

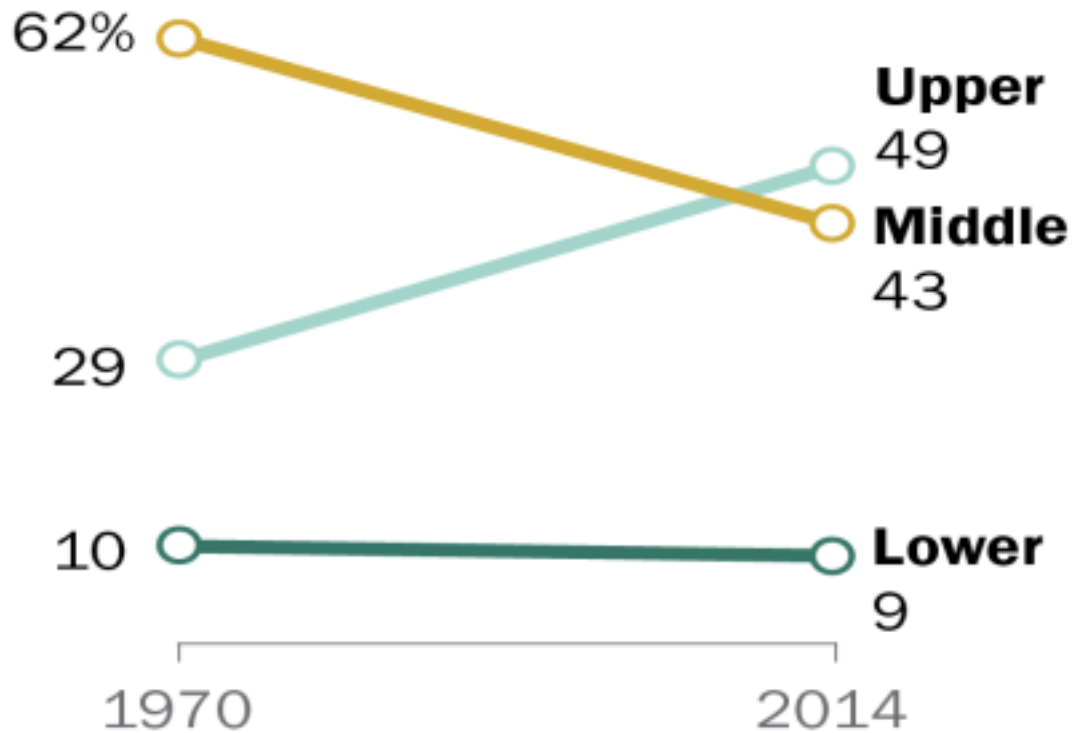
# **The American Dual Economy: Race, Globalization and the Politics of Exclusion**

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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

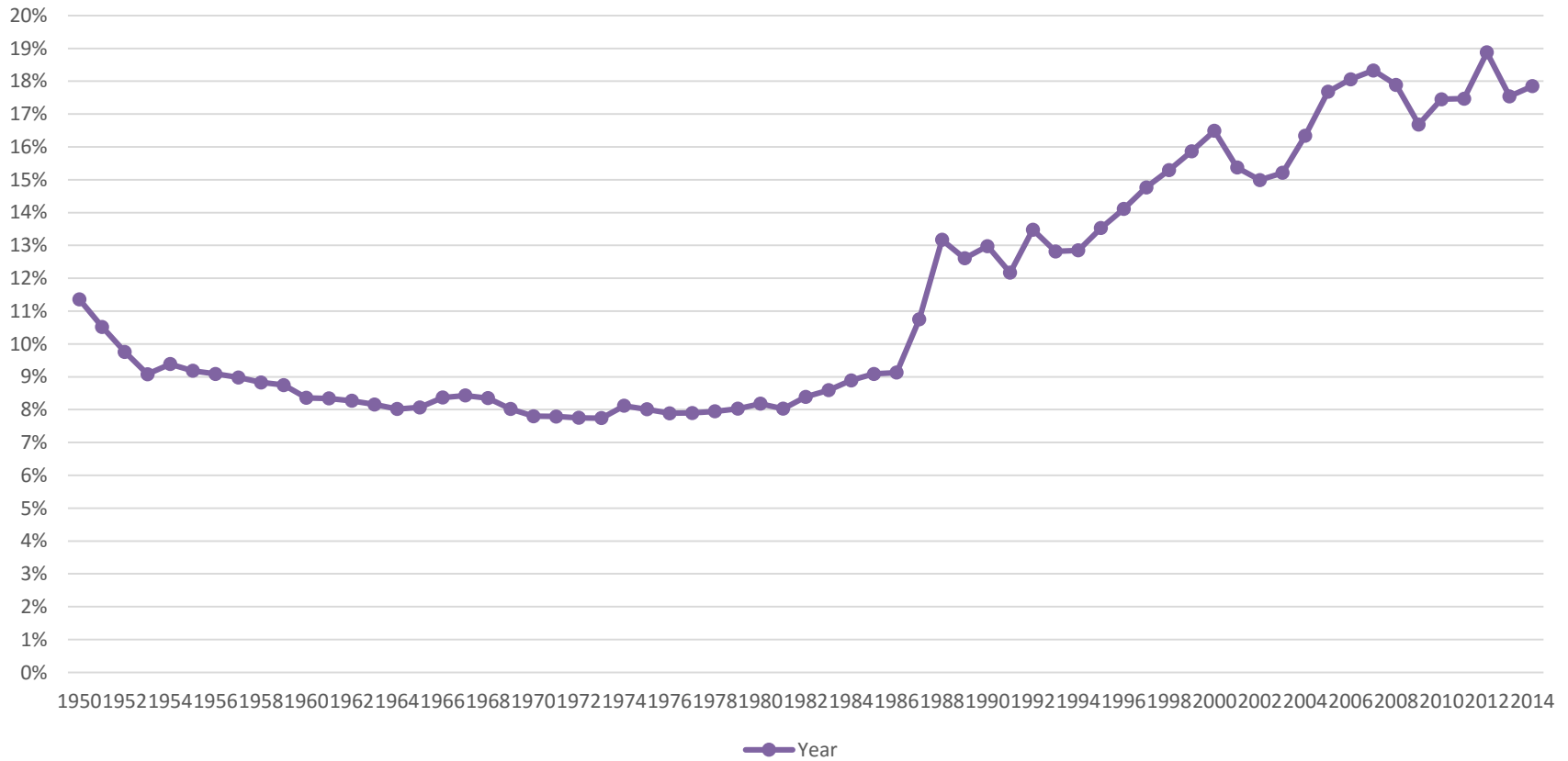
- FTE sector: Finance, Technology, Electronics
  - 20% of the US labor force
  - Earnings in this sector took off in the 1980s
- Low-wage sector: most workers
  - 80% of the US labor force
- Transition by education
  - College education needed to join the FTE sector
  - Necessary but not sufficient

# Politics

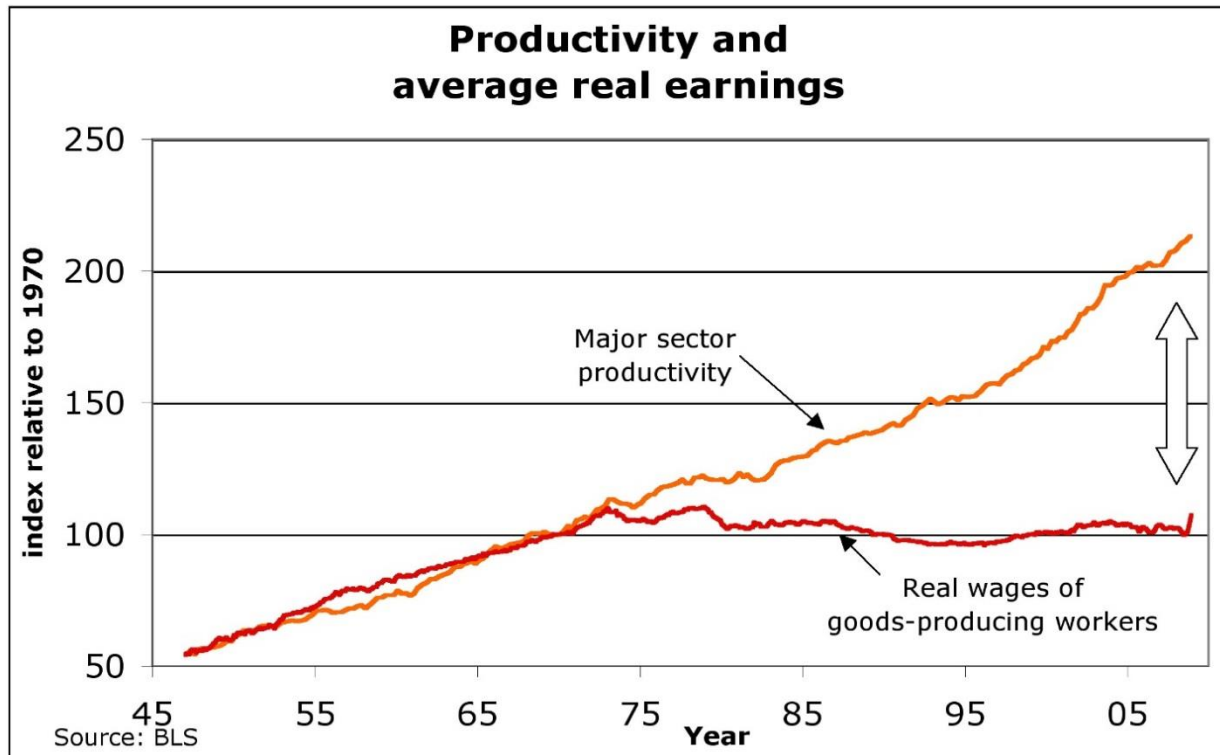
- FTE sector makes policy for itself
  - Ignores needs of the Low-wage sector
- Top 1% dominates politics (next figure)
  - They want low taxes, limited government
- Top 1% of the top 1% supports individuals
  - Republican candidates for President
  - Conservative state governors
- The very rich have 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?

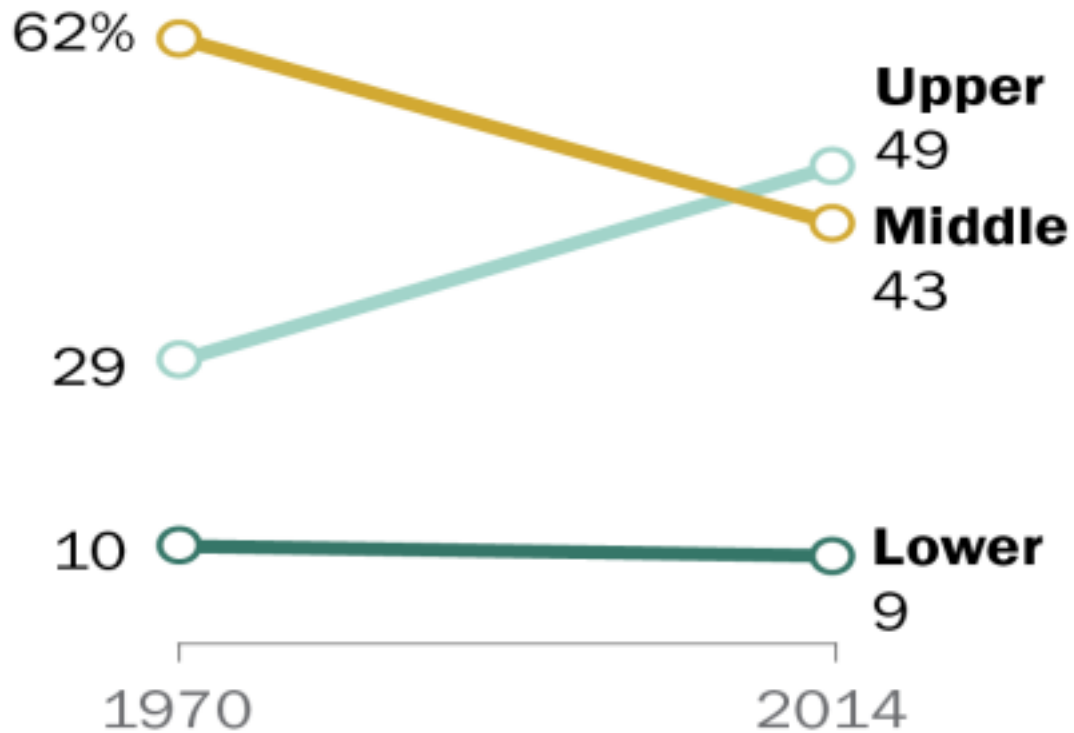
- Help children transition to the FTE sector
  - Prepare students for college
- Hard to do with inadequate funds
  - The repressive system opposes you
- We could have better schools for all
  - If the country wanted to have them
  - And would appropriate funds to staff them

# 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