

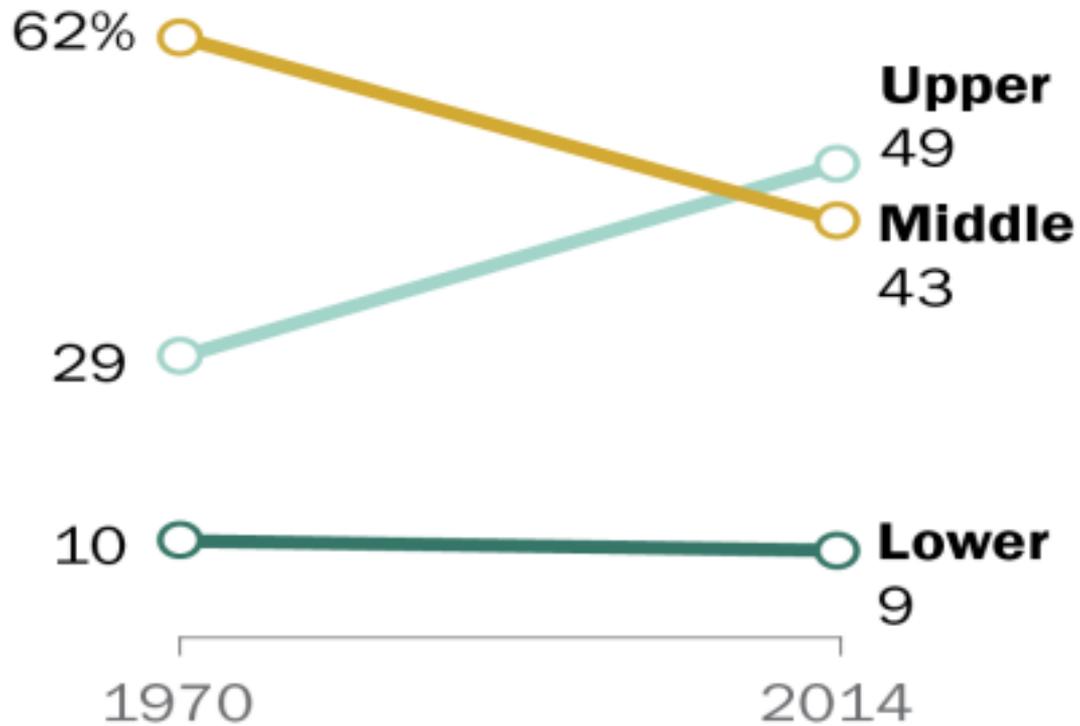
The American Dual Economy: Race, Globalization and the Politics of Exclusion

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Figure 1

Percent of Aggregate US Income



Coates, 2015

- “A society that protects some people through a safety net of schools, government-backed home loans, and ancestral wealth but can only protect you [my black son] with the club of criminal justice has either failed at enforcing its good intentions or has succeeded at something much darker.”

A Dual Economy

- W. Arthur Lewis, *Manchester School*, 1954
- Developing economies had two sectors
 - “Capitalist” and “Subsistence”
 - Modern production and subsistence farming
- Transition was by going to the city
 - For a higher expected wage
 - Higher wage X the probability of getting a good job

Lewis for the US Today

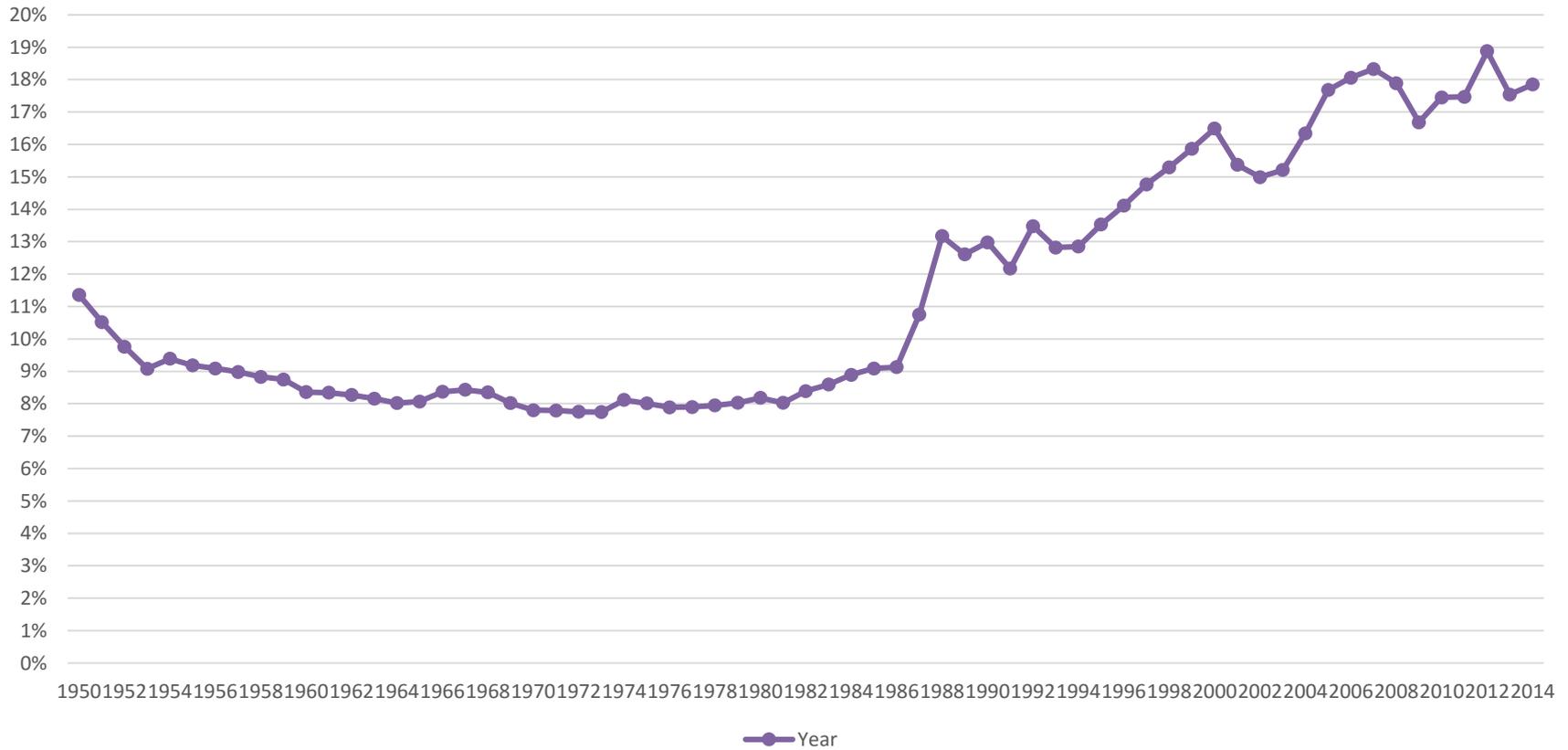
- FTE sector: Finance, Technology, Electronics
 - 20% of the US labor force
 - Earnings in this sector took off in the 1980s
- Low-wage sector: most workers
 - 80% of the US labor force
- Transition by education
 - College education needed to join the FTE sector
 - Necessary but not sufficient

Politics

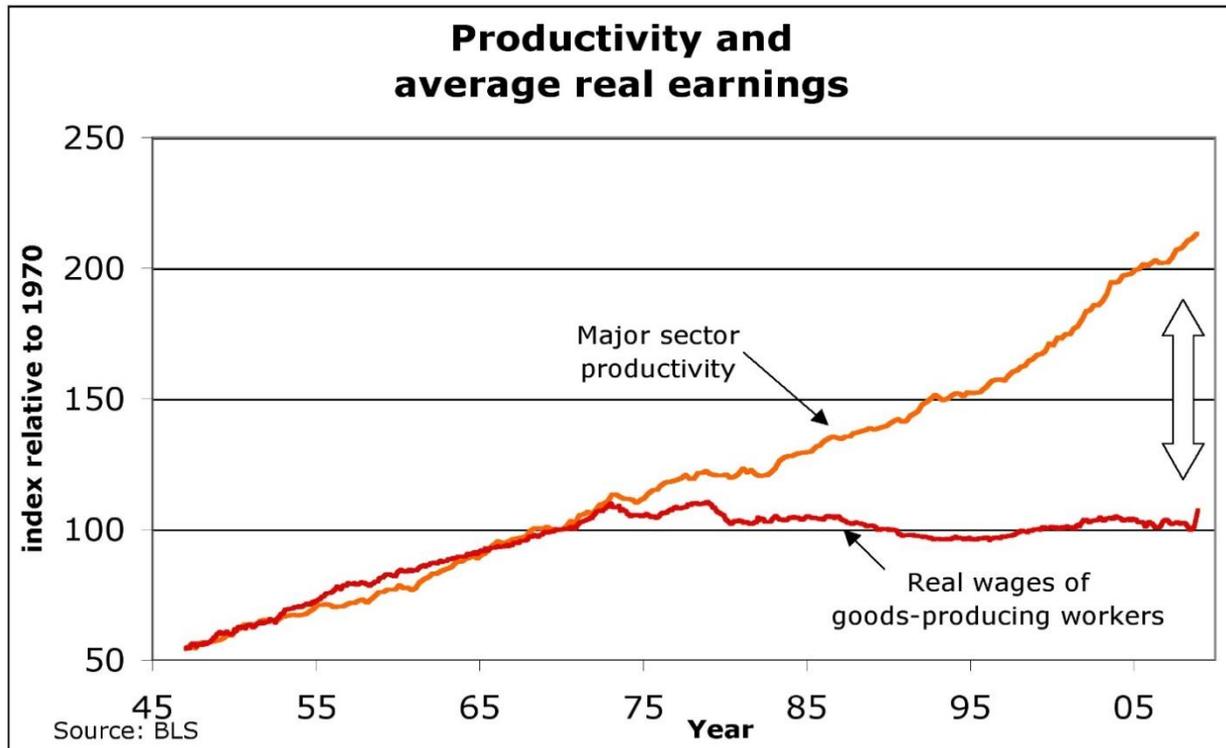
- FTE sector makes policy for itself
 - Ignores needs of the Low-wage sector
- Top 1% dominates politics (next figure)
 - They want low taxes, limited government
- Top 1% of the top 1% supports individuals
 - Republican candidates for President
 - Conservative state governors
- The very rich have no contact with the Low-wage sector

The Top of the FTE Sector

Top 1% Income Share in the United States



The Low-wage Sector



Race

- Used to “sell” limited government services
 - Keeping blacks down
- A long, long American practice
 - Nixon: the Southern Strategy
 - Reagan: announcing his candidacy in Philadelphia, MS
 - Trump: Making America Great Again

Is the Low-wage sector black?

- No; there are not enough blacks in the US
 - Blacks are about 14% of the total population
 - Low-wage sector is 80% of the total
 - Blacks are less than one-fifth of Low-wage workers
- The majority of Low-wage workers are white
 - They are invisible
 - Their needs are neglected

Why are low-wage whites invisible?

- They do not vote
 - Data show that only half of voters vote
- More for President, less in other elections
 - Poll taxes, voter IDs affect whites and blacks
- They get discouraged by loss of good jobs
 - They are dying younger
 - Why? drugs, suicide, etc.

Anger Politics

- Coded words and deeds
 - Reagan: Welfare Queens
 - Trump, Cruz: “We” and “Them”
- The War on Drugs
 - It affects blacks more than whites
- Blacks and whites both use drugs
 - But blacks are much more likely to go to jail

The New Jim Crow

- One in three black males will go to prison during his lifetime (Bonczar, 2003)
 - Derived from life tables in 2001
 - Still valid today; little has changed
- This destroys black communities
 - Felons cannot vote, access government programs, lack job training, etc.
 - Every family knows someone in jail

New Jim Crow Affects women and children

- Black men in jail implies black women alone
- Single-parent families are poor
 - They have to live in poor areas
 - With poor schools
- Children are discouraged by bad schools
 - And also by the example of jailed fathers
- Children drop out of school, go to jail, ...

How to break this cycle

- Reduce mass imprisonment
 - Which costs states around \$50 billion a year
- That money could be used to help education
 - States spend around \$65 billion a year on state universities
- Much better to educate than to jail people

Politics get in the way

- The rich determine public policy
 - They want only to lower their taxes
 - And to keep wages low
- This fits the model of a Dual Economy
 - Policy is made by the higher (FTE) sector
 - Costs are borne by the low-wage sector
- Flint, MI, water problems show this pattern

Supported by the legacy of slavery

- The FTE sector controls the low-wage sector
 - By supporting race hatred
- Confrontation rather than cooperation
- Police act to repress the poor
 - Public policy neglects their needs
- Poor whites are encouraged to feel good
 - By feeling superior to blacks

Harmful to low-wage whites

- Mortality is rising for middle-aged whites
 - Most sharply for less educated whites
 - That is, low-wage whites
- Due to self-destructive behavior
 - Drugs, alcohol, suicide
- Racist politicians offer hatred as a solution
 - But it will not cure their despair

What can educators do?

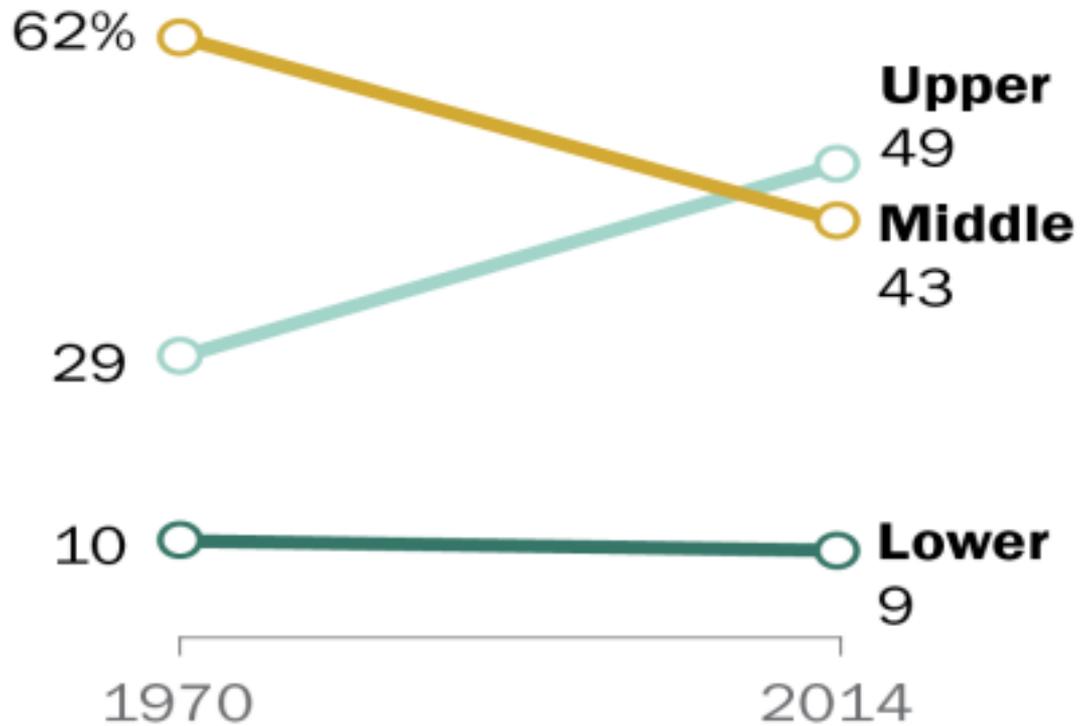
- Help children transition to the FTE sector
 - Prepare students for college
- Hard to do with inadequate funds
 - The repressive system opposes you
- We could have better schools for all
 - If the country wanted to have them
 - And would appropriate funds to staff them

What kind of education helps?

- Skills: reading, writing and 'rithmetic
 - These are recognized in standardized tests
- Socialization: cooperation, trust in others
 - Not in tests, but as important as “skills”
- Socialization helps students solve problems
 - Also to find jobs in a changing economy
 - See Lisa Delpit: *Multiplication is for White People*

Figure 1

Percent of Aggregate US Income



Conclusion

- The US is in trouble
 - With rich, poor and few in the middle
- Public policies are perverse for most of us
 - We need to do what we can within this system
- Give our children the best start in life
 - We cannot predict the future
 - Good education is the best investment