



## **The Vanishing Middle Class: Prejudice and Power in a Dual Economy**

*Peter Temin*

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The United States is becoming a nation of rich and poor, with few families in the middle. In this book, MIT economist Peter Temin offers an illuminating way to look at the vanishing middle class. Temin argues that American history and politics, particularly slavery and its aftermath, play an important part in the widening gap between rich and poor. Temin employs a well-known, simple model of a dual economy to examine the dynamics of the rich/poor divide in America, and outlines ways to work toward greater equality so that America will no longer have one economy for the rich and one for the poor.

Many poorer Americans live in conditions resembling those of a developing country -- substandard education, dilapidated housing, and few stable employment opportunities. And although almost half of black Americans are poor, most poor people are not black. Conservative white politicians still appeal to the racism of poor white voters to get support for policies that harm low-income people as a whole, casting recipients of social programs as the Other -- black, Latino, not like us. Moreover, politicians use mass incarceration as a tool to keep black and Latino Americans from participating fully in society. Money goes to a vast entrenched prison system rather than to education. In the dual justice system, the rich pay fines and the poor go to jail.

## **The Vanishing Middle Class: Prejudice and Power in a Dual Economy Details**

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## **From Reader Review The Vanishing Middle Class: Prejudice and Power in a Dual Economy for online ebook**

### **Peter McLoughlin says**

Fairly long explanation of the old southern politician tactic of bait and switch. Basically, race bait poor whites into voting against their own interest and enrich to the top while making things worse for the bottom 80%. This was the politics of the south since the civil war if not before. The policy is now national. Basically, tell white voters their lives are shitty because of minorities and tell them to dismantle the safety net to get back at the welfare queens. Racial politics is the wedge that is driving the resurgence of the right and driving the vanishing middle class and our two tiered economies. So the government is scaled back except for military spending (there is money to be made there) and mass incarceration (social control) and meanwhile siphon off tax savings to the top and dismantle any program or policy which helps the bottom because, you know, blacks.

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### **Sanjay Varma says**

A nice application of theory to socioeconomic class in America. The author adapts a theory that there are two classes: high and low earners (also called coastal elites and subsistence workers). This harmonizes well with the populist ideas emphasized by the Occupy movement. It also harmonized with study of imperialism and colonialism, since coastal cities were the administrative outposts of empires.

The author does a masterful job of mapping this class structure onto American history and race relations. The book is pessimistic and describes how society tends to limit the number of people who can join the high earner class. The post-World War 2 rise of the middle class is dismissed as an aberration that the elites are steadily reversing, much as post-Civil War freedoms were quickly reversed for blacks.

What I really like about this book is the way that the author positions his theoretical framework, which is class-based, against the more en vogue social theories of race and gender. This is solid academic work, and there is far too little of this occurring in our modern, ideologically brainwashed, times.

But the book's strength is also its main limitation. By narrowly applying his theory, the author does not make the reader aware of alternative theories, and so he trains his readers, but does not strengthen us.

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### **Joshua says**

While it might be accurate, it seemed to posit overarching conspiracy where groups of individual actors might be a more obvious explanation. In the end, that contributed to a sensationalist account that, even though I might agree with its outlines, I couldn't get behind.

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### **Emma Sea says**

NTS: not in library, and \$17 on kindle. The reviews don't seem good enough to spend that kind of \$\$ on it

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### **Herzog says**

So what? Temin cites the well known laundry list of our ills - a bought and paid for political class waging a class and race war against its constituents through degradation of public education, mass incarceration, neglect of infrastructure and disenfranchisement. He lists a couple of platitudes as solutions to these problems, but we all know that the wealthy will not give up their power voluntarily rendering the book very unsatisfying.

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### **Eric Bottorff says**

Useful if you aren't already familiar with the literature he is drawing from, as it's a good summary of said literature. However, Temin doesn't really add anything to the picture by way of new information or analysis. I think he thinks he's doing so by employing the Lewis model of the dual economy, which is more a useful frame than a model which does any interesting analytic work. It felt like Temin thought that it was required for a good economics book to have an overarching model.

He also makes some substantive mistakes w/r/t mass incarceration, as he follows Alexander's mistake of focusing too much on the war on drugs.

So, overall, meh.

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### **Mehrsa says**

I read this advice somewhere that said that you should only read the first chapter and the last chapter of nonfiction books so you can read more books. I thought that was the stupidest thing I've ever heard and it felt like cheating. I like to read the whole thing. I wish I had followed that advice with this book. The middle is basically a rehashing of lots of ideas that you already know--inequality is everywhere. The point in the beginning and end is the same--the effects of inequality are being felt in every sector.

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### **Marc says**

An outstanding synthesis of economic inequality and how it impacts the United States from MIT professor Peter Temin. I'd rank it alongside Thomas Picketty's "Capital in the Twenty-First Century," however this book goes further in detailing motives and actions taken by the top 1% to retain economic and social control.

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### **Ikiryo says**

Everything up to the Conclusions was very interesting...

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### **Thomas Ray says**

This review <https://www.ineteconomics.org/perspec...> says the author believes that the 20% of Americans who've been cut in on the deal--those with still-good jobs in tech and finance, are the decision-makers who're keeping the 80% down. No. It's the .1% who control vast wealth who alone have a seat at the decision-making table. Also the author, an academic economist, believes we could all educate ourselves into good jobs. Nonsense. However educated we all are, most of us have to do work that's necessary and neither requires nor benefits from extensive academic accomplishment. And, even PhDs increasingly work as adjunct faculty, earning less than a decent living. Only by ensuring that *all* workers, here *and* abroad, earn a decent living, can *any* of us be secure.

The author does correctly point out that spin doctors have successfully "learned to talk as if the low-wage sector is mostly black," to gain white support for policies that deny the majority a decent life.

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### **Lynn says**

I've been reading a lot about our present economic and social situation lately and this is the grimmest book I've done. Temin portrays our nation as a dual economy in which the upper 20% oppress the lower 80% through declining wealth, stagnant wages, poor schools, increased debt and mass incarceration. He (sadly) makes a good case that the rise of the middle class from 1950 to 1970 is an anomaly and the unfair system we currently have is more the norm. He also expands Thomas Picketty's views in "Capital in the 21st Century" to include not only physical capital but also personal and social capital. He makes a good case that wealth inequality coupled with the Citizens United ruling has turned us from a democracy to an oligarchy, following the Investment Theory of politics that says whoever gives the most gets heard the clearest. He makes some recommendations at the end of the book that could turn this grim situation around but admits it will be a hard road to get back to being a democracy. The picture he paints is grim in the extreme. I wish I could say he is wrong, but I can't.

I did have three problems with the work. First, it is quite short and tends to deal with complex issues briefly, often giving little credence to opposite views. Second, he tends to pick the worst examples he can find and treat them as the norm. (In his section on how education debt makes it hard to rise out of poverty he tells of a woman who went to college as an adult and ended up \$400,000 in debt with no job.) Finally, the relentless negativity makes it hard to get through (as can be seen by the fact that it took me 11 days to finish a 166 page book.)

I hope things are better than he says, but I doubt it.

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### **Ashley Gravlin says**

I think I found this book through reading Matthew Desmond's "Evicted," but was very disappointed with how apparent the author's political slant was pretty much from page one. If you're looking for an unbiased, informative explanation of the vanishing middle class...you might want to look elsewhere.

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## JP says

Applying the Lewis Model to the US domestic economy is brilliant. I haven't come across an econ book rooted in theory that made me smile this much since I was handed selections from Manning Marable's work on domestic imperialism (creating third world nations within 1st world nations, in order to extract value and provide captive markets for the metropolitan centers).

In the 3rd and 4th chapters, Temin describes the connection between race and class, of course focusing on the racial history of the United States without forgetting that class is the major divider in American life. He then brings in both issues of social capital (that our networks are themselves value, and that poor people have less effective social and professional networks than the wealthy) and the need for higher education. Despite a lower class need, both the poor and minorities (who are often the same people) are unduly burdened by a system crafted by the FTE sector (or Capitalists) to make success difficult for the poor.

The Investment Theory of Politics \*really\* boosts Temin's central argument, and in dramatic fashion. As opposed to the idea of the "median voter" making a "rational choice", The Investment Theory points instead to politics as marketing - a description that seems new to some who focus on policy but makes intuitive sense to everyone else.

Basically we've been sold on the ideas of the rich, by the rich, for the rich.

One of the biggest segues I'm seeing here is that this view of politics is inherently critical of the Capitalist system, even without saying so. I mean, it's putting a moderate twist on what Communists have literally said for decades - the Bourgeoisie (see: upper class; see: FTE sector) defends its class privilege by shaping people's perception of the world through "free media" (see: self-interested bourge propaganda), while securing their domination at the proles' expense.

When Temin gets around to discussing the different types of government, this is another shining (if historically over-covered) area. We see basically that the best form of government for the country is democracy, and we are increasingly becoming the exact opposite of that. We are a plutocracy (oligarchy of the wealthy), and Temin argues we are rapidly approaching an autocracy (dictatorship of a family-sized group). Again - the dictatorship of Capital is illustrated here to great effect. He then goes on to give examples not only of the inability to cross into the privileged class, but of the havoc that this class wreaks on the proletariat (though he simply calls them the poorer citizens).

From housing to education to poisonous water supplies to crippling debt to expropriation to disenfranchisement, the proles suffer.

I think some concepts may be overdone if you've read up on the subject matter before, but I really loved the application of the Lewis Model here, so 5 stars it is.

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## Claude Nougat says

Brilliant essay - short (166 pages) and highly readable. And it makes an unexpected, innovative use of the Lewis model of a dual economy that is normally used to explain the challenges faced by developing countries - not a developed, advanced country like the United States. But the model's explanatory power

works, and it helps to forcefully highlight what is wrong with both American democracy and the American economy. Professor Temin's book takes Thomas Piketty's famous disquisition on wealth and income inequality in the 21st century one step further and applies it to the American situation today - in the age of Trump.

Two major forces, class and race ("class segregation" and "racecraft" as he calls it) explain how it happened, and the Investment Theory of Politics wraps up the argument. Today the United States is fast becoming a plutocracy in the hands of the finance and tech sector and it is truly a grim prospect. The lights of the "city on the hill" are going out!

A must read, highly recommended. Take a close look at the solutions Temin proposes - they make a lot of sense to me, but I fear that many are not politically viable...I have left a question here and hope many of you will want to answer and enter the debate.

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### **Chris Chester says**

Temin applies the Lewis model -- traditionally used to describe the interactions between a globalized coastal elite and a semi-feudal peasant countryside in developing countries -- and applies it to what has been happening for the last 40 years within the United States.

The comparisons are obvious. The elites in Temin's model are the "FTE sector" -- made up of the Finance, Technology and Electronics sectors that have come to dominate the American economy. He describes how this sector works the levers of American democracy to keep the low wage sector quiet through public policy choices like mass incarceration, housing segregation and malinvestment in education.

Temin explores the history of the American low wage sector, including our peculiar "racecraft," with the invention and ruthless enforcement of a caste system based on skin color that is our legacy of slavery. He says that this racecraft is used by elites to keep the entire low wage sector down, because policies that would benefit even white low-wage workers is painted with a racial brush to attract broad disapproval.

The forces of technological change threaten to exacerbate the gulf between the FTE and low wage sectors, or at least freeze existing class divisions in place so that no amount of education will let those in the lower classes claw their way up to a more secure living.

Temin lays out five broad policy prescriptions in his conclusion as means for addressing the dark picture he has depicted:

1. Restore public education with a particular emphasis on early education.
2. Trade mass incarceration for investment in human and social capital.
3. Repair infrastructure, forgive mortgage and educational debts.
4. Reject private-public leeches and embrace public agencies and institutions.
5. Embrace American diversity.

It's a nice model for a more inclusive country, and it probably looks familiar to most Democratic voters in 2016. Absent is the kind of meat and potatoes political program that could make it happen, but I guess if Temin had the answers to those challenges, he would be organizing and not just writing the book.

I thought the framing of the issues in this book was interesting, but it did in the end fall back on the same old liberal orthodoxy without adding a whole lot new and useful for people trying to engage politically in 2017. Calling for an end to mass incarceration and an end to the legacy of slavery is great, but how does one do that in an age of unlimited dark money?

More practically, the book definitely needs another pass by an editor because there were at least a dozen really obvious typos that, while they would have eluded a spellchecker, should not have gone unnoticed by a human being.

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