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Speaker 4: From CurtCo Media. (singing)

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Bill Curtis: Welcome to Politics: Meet Me in the Middle. I'm your host, Bill Curtis. As always, our goal here at Meet Me in the Middle is to present diverse opinions whenever possible. We want to leave you with a balanced perspective, so that you can intelligently draw your own conclusions. If we all make an effort to understand and respect each other, we can solve complex issues from the middle. Of course, keeping in mind that we all have goals, we have problems to solve, we're all emotional about our foot race through life, but most of all, we can lead or contribute to our community's future, if we have knowledge, respect, and appreciation for one another's points. So, think of this podcast as an intimate dinner conversation in your mind. It's just the four of us and you, of course. Allow me to introduce our panel. Firstly, connecting through Zoom, our co-host, Pulitzer Prize winning historian, bestselling author, and worldwide lecture, a man of many talents, Professor Ed Larson. How you doing, Ed?

00:01:06

Ed Larson: Nice to talk to you again. I'm doing great. Thank you.

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Bill Curtis: And also Zooming in, Jane Albrecht. She's an international trade attorney, who's represented US interests to high level government officials all over the world. She's also been involved with several US presidential campaigns. She's president of our local chapter of the Democratic Club. Hey, Jane. It's nice to remotely see you too.

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Jane Albrecht: It's always nice to be here, Bill.

00:01:29

Bill Curtis: And our special guest today. He's a bestselling author and lauded NYU professor, Scott Galloway. He's a wonderfully outspoken teacher of brand strategy and digital marketing at NYU Stern School for second year MBA students. He's widely known for two amazing podcasts, The Prof G Show and Pivot, which he co-hosts with tech journalist, Kara Swisher. Also, check out his digital newsletter called, No Mercy, No Malice. His rants are both entertaining and educational. Thanks for joining us today In The Middle, Scott.

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Scott Galloway: Thanks for having me, Bill.

00:02:04

Bill Curtis: Let's talk about higher education. The schools are all talking about opening

up this fall. How do you guys feel about that?

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Scott Galloway: As it relates to universities, your 19 year old being at home, in what was his bedroom that was converted to an office, and he's antsy and you're antsy to get him out or back to Tulane or to Chapel Hill, that's a new sense, but it's not profound. I worry that the super spreaders of phase one of the pandemic, depending on state, you had 40 to 70% of the deaths were registered in these venues of super spread, which is where there's senior facilities. I wonder if this phase two is going to involve the strident statements from university chancellors, who claim that it's our national responsibility to open campuses, which is Latin for, parents, please send in your tuition checks, and if we're inviting the next level of super spread, when we bring 18 to 22 year olds to small towns and massively increase the density and then delude ourselves or enter into consensual hallucination, that these 18 to 22 year olds are going to practice the same protocols we're spending a ton of time to enforce on campus, off campus.

The reason that young men and women go to college is to not distance. So, I think we're tempting disaster. I think it's borderline negligent, and I think it is financially driven. I think these schools are used to getting between \$100 million and \$1 billion in deposits in the next two weeks and have come up with reasons why we need to reopen. In my view, almost every university should shut down for the fall semester and go to all online learning.

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Bill Curtis: Let's talk about that. What do you guys think about online learning? What are its pros and cons? Is it working?

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Ed Larson: I taught a class this summer by choice, which was fully online because when I converted over in the spring, I had the old model and I had to finish up the class that way, and I completely redesigned the class, that class that I've taught for 30 years, I taught it a different way. I think you can do it better. You can do it worse. If you're willing to be innovative, if you're willing to work it, that's what the students said, I kept trying to get feedback from them and they all said that the courses they had, the flip over courses in the spring, just sucked. But the summer, they thought, you're really trying to do it differently and you can make it work. I think there's certain subjects that are naturally suited to teach online, if you're teaching a certain sort of content, that's vocationally driven, but it's not as good for the teacher, it's not as good for the student, but it's better than getting sick. Even the schools that are going online, many of them, oddly enough, are still bringing the students back to campus.

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Bill Curtis: Some of them, Ed, are really back to campus, but it's still going to be mostly remote education in their dorms, right?

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Ed Larson: Yeah, but the problem is not really the classroom. I think Scott pointed out. The problem is the socializing of these students, and if they're back on campus, they're still going to be all together in the evening. They're all going to be together in the dorms. They're going to go out to the bars together.

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Bill Curtis: Well, isn't the remote really more to protect the faculty than the students?

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Ed Larson: Oh, I don't think so. I think you're talking about a spread among the students, most of whom won't have symptoms, but some of them will, then when they go out to other places, they become a super spreader within the community. So, I don't think it's just to protect the faculty. I think it's also to protect the community.

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Bill Curtis: When we interviewed the students who are going back to university, they kind of scoffed at the idea of having their dorms regulated and wearing masks in dorms, and they just said, it's all pointless and they're not going to get sick anyway, so good luck.

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Ed Larson: That's exactly what I hear from them too, so that's the point. Think of bringing 4,000 students back to Malibu, think of Bloomington, Indiana, think of Missoula, Montana, Davis, California.

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Bill Curtis: How about sending 60,000 students into a Texas school? Scott, as a parent, how would you manage your college age kid if he doesn't go to school?

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Scott Galloway: We're going to need a bigger boat, if we're going to talk about managing college-aged children, but I think we're tempting disaster here, and to Ed's point, to take 40 or 50,000 students, put them in Athens, Georgia, but what happens when the ICU in Athens, Georgia, that probably doesn't have a ton of beds, is overrun with the cashier from the bookstore, the bartender, the grocery clerk. The feature of universities is their density. In Soho, it is striking to me, every September. It is an ant farm, people crawling all over each other in and around [crosstalk 00:06:40].

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Bill Curtis: That's the fun part.

00:06:40

Scott Galloway: That's exactly right. That's the point of college. The point of college is density, and we aggregate and we congregate in rooms, where the windows are sealed shut for temperature control. You get around a 19 year old with alcohol and these protocols are just an exercise in futility. The virus didn't get the memo around our campus protocols. It just doesn't care. This thing, I think, will spread like wildfire. You're going to have some high profile cases of this beloved professor who came on campus week six, was dead by week nine. You're going to find a bunch of students going home. Bringing people together, letting them infect each other, and then distributing them to the four corners of the country and the earth, it reads like the opening scene of Contagion 2, and it's irresponsible, and the universities that have the weakest financial position tend to be the most delusional around their plans to open.

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Bill Curtis: How many schools are going to go out of business from COVID?

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Scott Galloway: That's an interesting question. Because they haven't done what every other organization in America is doing right now, and that is having a sober conversation with your employees, furloughs, layoffs, cost reductions, and continues to delude themselves that everything's moving back to normal, and basically said, " We're returning back to normal. Parents, send in your tuition." Tier two universities with high international student exposure, large tuitions, low endowments could be to education what department stores are to retail, and that is we could have a large component of our educational institution, we're talking to hundreds, maybe even 1000 universities, you're going to death march to go out of business, because these are businesses at the core, that have consistently received and counted on cash flows plus 4% every year, dependably for the last 40 years. They are just not constitutionally capable of acknowledging a financial crisis or dealing with it, and it's coming.

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Ed Larson: I just could see this could fundamentally transform higher education. The Depression did this. If you go back to history, the Great Depression, that was when public schools exploded. The high quality, the Yales and Stanford's and Princeton did great in the Depression, but so did the state schools. They exploded. And you left others behind, and this could be an equivalent experience for higher education, or even a more important experience.

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Jane Albrecht: What I see in public education, and I agree with Scott's assessment of it, I see that there has been a crisis building and it just hasn't quite fully exploded yet, and that is the increased cost of college education, which has most recently come to the forefront, in terms of the student debt crisis. It's a situation that's unsustainable. The real question, in my mind, is I do think there will be some dramatic effects on education, between this crisis and the new technology, but to what degree is it really

going to bring down the cost of education?

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Bill Curtis: I've got to quote Scott again, because this is my favorite quote from you, Scott, and you said, " Let's take this opportunity to turn luxury brand universities back into places where unremarkable kids have a chance at a remarkable future." And I just loved that. What did you mean by it?

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Scott Galloway: In 1982, the generosity of California taxpayers in the regions of UC allowed a really unremarkable kid, who is the son of a single immigrant mother, who never made more than \$ 40,000, gave me a shot at a remarkable education undergrad at UCLA, and then a remarkable graduate education at Berkeley, for a grand total of \$7,000. When I applied to UCLA, it was free, or effectively free, and they let in 40% of the applicants. Now, it is not free, it's very expensive, and they let in somewhere between eight and 12% of the applicants. The question I think we have to face as a society is, do we want to double down on the remarkable? Do we want to double down, as we've been doing the last 40 years, on the top 1%, and not make them millionaires, but make them worth 30, 50, 100 million, or do we want to do what we did in the eighties?

And I think it's probably all of us have benefited from, and that is take kids who are good, but maybe not remarkable, and through the greatest upward lubricant in the history of Western society, affordable public land grant education, give them remarkable opportunities and remarkable futures. I think we just have a bigger decision here. Do we want to continue as academics? And I'm guilty of this, to be drunk on luxury. We brag that our admissions rates are down to 10%. That's tantamount to the head of a housing shelter bragging they turned away nine and 10 people last night, or do we want to return to a society that says, " Maybe you're good, but we see the remarkable in you, and we have this remarkable thing called public affordable universities, that are going to give you a chance to be remarkable."

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Bill Curtis: So, where does the money come from?

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Scott Galloway: I think we have to enter into a grand bargain. I think it has to be a collective effort amongst citizens, who vote for officials, who are willing to increase funding again, but at the same time, universities have to hold themselves accountable and dramatically decrease the cost per student, by leveraging small and big tech and having some very painful conversations with administrators and faculty, who have not been subject to the same economic hardship and demands as every other person in every other sector.

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Ed Larson: I am also a beneficiary of how cheap my college and my law school and my grad school work, and if we could get back into that situation, we can instead start lifting the boats, because now the price of education is just out of the reach of maybe 60, maybe 70% of the people. They don't even think it's a realistic possibility, but you can change the trajectory of the schools of these great state schools, and some of the elite privates, so they let more people in, because they have a bigger cushion, because now they're doing a mix of online. We're finding out, with faculty teaching online this year, we're learning what we can do online. You put that mix in, you have a chance to finally start bending the curve in the right way. Just as beginning, say, in the 1980s, we've been progressively bending it in the wrong way.

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Jane Albrecht: Going back to providing free or low cost college education at state universities for in-state students is neither such a radical idea, nor is it impossible. When we were all young, if you were an in-state student at a state university, tuition was very low. In fact, when I was very young, before college age, it was almost free. We're not going to be able to stay competitive in this post-industrialized world, unless we really seriously develop our talent. Every other major industrial country does, and they don't ask their kids to go into \$100,000 in debt and up to do it, and not to mention the fact, investing in our population, investing in the education of our population, also solves other social problems.

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Bill Curtis: So then, Scott, do you think that online learning is really the future after COVID?

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Scott Galloway: We're going to just have more of it, just as retail went to 18% online commerce, and now it's at 28%. It's jumped 10% in the last three months. We're going to see a quarter, a third, a half of learning, go to online, as a means of cost reduction, and in some cases, superior delivery. Walk into a retail store, walk into an emergency room and compare it to 40 years ago. It looks a lot different. Walk into a university classroom, a lot of them don't look and smell that different than 40 years ago, except the fact that they don't charge 80 bucks per class, which is what I was charged at UCLA. Here's a stat. I'm teaching 400 kids, all online, this fall, because I'm not returning into campus until they have a vaccine. My class has 400 registrants. They're each paying \$7,000. That's \$2.8 million for 12 Zoom classes, or approximately \$240,000 a night for me to be on Zoom for two hours and 40 minutes. That is outrageous and it needs to stop.

00:14:39

Bill Curtis: Are they making massive profits, and if they are making massive profits, where do they go?

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Ed Larson: I put some of the blame on guaranteed student loans. I think you can see a direct relationship with the skyrocketing cost of education, with this assurance of guaranteed student loans of all these students, who were thrown money, then, of course, these students, who get all these loans, these loans aren't even forgivable in bankruptcy and they're hobbled with these loans for the rest of their life.

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Jane Albrecht: I actually benefited from the guaranteed student loans, but that is right. When you have the student loan program, you've got a subsidized system in an intensely market economy. The schools recognized, when they came into play, that they weren't limited anymore in charging what the parents could pay or the students could pay. They had that, plus what they could borrow. Problem is I don't think the answer is to get rid of the student loans.

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Bill Curtis: You guys aren't answering my question. Are the presidents of colleges getting listed in the Forbes 400? Where's all the money going?

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Scott Galloway: It's people, the compensation and benefits. We have 190 faculty at NYU Stern. We could run the place with 60. That's the harsh reality. Everyone would have to work harder. Everyone would have to be more accountable, but that is what has happened to every industry except ours.

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Ed Larson: It's not how much individual faculty in the humanities are being paid, it's the numbers of them, that the number of faculty you have went up quite a bit, but also the number of administrators went up.

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Scott Galloway: At NYU Stern, we have leadership and ethics departments, and I can't get my nine year old to eat his breakfast, but I'm going to teach a 28 year old how to be more ethical? These departments cost millions. They cost millions. There's no measurable outcomes, in my viewpoint. There's no accountability, and once you introduce a cost to a university, it's the most stubborn barnacle in the world. It is never going anywhere.

00:16:31

Bill Curtis: We're going to leave that right there and take 30 seconds to pay for this show. We'll be right back. (singing)

00:16:43

Speaker 6: On medicine, we're still practicing. Join Dr. Steven Tabak and Bill Curtis, for

real conversations with the medical professionals, who have their finger on the pulse of healthcare in the modern world. Available on all your favorite podcasting platforms.
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00:17:07

Bill Curtis: Welcome back. We're with Scott Galloway, Jane Albrecht and Ed Larson. Scott, a little while ago, you suggested that we're going to need, post- COVID, a lot more online learning, so that we can give more people the opportunity to have serious quality education. But then again, 74% of students are dissatisfied with online classes, so good luck in getting parents and students excited about paying tuition for them.

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Scott Galloway: Pursuing intellectual curiosity, falling in love, getting your heart broken, developing resilience, spilling into adulthood in a safe, joyous campus environment, that's absolutely magic and I would hate to believe that that would just become the domain of the children of rich kids. What has been laid bare naked is that, I don't even think it's the Zoom classes that are that bad, Bill. I think what's really eyeopening, is parents are listening in on the Zoom classes and going, " That's what I'm paying \$ 58,000 a year for?" So, there's been a recognition that this pricing has just gotten so far ahead of what it's worth, because there's this general dictum in the US, that you have failed as a parent, unless you let your kids into school.

Okay, they didn't get into a tier one. They got into a tier two, through cartel pricing. There are universities out there that are offering you a Hyundai and charging you the same price as a Mercedes, because somehow we've convinced everybody you have to have a car or you have failed as a parent. Even if they don't get the Mercedes, as long as they get a Hyundai, you buy the Hyundai for the same price as the Mercedes.

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Bill Curtis: But you need the Mercedes on your resume.

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Scott Galloway: Well, it helps. It sets you into a different weight class, in terms of your economic opportunities moving forward, and that goes back to a notion of a caste system, but when you talk about the amount of debt on young people now, it's just so unhealthy for our economy. They form households later, they get married later, they're less inclined to start a business. Just the amount of sheer stress it creates across households. We like to think of university administrators and faculty as being nice people who sit around with their Labrador and watch PBS, and we're incredibly noble people.

We're the same as anyone else. We will come up with rationalizations for why we deserve to earn more money and have better healthcare and have less accountability. It's just really nice to have fewer responsibilities and more money, and if the marketplace will afford that, you will take advantage of it and you will invent reasons

why it makes sense, and we have been doing that for four decades. Education has stuck out. It's the mother of all chins and the fist of COVID are coming for it, and it couldn't happen to a nicer group of people.

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Bill Curtis: We've spent something like \$ 6 trillion, trying to make it a little easier to get through two or three months of COVID. Why can't we spend one and a half trillion to eliminate the college debt?

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Scott Galloway: I don't think that's a good idea. I think that we allocate some of that capital back to public grant, public universities, but not until those universities get in fighting shape and say, " We are going to dramatically lower the cost per student and dramatically expand our enrollments." Every conversation I have with university is they pretend that they're interested in my thoughts, they bring me in and they basically go through a lot. They do a lot of nodding and then they ask me for money, and I'm like, " That's not the point. Until you start delivering education at a much lower cost, I don't think you should be raising money." As a matter of fact, I just think we're feeding the crack addict at this point.

I think these universities, I think this. Every business is going to come out of COVID leaner and meaner. They're doing what they're supposed to be doing. They're reshaping around a new economy. They're making difficult decisions. They're tightening their belt, and instead, at universities, they're in consensual hallucination with each other, that we're returning to campus in the fall and charging the same tuition. It's delusional, verging on, in my opinion, on reckless.

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Jane Albrecht: Scott, I think you're right, that this will put tremendous pressure on, but even assuming most universities close for the fall semester, I think it's entirely likely that by January, most of them will open.

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Scott Galloway: Yup.

00:21:17

Jane Albrecht: Is one semester of this kind of pain going to really bring that kind of change?

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Scott Galloway: I think there's an opportunity, if we embrace it, around experimenting with great online learning, to dramatically increase the online competence and potentially increase enrollments across our better universities. There's just so many great public school systems, that society would greatly benefit from, if they could efficiently expand their enrollments. But I think that one semester of substantially impaired

revenues could put 500 to 1000 universities out of business. University of San Francisco has a 60% admin rate, a negligible endowment, a ton of international students that aren't going to show up, which are cash cows. 19% of NYU students are international, but it's probably 40% of our cashflow. When you have the xenophobic tropes coming out of the White House, at some point, they'll decide, "I don't need their shit anymore." You could have hundreds of universities, small, high tuition, liberal arts, experiential universities that don't have the brand, you could see them almost out of business by October, because they just don't have anything to fall back on.

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Bill Curtis: Are there any Ivy League schools that are at risk?

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Scott Galloway: No, they're bulletproof. They have huge endowments. They have endowments, somewhere between the size of the GDP of El Salvador and Norway. They'll double down on their exclusivity. They just have to go into their waiting lists. They're more spectacle than historic. The entire Ivy League educates 64,000 students. I don't want to say it's irrelevant, because we talk a lot about it.

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Bill Curtis: You've accused them of being a finishing school for rich kids.

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Scott Galloway: No, I think it's worse than that. I think they offer classes to the children of their investors. I think they're drunk on exclusivity and lost the script around what it means to be a public servant, but they're fine. They'll double down on their exclusivity. They have incredible brands. People talk about Apple being the best brand in the world. No, it's not. MIT's the best brand in the world. Harvard, Stanford are the best brands in the world. No one spends \$100 million to put their name on the side of a building on the Apple campus. These are the strongest brands in the world. They've gone centuries. They're global. They'll be fine. So will the big state universities. They're going to be fine too, but, USD, there are so many schools that charge tier one prices, don't have big endowments and their cost structures are inflexible, and when you go from two, \$300 million a year in cashflow, to 80 overnight, you're in financial crisis. We're going to see that in September.

The public, the government, universities, administrators, we all have to hold hands and cross the Rubicon here and say the goal is more good kids given remarkable opportunities to a dramatic expansion in the number of freshmen seats at a much lower cost.

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Bill Curtis: Do you have some advice for students and parents, as we go through this process, where their actions could, in fact, take this opportunity, to make higher education a better place in the future?

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Scott Galloway: I think a lot of it just comes down to citizenship. Who you vote for, making sure that funding is a priority, putting pressure on the universities as an alumni to expand enrollment. It's very easy to get caught up in this. I don't know how many of you say it with pride, jokingly, "I could never get into the school I got into, now." We say that all the time and we say it as a point of pride, but it's not. It's a point of tragedy because that means kids like you are not going to get into that school. The real point of pride should be, "It's much easier to get into my school now than it was when I applied." That is where we need to be and we're not there. We've gone the opposite way, because we all love the idea of having our credentials go up in value and being able to brag about our university, so we take pride in the exclusivity, once we've gotten our passports stamped to a better life.

Yeah, as citizens vote in administrator or vote in elected officials who are willing to stop the defunding of government, hold our universities more accountable to dramatically expand their enrollments. I get a lot of questions from parents and kids about whether or not they should return to campus. I'm telling them to demand more financial aid or to taking a gap year. I think they should start acting more like consumers. Look, I don't think there's a silver bullet here. We've got to attack this from all angles.

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Ed Larson: I would really stress the role of state universities in all this, whether it be community colleges, state colleges, or state universities, like the Michigan's or Virginia's of this world. If they take advantage of the online opportunity, if they cut their tuition costs, some of them still keep it pretty low, but others have raised it up. If they make themselves, once again, open to more middle class, greater variety of people, they can use this as a leverage opportunity, like they've had twice before, during the Great Depression and then again after World War II. The state universities really stepped forward and that's where you saw the Michigan's or the UCs really change, and they were an instrument for American greatness and they could be it again. The land grant universities and the state universities have this opportunity, and if they grow themselves larger, look back. Cowell helped drive Stanford's quality. I think if the state universities play that role again, they will help drive quality at other schools, and we can revive the American education system, through lower cost and a broader opportunity for good students to get into good schools and get a good education.

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Scott Galloway: Here, here.

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Jane Albrecht: We're only a couple of weeks away from when most universities would start their fall semester, yet I only have heard a handful who said, "We're going totally online." Isn't it getting late in the game for them to change their mind?

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Ed Larson: Most of these schools are actually offering most of their classes online. They're just trying to get their students to come back because they have all these dorms they need to fill, because they are deep in debt (inaudible) and they need to fill those dorms. But, actually, the classes themselves at most of these schools, even if they had the students back in the dorms, most of the classes are actually online. It's just a scattering of classes, a fraction of the classes, that will actually be live, and I agree with Scott, you've got to dangle that out there, but as we get closer, more and more will be online.

00:27:49

Scott Galloway: We are begging disaster here. What happens when you send 30 or 40,000 asymptomatic carriers to Athens, Georgia, and then, in week three, a bunch of people, older people who work in the campus community, and some of these communities are basically the campus, and then the people servicing them, what happens when the cashier, the nurse, the library attendant, in their fifties, sixties and seventies, hit an ICU that has a total of a dozen beds? This sounds cynical and depressing, but it doesn't mean I'm wrong. I think if we continue to think that the virus has received a memo around our optimism and our need to get back to some sense of normalcy, I don't think that virus gives a good damn what we have planned.

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Jane Albrecht: Most universities are opening, right?

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Scott Galloway: Most are. I think we are inviting disaster. It's just insane. The whole point of this pandemic, the only thing we know that works, is to keep asymptomatic carriers away from each other, and the university system is a function of one thing. It's a function of density, which is our enemy here. We are inviting disaster and I think if we don't change our protocols really fast, we're going to end up sending these kids home after some very, very ugly things start to happen, in these small college towns.

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Bill Curtis: Scott, this has been really spectacular and I really appreciate you coming on, and I hope you'll come back. In the meantime, how can people find you?

00:29:17

Scott Galloway: Thanks, that's a generous question. So, my Friday blog that you referenced, No Mercy, No Malice, comes out every Friday. I teach courses online called The Prof G Sprints, and I also host two podcasts, The Prof G Show and Pivot, with my co-host, Kara Swisher, but thanks for having me on and I always have time for raging moderates.

00:29:38

Bill Curtis: Okay, and Ed Larson, Jane Albrecht, thank you so much for coming into this conversation. It's going to be an interesting fall and I think we're going to be learning a few lessons. Have a good day, everybody. If you like what you hear, please tell your friends, and let us know how we're doing by leaving a comment. It really helps if you give us a five star rating and we really appreciate it. You can also subscribe to the show on Apple Podcasts, Stitcher, or wherever you listen to your favorite podcast. This episode was produced and edited by Mike Thomas, audio engineering by Michael Kennedy and the theme music was composed and performed by Celeste and Eric Dick. Thanks for listening. (singing)

00:30:29

Speaker 4: From Kerko- Media, media for your mind.