

only three years ago. They did it despite the fact that other voices, including the housing industry and the Chamber of Commerce, were saying, "Hey, wait a minute -- that'll hurt us." And they did it despite a study last year by Wharton Econometrics that spelled out what would happen if they got their way.

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 biggest winner would be Oregon, which would gain a total of 188 jobs. All other states would lose, partly because higher lumber prices would spell fewer housing starts. Throughout the U.S., 15,000 jobs would go down the drain. California alone would be out 3,700 jobs.

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 five formal actions going -- four on your side, and one on ours. We are now threatened with some form of restrictions on cut flowers, brass sheet and strip, salmon and herring, and uranium. And this is in addition to the barriers already put up against our fish, shakes and shingles, hogs, sugar and some of our iron and steel products.

On our side, in response to the action on shakes and shingles, we have just put tariffs into force on American books and magazines, computer parts and some other products. In addition, a countervail action is pending against American corn.

These are some of the reasons that we in Canada believe a new bilateral trade agreement would be in the interest of both sides.

I do not mean to suggest that pro-

tectionism is an American disease. On the contrary, the United States remains one of the most open trading environments in the world. We know that and we applaud it.

We also know that American leadership is indispensable if the world is to maintain an open trading system and move to further liberalize international commerce. We would not have the international trading system we have today, nor the prosperity that flows from it, were it not for the leadership the United States has given since the last war. It is because that leadership is so beneficial to this well-being of the free world that we are so distressed when we see the forces of protectionism make yards down here. We know our fate is caught up in this struggle.

It is because your prosperity and ours are so inextricably linked that the bilateral trade negotiations that have just started between our two governments is so important to all of us.

I don't have to tell Canadians how important this initiative is. They know it.

But we sometimes get the feeling that down here, familiarity breeds indifference and that Americans are less than fully aware of how important Canada is to them.

Some Americans still think that Japan is America's biggest trading partner, despite the fact that you do twice as much business with us. Last year we took more than one-fifth of everything you sold abroad, and the trade between us is roughly 1/15th of all the trade that is done in the world. We estimate that some 2 million American jobs depend on your exports to Canada alone.

Not only that, but in contrast to the rest of the world, we keep buying more from you every year. From 1982