Ample further documents, bringing the record up to August, 1938, confirm the same general trend. The Secretary-General's "Note on the Economic Situation" (September, 1938) thus opens with the words, "In the course of the past twelve months, economic conditions in the world at large have undergone a drastic and disquieting change." Expressed in figures (with a base 1929 = 100), comparing the second quarter of 1938 with the second quarter of 1937, it is shown that industrial production, excluding the Union of Soviet Socialist Republics, fell 19 points, the quantum of international trade fell 15 points, and stocks of primary commodities increased by 23 per cent. I cite almost at random some further passages from the same note:—

> "Unemployment has shown an increase in most countries."
>
> "Vigorous efforts have been made through governmental measures and private restriction schemes to curtail the output of primary commodities . . ."
>
> "The decline in industrial activity which ensued in the United States in the last five months of 1937 was exceptionally rapid. The fall was both steeper and deeper than in 1920–21 or 1929–30 . . ."
>
> "It was in the textile industry—a typical export industry—that the slump first made itself felt in the United Kingdom. Between the second quarter of 1937 and the second quarter of 1938, industrial activity in general fell off by 8·7 per cent.; textile-production alone, however, showed a drop of 21·3 per cent. The British cotton industry has fallen back into a state of acute depression . . ."
>
> There was "a drop of 46 per cent. in the domestic consumption of steel and iron from December, 1937, to June, 1938 . . ."
>
> "In Germany, signs of strain have become apparent: . . . exports have fallen; . . . labour has been made liable to conscription for State requirements; . . . a serious decline in security values has taken place on the stock exchange in recent months . . ."
>
> "The value of exports from nearly all primary-producing countries has fallen off considerably, while the value of imports into these countries has fallen less or has continued to rise . . ."

To take four examples from a schedule of twenty agricultural-exporting countries' trade comparisons between the first half of 1937 and the first half of 1938, the percentage decline in export values is shown to be 51 per cent. from Argentine, 11 per cent. from Australia, 21 per cent. from Canada, 12 per cent. from New Zealand; while for the same periods and same countries the imports were 12 per cent. higher to Argentine, 23 per cent. higher to Australia, 12 per cent. lower to Canada, and 5 per cent. higher to New Zealand.

A point clearly related to the foregoing is then made: "The recent tendency to tighten up exchange restrictions once again is clearly traceable to these changes in the currents of trade."

Finally, in more general but not less impressive terms, we have: "All the evidence thus goes to show that the setback which has taken place is one of major dimensions, and has left no part of the world economy undisturbed. . . . There is the uncertainty regarding the mutual exchange value of the world's currencies. . . . More serious still, there is the paralysing uncertainty of the international political outlook. . . . In the industrial areas outside America, the manufacture of armaments absorbs a growing share of total productive resources." And, of course, the authors of the note take care to insist that the apparent economic gains from armaments-production are illusory.

The picture portrayed by these passages is indeed a sombre one, yet I do not suppose it differs substantially from that which already is in the minds of those who watch realistically and themselves are actively concerned with current economic and social conditions and portents. But—and this is surely the most important issue for all of us—do these disquieting facts give the signal for passive acquiescence and despair, or do they, on the contrary, point to the need for positive constructive action, with Governments frankly and fully accepting new and extended responsibilities? The answer, no doubt—and this is not the place to discuss its many-sided implications—will depend on one's "general point of view." To summarize, however, what is fairly to be described as a consensus of responsible opinion, as reflected in the altogether moderate and impartial note by the Secretary-General from which the foregoing quotations have been taken, one may cite the following extract from the same document (the context is the analogies and the contrasts between "the present situation and the depression which began in 1929"):—

> "There has been an important change in the attitude of Governments and public opinion towards the general phenomenon of economic fluctuations. There is less willingnesss to let a depression run its course. There is greater readiness on the part of Governments to intervene actively by monetary or budgetary policy, public works, and other measures to restore production and employment when a decline has taken place."