

EPISODE 1041

[INTRODUCTION]

[0:00:35.2]

FT: A very big shoe is about to drop, according to my next guest. It is the transformation of college education. Welcome to So Money, everybody. I'm your host, Farnoosh Torabi. Now we've been talking about the impact of COVID-19 on all sorts of areas of life; real estate, the economy. Today, I'm really interested in learning more about what will this do to the experience of college and the cost of college.

Our guest today is Scott Galloway. He's an NYU Stern Professor. He's the founder of several companies, a multi-podcaster. He's got an incredible podcast called Pivot produced by Recode and Vox Media, co-hosted with Kara Swisher, who's also a guest on this show. Go back and listen to her. She's of course the well-known, well-respected tech journalist.

Scott is also a New York Times bestselling author. He is a TED Talker, writer, board member on major companies. He has a lot of insights. If you know Scott, he's a big forecaster. He likes to predict the future. We talk about the future of college, as well as the fate of Millennials. There are some opinions out there that suggest Millennials are doomed, right? They've experienced now two major recessions at pivotal points in their lives. Will they ever be able to accumulate wealth? Will they ever be able to get ahead financially and professionally? All these questions answered with my brilliant guest, Scott Galloway. Here we go.

[INTERVIEW]

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FT: Scott Galloway, welcome to So Money.

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SG: Thanks for having me.

[0:02:02.0]

FT: Fun fact, Scott. Your podcast Pivot with co-host Kara Swisher and this podcast both nominated for Webby's this year in the business category. Congratulations, my friend.

[0:02:13.2]

SG: We will destroy you. Two men enter. One man leaves.

[0:02:18.3]

FT: We'll see about that. We'll see about that, but truly honored to be –

[0:02:22.9]

SG: Other than talent and good looks, you have nothing on me. Nothing.

[0:02:27.1]

FT: Well, your show is pretty outstanding. You co-host this with Kara Swisher, who's been on this podcast. I'm a big fan of Kara. You two like to make a lot of business predictions on the show. I wanted to ask you firstly, what is your prediction regarding where commerce is going to land post-pandemic? Is it just going to be Amazon and Ruth's Chris Steakhouse standing? Or what are we facing in the next year?

[0:02:52.7]

SG: Wow. That's the first time I've heard it Amazon and Ruth's Chris in the same sentence. Look, this is COVID-19. There's a great saying that as we age, we become more like ourselves. I think that this pandemic is making business more like itself and that it is less of a change agent than it is an accelerator. That is the trends are that different. I spend a bunch of time presenting to boards and management teams and VCs about the post-corona business world.

I don't think anything changes. I just think it happens faster. The stronger getting stronger. This has been the – this the PPP and these rescue acts are really the Amazon and Walmart shareholder acts, because they couldn't have dreamt up a scenario where you put trillions of dollars of stimulus in the hands of consumers. Then just to create the rum foot or chaser on top or my tie, I know, let's mandate the 98% of their competition as closed.

It's just extraordinary, the benefit that Amazon and Walmart shareholders are recognizing through this pandemic. Your Restoration Hardware Sephora, they come back stronger than ever, but department stores, especially retail apparel, they are basically the walking dead at this point. That is they'll try and do triage, will try and figure out a way to survive, but it's going to be ugly. You saw Simon malls is reopening today. They will survive. It will probably be reconstituted or reinvented, just because they have such amazing real estate.

We're just going to see an acceleration between the winners and losers and greater income inequality, greater concentration of power. It's going to be interesting. It's not going to be different. It's going to be more of the same to a unhealthy extent.

[0:04:45.2]

FT: Whereas in the last recession, we saw a lot of innovation, companies like the Ubers and the Airbnbs and the Warby Parkers. Do you think that there's going to be a repeat of that to some extent where yes, I totally agree, there's going to be an acceleration, more migration to the Internet. E-commerce is going to grow much faster more imminently? At the same time, are there opportunities for new industries to pop up?

[0:05:09.1]

SG: There's always going to be dislocation and opportunities. If you think about grocery, the largest consumer market in the world is arguably US grocery, at about three quarters of a trillion dollars. We're going to go from 2% online to 10% online. You're going to have about a 60 billion dollar shipped in business to a different channel. That in and among itself, will create a ton of opportunities for services, companies, consultants, technologies that help small, medium and

large size retailers transition to selling cabbage and kale and espresso pods online, even if they're not Amazon.

Yeah, there's going to be a lot of opportunity for niche offerings, sales of masks and Purela are going to skyrocket, online education is going to go up. The retail will get – last year, I think we saw 9,500 surplus closure. This year, we're likely going to see 15 to 25,000. Another 10,000 are technically closed, but don't know yet and will close in 21 or 22.

Yeah, there's opportunities. I mean, I'm going to be blunt. I'm not here with a message of hope. I think that we're – People act as if and this is our superpower as a country. We're optimists. People are acting as if the pandemic was historic and that normal was the market pre-pandemic. I think if you look at economic history, there's been more pandemics than there have been 11-year market expansion bull markets.

To think that we're going to go back to the anomaly that was an 11-year unfettered run of extraordinary returns, I think that's more unlikely than we get to a new normal that is just more muted, less consumer confidence, less spending. I think companies need to get to their fighting weight and plan for a new normal.

Will there be really well-publicized examples of companies that emerge stronger, of new companies? Absolutely. Taken as a whole – I think our economy's about to get kicked in the nuts.

[0:07:15.2]

FT: There's also the same prediction for Millennials. Many of your students at NYU, past and present, there is predictions now that they're going to be – if there was any doubt, the Millennials were set up for failure. There's now articles and a lot of predictions about how they have now experienced a double financial whammy and that they will absolutely never reach financial career success, much like their parents did. I wanted to touch on that a bit, because a lot of our audience is in that cohort. How is this going to play out for them? Is there any hope?

[0:07:48.6]

SG: Well, we purposefully orchestrated through the officials we elect and our monetary policy and our fiscal policy, and what we charge the tuition that we have affected what is the largest transfer of wealth in the history of mankind. That is everything we do is all about flattening the curve for people who are already rich. It's about taking – I'm somewhere between Gen X and a Baby Boomer. It's about making sure I stay rich, even if it means saddling future generations with extraordinary amounts of debt in the form of sugar, high stimulants.

It means that when I got out of business school, my ratio of salary to tuition and I was – Haas cost me \$5,000 in total tuition. I was offered a job for a 100K out of business school. That's 20 to one. Now tuition is a 140 grand, or a 120 grand. Average salary is a 140. It's gone from call it 20 to 1 to one to one-and-a-half to one. My first house in San Francisco was \$280,000, salary of a \$100,000, that's 2.8. Average house is 1.4 million. Again, tuition a 140.

The ratio of housing to salary for an information age, highly educated workers gone from what is that, 2.8 to 1 to buy a house to 10 to 1. Some of this is market but some of it is when we allow, when we create tax-free endowments, when we let – when people as such as myself become drunk on luxury and don't expand freshman seats at universities faster than population, so we can continue to increase our compensation while decreasing our accountability, our confidence and that's a construct called tenure, when we artificially deflate interest rates such that people who already I passed, that's specifically older, rich people can maintain their wealth. A lot of companies who are saving right now, they're meant to go out of business.

The reason I'm economically secure right now is I got to buy Netflix stock at 12 bucks a share in 2009 after the carnage. It seems as if we have decided okay, the ultimate – the credit card, the work of previous generations, the world's greatest democracy, the world's most robust economy is here for one reason and that's to keep old people rich.

This is just a continuing gestalt approach decision we have all made, that the only thing we have to focus on is keeping nana and papa rich and social security, a trillion dollar transfer of wealth. Two-thirds of it isn't about keeping out people out of poverty. It's about getting men upgrade from princess cruises to crystal cruises, such that young people just don't have nearly – they don't have a fraction of the opportunities and economic upside than my generation have had.

Let's just call it what it is. We've decided okay, people who are already rich want to flatten the curves for them with at least rescue packages. It's going to come out that PPP was nothing, but a giveaway to people who are already rich. Wealthiest people in America are small business owners, that the absolute graph taking place, whether it's private schools in Santa Monica, California getting PPP loans, whether it's Axios backed by billionaires taking PPP loans, whether it's Shake Shack 1.2 billion dollars in market cap.

The only reason they're giving the money back is they got caught. Well, there are hundreds of thousands of businesses that have absolutely no business applying for government assistance. They were all rugged capitalists on the way up and now on the way down, they become socialists and there's a word for that cronyism. Young people, I mean, in a word the way to describe our government, our society's treatment of young people, the way to describe it, very simply put an academic term is they are fucked. We have made that decision consistently with our monetary and fiscal policy.

[0:11:32.6]

FT: You say that the only financial CPR that saves the economy long term is not the PPP, it's not the trillion-dollar stimulus, it's protecting people. In a capitalist society, how do we prioritize that? I agree with you, but I don't see how that is going to be a convincing strategy.

[0:11:47.7]

SG: Well, there's an argument that any bailout just creates moral hazard. We bailed out Lockheed Martin Marietta, or Lockheed back in the 70s, give them a quarter of a billion dollars to stay in business, which taught the entire industrial military complex, even if you have cost overruns, don't worry, we need you to make our submarines and our tanks. We'll keep you in business. There hasn't been a lot of cost for overruns are the norm now if you're building tanks.

Then we bailed out Chrysler, which probably delayed a movement to smaller cars, less pollution, such that they could go bankrupt again 20 years later. It didn't force Ford and GM to have a sober conversation with their unions, right? In a cost structure down, which has put

made all of them weaker. Then there's long-term capital management. The brightest guys in the room take 5 billion in equity, lever it up 30 to one, 150 billion, almost take down the global economy. Let's bail them out. None of them go to jail, so what do you do? You have a bunch of banks like, why wouldn't we lever up and have champagne and cocaine? Because if it works and it does work for a long time, we're making a shit ton of money. If it doesn't work, we get bailed out.

Boom, here we are 2009, another bailout. All we're doing now is taking a bunch of small businesses. They used to be the wolves of the global economy and we're turning them into bitch poodles waiting for the government to come home and feed them. A lot of these businesses should go out of business. Now some of them and there's a cartoon of a single mom who owns a cupcake bakery, who just needs a helping hand to get through the crisis, fine. Find those people, low-interest loans, zero interest loans, maybe even grants. We're going to find out that two-thirds of these businesses did not need the money. We're just putting the money in the pockets of rich CEOs and the investors.

How do we change that? With 600 billion dollars PPP take the lowest – they take the lower and medium households. I mean, this is shameful. We have found out that this economy, the wealthiest nation in the world has put half our population in a position where they are vulnerable. Well, they can't survive 30, 60, much less 90 days without a paycheck. That is shameful that we've decided okay, wealthiest country in the world, half the people here are just incredibly vulnerable. We're 350 million serfs serving three million lords. If you're the bottom half, we pretty much has turned our back on you and we'll call you essential, but that basically means we're going to pay you shit and make you work 60 hours a week, subject yourself to danger and live in poverty. That's what we mean when we call people essential.

What needs to happen is you protect people. Small businesses aren't going to go out of business, at least the ones that deserve to be in business, because they're demanding that they – because they don't have the ability to hold on to employees. The reason America hires faster than any country in the world is because we let people, or we used to let them fire faster. The reason these companies, the thing we could do to save small business is to restore demand, not make these artificial, these stupid short-term decisions where we give them a hand out and they lay out people just six months later.

You take that 600 billion dollars, you take the lower medium of household income. That's a 105 million houses. They'll call it roughly 50 million households. You give them each \$12,000. That's the same cost. You put \$12,000 tax-free in the hands of the lower, median of households and the sad truth about lower and middle income people is you give them a 100 bucks, they spend a 110. You give a rich person a 100 bucks, they spend 10 and they put the other 90 in Facebook, Amazon and Salesforce stock, which takes those stock prices up, which is great for shareholders who are shareholders rich people in the spiral and the wheel spins.

The way to save this economy, or the way to flatten a curve, if you will, would be to give our media, the most vulnerable, put cash in their pockets, they would then support small business and quite frankly, a lot of small businesses that aren't in fighting shape for this new world economy – I know a guy who has five people working for him and all they do is help rich people pick out interesting colors for their cars. He's a color consultant. That shit should go away.

It probably doesn't need to be around. Instead, he got a \$400,000 PPP check. Good for him. That's not helping the economy. That's just keeping a guy who's making a half a million dollars a year servicing rich people in business for a little bit longer and putting money in his pocket. You protect people, you don't protect jobs. I realize I'm blathering on here, but I'll wrap up by saying I serve on a lot of boards of directors. We always have this conversation on do we lay off people? Do we not?

My viewpoint is you can't protect jobs. You would rather lay out people sooner rather than later and to be especially generous with regard to severance so that human capital find a different job, a better place for their skills. I mean, someone working at Macy's right now, or JC Penney's, are you doing them a favor by keeping them employed at a zombie company? Give them money. Give them money and get –

[0:16:31.5]

FT: So they can pivot and do something else and the handwriting is on the wall. Speaking of things that are going away, Scott, college. We're already seeing a lot of students deferring freshman year. I mean, because after all, the whole idea of going to college is going to college.

If you can't do that, if you don't have NY with the NYU, what are you paying a \$100,000 a year for?

How do you think coronavirus is going to accelerate the change on a college campus? You wrote on your site that COVID-19 could be to education in the US, what SARS was to e-commerce in Asia. Can you talk about that a little bit?

[0:17:05.5]

SG: Yeah. This might be the spark that actually ignites the disruption that we've been thinking. I've been saying it's going to happen for 10 years and I've been wrong, but I think it's finally here. Larry Summers has this great saying where he says, it's surprising how long things can take and then shocking how fast it can happen. We're about to enter the shocking phase in graduate education, because I've got – I have a 170 kids registered for brand strategy in the fall. They show up September 1 and each pay 7,000 bucks. What is that? That's 190. That's 1.2 million dollars, mostly taken on in debt to listen to me rant on in front of a PowerPoint presentation for 2 hours and 40 minutes 12 times. A \$100,000 per class.

I'm good at what I do, maybe even great. I'm not worth a \$100,000 a night for a bunch of students who put off getting married, starting businesses, student debt, household formation such that we can continue to support an extraordinary level of incompetence referred to as American academic faculties.

We have reached. We have starved out all the surplus margin. We have priced it to the point where it's almost not even worth it anymore. We're at the indifference point. It's still an incredible asset, the certification you get from the university. It's largely going to become the playground of rich people now, because no one can afford this, or fewer people can afford this. We've been preying on the hopes and dreams of the middle-class. Then when we try and charge them a 140 grand for a bunch of shitty Zoom classes, that's going to be all they need to say, "Sorry, we're not we're not enrolling our kid at Vanderbilt this fall."

What we're experiencing is what I call the great dispersion. That is we're realizing that delivery of healthcare and education isn't geographically dependent as we thought. That is if I don't need

to be in the room and they don't need to be in the room to give them some reasonable facsimile of my class, it's not worth 7,000, but maybe it's worth 1, 2, maybe even \$3,000, because at the end of the day, what we're doing is certifying them, not educating them.

Okay, that works. Then how does NYU hold on to this gross margin dollar so we can continue to overpay ourselves? We'll be able to do that by expanding enrollments. We'll be able to expand enrollments, because we turn away 80% of our applicants. Because we'll have much greater capacity, given that we won't – our geographic facilities won't be nearly as taxed, because 30%, 60%, 80% of our courses will be taught online.

There'll be a rush and a dramatic expansion enrollment among the top schools who all want to hold on to those gross margin dollars and can make up those gross margin dollars, despite a much lower with greater enrollments. This will put massive pressure on tier two schools. In the short run, Columbia and NYU dip in revenue, but in three years their revenue is probably back to where it was, maybe more.

Fordham, Loyola, Pace. Oh, my gosh. Are they going to get hit the gut, because we have this cartel in education, where everybody charges the same amount and then they use admissions and geography to justify that. Yeah, your kid paying \$140,000 to get his MBA to MIT. That's worth it. Is it worth it to get as – to pay that money to go to the University of San Diego, or whatever it might be? Absolutely not, especially when he or she is probably going to have opportunity to go to a better school now, because these enrollments are going to have to expand to justify for the loss in an average order value.

I think we're about to have a great disruption in the short-term. We're going to see the mother of all gap years. I'm getting, it feels like five e-mails a day, so it's probably two to three from parents asking me, "Here's where my kid got into school, this is how much it's going to cost. Should he or she take a gap year?" What I'm telling us a 100%. I mean, we'll figure this out. We'll get better at it.

If people are really going to pay \$68,000 – Kara Swisher's son is gone into some grade schools and she's wondering, "Do I really want to pay 60 grand, maybe 80 or 90 grand by the time I pay room and board, so my kid can take a bunch of Zoom classes?" Look, this is overdue. We have

stuck our chin out further than almost any industry with the exception of healthcare and these fists of stone called COVID-19 and technology are going to meet that chin. Education is absolutely on the verge of massive disruption.

[0:21:28.0]

FT: Do you think that the price will have to come down? Am I saving too much right now for college? My kids are six and three. Should I just take it easy?

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SG: Six and three kids. First up, I'm sorry. That is – During a pandemic –

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FT: Thank you.

[0:21:44.0]

SG: I developed a lot of empathy for those mothers that just put their kids in their minivan and drive into a lake. I get it. I totally get it now. I totally get it.

[0:21:52.7]

FT: You're saying things that I am scared to say out loud, but yes, go ahead.

[0:21:56.4]

SG: Oh, my gosh. My house has been taken over by Iraqi insurgents called children. I am so sick of these assholes. I have had it. Everyone talks about these hallmark moments with your kids.

[0:22:06.8]

FT: Oh, my God.

[0:22:07.8]

SG: Oh, my God. They're awful. I never realized how awful they are.

[0:22:09.7]

FT: They're lying. They're just lying.

[0:22:11.6]

SG: Oh, my God. They're awful. Anyways, so look. Yeah, you want to save that money, because you probably – Look, the reality is that the luxury brands are still going to figure out a way to charge outrageous prices and it's still going to be worth it. I think price is going to come – what's going to happen is price is going to come way down. If you buy a coach bag, you pay a third of what you pay, or third, 5% of what you pay for a Birkin bag.

MIT, Oxford, Stanford, they're their Birkin bags. To date, the San Francisco State and the University of Colorado Boulder have been charging the same price for a Birkin bag. That's over. We're going to start pricing to quality, because they're no longer going to have geographic monopolies. The great thing, the wonderful thing, the best thing that happened to – I'm trying to think about a decent university in the Bay Area, but not a great one. The best thing that happened to college of – College of the Redwoods or whatever it is, probably a nice private school is that these guys have absolutely – they only let in one in 10 applicants.

Then they go down to the next year, but they don't reduce the price. You're going to have fixed – you're going to have what happened in every other market, and that is you're going to have pricing that is largely dictated about the quality of the education, or quality of the certification. That is how strong a brand. We have a caste society.

[0:23:29.0]

FT: As it should be. I mean, that makes sense to me. Why aren't we doing that already? I guess, we have this insistence that everybody needs a college degree to get a leg up in their careers and they'll pay whatever price they have. Also, when I was a high school student, this was years ago, but my guidance counselor said, "Just take out the loans. That's what you do." My family was against it. Thank God. But this idea of borrowing to go to school has just become so normalized.

[0:23:58.1]

SG: It's outrageous. We've been preying on the hopes and dreams of middle-class families. They thought it was a ticket to a better life. It was when you're – it was a ticket to him, but my mother was a single mother, lived and died a secretary, raised me on that salary. I have an extraordinary life, because of the generosity and vision of California taxpayers and the regents in the University of California. That's no longer the case. It's no longer the case. Now it's middle-class – a middle-class white kid like me who was unremarkable would have gone into a shitty university, but we've still think that that's the key to the future, so I would have taken out a ton of debt. I would have never had the opportunity to apply to grad school. I would have never had the confidence to start a business and I'm very probably making a good living selling Subarus and there's nothing wrong with that, but I wouldn't be sitting here talking to you.

What we have done is we have fallen out of love with the unremarkable, as we smear Vaseline over the lens of morally bankrupt behavior, graduate education and undergraduate education by letting in some remarkable underprivileged kids. There are more women going to college, which is a great thing. If you aren't expanding your enrollment faster than inflation and you're sitting on a 37 billion dollar endowment, Harvard, you're not a public service, you're a luxury good and we should tax the shit out of your endowment.

I mean, that is just – we have become drunk on luxury. We [inaudible 0:25:16.9] NYU at faculty meetings, they stand up and they brag, "This year, we only let in 12% of applicants." That's like the head of a homeless shelter bragging that they turned away 88% of the people who showed up last night. That's not the point. We should be educating – I mean, how many of us – where did you go to school?

[0:25:38.5]

FT: I went to Penn State and then I went to Columbia for grad school.

[0:25:41.6]

SG: Okay. Both great schools. I don't know if you like me, but a lot of us say I would never get in now. I would never get in.

[0:25:47.8]

FT: I wouldn't get in there now.

[0:25:49.1]

SG: Yeah. No way. No way. Here's the thing, we claim – we say that with some pride. Well, guess what? That means your kids is not getting in. I mean, say your kids not going to ask for UCLA, he or she's going to Pepperdine, because on a risk-adjusted basis, your kids are probably the same character and intellect as you are. A guy like me, I just wouldn't gone to college.

Who gets to go? Who gets to go? The children of wealthy people. We claim we're into diversity and we brag that 30% of our students are international. Show me an international student at a US college, I'll show you the son of someone incredibly rich. We call it diversity, we can't give a flying fuck about diversity. We want to let in the son of the kid who owns the biggest brewery and El Salvador, because they'll pay full freight.

We do let in some remarkable kids from lower-income households, but the reality is 99% of us are not in the top 1%. I'm almost certain of that. We publicize that 1% that I mean, there's some great things. The kid from the inner city in LA will find Harvard and Harvard will find her. That is great. The good, someone who's just good, there's never been a better time in our economy to be remarkable, there's never been a worse time to be unremarkable.

I think the test of our society isn't just a bunch of hallmark stories about people who make it out, that will be the Jay-Zs, that will be the Mark Zuckerbergs. Assume you are not that person, assume your daughter is not that person and assume that your kid like you is probably good, not great, begin trying to figure it out, doesn't have it all figured out. Then we'd like the opportunity to have a remarkable future vis-a-vis education and we've decided that's no longer the case.

I don't think it could happen to a nicer group of people. I work with what I believe is one of the finest faculties in the world, a third of them should be put on an ice flow and that's being generous. This is the least competitive environment in the world. At some point, someone's going to make the connection between incompetence and overcompensation. We have social services for poor people called food stamps and unemployment. We have social service for the overeducated called tenure. That absolutely needs to be obliterated. We need to expand enrollments. We need to start taxing endowments of universities that have lost the script and see themselves as luxury brands, not as public servants. We need to massively double and triple the number of freshman seats at the top 100 schools, which will put huge economic pressure and transfer some of that social good back to middle-class families.

[0:28:14.0]

FT: Certainly, college is part of the equation for “success.” You also wrote that young people need to acquire right now is not just a college degree, but skills, empathy, grit, not things you necessarily learn in a classroom. I've been getting this question from a lot of younger listeners, who are perhaps taking a year off, or they started a job and they've been furloughed and they don't know what to do, how do they pivot? What skills do you see being the most important, again addressing the younger generation who wants to not become a statistic?

[0:28:50.4]

SG: It's a situational thing. I and I try to be more thoughtful about the advice I give, because sometimes people run with it. They assume because I'm on a credible program like this, I know what I'm talking about. Let's break it down. If you're talking about an industry, I think technology

disrupting education and healthcare are going to be enormously – are going to be great industries to go into.

Generally speaking, an ability to build stuff whether it's building an app, industrial design, understanding the intersection between product managers that understand technology, that's a great skill set. STEM, whether it's – I mean, we're seeing biotech is about to become really hot again. Supply chain, operations, these things are coming back in my domain, marketing and brand building. I think the sun is past midday on that. I think Don Draper has been drawn and quartered. I think the majority of marketing departments at top business schools are training.

Kids to graduate go to Kraft, Heinz and then be laid off in three years. I think the skills we're teaching them are we might as well be giving them a buggy web. There's opportunity. In terms of education, the challenge we have is not to figure out a different route for kids other than a college. I think the challenge is to bring down the cost, because I still do think college is an outstanding plan A and even plan B for people. I think of graduate school as plan B.

Most people in business school are the elite and aimless and that is they're good at what they do, they're hardworking, they're smart, they're pedigreed. They don't know what they want to do. While they figure it out, they go get certified in business school. That's my way on. That was my situation. I was an investment banker and there's no I didn't want to do that anymore. The gap year is a fantastic idea for almost anyone graduating from high school and for a couple reasons.

One, parents don't want to admit this, but a combination of social media and helicopter parenting has resulted in a generation of fragile 18-year-olds, especially among boys who aren't men, they're boys. Some girls were very prone to depression and self-harm. Teenage suicide is up 30% for boys, somewhere between 60% and 80% for girls. The reality is a lot of people are dumping their kids at universities before they're ready for it. The dirty secret of college campus life now is administrators have unwittingly become mental health counselors and no longer educators.

These kids are just too young and too fragile, many of them to be away from home in an intense and competitive environment. I think a gap here is a great idea. There are some myths about gap years that everyone thinks well, if he doesn't go – if he or she doesn't go right to college,

she'll end up as a roadie for Justin Bieber and addicted to meth and never get start tracking again.

The reality is the statistics are 90% of people who take a gap year go back to college, they return to college and they have a higher matriculation rate or graduation rate with better grades. Your child's chances of graduating are greater if he or she takes a gap year. In addition, one of my ideas was to propose – was to propose a corona corps. That is a group of kids who would be tracers and enter into some public service.

I almost thought about going to Annapolis when I was coming out of college, mostly because my dad didn't want to pay for my college. There is an opportunity, I think to enlist a bunch of 18-year-olds who aren't ready for college in the agency and service of other. I look at as role models, the Peace Corps, or mission for latter-day saints. Serving something in the agency of others bigger than yourself, working your ass off, understanding discipline, understanding empathy, coming in contact with people you don't know, quite frankly selling a lot. I will always hire Mormon missionaries in sales. I mean, banging on doors of people who just don't want to hear from you is a great training at the age of 18.

[0:32:47.4]

FT: They're impressive. They speak multiple languages.

[0:32:50.2]

SG: They're nice and they can deal with rejection. My 18-year-olds don't want to give the valet his ticket. Yeah, I'm sorry. My kids are, they're so shy. Anyways, another issue.

[0:33:01.2]

FT: Another show.

[0:33:03.4]

SG: Also, we need desperately in our nation a generation of people who have a shared experience that creates a level of camaraderie and cooperation that existed in the 50s and 60s, where we pass incredible legislation, because many or most of our leaders had served with each other in uniform. They put America before their political parties. That's no longer the case. We need to mature a generation of leaders that have more empathy, a greater sense of cooperation, a greater sense of the American identity, as opposed to their political party identity.

I'd like to think there's an opportunity to create what I'm loosely referring to as a corona corps for gap year. Then again, easy to spend other people's money. Pay them 30,000 a year and they do two years in this thing based on their income level that gives them tuition remission of 25%, 90%. We're talking about a total – you have a half a million tracers, which I think it's the key to reducing the apex, or the relapse, which will be key to our economy, in my opinion moving forward. That costs about 50 billion dollars. Think of it as a 2% insurance policy premium on a 2 and a half trillion dollar stimulus to make sure we don't have to come up with another 2 and a half trillion in two years if this shit relapses.

I'm very into this notion of developing this super – army of super soldiers who are largely, largely immune from this pandemic, who can serve greatness in the agency of others and developing a generation of leaders. I know this is my latest rant.

[0:34:37.3]

FT: Yeah, I read it. It was awesome.

[0:34:37.9]

SG: Where are we, Farnoosh? What's going on?

[0:34:39.0]

FT: No, it was really good. I was going to bring it up, but you did it for me. Yeah, this corona corps, fascinating. I mean, in terms of adopting that, how does something like that get off the ground?

[0:34:49.4]

SG: I've been contacted by several elected representatives, both senate offices and offices of representatives. I've been contacted by the Governor of New York's office, so we'll see. I mean, I'm excited about it. AmeriCorps reached out and said, "Hey, that's us. What are you doing?" Again, how bust again our attention of finding.

There are people out there. You know, I've heard most from is parents. Parents acknowledge that when I was 17 when I went to UCLA, I just wasn't ready. I ended up just drinking a lot, smoking a lot of pot and watching Planet of the Apes over and over again and barely graduated. By the way, it was awesome. All of that was awesome.

[0:35:29.4]

FT: Tuition dollars hard at work. Yeah.

[0:35:31.3]

SG: Yeah. Even then, for \$450 a quarter, it's like, okay, go let them make house bonds out of household items and watch Planet of the Apes. That's okay. Can parents really tolerate that at 68K a year? Look, things are changing and I think we have to adopt new institutions. It all comes back to one thing and that is we have to get off this train and this massively unhealthy gestalt that we've adopted, that a virus that wipes out the human race would be bad, but the Nasdaq going down would be worse, because then the wealthiest generation in history, Baby Boomers that might not be as rich.

If these businesses go out of business, there will be more opportunity for younger people. These stocks go down, who knows, maybe a 28-year-old coming into his or her prime earning years might be able to buy an apartment in Brooklyn at 800 bucks a square foot, instead of 1,500. Maybe they got to buy Amazon if 50 times earnings versus 500. Shedding skin, failure, declines in markets are healthy and there are losers.

There are certain seeds that only germinate in a fire and we've just decided everything, including borrowing against our future generation's prosperity. Money is just a transfer of working time. When we issue trillions of dollars of debt to keep rich people rich, all we're doing is saying, "All right, your kids and grandkids aren't going to get it, to spend as much time with their loved ones, so you can be on carnival fucking cruises all the time."

I mean, this has gotten so out of control, whether it's social security, whether it's mortgage tax deduction, whether it's capital gains, tax cut, whether it's these rescue packages, it all reverses engineers the same goddamn thing, how do we keep the rich Baby Boomers in this country rich? Full stop. That's all it's about.

[0:37:25.2]

FT: Well, this is an incredible conversation. You are continuing this dialogue on your podcast, Pivot. I want everyone to check you out there with Kara Swisher. You have a new podcast too, right? With Vice Media?

[0:37:37.7]

SG: Yeah. Oh, no. There's literally no escaping me. I have a second podcast.

[0:37:42.2]

FT: You're everywhere.

[0:37:43.6]

SG: I am the virus. There's Prof G, we launched seven weeks ago. Most successful launch in the history, Westwood One Radio Network, The Prof G Show. Then I'm previewing, or premiering on May 7th. I have numerous malice on Vice television, because linear ad supported television, that's the future, Farnoosh. That's the future. Or as I like to call my TV show, when Netflix doesn't call you back. May 7th. May 7th. No mercy, no malice on Vice television. Try and find it. Just as a Nike. Let's try and find it on your table.

[0:38:18.8]

FT: Try it. Yeah.

[0:38:20.2]

SG: Try and find it.

[0:38:21.0]

FT: Good luck with that. Scott, thank you so much for joining us and be well.

[0:38:25.4]

SG: Thanks, Farnoosh. Thanks for your good work and congrats on all your stuff.

[END]