
SOCIETY

Income, as reckoned by the CBO, includes all revenue from jobs, dividends, rents, government, and in-kind transfers to families and individuals—minus payroll and income taxes.

The Census Bureau calculation is the same, except that the Bureau does not subtract taxes or include in-kind benefits, even though such benefits account for 22 percent of all transfer payments (public aid to individuals and families).

Both the Census Bureau and the CBO use the same “poverty line,” however. Adjusted annually for inflation, it is currently \$5,500 for a nonfarm family of four and \$2,800 for individuals. This is roughly based on the assumption that a poor family spends one-third of its take-home income for food. Thus, the “minimally adequate” food budget (one-third of \$5,500) works out to about \$35 a week for the family of four.

The effectiveness of in-kind transfers as a means of lifting families and individuals out of poverty varies according to age, location, and type of family. Incomes of families in the Northeast and North Central states are more enhanced than those of families living in the South and West. The incidence of poverty (calculated before in-kind benefits are added as income and taxes are subtracted) is greater for nonwhites than for whites, but figuring income according to the new CBO formula seems to raise the status of whites and nonwhites about equally. According to the Census Bureau’s calculation, one in every two families headed by a person more than 65 years old is below the poverty line; according to the CBO yardstick, poverty in such families is “virtually eliminated.”

Why the South Didn't Rise Again

“The Post-Bellum Recovery of the South and the Cost of the Civil War” by Peter Temin, in *The Journal of Economic History* (Dec. 1976), Eleutherian Mills Historical Library, Wilmington, Del. 19807.

Why didn't the South regain its agricultural prosperity after the Civil War? Three conflicting scholarly explanations have recently emerged. Gavin Wright blames a shrunken world demand for cotton; Roger Ransom and Richard Sutch say the end of slavery lowered productivity. Claudia Goldin and Frank Lewis believe the wartime destruction of the region was responsible. Temin, an MIT economic historian, seeks to reconcile “these stories and to present a unified interpretation.”

He concludes that the South’s postwar slump would have been about the same, had either emancipation or the slump in cotton occurred in isolation; in combination, they help to explain Dixie’s slow recovery. But, Temin finds, the Goldin and Lewis wartime-destruction thesis overestimates the war’s “hidden costs” by a factor of 4. Wartime damage was soon repaired; the slump in cotton and the metamorphosed labor situation were more long-lasting.