

According to Wharton, a 30% tariff-induced increase in lumber prices would result in a small increase in employment in four states -- Alabama, Georgia, Mississippi and Oregon. The big winner would be Oregon, which would gain a total of 188 jobs. All other states would lose. Throughout the U.S., 15,000 jobs would go down the drain. And the biggest loser would be California, which would be out 3,700 jobs.

Surely that gives you a stake in arguing against these special interest bills.

Lumber is obviously not the only irritant in the trade between us. Given the immense volume of business that we do with each other, there are bound to be some disputes, and at present there are 18 formal actions going -- eight on your side, and ten on ours, involving everything from fish and potatoes to iron and steel.

These are some of the reasons that we in Canada believe a new bilateral trade agreement would be in the interest of both sides. We have proposed such an initiative and we are extremely pleased that President Reagan last month sent Congress formal notice of his intent to enter into trade negotiations with us.

The significance of this initiative cannot be overstated. These bilateral trade negotiations will, I believe, be of historic importance for both the United States and Canada, and I look forward to getting them underway soon. Both sides have already appointed their chief negotiators and the talks could formally begin in the spring.

I might mention that there is plenty of historic precedent for a bilateral trade agreement between us. Five decades ago, the world was in the midst of the Great Depression, and trade wars had broken out to make

things worse. Canada and the U.S. were the first to react to the rampant protectionism of the times. In 1935, we signed a bilateral agreement to bring the barriers down, and its principles became the foundation for the multi-lateral trading system we have today.

I think a new bilateral agreement between us might well yield somewhat similar results. A new round of multi-lateral trade negotiations under the GATT will probably begin this year. It is supported wholeheartedly by both the United States and Canada, and one of the reasons I could be with you today is that I'm on my way to San Diego to discuss preparations for this round with Clayton Yeutter, the U.S. Trade Representative, and with trade ministers from Japan and Europe. The countries represented at this meeting do two trillion dollars worth of trade a year, which is 65 percent of all the world's trade.

Negotiations for this eighth GATT round will take many years. They will not be easy, for not all the world's trading nations are agreed on what they should cover. But if Canada and the United States could lead the way, if we could show the rest of the world that trade liberalization is to everyone's advantage, I believe the multi-lateral negotiations might yield better results: more barriers would come down faster throughout the world.

This belief, by the way, is given some credence by Prime Minister Nakasone of Japan, who was in Canada this week on an official visit. Mr. Nakasone told us Japan could hardly take exception to a Canada-U.S. trade agreement that promoted freer trade globally.

Some people in both our countries have questioned the need for bilateral negotiations. They say we should rely only on the multilateral process under the GATT. But they are wrong. The