

faced in Vietnam.”

Four days after Kennedy’s death, U.S. policy changed: In NASM 273, Johnson authorized covert commando raids against North Vietnam by CIA-supported South Vietnamese forces, which would lead, notes Galbraith, to the 1964 Gulf of Tonkin incident “and eventually to the wider war.”

Like Kennedy, Johnson “knew that Vietnam was a trap,” Galbraith says. But the public knew nothing of Kennedy’s plan. “To maintain our commitment, therefore, was to maintain the illusion of continuity, and this—in the moment of trauma that followed the assassination—was Johnson’s paramount political objective.”

## ECONOMICS, LABOR & BUSINESS

# The Depression’s Bright Side

“The Most Technologically Progressive Decade of the Century” by Alexander J. Field, in *The American Economic Review* (Sept. 2003), 2014 Broadway, Ste. 305, Nashville, Tenn. 37203.

Maybe the Great Depression was not so bad after all. In fact, it was a lot better than that. It was “*the most technologically progressive of any comparable period in U.S. economic history,*” Field emphatically declares.

In the conventional telling, America owes its post-World War II prosperity to huge increases in productivity and government spending during the war. But the real war effort occupied only three years, and data from

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Substantial innovations and investment in aviation were among the many underappreciated technological advances that grew out of the Great Depression.

that period reveal as many subpar as stellar productivity performances in various sectors of the economy.

The real story, says Field, an economist at Santa Clara University, is that the postwar economy rode on a wave of advances from the 1929–41 period. Plexiglass, Teflon, and nylon were all Depression-era innovations. So were organizational techniques pioneered by makers of cars, vacuum cleaners, and radios. All of these new processes and technologies, and more, enabled the nation to churn out tanks, ships, and airplanes in the 1940s. The Depression brought the launch of the workhorse DC-3 airplane and major government investment in municipal airports that paved the way for a postwar boom. One of the biggest areas of progress was structural engineering, which saw new “techniques for utilizing concrete in conjunction with steel in bridge, tunnel, dam, and highway design.” New Deal agencies and other government entities increased

the nation’s stock of roads and highways by two-thirds.

What do the numbers say? Data on labor and capital productivity are notoriously difficult to get and interpret. A sample of Field’s arguments: In railroads, which still accounted for more than a quarter of America’s fixed nonresidential assets during the Depression, labor productivity rose “much more dramatically” in the 1930s than it had in the 1920s. The telephone and electric utility industries also recorded big increases. Economist Claudia Goldin found that overall U.S. labor productivity growth was faster during the Depression than before, in part because massive unemployment drove less educated people out of the work force.

Field doesn’t argue that depressions are good for the economy, and many of the advances of the 1930s would have come along without a depression. But it’s important to recognize that good times aren’t the only sources of economic growth.

EXCERPT

## *Wired Money*

*What is the most reliable source of foreign money going to poor countries? What is the principal source of foreign capital for small family businesses throughout the developing world? How do most people in collapsed states like Afghanistan, Haiti, Liberia, and Somalia manage to survive? What is the common factor that has financed internal conflict in settings as diverse as Northern Ireland, Sri Lanka, and Rwanda?*

*The answer to these wide-ranging and complex questions is remittances—money that migrants earn while working abroad and then send back to their families living in their home country. “Mother’s milk for poor nations,” is how one Asian newspaper described the phenomenon. That statement is no exaggeration. As nations increasingly opened their border to foreign workers in the last two decades, remittances to developing countries have soared from \$17.7 billion in 1980 to \$30.6 billion in 1990 and nearly \$80 billion in 2002. Remittances have emerged as an important source of foreign exchange for poor countries. In 2001, they were double the amount of foreign aid and 10 times higher than net capital private transfers.*

*At the simplest level, remittances are about helping individual families. A couple of hundred dollars sent home every month can make the difference between abject poverty and food on the table. At another level, these small transactions, repeated thousands of times every day across the world, are quietly binding the fates of nations.*

—Devesh Kapur, a Harvard political scientist, and John McHale, an associate professor at the Queen’s School of Business in Canada, in *Foreign Policy* (Nov.–Dec. 2003).