishing industry is large enough to support shipbuilding, for example, and the pulp and paper industry is already large enough, and perhaps the mining industry shall become large enough, to make the production of certain materials feasible. Accordingly, the production of materials, supplies, parts, equipment and machinery of a type used by the province's export industries should be considered as production for export for the purpose of qualifying for industrial development assistance. One of the most promising prospects for a quickening rate of industrialization in the province is the clustering of machine shops, supply firms and service agencies around a few centres, notably Saint John. This development should be encouraged.

19. This prompts us to offer some final comments about investment incentives. They should be of substantial value to the eligible firm; of limited duration; and, as mentioned, confined to the export industries. The concessions should also consist of measures with a value to the firm which can be precisely calculated, so that they can achieve the greatest possible impact upon the firm's investment decisions. A contribution of a fixed percentage of the capital cost of a project is superior, on this ground, to an exemption from sales or income tax, since the firm cannot precisely calculate the value of the latter concessions to its operations. The incentive should be of fixed duration. The objective is to establish healthy industries, not to spawn sick ones. If the incentive is not substantial — such as 20 per cent of the capital cost of a new project — it will not have a decisive influence upon an investment decision because the difference it makes to the prospects for profitable operations is lost in the range of

indeterminacy which pervades all investment decisions. Small incentives cause losses in revenue but they rarely add to the total flow of investment and production.

20. It should be noted that relief from the real property tax is not one of the inducements which we suggest for use in attracting new industry to the province. In fact, we recommend that the provincial government should give no property tax concessions for this purpose and that the new municipalities act should specifically prohibit any municipality from granting such a concession. There are a number of reasons why we feel so strongly about this matter. First of all, we have already said that inducements offered to potential new industry will have the most impact per dollar when their benefit can be precisely calculated, and firms are apt to consider that relief from future real property taxes has a less certain value than assistance yielding a more immediate benefit. Second, it is more difficult to terminate tax concessions than it is other forms of assistance; almost invariably concessions are extended beyond the period for which they can be justified. Third, it would be very difficult indeed to confine property tax concessions to projects which would not occur in the absence of such an inducement. Every business concern would understandably try to make the case that its investment decisions depended on receiving a concession and that its projects were just as deserving as any other. Fourth, since we are convinced that the cost of attracting new industry should be handled exclusively by provincial government incentives, it would only be logical for us also to recommend that the province pay grants to the host municipality equal to the revenue which the municipality lost because a property tax concession is made to attract a new firm. The resulting opportunity for municipalities to offer concessions at the cost of the provincial treasury would be highly undesirable. We also think that all new plants should find the location within the province which is to their best competitive advantage, and that they should not be distracted by an unnecessary and unhealthy competition among municipalities. The object of provincial government policy should be to attract industry to the province rather than to particular municipalities, and in any event, competition among municipalities in offering concessions quickly erodes the tax base, a situation which is in fact the cause of many of their present difficulties. We believe that it is necessary to cancel all outstanding tax concessions, and we have recommended such a step elsewhere in this project. It would be inconsistent, to say the least, if we were to recommend here that the present concessions be replaced by a whole series of new ones.

21. We agree that, in one respect at least, a programme of general incentives available to all firms, new and old, is superior to a drive to sell

the province as a site for investment. The private firm is better equipped than a civil servant to determine whether it could be competitive if located in the province. The reason why we have stressed an investment estates approach to attracting industry lies in the particular circumstances of New Brunswick. There is a general opinion that the province offers many neglected investment opportunities; that high costs of production or transportation or a lack of natural resources are not the reasons why unemployment is so high. Instead, many persons feel that the missing factor is enterprise and initiative. After all, it is supposedly common knowledge that New Brunswick is destined to be a backwater for all time; it has lagged behind the rest of the country since the 1840s. We do not share this pessimistic approach to life. Surely, with generally lower wages and ocean transport available, there must be a number of products which could be profitably produced here in New Brunswick. What is needed is energy, enterprise and a readiness to change.

22. We have no means of knowing what truth there is in the view that merely additional enterprise is required to spark substantial economic expansion in New Brunswick. Only a series of feasibility studies could provide the answer and then not with certainty. No one knows which new industries could be most profitably located here and feasibility studies can scarcely be conducted for every-known product. Nevertheless, there is enough qualitative evidence to support the conclusion that, as much as anything else, the province needs a development corporation which will sell the province as a site for investment to the appropriate industries. We have tried to combine the advantages of both approaches by endorsing the establishment of the Development Corporation and recommending a general incentive programme which can be widely advertised.

## V . *Keeping Costs Down*

23. We started by saying that a province could attract industry either by persuasion or by low costs. We have talked about persuasion and wish now to turn to costs. We have stressed that, whatever assistance is offered to a new industry, it should be of limited duration. Once established, the industry should be competitive without a subsidy. This generalization is pressed as the most practicable policy. It can be argued that the general interest of all residents of the province would be served as well if persons who would otherwise be unemployed and supported by social assistance, were drawn into employment by a venture which could be competitive only so long as it received a subsidy. The easiest way to think of this contention is to suppose that the subsidy required were equal to the social assistance which would otherwise be paid to the employees of the

venture. As a general principle, this contention is unassailable. Unfortunately, many difficulties stand in the way of putting the principle into practice. It is not just that much of the cost of social assistance is paid by the federal government, which reduces the drain on the provincial revenue. The insurmountable difficulty lies in finding enterprises which meet the specifications of (a) drawing into employment persons who would otherwise be without work, and (b) being competitive with a subsidy equal to a given percentage of its wage-costs and non-competitive without one. For the principle to be put into practice, the government's contribution to wage costs must be confined to the wages of persons who would not otherwise be employed. These persons are impossible to identify. On the other hand, if subsidies are not confined to investments which lie on the margin of profitability, if the subsidies become general, the revenues of the province could collapse under their weight. It could become exceedingly difficult, if possible at all, to avoid budget deficits of a magnitude and duration which would place in jeopardy the power of the province to market its bonds. This is one of our objections to the existing policy of granting tax agreements — which are tax subsidies — to almost all applicants.

24. If reliance cannot be placed upon the assumption by governments of some of the costs of a province's industries, what effective action can governments take to keep their industries from being "priced out of world markets"? How can governments depress costs to increase investment and production? Unfortunately, according to our advice and information, the answer is that the governments of the provinces can do very little beyond what we have recommended. National and international unions accelerate the trend to uniform wages in the industries which serve the national and international markets. This reduces the attractiveness of a province such as New Brunswick as a site for investment. Regional wage differentials in the less highly unionized industries tend to reflect differences in the productivity of the labour force in the different regions. The Toronto area offers industry a more attractive pool of labour than does northern New Brunswick, for example, even though wage rates in the former region are higher. Provincial governments can do little to counter these so-called "harsh facts of economic life" except to provide better education for their youth. This is the most effective policy, but its rewards are not realized at once.

25. A great deal of research has been undertaken by the various Maritime organizations mentioned earlier and by the fairly numerous organizations of a similar nature in other countries as part of the search for government measures which could accelerate the growth of economically retarded regions of a country. We are informed that nothing very promising has been found within

the range of measures which governments are prepared to undertake. Most of the countries of the western world would have adopted programmes for the development of retarded regions, but only a few have achieved marked success. Most of those measures which are effective are also beyond the powers of a provincial government to adopt; they require action by the central or federal government. It would appear therefore that the possibility of provincial government action achieving a significant reduction in the costs of production in relation to elsewhere is quite limited.

26. We are concerned about this problem despite the remarks made earlier concerning the credibility of the general opinion that enterprise and energy to seize existing investment opportunities are what are most needed in New Brunswick. It is the forest industries which must surely account for a great part of any industrial expansion which the province may achieve in the years immediately ahead. Yet, although the forests of this province could sustain a great increase in utilization, the average annual increase in production is small and a massive expansion appears distressingly distant. One would not think that a favourable site need be advertised **to the huge pulp and paper companies** which shop internationally for the most profitable locations. Therefore, if it has not already been done, we suggest that a properly qualified member of the Development Corporation seek to discover through confidential discussions with the major forest products companies operating in the province what impediments there are to more rapid expansion of the forest industries. There are two ways for a province's industry to expand. One is by retaining its present share of a **growing world market**; the other is by expanding its share. It seems to us **that** one of the **most** important pieces of information which the staff of the Development Corporation should have concerns the impediments which now prevent the province's forest industries from winning a large share of world markets.

## VI. *The Crown Forests and Mineral Rights*

27. We further recommend that the province's policies governing the licensing and alienation of natural resources owned in the right of the province should be reviewed jointly by an industrial development committee and the Department of Lands and Mines. The objective of this review should be to determine whether any aspects of the present policies are impeding the economic development of the province. We believe this matter to be of considerable importance, since the economic future of the province is so intimately bound up with the development of the natural resource industries. The development of these industries can be significantly influenced by the policies which govern the management and terms

of licensing of the crown forests and mineral rights. In keeping with our earlier comments regarding the attraction of industry, we urge that particular consideration be given to adopting the following basic policies' concerning the use of crown resources.

28. The first policy is that, pressing as the immediate need for revenue undoubtedly is, it should be secondary to the attraction of more industry to the province. If it should appear that a new mill would be constructed provided that the cost of its timber supply were reduced by decreasing the crown dues, and that the mill would not be built in the absence of such a decrease, it is clear where the general interest of the province lies. It is said that it would be foolish to sell rights to our forest and mineral resources today for half the price which might be obtained tomorrow. But surely this province is not in a position to speculate in timber and mineral futures. It is also said that all licensees to crown lands, minerals and other natural resources should be similarly treated and this is taken to mean that they should be charged the same rentals and dues. But surely a licence is a contract and the essence of a contract is that a price is agreed upon and the terms are binding on both parties. We think that the province should be ready to do business whenever the opportunity arises; to do so, it must be prepared to strike a bargain according to the market conditions which exist when a contract is negotiated.

29. While we consider it to be almost axiomatic that the volume of production of the forest industries is affected by the cost of wood, we are also aware that the price of timber cut from privately-owned lands is influenced by the cost of timber cut on licensed crown lands. We should not welcome a fall in the incomes of farm woodlot owners caused by a drop in the market price of logs, although we would welcome a fall in the price of logs if it were associated with a proportionately greater use and export of logs and if farmers' incomes were maintained by this or other occurrences. However, if we had to choose between more investment in the forest industry on the one hand and maintenance of a given level of income drawn from farm woodlots on the other, we would have to choose the former provided that the increase in wage payments resulting from the new production was more than the decrease in incomes drawn from farm woodlots.

30. It seems to us, however, that the government should avoid policies which lead to situations in which it must weigh desirable against undesirable consequences. Accordingly, the provincial government should be free to strike a bargain concerning the leasing of its crown lands which would bring a new mill to the province, without substantially affecting the market price of private timber. That is, the province should be able to lower the price for which it sells timber cutting

rights to a new mill without the price of farmers' wood dropping proportionately. This can only be achieved if it is recognized that a licence to crown lands is a business contract and *there is no obligation for the province to set a single price at which it sells to all customers.*

31. We also urge that the provincial government be imaginative in devising incentives which might increase the production of the natural resource industries at little or no cost to anyone. For example, a pulp mill might be allowed to cut a volume of timber on crown lands, without payment of crown dues, equal to the excess of the increase in the volume of wood it uses during the year over the average increase in the volume of wood consumed during the previous five years; and provided that silvicultural expenditures are made during the year which will increase by an equal volume the crown wood available for cutting one rotation later. In other words, whenever a mill achieved a greater-than-average increase in production, it would be entitled to cut an equivalent volume of crown wood free of charge; instead of payment, the mill would plant seedlings, or whatever, which would raise the future productivity of the crown lands at nominal present cost.

32. All the foregoing remarks are offered in the full realization that events quite beyond the control of any group in the province affect the growth of industry far more than any action of the provincial government. The devaluation of the Canadian dollar, for example, increased the profits of the pulp and paper industry, and therefore the profitability of new investment, far more than would a complete cancellation of the dues charged for crown timber for the same period of time.

33. The second and third basic policies which we urge concerning the crown-owned natural resources can be more briefly discussed. It is not possible for governments to offer licences or grant privileges in perpetuity since no government can effectively bind the hands of its successors. Therefore we suggest that the provincial government should avoid all appearance of so doing. The governments of New Brunswick have a good record in this respect; we mention the matter mainly to introduce our last suggestion. Licences and other contracts may have to be terminated by a government; changed conditions may compel them to do so. We feel that the attractiveness of the province to new industry would be enhanced if specific, contractual provision were made for arbitration of the terms on which such contracts are terminated. The tenant is entitled to compensation for his improvements and for losses sustained from the abrogation of a contract. We do not wish to imply that any company doing business in New Brunswick or holding rights granted by the crown now has any grievances on this score, either real or imagined, as some firms do in

one or two other Canadian provinces. But we still feel that investment would be encouraged by a specific contractual provision for arbitration. The lease contract signed in 1962 between the Province of Nova Scotia and the Bowaters Mersey Paper Company Limited contains clauses which are a good example of the provision for arbitration which we have in mind.

### VII. Directorships

34. One of the factors affecting industrial development which was drawn to our attention concerns the representation by residents of the province on the boards of directors of the large corporations doing business in New Brunswick. Table 17: 1, we believe, is fairly representative of the existing situation.

35. Some feeling exists that the opportunities which the province offers as a site for industry and as a profitable source of supply for materials would be less likely to be overlooked if the province's representation on boards of directors were stronger, especially in the case of concerns which base their operations on the province's natural resources. There is also some feeling that, when a decision hangs in the balance, a location with which the directors are familiar is likely to receive preference. There is even some feeling that, on

occasion, directors may allow local loyalties to affect their decisions.

36. We have no idea what steps could or should be taken to increase the number of residents of the province who serve on the boards of provincial, national and international corporations. Ill-considered action or statements could do more harm than good to the interests of the province. It was felt however that mention should be made of the matter. Perhaps this alone will suffice to cause a change of policy on the part of a number of the largest corporations doing business here.

### VIII. Recommendations

37. We recommend that:

(1) There be developed, in conjunction with the New Brunswick Development Corporation, an industrial estates programme similar to the one in Nova Scotia, staffed with people skilled in assisting companies to establish new plants and to expand old ones in New Brunswick.

(2) The government determine the maximum amount of public assistance which can be offered to any company or industry to induce it to locate or expand its operations in New Brunswick.

Table 17:1

#### NEW BRUNSWICK RESIDENTS ON BOARDS OF DIRECTORS OF SELECTED NATIONAL CORPORATIONS OPERATING PLANTS OR OFFICES OR MAKING SALES IN NEW BRUNSWICK

Industry	Number of Companies	Number of Directors	Number of Companies with N.B. Directors	Number of N.B. Directors
1. Banking and Finance .....	7	244	2	2
2. Trust and Loan .....	4	115	2	5
3. Milling and Grain .....	2	24	0	0
4. Public Utilities .....	2	26	0	0
5. Textiles .....	4	42	0	0
6. Beverages .....	9	99	0	0
7. Foodstuffs .....	10	122	1	1
8. Iron and Steel .....	12	176	0	0
9. Non-Ferrous Metals .....	4	63	0	0
10. Merchandising .....	7	64	1	1
11. Electrical Equipment .....	4	46	0	0
12. Construction .....	2	23	1	1
13. Pulp and Paper and Lumber .....	7	94	4	9
14. Printing and Publishing .....	2	20	0	0
15. Transportation .....	2	34	0	0
16. Oil and Pipelines .....	5	62	0	0
17. Chemical and Allied Products .....	6	85	0	0
18. Miscellaneous .....	7	72	0	0
TOTALS .....	96	1,411	11	19

Source: Compiled from *The Financial Post Survey of Industrials 1962*

(3) The New Brunswick Development Corporation be empowered to negotiate with prospective industry within the limits prescribed, with the objective of securing its location in the province, in accordance with the proposals in paragraphs 14 and 15 of this chapter; that is, the form or combination of forms of inducement offered to each prospective firm should be designed in relation to its particular circumstances in such a way as to have the maximum possible influence on the firm's decision to locate or expand in New Brunswick.

(4) All concessions and other assistance granted under the programme be published.

(5) The research on economic development conducted by existing agencies be utilized to the full.

(6) Only firms which sell 60 per cent or more of their output outside the province and ones which sell a similar proportion of their products to such firms be eligible for special assistance.

(7) Assistance offered to a new industry be of limited duration.

(8) A properly qualified member of the Development Corporation seek to discover through confidential discussions with the major forest products companies operating in the province what the impediments are to more rapid expansion of the forest industries.

(9) The province's policies governing the licensing and alienation of natural resources owned in the right of the province be reviewed jointly by an industrial development committee and the (Department of Lands and Mines to determine whether any aspects of the present policies are impeding the economic development of the province.

(10) Consideration be given by the government to the following policies concerning the use of crown resources:

(a) giving priority to the expansion of industry over the raising of revenue from crown resources,

(b) freedom of the government to strike bargains in the leasing of its crown lands in order to promote the expansion of the forest industry, without being bound to lease such resources on the same terms to all companies,

(c) the devising and use of incentives that will increase production of the natural resource industries at little or no cost to anyone, as illustrated in paragraph 31 of this chapter,

(d) specific, contractual provision for arbitration of the terms on which contracts or licences for private use of crown-owned natural resources may be terminated by the government.