

Remarkable progress of past 2 years all along line, towards economic recovery;

unprecedented drought and business recession in U.S. have impeded recovery to some extent -

many "favourable signals" at present; e.g. crop prospects;

Government has sought to reduce cost of production and consumers goods -

a foremost aim of Liberalism; progress already made (U.S. & U.E. agreements, 1936 & 1937 Budgets) not generally realized;

Hope for more comprehensive agreement with U.S. -

recognize desirability of further tariff reduction -

seeking to combine this with securing concessions in markets abroad;