

The Tech-Driven New 'Business Model' for the US Education System

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Global Research, September 14, 2018

Region: [USA](#)

Theme: [Intelligence](#)

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A higher ed colleague of mine recently responded to my 'Amazon the Job Killer' piece (see post below) which described, in part, how the coming Artificial Intelligence tech revolution will destroy jobs at a rate and magnitude unforeseen before in US history, educational services included.

The colleague had previously shared a graphic with the faculty which highlighted the admirable slogans:

"Education is not a product. Students are not customers. Professors are not tools. The university is not a Factory!"

As a higher ed teacher, this colleague was especially concerned about my analysis of how AI would impact the dominant higher ed college model that has prevailed since 1945--i.e. the four year college experience, now on its last legs propped up increasingly by an unsustainable \$1.5 trillion subsidization in the form of student loans, an 'end of cycle' solution that cannot continue beyond more than another decade. Certainly teachers would fight back, the colleague argued, as recent teacher strikes in some parts of the US have shown.

But my colleague's four slogans are more a lament than a call to resistance, since all the four have already become a reality to a significant degree: Higher ed especially has become a product, students obviously are customers, professors are increasingly just tools--soon to be replaced by more efficient, more productive, and more profitable tech tools; and the university is an education factory, maintained by multi-trillion dollar subsidies from the central government that will unravel with the next major recession and economic crisis.

It is a business model that will, like other business models, soon be displaced by a more profitable model based on AI and related technologies. Higher college ed as we know it will largely disappear with the coming diffusion of AI tech throughout the US system. The 'model' off 4 year college will soon decline rapidly, I argued.

As a further elaboration on this theme, here's my verbatim reply to my well meaning colleague, who's desire for a higher ed college model outside capitalist economy I share, but which I do not believe will happen. Nor do I think that the two main political parties, Republicans and Democrats, will do much, if anything, about the new tech-driven education business model displacing the current 4 year model. They will not prevent or slow the

radical transformation of education in the US but will pass legislation to accelerate it.

Here's My Colleague's Original Comments:

“well yes, this is a (technology) train that has left the station, but I can't see the elite institutions succumbing. Small liberal arts institutions are digging their own grave and it is troubling, to say the least, to see so many cooperating in their own demise.”

My Subsequent Reply:

In ten years, K-12 teachers will be machine operator monitors, with lesson plans from software textbooks developed by bureaucrats and delivered to all students everywhere, on handheld devices and from in class monitors. (And eventually removed from brick & mortar classrooms altogether).

In the process, the same 'cost saving' K-12 model will quickly migrate to community colleges (already begun) and then to 4 year institutions (ditto, being planned and piloted). The higher education system you see today will be gone by 2035. No more 'brick & mortar' institutions. We are living in the twilight of the demise of higher education (and K-12 lower) as we know it. Artificial intelligence will make it all redundant. And the alternative that replaces it far more profitable. Nothing escapes the capitalist dynamic to cut costs and raise profit margins. Education services is no exception.

Yes, teachers will fightback on a local to local basis. But the AFT and NEA and others will continue to defer to the Democratic Party, which will prevent a more national teacher and public employee response to the crisis of jobs and wages for public workers of all kinds. Capitalists have all but destroyed the private sector unions. As I predicted several years ago the target was now the public unions. Next attack will be not only to legalize the open shop, as has been done. But to take away any dues checkoff and collection.

As for elite higher ed, agreed, some will continue the legacy brick and mortar education model (Harvards, Yales, etc.). Or, to put it another way, an 'extended youth 4 year resort model' for the well to do who can afford it and take a liberal arts approach to education. But college for the rest will become a glorified STEM training experience or nothing, delivered as I described. In the interim, hundreds of smaller liberal arts institutions will simply disappear.

Capitalism is increasingly unable to deliver, except for below quality jobs and income for most, when compared to what it had in the past. The next global recession, coming in late 2019 or early 2020 for sure, will occur with a Fed and monetary policy left with few response options (rates will have risen only to 3% at most, compared to 5.25% in 2007, and rate cuts will have little effect). And fiscal policy (more tax cuts and government spending) will be confronted with Trump \$1 trillion annual deficits for at least another decade and \$31 trillion national debt by 2028. So few options for stimulus policy there as well.

Watch for really draconian policy alternatives when the crisis hits, like freezing your savings or forcing you to convert savings to buy your bank's worthless stock as a bailout). On the fiscal side, watch as they steal social security's remaining \$2.9 trillion Trust Fund's surplus, and try to turn over medicare to the insurance companies. Private defined benefit pensions in the public sector will be dumped on the government's PBGC (Pension Benefit Guaranty Corporation) or on a new PBGC like government agency for the public sector, that will, like

the private sector PBGC, pay half of what the benefit would have been.

The central political problem to stopping all this is the organization question. There's no organizational alternative on the horizon for those wanting to challenge these conditions. The quality of the two mainstream parties shows they are in decline, and an alternative has not yet risen. Republicans are becoming Trump's (and the ultra right) party; Democrats are refusing to allow Sanders and progressives to reform it. (Did you know that more than 100 members of the DNC are corporate heads and lobbyists?). Do you really think they'll ever turn to economic issues and the working class again? Never, apart from just 'talking the talk'. That's why identity politics is their solution and marketing pitch.(My definition of Identity Politics: 'Self-Divide and Self-Conquer'). Except for the west coast and northeast, the DP has lost influence across the board in state and local politics. In 80% of the states now they're defunct. They're a 20% party. Just a national parliamentary (congress) vote seeking party. Sanders' (and the Our Revolution crowd) quixotic 'inside-outside' strategy to reform it is a joke.

Sorry to be so pessimistic. But I'm a devout materialist and refuse to pretty up the scenario. To sum up: AI will devastate conditions further for all but the few, and it will come faster than most think because it makes capital more profitable in a period when US capital is being increasingly challenged by foreign competitors.

Trump is a response to that. What he represents is a policy offensive designed to restore and ensure US global economic hegemony for another decade. He represents a new, more virile, aggressive and violent form of Neoliberalism, that requires a de-democratization domestically, an even more manipulable domestic workforce, and emerging US economic warfare globally against both challengers and allies alike.

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This article was originally published on the author's blog site: [Jack Rasmus](#).

Jack Rasmus is the author of the forthcoming book, 'The Scourge of Neoliberalism: Economic Policy in the US from Reagan to Trump', to be published by Clarity Press. His latest book is 'Central Bankers at the End of Their Ropes: Monetary Policy and the Coming Depression', 2017, also published by Clarity. He blogs at [jackrasmus.com](#) and his twitter handle is [@drjackrasmus](#).

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