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Resolved: The United States federal government should forgive all federal student loan debt.

NOV/DEC 2023

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Topic Overview

Resolved: The United States federal government should forgive all federal student loan debt.

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**You can cite this Topic Overview as: "Michael J. Ritter, J.D., The University of Texas School of Law, B.A., Trinity University; "Topic Overview: Federal Student Loan Forgiveness," The Forensics Files LLP, November/December 2023"

I. Introduction

The November-December 2023 PFD resolution addresses federal student loan debt. The topic specifically asks whether the US federal government should forgive "all" federal student loan debt. The use of the word "all" raises an interesting question. This topic is not an "on balance" resolution; nor does it lend itself to being addressed as what is true more often than not. Unfortunately for the Pro side, "all" means "all," which will give the Con side more flexibility in arguing this topic. Nevertheless, the Pro side should anticipate specific examples the Con side might come up with to argue that not "all" federal student loans should be forgiven. This File addresses both sides of this topic.

II. Resolutional Concepts & Important Background

In the status quo, federal student loan forgiveness programs in the United States are a set of initiatives aimed at helping borrowers alleviate the burden of their student loan debt. These programs are designed to provide financial relief to individuals who have taken out federal student loans to finance their education. The main objective is to make higher education more accessible and affordable, as well as to ease the financial strain on graduates as they enter the workforce.

One of the most well-known federal student loan forgiveness programs is Public Service Loan Forgiveness (PSLF). PSLF is intended for borrowers who work in public service or nonprofit jobs and make consistent loan payments for ten years. After meeting the requirements, the remaining balance of their federal student loans is forgiven. Additionally, there are income-driven repayment plans, such as Income-Based Repayment (IBR) and Pay As You Earn (PAYE), which cap loan payments based on the borrower's income and family size. After 20 or 25 years of qualifying payments under these plans, any remaining balance is forgiven, although the forgiven amount may be taxed. This topic file contains a list of jargon and acronyms, and explanations for what they mean.

Federal student loan forgiveness has been the subject of significant political debate and policy changes in recent years. Various proposals, including broader forgiveness plans, have been put forward, leading to discussions about the potential impact on borrowers, the federal budget, and the overall higher education system. Understanding the eligibility criteria, application process, and potential changes to federal student loan forgiveness programs is crucial for borrowers seeking relief from their student loan debt, as these programs continue to evolve and adapt to the changing landscape of higher education and economic conditions.

III. Arguments & Tips for Debating on this Topic

It appears that this topic is Con biased because of the flexibility the Con side is afforded by forcing the Pro side to argue that “all” federal student loan debt should be forgiven. That said, the broader the Pro side’s arguments are as to student loans, the less susceptible the Pro side is to this likely strategy from the Con.

A. Pro Side

The following arguments are on the broader the side for arguing ion support forgiving “all” student loans. First is economic stimulus. One compelling argument in favor of forgiving all federal student loan debt is its potential to stimulate the economy. Many borrowers are burdened by substantial debt, which limits their ability to make significant purchases like homes and cars, start businesses, or invest in their futures. Forgiving student loan debt would free up disposable income for these borrowers, allowing them to contribute more to the economy through spending and investments, which, in turn, can boost economic growth and job creation.

A second for widespread student loan forgiveness is its potential to address income inequality. Student loan debt disproportionately affects lower-income and minority communities.

By forgiving these loans, the government can help level the playing field and provide more equitable access to opportunities for advancement. This would promote social and economic justice by reducing the wealth gap and enhancing the financial well-being of disadvantaged populations. Beware, however, that because this argument focuses only on a subset of those affected by student loan debt, it is more susceptible to the Con argument that student loan debt should only be forgiven—in part—to address income inequality (i.e. for a needs-based forgiveness program).

Forgiving student loans could, third, enhance workforce mobility. Student loan debt can often limit individuals' career choices and geographic mobility. Many graduates are forced to choose higher-paying jobs over their true passions simply to repay their loans. Forgiving student debt would give people the freedom to pursue careers that align with their skills and interests rather than being driven solely by financial considerations. This could lead to a more diverse and fulfilled workforce, benefiting both individuals and society.

Another argument to make is that because the federal student loan program is so huge and nuanced with all sorts of different sub-programs and regulations, forgiving all student loans would remove administrative complexity. The current student loan system is fraught with administrative complexities, including multiple repayment plans, loan servicers, and eligibility criteria. Forgiving all federal student loan debt would simplify this process significantly, reducing bureaucratic costs and errors. A streamlined system could improve efficiency, making it easier for borrowers to navigate and understand their options.

B. Con Side

In addition to having more flexibility, the Con side has more common-sense arguments to make in opposing the resolution. First, forgiving student loans would create a moral hazard. Critics argue that forgiving all federal student loan debt could create a moral hazard by encouraging future students to take on excessive debt with the expectation that it will eventually be forgiven. This could lead to even higher tuition costs, as colleges and universities may see an opportunity to increase fees without students feeling the immediate financial burden. Such a cycle could exacerbate the student debt problem in the long run.

Second, one of the biggest reasons why the federal government isn't actually forgiving all student loans now is budgetary constraints. The cost of forgiving all federal student loan debt is substantial, estimated in the trillions of dollars. Critics argue that this money could be better allocated to other pressing needs, such as healthcare, infrastructure, or social programs. They contend that using taxpayer dollars to benefit a specific group of borrowers may not be the most equitable or efficient use of government resources.

Third, forgiving all student loans presents fairness concerns. Opponents of blanket student loan forgiveness argue that it would be unfair to those who have already paid off their student loans or diligently worked to avoid excessive debt. Forgiving all loans would essentially reward those who took on substantial debt without offering similar relief to those who made sacrifices to repay their loans, potentially creating resentment and a sense of injustice.

Fourth, forgiving student loans could harm higher education in the US. Critics also suggest that forgiving all student loan debt could have unintended consequences on the higher education market. Without the pressure of student debt, colleges and universities might have less incentive to control tuition costs or improve educational outcomes. This could result in a lack of accountability within the education system, potentially harming the quality of education.

And fifth, opponents of student loan forgiveness argue that there are alternative solutions to address the student debt crisis, such as reforms to the student loan system, increased transparency in college pricing, and measures to reduce the overall cost of education. These alternatives, they contend, should be explored and prioritized instead of a wholesale forgiveness program, which they see as a one-size-fits-all approach that may not effectively address the root causes of the problem.

VI. Conclusion

This File contains sample cases, evidence on both sides of the topic, and blocks to arguments teams are likely to hear on the topic. TFF wishes you the best of luck in November and December 2023!

Topic Jargon

The following terms may come up during debates on this topic. These terms pertain to federal student loans and loan forgiveness. If you hear a word you don't understand, ask about it, or you can consult this list.

Forgiveness: The process of canceling some or all of your student loan debt under specific conditions.

Income-Driven Repayment (IDR) Plan: A set of federal student loan repayment plans that base your monthly payments on your income and family size.

Public Service Loan Forgiveness (PSLF): A program that forgives the remaining student loan balance for borrowers who work in qualifying public service jobs after making 120 qualifying payments.

Teacher Loan Forgiveness: A program that provides loan forgiveness for teachers who work in low-income schools or educational service agencies.

Income-Contingent Repayment (ICR): An income-driven repayment plan where your monthly payment is adjusted based on your income and family size.

Income-Based Repayment (IBR): An income-driven repayment plan that caps your monthly payment at a percentage of your income.

Pay As You Earn (PAYE): An income-driven repayment plan with lower monthly payments for eligible borrowers.

Revised Pay As You Earn (REPAYE): An income-driven repayment plan that extends benefits to more borrowers and caps monthly payments at a percentage of income.

Consolidation: The process of combining multiple federal student loans into a single loan, often for easier management or access to certain repayment plans.

Deferment: A period during which you can temporarily postpone making loan payments, typically due to a specific circumstance like unemployment or returning to school.

Forbearance: A period during which your loan servicer allows you to temporarily stop making payments or reduces your monthly payment amount due to financial hardship.

Default: When you fail to make loan payments for an extended period, which can have serious consequences, including wage garnishment and a damaged credit score.

Grace Period: The time period after you graduate, leave school, or drop below half-time enrollment when you don't have to make loan payments.

Exit Counseling: A mandatory session that provides information about your rights and responsibilities as a federal student loan borrower when you leave school.

Loan Servicer: The company responsible for managing your federal student loan account, including billing and customer service.

Master Promissory Note (MPN): A legally binding document you sign when taking out federal student loans, outlining the terms and conditions of your loans.

Consolidation Loan: A type of loan that combines multiple federal student loans into one, often with a new repayment term and interest rate.

Parent PLUS Loan: A federal loan taken out by parents to help pay for their child's education, which may be eligible for certain repayment options.

Direct Subsidized Loan: A type of federal student loan for undergraduates with financial need, where the government pays the interest while you're in school or in deferment.

Direct Unsubsidized Loan: A federal student loan available to undergraduate and graduate students regardless of financial need, where interest accrues while you're in school.

Loan Forgiveness Discharge: A legal release from the obligation to repay your federal student loans, often due to total and permanent disability.

Loan Rehabilitation: The process of bringing a defaulted federal student loan back into good standing by making a series of agreed-upon payments.

Income-Sensitive Repayment Plan: A repayment plan based on your income but with different terms than other income-driven plans.

Financial Hardship: A condition that can qualify you for deferment, forbearance, or certain income-driven repayment plans based on your inability to make standard payments.

In-School Deferment: A deferment option that allows you to postpone payments while you are enrolled in an eligible school at least half-time.

Definitions

United States

1. a federation of states especially when forming a nation in a usually specified territory

Source: Merriam-Webster’s Online Dictionary 2023

United States Federal Government

1. The United States Federal Government is established by the US Constitution. The Federal Government shares sovereignty over the United Sates with the individual governments of the States of US. The Federal government has three branches: i) the legislature, which is the US Congress, ii) Executive, comprised of the President and Vice president of the US and iii) Judiciary. The US Constitution prescribes a system of separation of powers and ‘checks and balances’ for the smooth functioning of all the three branches of the Federal Government. The US Constitution limits the powers of the Federal Government to the powers assigned to it; all powers not expressly assigned to the Federal Government are reserved to the States or to the people.

Source: U.S. Legal Online 2023, http://definitions.uslegal.com/u/united-states-federal-government

United States Federal Government

1. The executive and legislative and judicial branches of the federal government of the United States

Source: The Free Dictionary 2023, http://www.thefreedictionary.com/Federal+government+of+the+United+States

Federal Government

1. pertaining to or of the nature of a union of states under a central government distinct from the individual governments of the separate states, as in federal government; federal system

Source: Random House Dictionary 2023

Should

1. Used to indicate obligation, duty, or correctness, typically when criticizing someone's actions
2. Indicating a desirable or expected state

Source: Oxford English Dictionary 2023

Should

1. Used to express obligation or duty:
2. Used to express probability or expectation

Source: American Heritage Dictionary of the English Language 2023

Should

1. used in auxiliary function to express obligation, propriety, or expediency

Source: Merriam-Webster's Online Dictionary 2023

Forgive

1. to cease to feel resentment against (an offender) :
2. forgive one's enemies
3. to give up resentment of or claim to requital
4. to grant relief from payment of

Source: Merriam Webster's Online Dictionary 2023

Forgive

1. to stop feeling angry with somebody who has done something to harm, annoy or upset you; to stop feeling angry with yourself
2. used to say in a polite way that you are sorry if what you are doing or saying seems rude or silly
3. to say that somebody does not need to pay back money that they have borrowed

Source: Oxford English Dictionary Online (Learner's Dictionary) 2023

Forgive

1. To give up resentment against or stop wanting to punish (someone) for an offense or fault; pardon.
2. To relent in being angry or in wishing to exact punishment for (an offense or fault).
3. To absolve from payment of

Source: American Heritage Dictionary Online 2023

All

1. the whole amount, quantity, or extent of needed
2. as much as possible spoke in all seriousness
3. every member or individual component of
4. the whole number or sum of

Source: Merriam Webster's Online Dictionary 2023

All

1. the whole number of
2. the whole amount of

Source: Oxford English Dictionary Online (Learner's Dictionary) 2023

All

1. Being or representing the entire or total number, amount, or quantity: All the windows are open.
2. Constituting, being, or representing the total extent or the whole: all Christendom.
3. Being the utmost possible of: argued the case in all seriousness.
4. Every: got into all manner of trouble.
5. Any whatsoever: beyond all doubt.
6. Informal Being more than one:

Source: American Heritage Dictionary Online 2023

Federal

1. having a system of government in which the individual states of a country have control over their own affairs, but are controlled by a central government for national decisions, etc.
2. connected with national government rather than the local government of an individual state

Source: Merriam Webster's Online Dictionary 2023

Federal

1. Of, relating to, or being a form of government in which a union of states recognizes the sovereignty of a central authority while retaining certain residual powers of government.
2. Of or constituting a form of government in which sovereign power is divided between a central authority and a number of constituent political units.
3. Of or relating to the central government of a federation as distinct from the governments of its member units.

Source: American Heritage Dictionary Online 2023

Federal

1. A federal country or system of government is one in which the different states or provinces of the country have important powers to make their own laws and decisions.
2. Federal also means belonging or relating to the national government of a federal country rather than to one of the states within it.

Source: Collins English Dictionary Online 2023

Student Loans

1. A student loan is a government loan that is available to students at a college or university in order to help them pay their expenses.

Source: Collins English Dictionary Online 2023

Student Loans

1. A loan granted to a student in higher education to help pay for the tuition.

Source: Wikitionary.com 2023

Student Loans

1. A student loan is a type of loan designed to help students pay for post-secondary education and the associated fees, such as tuition, books and supplies, and living expenses. It may differ from other types of loans in the fact that the interest rate may be substantially lower and the repayment schedule may be deferred while the student is still in school. It also differs in many countries in the strict laws regulating renegotiating and bankruptcy.

Source: Wikipedia.com 2023

Pro Case #1

We affirm the resolution. Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that student loan debt disproportionately affects people of color and prevents people of color from being economically equal.

<u>First</u>: **Students of color bear the brunt of student loan debt.** Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), writes for the Legal Defense Fund in 2013:[1]

The burden of student loan debt is at a crisis level in the United States. And students of color are bearing the brunt of this crushing weight, which impacts countless aspects of their lives — and exacerbates an already staggering racial wealth gap that was further widened by the COVID-19 pandemic. Forgiving student loans is a necessary step toward closing this gap, which is critical for advancing racial and economic justice in the United States.

<u>Second</u>: **Student loan debt thwarts the capability of black graduates to build wealth.**
Wright 2023 continues:

The racial gap in student loan debt doesn't just have short-term impacts on students of color. It also contributes to long-term disparities that further intensify the racial wealth gap and diminish educational and socioeconomic equity throughout students' lives — and even for generations to come. In fact, a Brookings Institution study found that the Black-white disparity in student loan debt more than tripled just four years after graduation, further eroding Black students' ability to build wealth.

<u>Third</u>: **Students of color are more likely to be shackled by student loan debt.**
Wright 2023 continues:

Borrowers collectively owe more than $1.75 trillion in total student loan debt, with the average borrower owing $28,950 individually. America's racial wealth gap means that the student debt burden falls disproportionately on students of color and their families, with long-term implications. The racial wealth gap describes the significant difference in the wealth held by white people and people of color in the United States. This gap is striking and staggering, encapsulated by the fact that Black households have about seven cents on the dollar compared to white households, per a 2019 report from the Legal Defense Fund (LDF)'s Thurgood Marshall Institute. This stark gap stems from years of entrenched, structural racism. "Racial wealth inequalities in the United States today are a direct result of centuries of racialized, exploitative social and legal structures — policies that set the foundation for a skewed distribution of land, labor, political power, and resource ownership by race. These patterns continue today and are evident in Black-white racial disparities in net worth, known as the Black-white racial wealth gap," TMI's report explained. These wealth disparities then contribute to significant disparities in health, education, income, and more. As students of color begin college, the racial wealth gap

[1] "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

often worsens. Because they have fewer socioeconomic resources — less parental and generational wealth, less home equity to finance a loan, and fewer savings — students of color are forced to take on more debt to cover tuition and living expenses to make up for the wealth gap between them and their white peers. Data from the U.S. Department of Education indicates that around 86% of Black students take out student loan debt compared with around only 68% percent of white students. Black students also typically owe more than white students. Black borrowers take out an average of $39,500 in student loans, while white students borrow an average of $29,900.

For the foregoing reasons, we urge a Pro Ballot.

Pre-flow – Pro Case #1

- student loan debt disproportionately affects people of color and prevents people of color from being economically equal.

First: **Students of color bear the brunt of student loan debt.** Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), writes for the Legal Defense Fund in 2013:

Second: **Student loan debt thwarts the capability of black graduates to build wealth.**
Wright 2023 continues:

Third: **Students of color are more likely to be shackled by student loan debt.**
Wright continues:

Pro Case #2

We affirm the resolution. Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that federal student loan policy establishes a corrupt immoral system that masks system violence.

First: **Student loans should be forgiven because all such loans are an obscene concept.** Ben Burgis, adjunct philosophy professor at Morehouse College, writes in 2022:[2]

Canceling $10,000 of student debt (or better yet all of it) is good because student debt is an obscene concept. Imagine how you would react if someone proposed that public high schools should start charging tuition — but that any student who needed a little extra help and didn't qualify for enough financial aid to pay for the whole thing could get a loan from the Department of Education (or a predatory private lender) and spend years or decades paying it back when they entered the workforce. To bring the hypothetical closer to the college case, let's just make that the senior year of high school, so that students would be seventeen when they signed on the dotted line — the same age as a great many borrowers of college student loans. Ten or twenty or thirty or a hundred years after this dystopian policy was enacted, would you think it was wrong to tell people still struggling to pay off their high school debt that the loan was forgiven because that would be unfair to all the people whose working lives were hobbled by paying it off in the past? Or course not, because you think that no one should have to pay to go to high school and the sooner we can stop making people miserable for having gone in the past, the better.

Second: **Rights to public goods, such as education, outweighs individual concerns over fairness.** Burgis continues:

What about people who choose never to go to college? Why, some ask, should they have to pay for those who do? On one level, this is like asking why people who don't have kids should have to pay for the K–12 education of those who do, or why people who practice fastidious fire safety should have to pay for the fire department to put out everyone else's fires. Your right as a human being who lives in a society to certain basic public goods simply outweighs the right of those who don't choose or need to partake of those goods to hold on to every penny in their bank accounts.

Third: **Framing the debt crisis in terms of the borrower justifies and masks systemic violence.** Julian Jacobs, political economist, writes in 2023:[3]

The student debt crisis is the result of bad policy, greed, competition between universities, and technological change. Understanding its catalysts is important because of the "moral" character the debate often takes. "If history shows anything," observed anthropologist and debt historian David Graeber wrote, "it is that there's no better way to justify relations founded on violence, to

[2] Also host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health
[3] researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

make such relations seem moral, than by reframing them in the language of debt — above all, because it immediately makes it seem that it's the victim who's doing something wrong." Many Democratic and Republican members of Congress have shown indifference or callousness to the student debtors on precisely this basis. Representative Virginia Foxx, a Republican from North Carolina and chair of the House Committee on Education and the Workforce, remarked that "there's no such thing as forgiveness" and that Biden's plan transferred "debt from borrowers who willingly took out student loans to hard-working taxpayers who did not." Senator Joe Manchin, a Democrat from West Virginia, similarly commented that the plan "forces hard-working taxpayers who already paid off their loans or did not go to college to shoulder the cost." These moralized arguments depend on two assumptions. The first is that graduates can reasonably pay back the debt. The second is that graduates in debt could have chosen to not go into debt. Yet neither assumption is necessarily true. To reaffirm the case for student loan forgiveness, it is worth taking each claim one by one, before also discussing the broader macroeconomic implications of the student debt crisis.

For the foregoing reasons, we urge a Pro Ballot.

Pre-flow – Pro Case #2

- federal student loan policy establishes a corrupt immoral system that masks system violence.

First: Student loans should be forgiven because all such loans are an obscene concept.
Ben Burgis, adjunct philosophy professor at Morehouse College, writes in 2022:

Second: Rights to public goods, such as education, outweighs individual concerns over fairness.
Burgis continues:

Third: Framing the debt crisis in terms of the borrower justifies and masks systemic violence.
Julian Jacobs, political economist, writes in 2023

Pro Case #3

We affirm the resolution. Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that student loan forgiveness is necessary to save the US higher education system.

<u>First</u>: The fear of student loan debt prevents many students from going to college.
Ben Burgis, adjunct philosophy professor at Morehouse College, writes in 2022:[4]

The first thing to consider is that there's a depressing circularity at work here: one of the reasons that people from worse-off backgrounds are less likely to pursue college degrees is that they're concerned about whether they'll be able to pay it off — and navigating the often byzantine bureaucracy of need-based financial aid can be off-putting in itself. Using this as a reason to keep things as they are is at least a little bit like saying that it would be unfair to institute Medicare for All and hence pay for everyone to get preventative medicine because right now people from higher-income backgrounds are more likely to go to the doctor enough to get preventative care. We want a society where everyone with any inclination to do so feels able to go to college because, like health care, education is a basic human good.

<u>Second</u>: Student loan forgiveness could be a step toward free higher education.
Burgis 2022 continues:

Any half-decent society would provide education as a public good and collectively foot the bill. It certainly wouldn't force anyone to go into debt to pay for it. Why on earth that principle is supposed to magically stop making sense during the summer between students' senior year of college and their freshman year of college is beyond me. And even if it wasn't politically possible just yet to reinstitute tuition-free public high school, you wouldn't worry about whether leaving past high school graduates alone and not continuing to shake people down for payments would create a "moral hazard," whereby more people who wouldn't be able to pay off the debt would start going to high school. Because you would think such people had a right to go to high school. Presumably, you'd hope that loan forgiveness would be the first step toward abolishing high school tuition when that became politically possible in the future — but you'd support the debt relief regardless.

<u>Third</u>: The student debt crisis distorts how society views education.
Astra Taylor, fellow of the Shuttleworth Foundation , writes in 2021:[5]

People who are in debt have to worry about making that next payment. It's a source of anxiety and stress. It changes your psychology. If you don't make your payments on time, you're penalized harshly. Your credit scores are trashed, and that limits your options in terms of being able to rent an apartment or secure a job. The stakes are enormously high. In some places, if you default on your student loans, your license can be taken away so you can't even do your job. All

[4] Also host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health
[5] And Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

of this forces us to think very narrowly about education. When you're enrolling in college, and you're taking on a vast sum of debt, it changes the way you think about what you need to do. It makes you think about the need to get a return on investment. That's the disciplining function. If you're young and want to think about how best you can contribute to society, if you want some time to pursue your curiosities, you think, "Well, damn, I can't do that because I have to be pragmatic and pay all this debt back." This distorts the whole framework for education. You go to school knowing you have to take on a bunch of debt and you shape your education around the singular goal of being able to pay it back. Ronald Reagan famously said that the state shouldn't be in the business of subsidizing curiosity, so then the question is, "Well, what should the state be in the business of?" And right now, it's in the business of lending to students so that they can then have a chance at social mobility. But that compact has totally broken down. That myth was sold to us for decades and it has collapsed.

For the foregoing reasons, we urge a Pro Ballot.

Pre-flow – Pro Case #3

-student loan forgiveness is necessary to save the US higher education system.

First: The fear of student loan debt prevents many students from going to college. Ben Burgis, adjunct philosophy professor at Morehouse College, writes in 2022:

Second: Student loan forgiveness could be a step toward free higher education. Burgis 2022 continues:

Third: The student debt crisis distorts how society views education. Astra Taylor, fellow of the Shuttleworth Foundation , writes in 2021

Pro Case #4

We affirm the resolution. Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is forgiving student loans would stimulate the US economy for overall economic benefits.

__First__: **The student debt crisis is an economic albatross that undermines economic growth in the US.** Julian Jacobs, political economist, writes in 2023:[6]

Third, and of most concern for everyone regardless of circumstance, the student debt crisis is an economic albatross that limits economic growth in the short run while putting it at risk in the longer run. Mainstream economic research suggests that the student debt burden likely plays a role in widening economic inequality, stunting economic growth, making recessions deeper and longer lasting, and generally increasing America's vulnerability to unexpected economic shocks. And when such shocks do occur, the glut of private debt often gets transferred into public debt in the form of a bailout, which is fronted by taxpayers.

__Second__: **The US has wiped out debt before to prevent an economic crash and stimulate growth.** Jacobs 2023 continues:

In this regard, debt forgiveness is nothing new. America wiped clean the debt and faulty balance sheets of major banks and financial institutions in 2008, staving off an even deeper crash. In response to the COVID pandemic, the United States offered a pause on debt repayments in addition to direct welfare transfers. These didn't go far enough in the form of a bailout for students, but they showed an understanding that eliminating student debt helps the overall economy.

__Third__: Graduates are increasingly less likely to be able to find jobs in their chosen fields meaning we cannot know the loan was in proportion to expected income. Daniel A. Austin (Associate Professor, Northeastern University School of Law), writes for the Santa Clara Law Review, in 2013:[7]

The second assumption, that graduates can find a job in the field for which they have studied, is also increasingly tenuous. It has long been true that post-graduate students working on a master's or doctoral degree in the humanities and social sciences take a significant risk that they will be unable to find jobs once they obtain their degrees (which can take seven to ten years of study and research). This is part of the culture of graduate education in these fields. But there are increasingly fewer jobs for graduates in such formerly reliable areas as business, accounting, law, and education.184 Does this mean that grad school is a bad bet? Not necessarily. The slowest job growth is among people with a four-year college degree, but nothing else.185 For newer graduates aged twenty-four years or younger, the unemployment rate as of May 2012 was 7.6%,186 just barely above that of high school graduates. For new graduates who do get jobs,

[6] researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

[7] "The Indentured Generation: Bankruptcy and Student Loan Debt," https://ssrn.com/abstract=2157461

starting out in tough economic times can often mean lower earnings over a lifetime since the average worker gets 70% of their pay raises during the first decade of employment.187 That can translate into earning 10% less than those starting their careers during good economic times. The twin components of high education debt and limited career opportunities sentence tens of thousands of young adults to lifelong financial servitude. They will find themselves working for creditors from decades past and their personal choices will be highly constrained.

For the foregoing reasons, we urge a Pro Ballot.

Pre-flow – Pro Case #4

- forgiving student loans would stimulate the US economy for overall economic benefits.

First: **The student debt crisis is an economic albatross that undermines economic growth in the US.** Julian Jacobs, political economist, writes in 2023:

Second**: The US has wiped out debt before to prevent an economic crash and stimulate growth.** Jacobs 2023 continues:

Third**: Graduates are increasingly less likely to be able to find jobs in their chosen fields meaning we cannot know the loan was in proportion to expected income.** Daniel A. Austin (Associate Professor, Northeastern University School of Law), writes for the Santa Clara Law Review, in 2013

Pro Responses to Con Contentions

They argue that: Forgiving student loan debt is not affordable
My responses are:

1. Student loan debt should be forgiven just as PPP loans were.
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

When a reporter asked President Joe Biden on his way out of a press conference whether canceling the first $10,000 of student loan debt was "unfair to people who paid their student loans or chose not to take out loans," Biden's surprisingly sharp response was to mock right-wing hypocrisy on the issue. He turned around and asked the reporter, "Is it fair to people who do not in fact own multibillion-dollar businesses if these guys get all the tax breaks? Is that fair? What do you think?" The contempt displayed by Biden for that question was appropriate and heartening to watch. As jarring as it may be to see the man who spent decades as the "senator from the credit card companies" doing his best Bernie Sanders impression, it was a good moment. The Right's hypocrisy on this has been blatant. As the White House Twitter has gleefully documented, a long list of Republicans now claiming to object in principle to people not having to pay off their loans in full took out generous Paycheck Protection Program (or PPP) loans and had far larger sums of money than $10,000 forgiven. And it really is ludicrous to see the same people who want us to be happy for corporate CEOs benefiting from massive tax breaks desperately trying to foment populist resentment against the "unemployed philosophy majors" or "slacker baristas" benefiting from student loan forgiveness.

2.Other countries cap tuition and forgive student debt and they do just fine.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Other countries have approached higher education with much more effectiveness. Many European countries have made colleges tuition free. And even the United Kingdom — experiencing a regressive economic and political backslide from over a decade of Conservative Party rule — has implemented provisions to protect students from unbridled debt. This includes tuition caps, which don't go far enough, but do offer some protection in keeping fees below $10,000 annually. The British approach to higher education also includes an explicit debt forgiveness scheme, linked to earnings. And all British citizens have their debt wiped after thirty years.

Pro Response to Con Contentions

They argue that: Forgiving student loan debt is unfair to those who paid off their student loans
My responses are:

1 **It is ridiculous to refuse to forgive student loans because others have paid them off.**
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

There might indeed be a case for some form of reparations for people who were victimized by the nightmarish policy of charging people so much for high school that they had to take out "high school loans" so long ago that their loans were long since paid off (or who found a way to pay their high school tuition upfront), but you wouldn't think that we should put relief for current victims on hold while we figure out whether that would be possible or what it would look like. Saying that ending an injustice for present victims is unfair to past victims is absurd. You might as well argue that the United States should have stayed in Afghanistan until the end of time, because withdrawing US troops last year was unfair to all the soldiers who died there in the first twenty years of the conflict.

2-Even if borrowing was ultimately unwise, they are done with the best intentions to advance.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

The debtors described above may have been imprudent in incurring their student loans, but each did so with the expectation that an education would enable them to earn a living. Investment in education is prudent if the borrower can utilize that education to make sufficient income to pay off the debt within a reasonable period. But this depends upon two assumptions. First, the amount of debt is proportionate to the income that can reasonably be expected in the career for which the student has trained. Second, there will be sufficient employment opportunities after graduation. Increasingly, these assumptions are not valid for many student borrowers.

Pro Response to Con Contentions

They argue that: Forgiving student loan debt redistributes wealth
My responses are:

1. There's no harmful impact that necessarily stems from redistributing wealth. The US redistributes wealth all of the time. This argument doesn't show why student loan policy should be any different.

2. Student loan debt is not redistribution for a great number of borrowers.
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

In at least the cases of a great deal of the student debt owed by a great many borrowers, there's also no redistribution issue at all, since the Department of Education was never going to see that money in any case. The question for all too many borrowers was only whether those loans were going to be forgiven now or after they died.

Pro Response to Con Contentions

They argue that: Forgiving student loan debt is not enough to solve.
My responses are:

1-Student loan forgiveness is a good place to start. Our case demonstrates why this issue is important enough to consider as a starting point for future policy.

2-Loan forgiveness need not stop with student loan forgiveness.
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

With all that said, though, forgiving only student debt can feel unfair for a slightly different reason. An awful lot of people are struggling with many different kinds of debt, and student loan debt is far from being the only kind that's not only onerous and immiserating but objectionable as a matter of basic principle. Anyone concerned that the benefits of canceling even $10,000 of student debt (never mind canceling every penny) won't spread to enough of the population should have no objection to combining this with a broader program of debt cancelation. The obvious place to start would be medical debt. In the last five years, "more than half of U.S. adults report that they've gone into debt because of medical or dental bills," according to a recent poll. Even if you hold the (frankly contemptible) belief that a college education is a frivolous luxury that is irresponsible for lower-income people to pursue, do you really think the same is true of, for example, having a medical emergency when the nearest hospital to you is "out of network" for your insurance? How about having complications when your kids are born that add up to a massive bill when you get back from the hospital? Again, the point of principle here is very simple. No society that treated its citizens with a modicum of human dignity would shake them down for a payment at the point of service for medical care rather than paying for it collectively and providing it as a right. Medical debt, like student debt, shouldn't exist.

Pro Response to Con Contentions

They argue that: Payment options exist now that solve for our case.
My responses are:

1-Income eligibility requirements for loan forgiveness can worsen the problem for many borrowers.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

Mr. Biden's proposed income eligibility requirements would also exclude upwardly mobile borrowers with low net worths, including many Black professionals. Worse still, verifying income for debt forgiveness would likely offer false hope of cancellation for millions of low-income borrowers who qualify, as the process, again a bureaucratic gantlet, may very well fail them.

2-Government policies to relieve student debt have often only made the problem worse.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

The government's attempted remedies have often made the problem worse. Under one program, borrowers were supposed to get forgiveness after they steadily made their loan payments for 20 to 25 years. But out of an estimated 4.4 million people who have been in repayment for that long, as of last year, only 32 people had ever managed to have their loans canceled. Another program, put in place during George W. Bush's presidency, promised to forgive public servants' debts after 10 years of payments. As of September, 1.3 million public servants had applied for the program. Only 1 percent of them had ever received loan forgiveness. Now, Mr. Biden has signaled that he intends to cancel at least $10,000 worth of student loan debt per borrower, which would, according to the Department of Education, eliminate the balances of 33 percent of all federal borrowers. That still leaves too many in debt, especially among those whose debts have increased since leaving school — based on our analysis, 86 percent of them would still owe money.

Pro Response to Con Contentions

They argue that: Student loans can be paid off easily.
My responses are:

1- **The increasing cost of higher education far outpaces inflation.**
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

Since 1990, the cost of education has mushroomed far in excess of the cost of living. In 1990–91, the cost of tuition, including room and board, at an average four-year public college was $8495, and $21,423 at a private four-year college.19 As of 2000–01, this increased to $10,711 for a public college, and $27,054 for a private one.20 By 2011–12, these numbers were $17,131 and $38,589, respectively.21 For another perspective, in January 2000, the cost of education and the consumer price index (CPI) were both at 100.22 As of July 2012, CPI stood at 135, while the cost of education had increased to 196.23 The cost of a college education has risen by three times the cost of inflation since 1983.24 Overall, the cost of higher education in America is among the highest in the world.25

2-Many borrowers, who were teens at the time, have not seen the rise in income that empowers them to pay off their loans.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Choosing a degree related to a growing field can bolster a student's post-graduate chances of success. Yet shifts in labor market demand can be hard to anticipate, and teenagers often lack access to the information that would help them make the most informed decision. It is a cruel irony that in a country where it is generally illegal for an eighteen- or nineteen-year-old to drink a beer, they are nonetheless expected to make a complex decision about educational returns, debt, and degree choice, with lifelong implications. Meanwhile, tuition prices have increased by over 500 percent since the 1980s, significantly outpacing income growth. For a majority of students, this increase in tuition has also outpaced growth in their returns on college degrees. And this manifests in a rising inability to pay off loans among each successive class of students. The result is that too many students are currently paying too much for programs that offer them far too little.

Pro Response to Con Contentions

They argue that: Student loan borrowers freely made the decision to borrow from their own free will.
My responses are:

1-Students are often forced, due to circumstances, to take out loans.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023,
https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

If millions of students cannot afford to pay off their student debt, shouldn't they have chosen not to go into that debt in the first place? This objection to student loan forgiveness is shortsighted. The total tuition burden is far greater than available scholarship and grant funding. So as a simple question of resources, it is impossible for most students to avoid taking on debt when they attend college. The most secure methods of avoiding debt involve two factors generally out of student control: their family's wealth and the possibility of accessing cheaper in-state tuition.

2-Teenagers are faced with a choice, risk student loans or face wage stagnation.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023,
https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Students frequently face a conundrum of two risky options. They can take on debt for a college degree, which may not offer them a significant enough financial return to pay off their loans. Or they can choose not to get a four-year higher education degree altogether, which brings with it limitations on economic mobility and access to middle- and high-wage occupations. Given the role of technological shocks in hastening the returns on certain college degrees, all while wages for high school graduates stagnate, the decision not to go to college is likely to be increasingly limiting. This is to say nothing of the broader societal and cultural social goods that arise from having a population able to train, explore, and become better educated through a college degree.

Pro Response to Con Contentions

They argue that: Forgiving student loans promotes regressive economic policies.
My responses are:

1-Student loan forgiveness is not regressive as many college graduates have seen little ROI from their time in college.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

In more recent years, however, the returns from college seem to have consolidated among a more rarefied group of institutions and disciplines. This mirrors broader labor market trends, which have seen growing wage inequality and middle-class erosion. Top universities and degrees in high-demand fields are commanding huge labor market returns, while a majority of institutions and degree-holders are left behind. Undergraduate degrees from top ranked colleges and universities — Harvard, Stanford, MIT, for example — are vacuuming up forty-year returns around $2 million across all disciplines. For the vast majority of colleges and universities, these gains are not nearly as high. In many cases, they fail to justify their costs; for example, Emerson College's rate of return after ten years is negative. And for students who either don't finish their degree or attend a for-profit college, the return on their education is particularly bad.

2-Student debt is itself regressive.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

The people who are making the arguments that student debt is regressive are fixated on targeting, "Well, who gets this Pell Grant? And who will get this tiny amount of debt cancellation?" because they're not coming from a broader framework devoted to distributing wealth more equally. That's what I mean by bad faith. And we can't make this point enough: student debt is regressive. Student debt cancellation is not regressive. Student debt is regressive because if your parents have the means, they pay for you to go to college. As AOC famously said, "The children of millionaires and billionaires do not take on student debt to go to school." And that is absolutely true.

Pro Extensions

Student loan debt negatively impacts the mental health of borrowers.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

Student loan debt also has long-lasting effects on borrowers' mental health and capacity to thrive. A 2022 ELVTR survey on student loan debt revealed that borrowers experience adverse mental health conditions as a result of their debt: 56% reported experiencing anxiety, while 32% reported depression, 20% reported insomnia, and 17% reported panic attacks. Additionally, over 80% of borrowers said that their student loan debt has delayed a major life event for them. With a higher loan burden, Black borrowers and those from other communities of color undoubtedly disproportionately experience both tangible and intangible detrimental consequences of student debt.

Student loan debt does not just harm students. It hurts parents, especially black parents, too.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

Furthermore, student loan debt can impact wealth beyond just that of the individual student borrower. A 2017 study on parental loans by public health researchers Katrina Walsemann and Jennifer Ailshire found that Black parents are more likely to have child-related student debt than white parents. "Black parents and parents with more education, higher income, and higher net worth were more likely to report child-related educational debt than white parents and parents with no degree, low-income, or negative net worth," the study noted.

Student loan forgiveness would have a profound positive impact on all borrowers but especially black borrowers.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

Student loans have been described as a "debt trap for Black borrowers," per a 2022 CNBC interview with sociologist Charlie Eaton. Forgiving this debt would constitute a major, critical step toward closing the racial wealth gap. In a 2020 paper for the Roosevelt Institute, a team of researchers found that "student debt relief would substantially improve the financial security of Black and white borrower households and have profound impacts for the asset security of Black households overall, who would experience substantial relative wealth gains." Additionally, they noted that "greater student debt relief leads directly to greater benefits" for both Black and white borrowers.

Failure to forgive student loan debt harms especially black and Latinx borrowers.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

LDF signed on to an amicus brief supporting administration's student debt forgiveness plan in January 2023. The brief particularly highlighted how the COVID-19 pandemic further exacerbated the racial wealth gap — and explained why student loan forgiveness is essential for countering the pandemic's devastating impact on members of communities of color. "… Targeted debt-relief is critical to ensure that millions of lower-income borrowers — including millions of borrowers of color — are not placed worse financial position due to the pandemic. Absent any relief, Black and Latinx borrowers are at a heightened risk of delinquency and default because of the … racial inequities in wealth, education, healthcare, and employment exacerbated by COVID-19," the brief emphasized. "The foreseeable wave of delinquency and default would devastate individual lives and communities, with particularized harms for historically underserved groups: irrevocably damaging credit, garnishing wages that families badly need for basic necessities, and foreclosing additional educational opportunities and economic mobility. [The Biden administration's] plan will meaningfully ensure that millions of affected borrowers are not economically debilitated by the protracted and pernicious harms of COVID-19 that have thrown them into unprecedented levels of financial distress, including borrowers of color who bear a disproportionate share of the financial burdens arising from the pandemic."

All student debt must be forgiven to best benefit marginalized borrowers.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

Notably, though, while the forgiveness plan is an important step in unburdening student borrowers, it is just one part of a more holistic solution that is needed. As LDF noted at the time of its release, the Biden administration's plan would divert over 60% of its debt relief to white borrowers and only 25% to Black borrowers, despite the disproportionate level of debt held by Black students. The Biden Administration's forgiveness plan "still leaves many Black graduates burdened with substantial debt," says Amalea Smirniotopoulos, LDF Senior Policy Counsel, in a recent interview for this piece. "We need to pursue more holistic solutions to increase access to affordable higher education and degree completion for Black students, ensure equitable pay and employment opportunities for Black graduates, and eliminate other barriers to building Black wealth, such as appraisal bias." To ensure that broad loan cancellation advances equity and supports all borrowers, especially historically marginalized communities, student loan forgiveness plans must be robust and comprehensive. Prior to the release of the Biden administration's plan, LDF, as part of a coalition of civil rights organizations, released a series of "Civil Rights Principles for Student Loan Debt Cancellation" that are illustrative of this approach. These principles call for immediate cancellation of $50,000 of student debt per borrower, extending relief to all borrowers for every type of degree and regardless of institution sector, and guarding against negative credit implications of debt forgiveness.

Forgiving student loan debt would empower marginalized borrowers to build wealth.
Marisa Wright (a student at Harvard Law School and a graduate of the University of Michigan), "How Student Loan Forgiveness Can Help Close the Racial Wealth Gap and Advance Economic Justice," Legal Defense Fund, April 17, 2023, https://www.naacpldf.org/student-loans-racial-wealth-gap/

Any regression in student loan forgiveness initiatives ultimately disproportionately harms students of color. Forgiving student loan debt would allow Black and Latinx borrowers to experience the economic advantages of going to college without enduring higher economic barriers to entry than their white peers. And it would help free them of high-interest rates and predatory lending that saddles them with even more debt than they originally took out to fund their education. "With more student debt and lower earnings, Black students struggle to build wealth. These issues are the result of longstanding structural barriers that have prevented Black people from accessing equal employment opportunities and building generational equity," adds Smirniotopoulos. "Student loan forgiveness can reduce the disparate debt burdens Black students face, allowing them to invest in their education, a home, and their families." Ultimately, student loan forgiveness will allow people of color to build wealth over time, helping to close the racial wealth gap that has persisted for the whole of this country's history. Achieving racial justice requires eliminating the racial wealth gap, and student debt forgiveness is a necessary step in that direction.

Student loan debt should be forgiven just as PPP loans were.
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When a reporter asked President Joe Biden on his way out of a press conference whether canceling the first $10,000 of student loan debt was "unfair to people who paid their student loans or chose not to take out loans," Biden's surprisingly sharp response was to mock right-wing hypocrisy on the issue. He turned around and asked the reporter, "Is it fair to people who do not in fact own multibillion-dollar businesses if these guys get all the tax breaks? Is that fair? What do you think?" The contempt displayed by Biden for that question was appropriate and heartening to watch. As jarring as it may be to see the man who spent decades as the "senator from the credit card companies" doing his best Bernie Sanders impression, it was a good moment. The Right's hypocrisy on this has been blatant. As the White House Twitter has gleefully documented, a long list of Republicans now claiming to object in principle to people not having to pay off their loans in full took out generous Paycheck Protection Program (or PPP) loans and had far larger sums of money than $10,000 forgiven. And it really is ludicrous to see the same people who want us to be happy for corporate CEOs benefiting from massive tax breaks desperately trying to foment populist resentment against the "unemployed philosophy majors" or "slacker baristas" benefiting from student loan forgiveness.

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There might indeed be a case for some form of reparations for people who were victimized by the nightmarish policy of charging people so much for high school that they had to take out "high school loans" so long ago that their loans were long since paid off (or who found a way to pay their high school tuition upfront), but you wouldn't think that we should put relief for current victims on hold while we figure out whether that would be possible or what it would look like. Saying that ending an injustice for present victims is unfair to past victims is absurd. You might as well argue that the United States should have stayed in Afghanistan until the end of time, because withdrawing US troops last year was unfair to all the soldiers who died there in the first twenty years of the conflict.

Poorer students who do go to college are more likely to be burdened by student loan debt.
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

It's also worth noting that people from worse-off backgrounds who go to college are more likely than their classmates from better-off backgrounds to be weighed down by student debt. As is true in many areas, racial statistics are an imperfect but striking stand-in for trends about how resources are distributed in general — while a far lower percentage of black than white Americans over twenty-five go to college in the first place, black students tend to accumulate far more student debt.

Student loan debt is not redistribution for a great number of borrowers.
Ben Burgis (is a Jacobin columnist, an adjunct philosophy professor at Morehouse College, and the host of the YouTube show and podcast Give Them An Argument), "Yes, Canceling Student Loan Debt Is Justified. Canceling Medical Debt Would Be, Too," Jacobin, August 29, 2022, https://jacobin.com/2022/08/college-student-loan-debt-cancellation-biden-medical-health

In at least the cases of a great deal of the student debt owed by a great many borrowers, there's also no redistribution issue at all, since the Department of Education was never going to see that money in any case. The question for all too many borrowers was only whether those loans were going to be forgiven now or after they died.

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Now is the time to forgive student loans because of real economic struggles in the US.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

The resurgence of these payments comes at a time when signals of economic hazard and struggle are mounting. The US economy is not technically in a recession. But many mainstream indicators for labor market robustness mask hidden frailties in the economy, in large part due to the distorting impact of high inequality. In other words, people are living the reality of a recession, even if the official numbers don't necessarily show it. As a result, 32 percent of American adults are falling behind on debt payments, while 25 percent of US parents have struggled to pay for food or housing in the last year. In the aftermath of the Supreme Court decision, harrowing stories are emerging about already-struggling people who have little avenue to pay for an incoming regime of debt repayments. This includes people like Joanna Kearns, forty-two, who told the Financial Times that she is a full-time caregiver for a parent receiving cancer treatment and is trapped by $60,000 of student debt that she owes. Like other graduates, her debt was taken out while she was a teenager.

Student loan forgiveness is not regressive as many college graduates have seen little ROI from their time in college.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

In more recent years, however, the returns from college seem to have consolidated among a more rarefied group of institutions and disciplines. This mirrors broader labor market trends, which have seen growing wage inequality and middle-class erosion. Top universities and degrees in high-demand fields are commanding huge labor market returns, while a majority of institutions and degree-holders are left behind. Undergraduate degrees from top ranked colleges and universities — Harvard, Stanford, MIT, for example — are vacuuming up forty-year returns around $2 million across all disciplines. For the vast majority of colleges and universities, these gains are not nearly as high. In many cases, they fail to justify their costs; for example, Emerson College's rate of return after ten years is negative. And for students who either don't finish their degree or attend a for-profit college, the return on their education is particularly bad.

Many borrowers, who were teens at the time, have not seen the rise in income that empowers them to pay off their loans.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Choosing a degree related to a growing field can bolster a student's post-graduate chances of success. Yet shifts in labor market demand can be hard to anticipate, and teenagers often lack access to the information that would help them make the most informed decision. It is a cruel irony that in a country where it is generally illegal for an eighteen- or nineteen-year-old to drink a beer, they are nonetheless expected to make a complex decision about educational returns, debt, and degree choice, with lifelong implications. Meanwhile, tuition prices have increased by over 500 percent since the 1980s, significantly outpacing income growth. For a majority of students, this increase in tuition has also outpaced growth in their returns on college degrees. And this manifests in a rising inability to pay off loans among each successive class of students. The result is that too many students are currently paying too much for programs that offer them far too little.

Students were often forced, due to circumstances, to take out loans.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

If millions of students cannot afford to pay off their student debt, shouldn't they have chosen not to go into that debt in the first place? This objection to student loan forgiveness is shortsighted. The total tuition burden is far greater than available scholarship and grant funding. So as a simple question of resources, it is impossible for most students to avoid taking on debt when they attend college. The most secure methods of avoiding debt involve two factors generally out of student control: their family's wealth and the possibility of accessing cheaper in-state tuition.

Teenagers are faced with a choice, risk student loans or face wage stagnation.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Students frequently face a conundrum of two risky options. They can take on debt for a college degree, which may not offer them a significant enough financial return to pay off their loans. Or they can choose not to get a four-year higher education degree altogether, which brings with it limitations on economic mobility and access to middle- and high-wage occupations. Given the role of technological shocks in hastening the returns on certain college degrees, all while wages for high school graduates stagnate, the decision not to go to college is likely to be increasingly limiting. This is to say nothing of the broader societal and cultural social goods that arise from having a population able to train, explore, and become better educated through a college degree.

Large increases in tuition are forcing students to take on larger amounts of debt.
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The hike in tuition fees is particularly pronounced at top private institutions, but it is happening across all of American higher education. The continual growth of tuition — far outpacing inflation — owes itself to a destructive amalgam of competition between universities, cheap credit, and technological change. Since admissions for top programs is more competitive than ever before, and demand is less elastic, it has emboldened top colleges to increase tuition, investing in more robust infrastructure, resources, departments, and buildings. Lagging institutions, looking to compete with top colleges, have similarly increased their tuition to catch up. But bad policy is the chief reason for growing tuition fees. In the 1970s, the United States began to substitute welfare transfers for access to cheap credit, which spurred exponential growth in the economy's leverage, driving low- and middle-income households into debt. Given the high demand for admission to selective colleges and universities, the access to cheap credit functioned to artificially inflate students' purchasing power, allowing them to pay higher tuition fees through debt financing. So colleges and universities continued to increase tuition, simply because they could. Furthermore, unlike most other developed countries, there are no tuition increase caps.

Other countries cap tuition and forgive student debt and they do just fine.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Other countries have approached higher education with much more effectiveness. Many European countries have made colleges tuition free. And even the United Kingdom — experiencing a regressive economic and political backslide from over a decade of Conservative Party rule — has implemented provisions to protect students from unbridled debt. This includes tuition caps, which don't go far enough, but do offer some protection in keeping fees below $10,000 annually. The British approach to higher education also includes an explicit debt forgiveness scheme, linked to earnings. And all British citizens have their debt wiped after thirty years.

There are better ways to protect the US taxpayer than to worry over student loan forgiveness.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

First, and most obviously, the argument is hypocritical. Under President Donald Trump, Congress passed a $1.9 trillion tax cut, disproportionately benefitting the wealthiest Americans and corporations. These cuts did not benefit the broader economy enough to counteract the loss of federal revenue and the growth in the national debt. On average the United States spends $826 billion on its military each year, exceeding the next ten countries' defense budgets combined. Fifty-six percent of US adults support cutting this budget, which includes $422 billion spent each year on private defense contractors. While figures capturing military waste are hard to solidify, the Pentagon's own report found that it could save $125 billion a year by reducing staffing, through retirements and attrition. And by reigning in foreign tax havens for the rich and corporations, the United States could bring in well over $10 trillion in unpaid taxes over ten years. To reduce the federal deficit and cut the burden for middle- and low-income taxpayers, these are better places to start than preserving student debt.

The student debt crisis was built on the exploitation of middle and lower-income students.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Second, the securitization of student loan debt — little reported in the media — has been a source of profit for investors. Student loan asset-backed securities (SLABS) have been around since 1992, totaling an issuance of $600 billion of securities, with $170 billion worth still outstanding. Most of the securitized debt is made up of private loans. It is an effective example of how the financialization of student debt — through credit extension — created a higher education market built upon the exploitation of middle- and lower-income students.

Failure to forgive student loan debt increases the injustice in society where only the influential can have their debt forgiven.
Julian Jacobs (is a political economist researching and reporting on income inequality, financialization, debt, voter behavior, and technological change), "The Arguments Against Student Debt Forgiveness Are All Bunk," Jacobin, July 11, 2023, https://jacobin.com/2023/07/student-debt-forgiveness-supreme-court-joe-biden-neoliberalism

Biden's debt forgiveness plan was far from perfect. A better approach would offer a progressive forgiveness regime, tied to student earnings in addition to family income, and do more to stunt future credit-backed tuition hikes. Nevertheless, it was a start. In the aftermath of the Supreme Court's June 30 decision, the student debt crisis is as entrenched as it has ever been. There is little hope of Congress taking the burden off of vulnerable students, even in the form of deferred repayments, despite the signals of economic distress in the economy. And the abject failure of lawmakers serves as yet another example of American federal subservience to corporations and the financial system at large. Make no mistake. American politicians have few scruples about wiping away debt, even in large quantities. It's simply a matter of who owes the debt and whether they have perceived political and economic importance. As David Graeber put it, "As it turns out, we don't 'all' have to pay our debts. Only some of us do."

Student loan debt has created an indentured generation shackled by debt.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

A generation of Americans has borrowed heavily for their education, and hundreds of thousands of them are deeply in debt. Some thirty-seven million Americans owe a total of approximately one trillion dollars in student loans.1 They constitute an Indentured Generation as many of them will be burdened with student loan debt for much of their lives.2 Some will eventually pay their loans, many will default, and others will receive loan modification or partial loan forgiveness. By and large, their participation in the credit economy will be severely limited. Members of the Indentured Generation who are in particularly dire circumstances will turn to bankruptcy for a fresh start. But, with few exceptions, student loan debtors will not get relief through bankruptcy. The relief that is provided for most debts under the United States Bankruptcy Code (Code) is not available for student loan debt.3 Because of this, education debt servitude will last a lifetime for tens of thousands of the Indentured Generation.

The numbers associated with student loan debt are staggering.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

Some experts warn of a student loan bubble,4 while others downplay the potential of a mortgage-loan style meltdown.5 Nonetheless, the numbers associated with education debt are staggering. Thirty-seven million Americans—some 15.4% of American households—owe student loans.6 The average debt load for a four-year college graduate in the class of 2010 was more than $25,250.7 Students in graduate school borrow much more, averaging over $43,5008 and individual loan debt exceeding $150,000 is not uncommon.9 Many middle-aged and senior citizens also have student loan debt, in addition to parents and relatives who have co-signed student loans.10 As of 2012, less than 40% of student loan debt was in repayment status according to the original terms, and a recent study finds that approximately 21% of current student loans are delinquent or in default.11

Entering a weak job market can only compound the problem of student debt for borrowers.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

Compounding the problem is that new graduates are entering one of the worst job markets in decades. The unemployment rate in 2009 for college graduates was 8.7%, but by 2010 it was at 9.1%.12 Unable to find jobs, unprecedented numbers of young people are moving in with parents, postponing marriage and children, working unpaid, temporary, or part-time jobs, and taking similar steps that would have been unthinkable for prior generations.13 As a result of financial stress, student loan debtors experience high levels of personal depression, family dysfunction, adverse health effects, and delay major purchases.14

Borrowers cannot escape student loan debt through bankruptcy.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

While federal repayment and loan forgiveness programs can help some borrowers, for many debtors, these measures fall far short of addressing the crushing burden of student loan debt. But there is an effective means to address the problem. Consumer bankruptcy under the Code adjudicates millions of dollars of debt each day.15 But the Code excludes education loans from discharge unless the debtor proves that paying the debt would result in undue hardship.16 The purpose of this policy is to prevent students from fraudulently obtaining student loans and then speedily discharging them upon graduation, as well as to ensure that there is a pool of funds for access to higher education.17 Consequently, courts have found that undue hardship is a very strict standard for which few debtors qualify.18

The increasing cost of higher education far outpaces inflation.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

Since 1990, the cost of education has mushroomed far in excess of the cost of living. In 1990–91, the cost of tuition, including room and board, at an average four-year public college was $8495, and $21,423 at a private four-year college.19 As of 2000–01, this increased to $10,711 for a public college, and $27,054 for a private one.20 By 2011–12, these numbers were $17,131 and $38,589, respectively.21 For another perspective, in January 2000, the cost of education and the consumer price index (CPI) were both at 100.22 As of July 2012, CPI stood at 135, while the cost of education had increased to 196.23 The cost of a college education has risen by three times the cost of inflation since 1983.24 Overall, the cost of higher education in America is among the highest in the world.25

Students are forced to borrow in ever larger amounts to keep up with the costs of education.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

To keep pace with skyrocketing education costs, students have been borrowing in ever greater numbers. In 1990, students took out $11.7 billion in loans to fund their educations.26 By 2000–01, total education loan debt rose to $43,453,000.27 As of the first-quarter 2012, federal student loan debt stood at approximately $904 billion with private loans adding another $150 billion, surpassing both consumer credit card debt ($679 billion) and auto loan debt ($737 billion).28 Students borrowed $103.9 billion in 2010–11 alone.29 As of 2011, borrowing for education at nonprofit schools averaged 42% of the cost of an education,30 while the borrowing rate at 2-year for-profit schools may be as high as 98%.31 The Department of Education expects new federally guaranteed student loans in 2013 to total $154.4 billion.32 The fastest growth is for students at for-profit schools, even though students at these schools have a lower graduation rate, higher debt, and higher tendency to default on loans.33

Forgiving student loan debt would help older Americans as well.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

It is not just younger people who go into debt for education. In recent years, education borrowing by people ages thirty-five to forty-nine has also grown rapidly.43 In addition, parents are incurring debt to cover college costs for their children. In 2010, 17% of parents took out loans for their children's education, up from 5.6% in 1992–93.44 Loans to parents, for their children's college education, account for approximately $100 billion, or about 10% of the estimated $1 trillion in education debt.45 And many older people remain saddled with debt from their own college years. One study finds that people aged sixty and older hold $36 billion in student loan debt, of which some 10% is delinquent.46

Student loan debt can shackle graduates for decades.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

There is no shortage of wrenching accounts from people struggling under mountains of student loan debt. There are any number of online sites where commentators and student debtors chronicle their experiences.166 Undoubtedly the poster child for crushing student loan debt is a family practitioner in Columbus, Ohio, whose $250,000 in loans for medical school eventually mushroomed to $550,000 after deferments for her residency, missed payments with late fees, and compounding interest.167 A more typical situation is that of a student who borrowed $79,000 in loans to study interior design at a for-profit college.168 By graduation, her debt had grown to over $100,000. She could not find a job in her field and obtained several forbearances, incurring additional interest and fees. She eventually landed a job in a different field and after making timely payments for five years, she still owes $98,000. When her loans are paid off in twenty-five years, she will have paid $211,000. She figures that for now she cannot afford to study for a business degree, start her own business, own a house, or have children.169 Below are profiles of four student loan debtors who were interviewed for this Article.170

Even if borrowing was ultimately unwise, they are done with the best intentions to advance.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

The debtors described above may have been imprudent in incurring their student loans, but each did so with the expectation that an education would enable them to earn a living. Investment in education is prudent if the borrower can utilize that education to make sufficient income to pay off the debt within a reasonable period. But this depends upon two assumptions. First, the amount of debt is proportionate to the income that can reasonably be expected in the career for which the student has trained. Second, there will be sufficient employment opportunities after graduation. Increasingly, these assumptions are not valid for many student borrowers.

The skyrocketing costs of education can make it difficult or impossible to pay bills and pay off student loans.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

The first assumption, that the amount of education debt is proportional to expected income, is undermined by the skyrocketing cost of education in recent years. Increases in tuition, fees, and other expenses of higher education have outstripped inflation in every other major sector of the economy, such as energy, food, healthcare, and even housing during the time when housing itself was experiencing a bubble.173 The cost of tuition alone has ballooned from 23% of median annual earnings in 2001 to 38% in 2010.174 To illustrate the difficulty of managing student loan debt, assume a four-year college graduate named Joan gets a job in Dallas with a salary of $41,701, which was the prototypical average salary for 2011 graduates.175 Fortunately, Texas has no state income tax, so Joan's take home pay after federal taxes (but with no other deductions such as retirement, health insurance, etcetera) is $34,377.15 per year176 or $2,864.75 per month. Average apartment rent outside the expensive Dallas City Center is $725 per month, but Joan is frugal and takes the cheapest place she can find at $600 per month.177 Using standard cost of living percentages, Joan will pay at least $3000 per month for housing, food, transportation and other expenses.178 Ouch! Joan is already in trouble because her monthly living expenses exceed her monthly take home pay. Somehow she gets by for a while, but after six months her student loan repayment kicks in. If Joan has $27,000 in student loan debt (the national average for a four-year college graduate) and uses the standard repayment plan, she will have to pay $310.72 per month.179 How will she get by and keep up with her student loan repayments? Joan is not sure, but somehow she will find a way. Fortunately, she has no dependents or medical expenses, and she will probably get a raise after her first year. But many borrowers do have dependents, medical expenses, insurance and payroll deductions, or will not get a raise. Some of them do not even have jobs.

Often people are forced to borrow because the costs of not attending or finishing college can be worse.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

Despite Joan's problems, the downside of not attending college may be worse. On average, a person with a bachelor's degree will earn one and a half times more over their lifetime than those with only a high school diploma.180 Median weekly earnings in 2011 for a person with a bachelor's degree was $1053, compared to $768 for a person with an associate degree, and $638 for a person with only a high school diploma.181 As of January 2012, the unemployment rate for people with a bachelor's degree or higher was approximately 4%, compared to 9% for people with a high school degree and no college.182 So, students may feel they have no choice but to incur debt for post-secondary education.183

Student loan debt effectively traps borrowers in a debtor's prison.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

For many student borrowers, the same hefty investment required to get an education to earn a livelihood correspondingly creates a lifetime of debt service. The Indentured Generation will be under monthly loan obligations that for decades will preclude purchasing anything comparable in price to the cost of their education. Of course, debtors are obligated to repay debts they incur, but our society sees merit in allowing people in serious, debilitating financial distress to discharge debts in bankruptcy. By excepting education debt from bankruptcy discharge, debtors are given no escape from the financial stresses that would otherwise qualify them for discharge. It is disconcerting that the first and second prongs of Brunner, together, inherently countenance that a debtor go without a minimal standard of living—no adequate housing, clothing, food, etcetera—for an indeterminate period unless he proves that his situation will never rise above the low minimal standard.555 This is a coherent description of deprivation. Student borrowers in the Indentured Generation, starting from a young age, will become permanent members of an economic underclass. They are living in American society, but from a financial perspective, always on the outside looking in.

Student loan prisons are not made moral because they lack physical bars and walls.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

An indentured class is not a good thing for our society to create. As Bruce Mann states, "[w]hether a society forgives its debtors and how it bestows or withholds forgiveness are more than matters of economic or legal consequence. They go to the heart of what a society values."556 Elizabeth Warren puts it another way: Americans need a safety valve to deal with the financial consequences of the misfortunes they may encounter. They need a way to declare a halt of creditor collection actions when they have no reasonable possibility of repaying. They need the chance to remain productive members of society, not driven underground or into joblessness by unpayable debt.557 It is fortunate that debtors' prisons are no more, because there would be tens of thousands of potential student loan debtor inmates ready to be sentenced. Yet as a society, we sentence them to a lifelong form of house arrest. It is still an incarceration, one that is not necessarily more moral than a prison of bars and walls.

Forgiving student loan debt would empower borrowers to more fully participate in the economy.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

A recent report by the Federal Reserve Bank of New York shows that there are higher rates of consumer debt delinquency and declining rates of new mortgage originations among borrowers with student loan debt.558 Other financial experts note that higher education debt burdens are disqualifying a generation of young graduates from home ownership.559 Many commentators argue that to forgive student loan debt and return consumers debtors to normal economic life is an economic imperative. Margaret Howard asserts that student loan debt is not by nature different from any other unsecured debt,560 that student loan debtors are no more likely than other debtors to abuse the bankruptcy process,561 and that bankruptcy serves a critical economic purpose in restoring debtors to participation in the "open credit economy."562 John M. Czarnetsky finds that bankruptcy resolves the tension between "freedom of contract and freedom of action in the market,"563 and gives debtors a renewed incentive to engage in entrepreneurship and social improvement.564 John D. Sousa offers a social utility theory to discharge, combining the economic participation arguments of Howard and Czarnetsky, with curing the social malaise caused by severe economic distress: [C]onsumers who are freed of constricting debt obligations can take that portion of their incomes once dedicated to attempting to fruitlessly repay their creditors and place this income into the stream of economic commerce. Moreover, freed of this indebtedness, debtors will have every incentive to resume productivity, rather than contemplate idleness if working only produces a return for the creditors.565

We should forgive student loans because we encouraged people to take them out in the first place.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

At least 43 million Americans have student loan debt, ranging from hundreds to hundreds of thousands of dollars. Until now, there's been no hope of a bailout. Just as some argued that the subprime mortgage crisis was a matter of millions of people choosing to borrow too much, others have said that the student debt crisis is primarily the fault of the debtors. This myth hides that it was a harmful policy decision to encourage disadvantaged students to borrow for college in the first place. In 2008, the federal government was willing to bail out banks after their risky lending practices devastated the economy. We need a similar such bailout today. But unlike in 2008, this bailout would go to the victims of a crisis, not its perpetrators.

Partial loan forgiveness is not enough to protect borrowers from predatory lenders.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

For the last three decades, our government's lending practices devoured borrowers' incomes, prevented homeownership, and contributed to despairing anxiety. Lenders have denied borrowers access to loan relief programs and for-profit colleges have hounded prospective student borrowers, even when they knew graduates would get little return on their investments. By the time President Barack Obama left office, student loans were just as speculative and commonplace as subprime mortgages. President Biden has signaled that we must make amends for this debt trap by bailing out the generation of borrowers who have been wronged. But the $10,000 of debt cancellation per borrower that he's suggested will not be enough.

We have promised borrowers economic mobility and allowed unlimited borrowing.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

In 1975, only an estimated one in eight college students used federal student loans to pay for college. During that period, Pell Grants covered much of the cost of attending most public universities, and grants were available to anyone from middle- or low-income families. But a surge of economically disadvantaged students pursued higher education in the 1980s as factory closures, automation and union-busting decimated the middle class. At the same time, President Ronald Reagan persuaded Congress to cut Pell Grant awards. In his speech accepting the Democratic nomination for President in 1992, Bill Clinton described a "New Covenant" with America that would include the largest-ever expansion of federal student loans. Until that point, loans had played a relatively small role in funding U.S. higher education. With student loans for all, he said, "the doors of colleges are thrown open once again to the sons and daughters of stenographers and steelworkers." The future president made Americans a promise: If they borrowed to pay for school, their debt would pave a path to economic mobility. When Mr. Clinton and Democrats won control of the presidency and Congress, they allowed students to borrow unprecedented amounts from the government to pay for college. But this wasn't altruism: A new accounting trick counted federal student loans as profitable assets instead of expenditures, which gave the administration a shortcut in balancing the budget. Today, 63 percent of Americans over 25 have attended at least some college, and most of them have borrowed to pay for it. From the time of Mr. Clinton's expansion of federal student loan programs in 1993, total borrowing quintupled to a peak of almost $120 billion in 2010.

Our student loan system exploited students of color while the costs of college grew, creating a debt trap.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

The cost of college grew too. In the early 2000s, state governments reduced higher education funding per student, knowing that students could get federal loans to pay for increased tuition. Many students had to take on debt to attend even the public universities and community colleges that enroll most undergraduates. Predatory for-profit colleges — which often went after Black undergraduates and low-income Pell recipients — especially plundered the expanded federal loan program, which paid them tens of billions of dollars for worthless diplomas or no degree at all. A promise of upward mobility quickly became a debt trap for borrowers and a financial bonanza for those receiving federal dollars to educate them.

Decades after taking the loan, student borrowers can still owe more than they borrowed.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

What's more, compound interest doesn't pause just because loans aren't being repaid. While new borrowing by students has declined since 2010, total unpaid student debt has doubled. In 2016, more than one-third of borrowers who started college in 2004 still owed more than they originally borrowed. Those numbers are worse for Black borrowers — two-thirds of them owed more than they initially borrowed more than a decade after they started school. Borrowers are increasingly unable to repay their debts, not because of their mistakes but because of negligent government policies. Instead of expanding Pell Grants and affordable schools for these disproportionately Black and working class students, the government threw them to for-profit college recruiters and corporate loan servicers. Thirty years after Mr. Clinton's speech, the promise of loan-financed college as a source of mobility for all has proved to be empty words.

Government policies to relieve student debt have often only made the problem worse.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

The government's attempted remedies have often made the problem worse. Under one program, borrowers were supposed to get forgiveness after they steadily made their loan payments for 20 to 25 years. But out of an estimated 4.4 million people who have been in repayment for that long, as of last year, only 32 people had ever managed to have their loans canceled. Another program, put in place during George W. Bush's presidency, promised to forgive public servants' debts after 10 years of payments. As of September, 1.3 million public servants had applied for the program. Only 1 percent of them had ever received loan forgiveness. Now, Mr. Biden has signaled that he intends to cancel at least $10,000 worth of student loan debt per borrower, which would, according to the Department of Education, eliminate the balances of 33 percent of all federal borrowers. That still leaves too many in debt, especially among those whose debts have increased since leaving school — based on our analysis, 86 percent of them would still owe money.

Income eligibility requirements for loan forgiveness can worsen the problem for many borrowers.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

Mr. Biden's proposed income eligibility requirements would also exclude upwardly mobile borrowers with low net worths, including many Black professionals. Worse still, verifying income for debt forgiveness would likely offer false hope of cancellation for millions of low-income borrowers who qualify, as the process, again a bureaucratic gantlet, may very well fail them.

We must bail out borrowers from unpayable debts.
Charlie Eaton (is an assistant professor of sociology at the University of California, Merced and the author of "Bankers in the Ivory Tower."), "The Government Gave Out Bad Loans. Students Deserve a Bailout," The New York Times, May 17, 2022, https://www.nytimes.com/2022/05/17/opinion/student-debt-forgiveness.html?auth=login-google1tap&login=google1tap

Instead, Mr. Biden must bail out borrowers from the trap of unpayable debts. To do right by at least half of borrowers, he would need to cancel $30,000 per borrower. But to fulfill the promise of higher education, to narrow the racial wealth gap, and to foster an opportunity society, the administration should cancel at least $50,000 per borrower. This would completely bail out 36 million from student debt, according to our analysis, including 67 percent of those who still owe more than they originally borrowed. A $50,000 bailout per borrower would eliminate only a portion of the $1.6 trillion in outstanding student debt. The government has done fine without collections for two years during the existing repayment pause. And the Department of Education expects that a third of this sum will never be collected anyway.

Student loan debt has become a form of disciplinary power.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

I come from the tradition that sees social change as a struggle. It would be wonderful if we lived in a political reality where we just had to make the best arguments and propose rational policies. I think there's a very persuasive argument for education as a public good, for health care as a public good. But that's not the way politics works. It's not actually just about persuasion and deliberation. It's about power. Debt has become a disciplinary form of power. Over the last few decades, as debt has exploded, it has disempowered people. Every time we sign a lending contract, it feels like an individual act, but that obscures the fact that it's part of a broader social and economic phenomenon. We tend to see poverty and debt as personal failings, but it's really the product of failed policies. We say in our book Can't Pay, Won't Pay that "The problem isn't that we're living beyond our means. We're denied the means to live." You're in debt because your wages don't cover your daily needs. You're in debt because what you're offered is student loans and not public education. The reason you have to put medical bills on your credit card is because there isn't universal health care. So under these conditions, we think it's justified for debtors to push back and to revolt. And so economic disobedience is a way of saying, "We have to push back, just like civil disobedience pushes back against immoral laws. Civil disobedience is about doing an accounting and saying, "This might be the law, but to enact my values, I might have to break it."

Partial debt forgiveness does not go nearly far enough to help borrowers of color.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

So Biden campaigned on the immediate cancellation of a minimum of $10,000. And that was for everyone, for any borrower, across the board. Then he also promised the cancellation of all undergraduate student debt for people who went to public colleges, HBCUs, and other things. But he hasn't done these things. And he actually has the power to do it. But $10,000 is woefully inadequate because the average Black borrower owes over $50,000 in debt four years after graduation [and that was 2016 data, so things have likely gotten worse]. The average student debtor graduates with around $30,000, and it goes up every year. So for a lot of people, many of whom have six figures [in debt], $10,000 is a drop in the bucket. It just won't make a material difference in their lives. And I think the question of justice comes in when we say, "Well, what is just about leaving the rest of this debt?" And instead of accepting the burden of rationalizing eliminating it, I ask, "What's the rationalization for leaving it there?"

Forgiving student loan debt would have benefits across society and help close the racial wealth gap.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

Yeah, but I think a lot of these concerns are raised in bad faith. They're raised by people who work for conservative think tanks quite often. And they pretend to be suddenly concerned about equity and whether student debt cancellation disproportionately benefits the privileged. My main response to these concerns is that they still think of the problem in terms of the individual, which is how debt trains us to think. We sign a loan contract and then we're responsible for paying it back. But there are broader social benefits to canceling student debt. Some of the money now going to the federal government would instead circulate in the broader economy. It would allow people to improve their economic circumstances, to take more risks and be more entrepreneurial. It would also go a long way in closing the racial wealth gap. Lastly, I will say that student debt cancellation is very popular across the political spectrum because it impacts people across the political spectrum. It's one of those things where I can imagine a world where you would lead with that, where you would lead with the social good, where you would lead with the fact that it's popular even with Republicans, and articulating those broad social benefits.

Forgiving student debt need not be regressive. It depends on how it is structured.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

Student debt cancellation isn't the end-all and be-all. It's one policy among many. If we care about targeting relief, then you don't do it through student debt cancellation. You do it by taxing income and wealth. This is one of those things where it kind of breaks your brain. It shouldn't even be a debate. Let people go to college for free and earn what they earn, and let's try to create justice in that, in terms of access to college if people want to go. But then let's tax people, tax their income, and use that money to fund public services. And I also believe that you don't make good jobs by making more college graduates. So let's improve the jobs that exist so that you don't have to get a college degree to earn a living wage and have a dignified life.

Student debt is itself regressive.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

The people who are making the arguments that student debt is regressive are fixated on targeting, "Well, who gets this Pell Grant? And who will get this tiny amount of debt cancellation?" because they're not coming from a broader framework devoted to distributing wealth more equally. That's what I mean by bad faith. And we can't make this point enough: student debt is regressive. Student debt cancellation is not regressive. Student debt is regressive because if your parents have the means, they pay for you to go to college. As AOC famously said, "The children of millionaires and billionaires do not take on student debt to go to school." And that is absolutely true.

Debt forgiveness need not be limited to student loan debt, if the con side is concerned about fairness.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

If that was on the table as part of a deal for debt forgiveness, sure! I'd just say that that's not how we approach other forms of social progress. For example, it's tragic that some people didn't have access to the Covid-19 vaccine. But we cheer the fact that other people will have access to it, right? Hopefully people will see that they'll benefit because perhaps their children, or their loved ones, or their friends, will be able to pursue higher education without the weight of these debts. I'd also stress again that this isn't the only policy. The federal government can erase any debts it's owed. So it could erase debts for farmers. It could erase debts for veterans who go to its hospitals. This should be coupled with all sorts of policies that aim to reap the benefits of a debt jubilee. Erasing student debt would make a lot of people's lives a lot better and hopefully set the stage for the deeper fight. It's part of the pathway to where we need to be, but it's not the whole piece.

Student loan forgiveness is an essential part of the fight against inequality.
Astra Taylor (is a Canadian-American documentary filmmaker, writer, activist, and musician. She is a fellow of the Shuttleworth Foundation for her work on challenging predatory practices around debt), Sean Illing (a senior writer at Vox and the host of The Gray Area podcast), "The case for canceling student debt — all of it," Vox, May 13, 2021, https://www.vox.com/policy-and-politics/22383450/student-debt-forgiveness-biden-astra-taylor

All of the above. The Debt Collective is not just a student debt organization. We are trying to open a new avenue in the fight against inequality. So just like the labor movement organized people on the wage gap, we see a complementary motive organizing around indebtedness, where people can connect their personal struggles to the lack of public goods and make demands of the state, and to collectively push for debt cancellation. To your specific question about college, pushing for free college has a double meaning for me. It should be free in the sense that it doesn't cost anything, but it should also be free in the sense that it frees people to pursue the things they're interested in and to become whole citizens. In other words, contra Reagan, the state should be in the business of subsidizing curiosity because that is good for society. That's good for democracy. And it's worth fighting for.

Forgiving student loan debt could boost the economy.
Hillary Hoffower (focuses on the intersection of youth culture and wealth, reporting on the lifestyles and economics of millennials and Gen Z) and Madison Hoff (a reporter on the economy team, primarily covering labor force data and research), "The case for cancelling student debt isn't political — it's practical. Here are the benefits of erasing $1.6 trillion, no strings attached," Business Insider, February 17, 2021, https://www.businessinsider.com/economic-benefits-of-student-debt-forgiveness-2020-12

Bharat Ramamurti, a member of the Congressional Oversight Commission, recently tweeted out a thread that argues the benefits of cancelling student loan debt for these millions of borrowers based on previous studies and government data. "The bottom line is that broad debt cancellation via executive order is popular, economically potent, and — most importantly — life-changing for millions of Americans struggling through this crisis," Ramamurti wrote on Twitter. One of the studies Ramamurti shared is a 2018 paper from the Levy Economic Institute of Bard College using 2016 data that looks at the effects of student loan debt forgiveness. The authors write that a one-time cancellation of the $1.4 trillion outstanding student debt held would translate to an increase of $86 billion to $108 billion a year, on average, to GDP. Cancelling student debt could also mean current monthly payments could go toward savings or other spending. Per the Federal Reserve report, those who make payments usually pay about $200 to $299 per month. Ramamurti tweeted that this "is like sending those people a check every month." He told Insider that with student loan forgiveness, that is essentially putting almost $3,000 back in Americans' pockets each year, which as a result could help boost the economy. Indeed, forgiveness would benefit younger Americans who have been putting off milestones. A SoFi survey of 1,000 Americans ages 22 to 35 found 61% of millennials said they've delayed buying a house because of student-loan debt. The Levy Institute also noted that beyond the effects seen in their models, forgiveness would help with both business and household formation. "Of course, starting a small business means that there's going to be more jobs available. Buying a home means there's more demand for home construction and so on," Ramamurti said. "And so it has all of these positive ripple effects throughout the economy."

Forgiving student debt would help close the racial wealth gap.
Hillary Hoffower (focuses on the intersection of youth culture and wealth, reporting on the lifestyles and economics of millennials and Gen Z) and Madison Hoff (a reporter on the economy team, primarily covering labor force data and research), "The case for cancelling student debt isn't political — it's practical. Here are the benefits of erasing $1.6 trillion, no strings attached," Business Insider, February 17, 2021, https://www.businessinsider.com/economic-benefits-of-student-debt-forgiveness-2020-12

It's these lowest-income households, and communities of color, that will gain the most from cancellation plans. Beamer said: "Progress on mitigating wealth inequality is one of the biggest effects of student debt forgiveness." Black students shoulder a heavier debt burden than their white peers: About 87% of Black students attending four-year colleges take out student loans compared to about 60% of white students. They also owe $7,400 more on average than their white peers after graduating, per Brookings. Post-college, it's difficult for workers of color to financially catch up. As the Economic Policy Institute wrote in its latest wages report, "average wages grew faster among white and Hispanic workers than among [Black] workers for all education groups from 2000 to 2019." Black borrowers under the age of 40 were also more likely to be behind on payments in 2019 than white or Hispanic borrowers: 26% for Black borrowers, 19% for Hispanic borrowers, and 7% for white borrowers, according to the Federal Reserve.

Borrowers cannot escape student loan debt through bankruptcy.
Daniel A. Austin (Associate Professor, Northeastern University School of Law), "The Indentured Generation: Bankruptcy and Student Loan Debt," Santa Clara Law Review, 2013, https://ssrn.com/abstract=2157461

While federal repayment and loan forgiveness programs can help some borrowers, for many debtors, these measures fall far short of addressing the crushing burden of student loan debt. But there is an effective means to address the problem. Consumer bankruptcy under the Code adjudicates millions of dollars of debt each day.15 But the Code excludes education loans from discharge unless the debtor proves that paying the debt would result in undue hardship.16 The purpose of this policy is to prevent students from fraudulently obtaining student loans and then speedily discharging them upon graduation, as well as to ensure that there is a pool of funds for access to higher education.17 Consequently, courts have found that undue hardship is a very strict standard for which few debtors qualify.18

Con Case #1

We negate the resolution, Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that the money we would use to forgive all student loan debt should be used for social safety nets to protect those who truly cannot afford student loans and who are adversely impacted by other harmful economic and social policies.

First: **There are better ways to budget the money student loan forgiveness would cost.**
Adam Looney of the Brookings Institute, writes February 12, 2021:[8]

Even modest student loan forgiveness proposals are staggeringly expensive and use federal spending that could advance other goals. The sums involved in loan-forgiveness proposals under discussion would exceed cumulative spending on many of the nation's major antipoverty programs over the last several decades. There are better ways to spend that money that would better achieve progressive goals. Increasing spending on more targeted policies would benefit families that are poorer, more disadvantaged, and more likely to be Black and Hispanic, compared to those who stand to benefit from broad student loan forgiveness. Indeed, shoring up spending on other safety net programs would be a far more effective way to help low-income people and people of color.

Second: Forgiving all student debt would cost more than 20 years of spending on unemployment insurance, EITC, and food stamps combined.
Looney 2021 continues:

Forgiving all student debt would be a transfer larger than the amounts the nation has spent over the past 20 years on unemployment insurance, larger than the amount it has spent on the Earned Income Tax Credit, and larger than the amount it has spent on food stamps. In 2020, about 43 million Americans relied on food stamps to feed their families. To be eligible, a household of three typically must earn less than $28,200 a year. The EITC, the nation's largest antipoverty program, benefitted about 26 million working families in 2018. That year, the credit lifted almost 11 million Americans out of poverty, including about 6 million children, and reduced poverty for another 18 million individuals. Forgiving up to $50,000 of student debt is similar in cost to the cumulative amount spent on Supplemental Security Income (SSI) and all housing assistance programs since 2000. Supplemental Security Income provides cash assistance to 8 million people who are disabled or elderly and have little income and few assets. Recipients must have less than $2,000 in assets. About half have zero other income.

[8] Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

<u>Third</u>: There is a better way, make use of existing safety nets. Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020:[9]

There are many people struggling to repay their student loans who deserve some help from the government that offered them those loans in the first place. But we should also recognize that for some people, college is a net-positive investment. People who receive a large financial return from their education should be responsible for a portion of the costs. In other words, people who can afford their student loans should pay their student loans. What about borrowers who aren't doing well, financially? The federal student loan program already has a safety net for them. Using income-based repayment plans, borrowers can tie their loan payments to their earnings. Very low-income borrowers have zero payments. Income-based repayment can make life easier for distressed borrowers, but many are not aware of its existence. According to government surveys, only 43% of undergraduates know about the plans. Making better use of the existing safety net should be the first priority to help student borrowers. Beyond that, some loan modifications to help borrowers truly in a deep hole may be in order. But any such reforms should be paired with limitations on future borrowing and rules to ensure colleges are held accountable when the education they provide fails to pay off. Student loan forgiveness is the wrong way to kick off the Biden administration: it is regressive and unfair, won't stimulate the economy, and creates perverse incentives to borrow more in the future. While the federal student loan program has problems, they can be fixed with cheaper and saner policy.

For the foregoing reasons, we urge a Con Ballot.

[9] "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

Pre-flow – Con Case #1

- the money we would use to forgive all student loan debt should be used for social safety nets to protect those who truly cannot afford student loans and who are adversely impacted by other harmful economic and social policies.

First: There are better ways to budget the money student loan forgiveness would cost.
Adam Looney of the Brookings Institute, writes February 12, 2021:

Second: Forgiving all student debt would cost more than 20 years of spending on unemployment insurance, EITC, and food stamps combined.
Looney 2021 continues:

Third: There is a better way, make use of existing safety nets. Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020

Con Case #2

We negate the resolution, Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that we should not forgive "all" student loan debt. The Pro side has the burden to establish that all student loan debt should be forgiven, even for those who do not need them. Because the Pro side can only show—at most—that SOME student loan debt should be forgiven, vote for the con side.

First: **Those with high paying jobs who are paying off their loans ought not have their loans forgiven.** Adam Looney of the Brookings Institute, writes February 12, 2021:[10]

Student loan relief could be designed to aid those in greater need, advance economic opportunity, and reduce social inequities, but only if it is targeted to borrowers based on family income and post-college earnings. Those who borrowed to get college degrees that are paying off in good jobs with high incomes do not need and should not benefit from loan-forgiveness initiatives that are sold as a way to help truly struggling borrowers.

Second: **We need not forgive all debt to achieve the goals of the pro team.**
Looney 2021 continues:

Between targeted debt relief to students from low-income families, improvements in income-driven plans, and implementing forgiveness plans (like public service loan forgiveness) already on the books, Congress and the Biden Administration can reduce hardships imposed by federal lending and advance economic opportunity—without across-the-board loan forgiveness. Congress and the Administration can't do it all. We need to weigh student-loan forgiveness against other spending priorities and be clear about what we value most.

Third: **Student loan forgiveness is poorly targeted.** Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020:[11]

To be fair, the regressivity problem is one which some advocates of loan forgiveness recognize. For this reason, many propose limiting forgiveness to a certain amount per borrower, rather than forgiving all debt. This is better, but still not an optimal policy. Government resources are scarce, so there is a finite amount of relief that Uncle Sam can distribute, through student loan forgiveness or otherwise. Out of 255 million adult Americans, just 45 million have federal student debt. If economic relief is in order, it's highly inequitable to distribute tens of thousands of dollars to the 45 million while the other 210 million get nothing. Underlying student loan

[10] Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

[11] "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

forgiveness is the logic that people who attended college in the recent past are more deserving of government assistance than everyone else, which makes little sense. For the cost of forgiving $10,000 in debt per borrower, the federal government could instead cut every adult American a check for just under $1,500. Moreover, people who never attended college at all have been impacted the most by the Covid-19 pandemic and the recession. Those with only a high school degree have an unemployment rate of 8.1%, while people with a college degree have a jobless rate of 4.2%. As an economic relief policy, student loan forgiveness gets it exactly backward.

For the foregoing reasons, we urge a Con Ballot.

Pre-flow – Con Case #2

- we should not forgive "all" student loan debt. The Pro side has the burden to establish that all student loan debt should be forgiven, even for those who do not need them. Because the Pro side can only show—at most—that SOME student loan debt should be forgiven, vote for the con side.

First: **Those with high paying jobs who are paying off their loans ought not have their loans forgiven.** Adam Looney of the Brookings Institute, writes February 12, 2021:

Second: **We need not forgive all debt to achieve the goals of the pro team.** Looney 2021 continues:

Third: **Student loan forgiveness is poorly targeted.** Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020

Con Case #3

We negate the resolution, Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that forgiving all federal student loans would benefit the elite at the expense of the marginalized and communities of color.

First: **Student loan forgiveness disproportionately benefits higher-income and whiter individuals compared to other income support programs like food stamps, Medicaid, and the Earned Income Tax Credit.** Adam Looney of the Brookings Institute, writes February 12, 2021:[12]

Beyond the sums that debt forgiveness would represent, the beneficiaries of student loan forgiveness would be higher income, better educated, and whiter than beneficiaries of other transfer programs. The following table describes the economic and demographic characteristics of beneficiaries of selected income support programs as well as would-be beneficiaries of student debt forgiveness. Food stamps, for instance, serve households whose median income is about $19,000 a year (half are in poverty), and provide $2,300 annually for the average household. Medicaid households earn about $33,000; about 34 percent are below the poverty line. Families that claim the Earned Income Tax Credit—the largest cash income support for working families—earn about $36,500; their average annual benefit is about $2,200. In contrast, the median income of households with student loans is $76,400, and 7 percent are below the poverty line. Among those making payment on their loans (and who would have an immediate cash flow benefit from forgiveness), the median income is $86,500, and 4 percent are in poverty. If debt forgiveness were capped at $50,000, the average benefit to these households would be roughly $26,000—about the same as we provide a family living on food stamps over the course of 11 years.

Second: **Student loan borrowers are typically white, highly educated, and have higher incomes compared to recipients of other federal programs.**
Looney 2021 continues:

In terms of demographics and educational attainment, households with student debt largely mirror the characteristics of households in the population at large, except they are better educated. Student loan borrowers are more likely to be white and highly educated. Indeed, among those making payments on student loans the fraction of households that are white is the same as in the population at large, but they are about 70 percent more likely to have a BA and twice as likely to have a graduate degree. In contrast, households that benefit from federal programs, like SNAP, the EITC, SSI, or Medicaid, are more likely to be Black or Hispanic, and have much lower levels of educational attainment; few have gone to college, and almost none have a graduate degree. For reference, among all households, the Census reports that 66 percent identify as white, 13 percent Black or African American, and 14 percent as Hispanic. About 42 percent have a BA and 18 percent a graduate degree. In short, beneficiaries of across-the-board

[12] Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

student loan forgiveness would be higher income, better educated, and more likely to be white than beneficiaries of just about all other programs designed to reduce hardship and promote opportunity and targeted to those who need help.

Third: Forgiving student loans transfers wealth from those who need help to those who do not. William L. Anderson of the Mises Institute, writes in 2022:[13]

This is only the beginning of Biden's financial shenanigans to benefit his party's constituencies. Economist Alex Tabarrok has laid out ways that both higher education officials and students can further game Biden's scheme. Regarding the real wealth transfers involved, French writes: one of the fundamental flaws of the Biden plan is that it doesn't just help those who need help. Instead, it imposes costs on those who need help to provide a substantial benefit to thousands upon thousands of college and graduate school graduates who don't. Understand that Biden invoked emergency powers to deal with something that under no circumstances counts as a crisis to transfer wealth from people with little political influence to those who are in or moving into the corridors of power. As the federal government continues to expand its reach—thus, making a college degree an even more vital gateway to better-paying occupations—the politically powerful will find more ways to dump their financial burdens upon those that can least afford them.

For the foregoing reasons, we urge a Con Ballot.

[13] Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

Pre-flow – Con Case #3

- forgiving all federal student loans would benefit the elite at the expense of the marginalized and communities of color.

First: **Student loan forgiveness disproportionately benefits higher-income and whiter individuals compared to other income support programs like food stamps, Medicaid, and the Earned Income Tax Credit.** Adam Looney of the Brookings Institute, writes February 12, 2021:

Second: **Student loan borrowers are typically white, highly educated, and have higher incomes compared to recipients of other federal programs.** Looney 2021 continues:

Third: **Forgiving student loans transfers wealth from those who need help to those who do not.** William L. Anderson of the Mises Institute, writes in 2022

Con Case #4

We negate the resolution, Resolved: The United States federal government should forgive all federal student loan debt. Our sole contention is that student loan debt is good and positive for our country, whereas forgiveness would take away the benefits and harm society.

First: **Student loans are a good, and profitable investment for graduates.** Neal McCluskey of Cato's Center for Educational Freedom, writes in 2021:[14]

The idea behind federal student loans is simple. If the price of college is uncomfortably high for some people, the government should help them pay. And because the higher education payoff is generally substantial, loans will be a win-win; students will get an education that significantly increases their earnings, and taxpayers will have their money restored with interest. In the main, this works for borrowers. The average four-year degree holder makes six to seven figures more during their life than someone who ended their formal education with a high school diploma. Meanwhile, in 2019 the average graduate of a four-year, non-profit college who took on loans left school with only about $29,000 in debt. That's a profitable exchange, and a major reason why blanket cancellation is a bad idea. Student debt is not only often manageable, for many, it is quite profitable.

Second: **There are multiple reasons not to forgive student loan debt.** McCluskey 2021 continues:

First and foremost, because most borrowers will get big payoffs from their loans, and there is no justification for sticking taxpayers with the bill for their profit. Even without mass forgiveness, a June 2021 federal assessment estimated that long-term taxpayer losses from federal loans would be $68 billion. And that is low-end; in 2020, an estimate conducted for the U.S. Department of Education projected a $435 billion loss. Mass forgiveness would also worsen over-borrowing, perhaps by huge magnitudes. Why not borrow twice as much, or three times, what you otherwise would have, if you think it will be forgiven? How could the feds justify giving one generation forgiveness and not others? The good news is current debtors can get relief, especially via repayment plans that adjust payments to income to keep them manageable. The government could perhaps do more to advertise them.

Third: Student loan forgiveness creates the wrong incentives. Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020:[15]

Student debt forgiveness is a backwards-looking policy: it does not concern the new student loans that the federal government issues every semester. Over the next decade, the federal government will lend out $1.1 trillion. If the federal government cancels a chunk of student loan debt in 2021, total outstanding debt could climb back up to current levels within a few years. In the absence of other reforms, forgiving debt sets a precedent. Student borrowers (and the

[14] "Mass Student Debt Cancellation: The Rich Get Richer, the Root Problem Gets Worse," CATO Institute, September 27, 2021, https://www.cato.org/commentary/mass-student-debt-cancellation-rich-get-richer-root-problem-gets-worse
[15] "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

colleges they attend) may rightly expect another cancelation to happen at some point in the future, when outstanding debt again climbs too high. This creates an incentive to borrow more in order to take advantage of that future jubilee. More perniciously, it gives colleges another reason to hike tuition. Forgiving debt by executive order effectively forecloses the possibility of pairing loan cancelation with other reforms to address this moral hazard. But even assuming Congress goes along, a serious policy to substantially restrict new student borrowing is hard to imagine. Free public college would reduce new loan volume by only 15%, since most student borrowing is associated with private colleges and graduate schools. To truly extinguish the perverse incentives student loan cancelation creates, policymakers will have to bring new federal borrowing to zero. But none of the major politicians who advocate mass loan forgiveness have proposed anything close to that.

For the foregoing reasons, we urge a Con Ballot.

Pre-flow – Con Case #4

- student loan debt is good and positive for our country, whereas forgiveness would take away the benefits and harm society.

__First__: **Student loans are a good, and profitable investment for graduates.** Neal McCluskey of Cato's Center for Educational Freedom, writes in 2021:

__Second__: **There are multiple reasons not to forgive student loan debt.** McCluskey 2021 continues:

__Third__: Student loan forgiveness creates the wrong incentives. Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), writes in 2020

Con Responses to Pro Contentions

They argue that: Federal student loans have a racial impact.
My responses are:

1-There are better, more targeted ways to help minority and marginalized borrowers.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

Prioritizing spending on targeted programs would therefore be a more effective way to achieve progressive goals. Biden's proposal to make the child tax credit fully refundable, for example, would exclusively benefit children living in poverty. Twenty six percent of beneficiaries of that policy would be Black and 29 percent Hispanic. That is a progressive change that would lift the incomes of millions of very poor children. It would also benefit many student loan borrowers—as well as many who don't have student loans.

2-Forgiving student loans is a transfer of wealth from those with little political influence to those with significant influence.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

It is not an exaggeration to say that Harvard Law graduates are among the elite of the elites in what one might call our "ruling class," and one doubts seriously that a president who already has demonstrated little restraint when it comes to fiscal matters suddenly will channel his inner Scrooge. Moreover, by employing what only can be called a twisted interpretation of an obscure law to announce loan forgiveness, Biden already has channeled another president known for his reckless policies, Franklin D. Roosevelt. David French writes: the alleged legal basis for Biden's $500 billion plan is found in a novel reading of the post 9/11 HEROES Act, which does grant the secretary of education broad authority to "waive or modify any statutory or regulatory provision applicable to the student financial assistance programs under title IV of the [Higher Education Act] … as the Secretary deems necessary in connection with a war or other military operation or national emergency." But even if one accepts the dubious proposition that this language includes the ability to waive payment entirely, the Biden administration would still have to show that the covid emergency justifies the action. Like Roosevelt, who used the 1917 Trading with the Enemy Act to justify his gold seizure in 1933, Biden has used a little-known law to transfer wealth from those will little political influence to people who make the rules (but do not have obey them). It doesn't matter that the language of the law has nothing to do with the president's actions. Instead, it is the application of raw political power.

Con Responses to Pro Contentions

They argue that: Incomes are not keeping up to pace with student loan expenses
My responses are:

1.Income-driven repayment plans can effectively target debt relief to students with low post-enrollment incomes, especially for those facing living expenses.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

Income-driven repayment plans (like Pay As You Earn, or PAYE) remain an excellent way to target debt relief and forgiveness to students whose post-enrollment incomes are too low to be able to make student debt payments. The Biden Administration has new tools enacted in the FUTURE Act that, if implemented, would make it easier for students to sign up and remain in income-driven plans. Getting income-driven plans to work effectively is necessary because student lending isn't going away. Even the most ambitious "free college" proposals would only modestly reduce the volume of new student debt because they only cover tuition and fees at public institutions. Graduate students, students at private colleges, and students who borrow to cover living expenses would still be reliant on loans to finance their education. Those costs represent the majority of loan dollars students borrow each year. Income-driven repayment will be necessary to help these future borrowers manage their loans.

2-Students incur debt because they personally choose to attend colleges that they cannot afford.
Joyce Humber- Faison (Ed. D, resides in New York City), "Student Debt: It Is and Has Been a Personal Choice," Mises Institute, December 19, 2022, https://mises.org/wire/student-debt-it-and-has-been-personal-choice

Many students choose to attend colleges that neither they nor their parents can afford. Both they and their parents accrue loans that will take years to pay off. Loan repayment, depending on the amount borrowed, can take anywhere from ten to thirty years to repay. Students' lives are curtailed by those loans. Where and in what types of residences they will live, when and if they will marry, and when and if they will have children are instances in which student loan debt is the prevailing predicate. Choice then is the underlying economic catalyst for students' debts, To curtail or to eliminate debt, students have the option to attend in-state public universities or private universities that do not charge tuition. In all cases students should be very cautious when considering any tuition-charging private institution. Some television pundits proffer the opinion that tuitions increase because the federal government continues to hold student debt and that while students accumulate large debt balances colleges will increase tuitions. However, those pundits forget that debt is the choice of students, and, as with any purchase, economic prudence in college choice is essential. Students wrap themselves in debt because they choose not to wait for their self-sufficiency; their debt is a choice and should not be the burden of taxpayers.

Con Responses to Pro Contentions

They argue that: There is constitutional authority to forgive debts.
My responses are:

1-The government lacks the Constitutional authority to lend or forgive debts.
George Leef (is director of editorial content for the James G. Martin Center for Academic Renewal), "College Student Loan Debt Problem: Senator Warren's "Fix" Will Make Things Worse," Capitalism Magazine, January 13, 2022, https://www.capitalismmagazine.com/2022/01/college-student-loan-debt-problem-senator-warrens-fix-will-make-things-worse/

There was never any legal authority for federal college financial aid. Read the Constitution and you will not find any provision saying that the government may lend or give money so students can go to college. Beginning the aid programs was one of the worst mistakes the nation has ever made. It has indeed had terrible consequences for many people now awash in debt, as well as for the taxpayers who have to foot the bill for much wasted education. The only way out is to stop all the aid programs. Congress should legislate an end to them, perhaps in five year's time. Individuals and educational institutions will adjust to life without government funds. Students who really aren't interested in formal education after high school will find better things to do; colleges will have to pink-slip lots of unnecessary administrators and professors in disciplines that can't support themselves. We do indeed have a college debt problem. The solution is to pull it out by the roots, which means ending federal student aid.

2-Forgiving student debt is unconstitutional.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

The Constitution gives Congress, not the president, the power of the purse. A president unilaterally cancelling up to $1.6 trillion would be a rank violation of that power. Of course, the federal student loan programs are themselves unconstitutional. The federal government only has the specific, enumerated powers given to it by the Constitution, and the authority to fund education, either directly or through loans, is nowhere among them. Cancellation would thus be a double violation of the Constitution. Some cancellation advocates argue that Congress gave the president the power to cancel all loans in the Higher Education Act. But not only is the constitutional ability for Congress to give away its power highly dubious, the Higher Education Act does not authorize blanket cancellation, only forgiveness under specific loan repayment programs.

Con Responses to Pro Contentions

They argue that: Costs of education are too high
My responses are:

1-It is government subsidizing of loans and education that is driving up the costs of education.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

Another problem is that the college student loan program is evolving into a college tuition subsidy program. Obama, in particular, has been in favor of making it easier and easier for people to get loans for college. His is a program to make college tuition as close to "free" as possible. Who does this benefit most? Colleges themselves. By making it so easy for students to gain loans, colleges are free to raise their tuition year after year. That's why we have college inflation higher than inflation in the rest of the economy. Imagine if government instituted a "gasoline loan program." Everybody would be eligible to have loans of several thousand dollars per year to pay for gas. This would make it easier for people to buy all the gasoline they needed, and then some. Happier customers more able to spend is a good thing for politicians in both parties, but it would also be a good thing for the gas and oil companies. Why? Because they could raise their prices.

2-Continued subsidizing of education could make it to where no one can afford college.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

What about the students and families being stretched to the limit with increasing college tuition? The reason they're paying so much is precisely because of the college student loan program. It's no different from health insurance and Medicare—another third-party payer concept—driving up the cost of health care. Education is, and should be, a high value. Like health care, it would be expensive even in a free market. But there would be competition and fairness across the board, if government simply stayed out and let the market—i.e., supply and demand among customers and suppliers—determine the outcome. Kind of like cell phones, smart phones and computers, where the market has done a very fine job. Are these products free? Does government provide loans and subsidies so everyone can buy them? No. But supply, demand and freedom of competition have given people choices and made these products possible to just about everybody who wants them. College is going in the opposite direction. It's getting scarcer all the time. Once tuition is $100,000 a year, even at state colleges, then almost nobody will be going to college.

Con Responses to Pro Contentions

They argue that: Forgiving student loans solves the harms of student loans.
My responses are:

1. Forgiving student loans doesn't solve the harms of student loans because the harms are systemic and exist with all economic programs and other loan systems.

2-Further government intervention simply will not solve the problem of the costs of college.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

One thing is for sure. Government is not going to solve the problem of high tuition costs. Under government interference, college tuition has only gone up and up and up. Under the proposals now being thrust upon us by the President and Congress, they're only going to go higher. Colleges sit back and enjoy the assurance of permanent business. With an economy growing at 1 percent or less a year, and the government relying more on borrowed "theoretical" money to finance the ever-exploding demand for ever-more government services, it will be interesting to see how well this works out for them, in the end.

3-We must look deeper than simply debt statistics before forgiving student debt.
Bruce Yandle (is a contributor to the Washington Examiner's Beltway Confidential blog. He is a distinguished adjunct fellow with the Mercatus Center at George Mason University and dean emeritus of the Clemson University College of Business and Behavioral Science), "Pause before forcing taxpayers to pay off student debt," Washington Examiner, February 9, 2021, https://www.washingtonexaminer.com/opinion/pause-before-forcing-taxpayers-to-pay-off-student-debt

Debt is an important part of the typical person's balance sheet, but net worth may be a more important focal point. It is possible to have a healthy net worth, which is determined by subtracting debt and other liabilities from assets, and still have sizable debt. On this point, the Federal Reserve recently indicated that the average net worth of families with a head of household who was younger than 35 was $76,300. The median net worth was $13,900. The fact that the average is so much higher than the median indicates that there are some people with a large net worth in the group. Why is this relevant? Well, because some of the college debtholders are now lawyers, doctors, accountants, and young business people who have valuable assets, as well as quite a bit of student debt that they hope to (and most likely will) pay off. Those debtholders who have a healthy financial situation seem to have made a wise decision to borrow and invest in their own human capital. It paid off. Before leaping to the conclusion that all student debt should be forgiven, it would thus be wise to take a closer look beyond the most superficial statistics. Rarely does the full truth fit in a talking point. Yes, there is undoubtedly a large number of struggling former students who wish that somehow their burden would be lifted. But there are also cases in which student debt enabled income, which then generated a buildup of assets.

Con Responses to Pro Contentions

They argue that: We must focus on intention of forgiving student loans
My responses are:

1-Well intentioned plans do not necessarily mean good policy.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Mass Student Debt Cancellation: The Rich Get Richer, the Root Problem Gets Worse," CATO Institute, September 27, 2021, https://www.cato.org/commentary/mass-student-debt-cancellation-rich-get-richer-root-problem-gets-worse

Barring the phasing out of all federal student loans, the government should eliminate — or at least cap — PLUS loans, which come in a parent as well as grad variety and which give colleges near carte blanche to charge whatever they want. The feds could also start assessing prospective borrowers' academic preparation and intended fields of study. There is reason to worry about giving the government that sort of power, but it would likely be better than the status quo. Mass student debt forgiveness, like student lending itself, is no doubt well intended. But we do not need more painful consequences driven by good feelings. We need to eliminate the problem: federal student loans.

2-Student loan forgiveness is an undermines democracy as it is a payoff to one political party.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

There is no doubt that the student loan program mostly benefits people who vote Democratic. First, college administrators and faculty overwhelmingly lean Democratic, and college graduates are one of the most important Democratic Party constituencies, as well as the main beneficiaries of Biden's executive order. Furthermore, one doubts that this is the end of Biden's loan forgiveness initiatives. Students that now are borrowing money to finance their college educations are tomorrow's Democratic voters, and one doubts that their party will abandon them, especially when it can transfer their indebtedness (at least in part) to Republican taxpayers. Perhaps one tweet says it all, this from Harvard Law School professor Laurence Tribe, who declared: "Good news for thousands of my former students. I'm grateful on their behalf, Mr. President."

Con Responses to Pro Contentions

They argue that: Forgiving student loans would be good for the economy as a stimulus.
My responses are:

1-Student loan forgiveness will not stimulate the economy.
Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

Many argue for a debt jubilee as an economic stimulus response to the recession. Forgiving loans will relieve borrowers of the obligation to make monthly payments, allowing them to spend that money on other things, or so the logic goes. However, required loan payments are currently paused, so forgiving debt would provide no immediate stimulus. But even if keeping payments on pause were not an option, the stimulative effect of debt forgiveness would be less than advocates hope. People make payments on their loans over time, so loan forgiveness distributes "benefits" to borrowers over a period of many years. Even after the economy recovers, the "benefits" of loan forgiveness will keep paying out. But stimulus is only justifiable while the economy is operating below its potential. Mainstream economic theory recommends that governments pull back on stimulus as the economy returns to full employment. In addition, forgiven student debt does not simply vanish. It gets transferred to the national debt and becomes a liability for taxpayers rather than borrowers. That liability could become a problem eventually.

2-Forgiving student loans, in any amount, would be incredibly expensive.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

In terms of its scale in budget and cost to taxpayers, widespread student loan forgiveness would rank among the largest transfer programs in American history. Based on data from the Department of Education, forgiving all federal loans (as Senator Bernie Sanders proposed) would cost on the order of $1.6 trillion.[1] Forgiving student debt up to $50,000 per borrower (as Senators Elizabeth Warren and Chuck Schumer have proposed) would cost about $1 trillion. Limiting loan forgiveness to $10,000, as President Biden has proposed, would cost about $373 billion. Under each of these proposals, all 43 million borrowers would stand to benefit to differing degrees.

Con Responses to Pro Contentions

They argue that: Forgiving student loans would benefit the education system.
My responses are:

1-We see empirically that government intervention drives up costs, creates more debt, and devalues higher education.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

Why tuition and fees have exploded is no mystery. On the supply side, college administrations have grown alongside federal mandates tied to identity politics. This development has had twofold effects. The first is to increase overall college costs—even though administrations have little to do with academic achievement. The second has been to increase the power and influence of the identity studies faculty, which is having a devastating impact upon higher education as a whole. However, nonessential to a college education, administrative growth would not be possible without the government's education loan programs, which are to increased costs what gasoline is to spreading a fire. When the Barack Obama administration in 2010 completely nationalized the student loan program, student loans outstanding stood at about $800 billion. Twelve years later, the amount has more than doubled to nearly $1.8 trillion. (One doubts that the value of a college education has more than doubled during the same time.) To put it another way, student borrowers have financed the slow destruction of higher education, all the while placing enormous debts upon themselves. In the meantime, college administrators and faculty have seen their financial fortunes increase. When one adds politics into the mix, things become even more interesting.

2-**Student loan forgiveness will undermine higher education in the US.**
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

First, next year's crop of new students will—understandably—demand that their loans be forgiven too. And so will those of the year after that, and so on. This program will quickly become a sort of college UBI, where the government just hands out $10,000 to every college student. Some argue that if this results in a better educated populace, then it's worth the cost. But it won't result in a better educated populace; it will result in a whole bunch of students majoring in things the market doesn't value, and another batch simply taking a four-year vacation on the taxpayer's dime. Heretofore, graduates knew they needed marketable skills in order to repay their college loans. But when student loans are forgiven as a matter of course, graduates bear no cost for wasting our collective resources by studying things the market doesn't value, or by not studying at all.

Con Extensions

Forgiving student loans, in any amount, would be incredibly expensive.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

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Forgiving $50,000 of student debt exceeds two decades of Pell Grant spending; $10,000 forgiveness rivals welfare and hunger programs since 2000.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

The cost of forgiving $50,000 of student debt per borrower is almost twice as large as the federal government has spent on all Pell Grant recipients over the last two decades. In contrast to federal loans, which have no income eligibility limits and are available to undergraduates, graduate students, and parents, Pell Grants are awarded only to low- and middle-income undergraduate students with demonstrated financial need. About seven million students each year benefit, many of whom are poor and the majority of whom are non-white. Even $10,000 in debt forgiveness would involve a transfer that is about as large as the country has spent on welfare (TANF) since 2000 and exceeds the amount spent since then on feeding hungry school children in high-poverty schools through the school breakfast and lunch program. Likewise, it dwarfs spending on programs that help feed low-income pregnant women and infants or provide energy assistance to those who otherwise struggle to heat their homes in winter.

Using borrowers' financial aid applications to determine eligibility for debt forgiveness, especially for those from disadvantaged backgrounds, could make the policy more progressive.
Adam Looney (Nonresident Senior Fellow - Economic Studies, Executive Director, Marriner S. Eccles Institute, University of Utah), "Putting student loan forgiveness in perspective: How costly is it and who benefits?" Brookings Institute, February 12, 2021, https://www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/

Use borrower's financial aid application: Every student with a federal student loan has already filled out an application for financial aid (and that application remains on record at the Department of Education). That information could be used to target aid based on students' economic circumstances at the time of application. For example, the Pell Grant is available only to undergraduate students from low- and middle-income families. As a result, relative to other postsecondary students, Pell Grant recipients are from poorer families and are more likely to be Black and Hispanic students. Biden has proposed to double the Pell Grant prospectively. If future students got additional grant money, you could argue that prior students should have had that opportunity too—and we could reduce borrowers' undergraduate loan balances by the amount they should have gotten in Pell (plus interest). That would be more progressive and concentrate the benefit of debt forgiveness on students from disadvantaged backgrounds.

Forgiving student loans would only worsen the problem.
George Leef (is director of editorial content for the James G. Martin Center for Academic Renewal), "College Student Loan Debt Problem: Senator Warren's "Fix" Will Make Things Worse," Capitalism Magazine, January 13, 2022, https://www.capitalismmagazine.com/2022/01/college-student-loan-debt-problem-senator-warrens-fix-will-make-things-worse/

Unfortunately, Senator Warren's solutions would only make matters worse. She wants President Biden to cancel $50,000 in debt for students by executive order, a continuation of the government's "pause" on collecting student loan repayments, and more loan forgiveness for people with disabilities and who work in the public sector. All of those measures might look "compassionate" but they dig America's debt hole even deeper. They would encourage even more marginal students to go to college, expecting that some or most of their cost will be offloaded to the taxpayers.

The government lacks the Constitutional authority to lend or forgive debts.
George Leef (is director of editorial content for the James G. Martin Center for Academic Renewal), "College Student Loan Debt Problem: Senator Warren's "Fix" Will Make Things Worse," Capitalism Magazine, January 13, 2022, https://www.capitalismmagazine.com/2022/01/college-student-loan-debt-problem-senator-warrens-fix-will-make-things-worse/

There was never any legal authority for federal college financial aid. Read the Constitution and you will not find any provision saying that the government may lend or give money so students can go to college. Beginning the aid programs was one of the worst mistakes the nation has ever made. It has indeed had terrible consequences for many people now awash in debt, as well as for the taxpayers who have to foot the bill for much wasted education. The only way out is to stop all the aid programs. Congress should legislate an end to them, perhaps in five year's time. Individuals and educational institutions will adjust to life without government funds. Students who really aren't interested in formal education after high school will find better things to do; colleges will have to pink-slip lots of unnecessary administrators and professors in disciplines that can't support themselves. We do indeed have a college debt problem. The solution is to pull it out by the roots, which means ending federal student aid.

High government taxing, spending, and intervention already makes it nearly impossible for people to save enough to attend college.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

Let's be real. College student loans are sold as a way to help students pay the high cost of tuition. They're nothing of the sort. Individuals, in a private marketplace for education, already have a method to pay for college tuition. It's called saving. It's also called competition, among various colleges in a free market, that is. People won't save for college. Some do, but most do not. To be fair, many cannot save, because the government is so busy taxing and regulating the upper half of economic earners that fewer jobs are created than otherwise would be the case. Government takes from those who have to give to those who don't have—or who will not—and does a damn poor job of it, as it turns out.

It is government subsidizing of loans and education that is driving up the costs of education.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

Another problem is that the college student loan program is evolving into a college tuition subsidy program. Obama, in particular, has been in favor of making it easier and easier for people to get loans for college. His is a program to make college tuition as close to "free" as possible. Who does this benefit most? Colleges themselves. By making it so easy for students to gain loans, colleges are free to raise their tuition year after year. That's why we have college inflation higher than inflation in the rest of the economy. Imagine if government instituted a "gasoline loan program." Everybody would be eligible to have loans of several thousand dollars per year to pay for gas. This would make it easier for people to buy all the gasoline they needed, and then some. Happier customers more able to spend is a good thing for politicians in both parties, but it would also be a good thing for the gas and oil companies. Why? Because they could raise their prices.

Continued subsidizing of education could make it to where no one can afford college.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

What about the students and families being stretched to the limit with increasing college tuition? The reason they're paying so much is precisely because of the college student loan program. It's no different from health insurance and Medicare—another third-party payer concept—driving up the cost of health care. Education is, and should be, a high value. Like health care, it would be expensive even in a free market. But there would be competition and fairness across the board, if government simply stayed out and let the market—i.e., supply and demand among customers and suppliers—determine the outcome. Kind of like cell phones, smart phones and computers, where the market has done a very fine job. Are these products free? Does government provide loans and subsidies so everyone can buy them? No. But supply, demand and freedom of competition have given people choices and made these products possible to just about everybody who wants them. College is going in the opposite direction. It's getting scarcer all the time. Once tuition is $100,000 a year, even at state colleges, then almost nobody will be going to college.

Further government intervention simply will not solve the problem of the costs of college.
Dr. Michael Hurd (is a psychotherapist, columnist and author of "Bad Therapy, Good Therapy), "College Student Loans: Yet Another Socialist Fallacy," Capitalism Magazine, May 2, 2012, https://www.capitalismmagazine.com/2012/05/college-student-loans-yet-another-socialist-fallacy/

One thing is for sure. Government is not going to solve the problem of high tuition costs. Under government interference, college tuition has only gone up and up and up. Under the proposals now being thrust upon us by the President and Congress, they're only going to go higher. Colleges sit back and enjoy the assurance of permanent business. With an economy growing at 1 percent or less a year, and the government relying more on borrowed "theoretical" money to finance the ever-exploding demand for ever-more government services, it will be interesting to see how well this works out for them, in the end.

Student loan forgiveness helps those with significantly higher lifetime earnings and job security.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

People who have attended, and especially graduated from, college are typically set for a huge increase in their lifetime earnings. As seen below, the average person with a bachelor's degree will earn an estimated $1.2 million more over their lifetime than someone topping out at a high school diploma. For someone with a graduate degree – and student debt is disproportionately taken on for graduate study – that earnings premium rises to between $1.6 and $3.1 million. In addition to huge earnings increases, people who attended college have much greater job security than those who did not, and this benefit was especially stark during COVID-19 lockdowns. In April 2020, the unemployment rate only hit 8.4 percent for college graduates, versus 17.6 percent for Americans topping out at a high school diploma and 21.1 percent for workers with less than that. There is no reason that people in such a good financial position should not repay taxpayers, roughly two-thirds of whom do not have bachelor's degrees.

Cancellation plans, like the one proposed by the Biden administration ($10,000 with income caps), benefit higher earners more due to their larger student debt amounts.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

We have seen various cancellation proposals floated by different people, but one of the most recent was reported from the Biden White House: $10,000 cancellation with an income cap of $150,000 individually and $300,000 for joint filers. The table below is an estimate for the cancellation amounts and distribution of that plan by income quintile (and decile for top earners). As highlighted in the graph below, much more of that aid would go to the highest quintile of earners than the lowest — $54.3 billion versus $33.8 billion. That's because higher-income people are more likely to borrow, and borrow more, for college than lower-income.

Forgiving student loans would be incredibly expensive for taxpayers.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

The $10,000 plan discussed in reason number two would cost taxpayers – the people who funded all these student loans whether they liked it or not – an estimated $260 billion. $50,000 per borrower with no cap would cost taxpayers around $1 trillion. And forgiving the whole amount would cost taxpayers more than $1.6 trillion.

College costs have dramatically risen over the years, with evidence suggesting that increasing aid can lead to higher tuition, exacerbating the problem.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

The biggest problem in higher education is its incredibly expanding price. As seen below, inflation-adjusted tuition, fees, room and board at four-year, nonprofit private colleges ballooned from $27,720 in the 1990–91 school year to $$51,690 in the 2021–22 school year, an 86 percent increase. At public four-year institutions it rose from $10,430 to $22,690, a 118 percent ballooning. It was accompanied by a huge increase in aid per student. Much research has shown that aid fuels college price inflation, including a Federal Reserve Bank of New York finding that for every 1 dollar increase in "subsidized" student loans, colleges raise their prices 60 cents. Mass cancellation would incentivize much greater inflation as neither colleges nor prospective students would believe future loans would have to be repaid, blowing the lid off of prices.

Forgiving student debt is unconstitutional.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea," CATO Institute, August 23, 2022, https://www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea

The Constitution gives Congress, not the president, the power of the purse. A president unilaterally cancelling up to $1.6 trillion would be a rank violation of that power. Of course, the federal student loan programs are themselves unconstitutional. The federal government only has the specific, enumerated powers given to it by the Constitution, and the authority to fund education, either directly or through loans, is nowhere among them. Cancellation would thus be a double violation of the Constitution. Some cancellation advocates argue that Congress gave the president the power to cancel all loans in the Higher Education Act. But not only is the constitutional ability for Congress to give away its power highly dubious, the Higher Education Act does not authorize blanket cancellation, only forgiveness under specific loan repayment programs.

The real solution is to phase out price inflation, credential ballooning, and federal student loans.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Mass Student Debt Cancellation: The Rich Get Richer, the Root Problem Gets Worse," CATO Institute, September 27, 2021, https://www.cato.org/commentary/mass-student-debt-cancellation-rich-get-richer-root-problem-gets-worse

In the long run, the solution is to phase out price-inflating, credential-ballooning, debt-driving federal student loans. The fear, of course, is that low-income people would miss out on education. But it is almost certainly unfounded for students with good academic backgrounds who want to study in-demand fields. Because of the generally big college payoff, private lenders would have strong incentives to work with even very low-income students. Both borrower and lender would profit. Indeed, private lending would be a boon for people who do not get loans. Because lenders would risk their own money, they would have strong incentives to objectively assess potential borrowers. If a borrower were unlikely to succeed because they are academically unprepared, or the price is too high, or the field of study is not in demand, the lender will tell him, sparing both parties future pain.

Well intentioned plans do not necessarily mean good policy.
Neal McCluskey (is the director of Cato's Center for Educational Freedom), "Mass Student Debt Cancellation: The Rich Get Richer, the Root Problem Gets Worse," CATO Institute, September 27, 2021, https://www.cato.org/commentary/mass-student-debt-cancellation-rich-get-richer-root-problem-gets-worse

Barring the phasing out of all federal student loans, the government should eliminate — or at least cap — PLUS loans, which come in a parent as well as grad variety and which give colleges near carte blanche to charge whatever they want. The feds could also start assessing prospective borrowers' academic preparation and intended fields of study. There is reason to worry about giving the government that sort of power, but it would likely be better than the status quo. Mass student debt forgiveness, like student lending itself, is no doubt well intended. But we do not need more painful consequences driven by good feelings. We need to eliminate the problem: federal student loans.

Student loan forgiveness is regressive.
Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

The most straightforward argument against mass loan forgiveness is that its benefits are skewed towards the rich. The top fifth of households holds $3 in student loans for every $1 held by the bottom fifth, according to an analysis by the People's Policy Project. In fact, that probably understates how regressive student loan forgiveness might be, because many student borrowers in lower income quintiles are young and will probably earn more later in their careers. Why? Borrowers take on student debt to attend college, and people with college degrees tend to earn more. Those with the most debt ($50,000 or more) almost exclusively have graduate degrees, which carry an even larger earnings premium. Nor does student loan forgiveness necessarily help students with low-income backgrounds. Students from rich families tend to borrow more than students from poor families, since wealthy students disproportionately choose expensive private colleges where even rich families must resort to borrowing.

Student loan forgiveness will not stimulate the economy.
Preston Cooper (senior fellow at the Foundation for Research on Equal Opportunity), "The Case Against Student Loan Forgiveness," Forbes, November 17, 2020, https://www.forbes.com/sites/prestoncooper2/2020/11/17/the-case-against-student-loan-forgiveness/?sh=3b7357cd464c

Many argue for a debt jubilee as an economic stimulus response to the recession. Forgiving loans will relieve borrowers of the obligation to make monthly payments, allowing them to spend that money on other things, or so the logic goes. However, required loan payments are currently paused, so forgiving debt would provide no immediate stimulus. But even if keeping payments on pause were not an option, the stimulative effect of debt forgiveness would be less than advocates hope. People make payments on their loans over time, so loan forgiveness distributes "benefits" to borrowers over a period of many years. Even after the economy recovers, the "benefits" of loan forgiveness will keep paying out. But stimulus is only justifiable while the economy is operating below its potential. Mainstream economic theory recommends that governments pull back on stimulus as the economy returns to full employment. In addition, forgiven student debt does not simply vanish. It gets transferred to the national debt and becomes a liability for taxpayers rather than borrowers. That liability could become a problem eventually.

Forgiving student debt will only create a cycle where colleges can increase fees and future borrowers will need to be bailed out by taxpayers.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

While government officials are implying this is a one-time thing, we know that the political system will not put this to rest. After all, the forgiveness is being applied to student loans taken out in the past, yet college students continue to take out new loans for the coming academic year—and beyond. In fact, Biden's loan forgiveness is going to have the same effect that my interviewer hoped would be the case if Alabama implemented a state lottery: higher prices for a college education. That higher education costs have skyrocketed is a given. As Forbes explains: In 1980, the price to attend a four-year college full-time was $10,231 annually—including tuition, fees, room and board, and adjusted for inflation—according to the National Center for Education Statistics. By 2019–20, the total price increased to $28,775. That's a 180% increase.

We see empirically that government intervention drives up costs, creates more debt, and devalues higher education.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

Why tuition and fees have exploded is no mystery. On the supply side, college administrations have grown alongside federal mandates tied to identity politics. This development has had twofold effects. The first is to increase overall college costs—even though administrations have little to do with academic achievement. The second has been to increase the power and influence of the identity studies faculty, which is having a devastating impact upon higher education as a whole. However, nonessential to a college education, administrative growth would not be possible without the government's education loan programs, which are to increased costs what gasoline is to spreading a fire. When the Barack Obama administration in 2010 completely nationalized the student loan program, student loans outstanding stood at about $800 billion. Twelve years later, the amount has more than doubled to nearly $1.8 trillion. (One doubts that the value of a college education has more than doubled during the same time.) To put it another way, student borrowers have financed the slow destruction of higher education, all the while placing enormous debts upon themselves. In the meantime, college administrators and faculty have seen their financial fortunes increase. When one adds politics into the mix, things become even more interesting.

Student loan forgiveness is an undermines democracy as it is a payoff to one political party.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

There is no doubt that the student loan program mostly benefits people who vote Democratic. First, college administrators and faculty overwhelmingly lean Democratic, and college graduates are one of the most important Democratic Party constituencies, as well as the main beneficiaries of Biden's executive order. Furthermore, one doubts that this is the end of Biden's loan forgiveness initiatives. Students that now are borrowing money to finance their college educations are tomorrow's Democratic voters, and one doubts that their party will abandon them, especially when it can transfer their indebtedness (at least in part) to Republican taxpayers. Perhaps one tweet says it all, this from Harvard Law School professor Laurence Tribe, who declared: "Good news for thousands of my former students. I'm grateful on their behalf, Mr. President."

Forgiving student loans transfers wealth from those who need help to those who do not.
William L. Anderson (is Senior Editor at the Mises Institute and professor emeritus of economics at Frostburg State University in Frostburg, Maryland), "Biden's Student Loan Scheme Benefits the Ruling Class (Again)," Mises Institute, August 29, 2022, https://mises.org/wire/bidens-student-loan-scheme-benefits-ruling-class-again

This is only the beginning of Biden's financial shenanigans to benefit his party's constituencies. Economist Alex Tabarrok has laid out ways that both higher education officials and students can further game Biden's scheme. Regarding the real wealth transfers involved, French writes: one of the fundamental flaws of the Biden plan is that it doesn't just help those who need help. Instead, it imposes costs on those who need help to provide a substantial benefit to thousands upon thousands of college and graduate school graduates who don't. Understand that Biden invoked emergency powers to deal with something that under no circumstances counts as a crisis to transfer wealth from people with little political influence to those who are in or moving into the corridors of power. As the federal government continues to expand its reach—thus, making a college degree an even more vital gateway to better-paying occupations—the politically powerful will find more ways to dump their financial burdens upon those that can least afford them.

Students incur debt because they personally choose to attend colleges that they cannot afford.
Joyce Humber- Faison (Ed. D, resides in New York City), "Student Debt: It Is and Has Been a Personal Choice," Mises Institute, December 19, 2022, https://mises.org/wire/student-debt-it-and-has-been-personal-choice

In order not to incur debt, students should attend colleges based on their economic comfort level; however, some do not. Many students choose to attend colleges that neither they nor their parents can afford. Both they and their parents accrue loans that will take years to pay off. Loan repayment, depending on the amount borrowed, can take anywhere from ten to thirty years to repay. Students' lives are curtailed by those loans. Where and in what types of residences they will live, when and if they will marry, and when and if they will have children are instances in which student loan debt is the prevailing predicate. Choice then is the underlying economic catalyst for students' debts, To curtail or to eliminate debt, students have the option to attend in-state public universities or private universities that do not charge tuition. In all cases students should be very cautious when considering any tuition-charging private institution. Some television pundits proffer the opinion that tuitions increase because the federal government continues to hold student debt and that while students accumulate large debt balances colleges will increase tuitions. However, those pundits forget that debt is the choice of students, and, as with any purchase, economic prudence in college choice is essential. Students wrap themselves in debt because they choose not to wait for their self-sufficiency; their debt is a choice and should not be the burden of taxpayers. Caveat emptor.

We must look deeper than simply debt statistics before forgiving student debt.
Bruce Yandle (is a contributor to the Washington Examiner's Beltway Confidential blog. He is a distinguished adjunct fellow with the Mercatus Center at George Mason University and dean emeritus of the Clemson University College of Business and Behavioral Science), "Pause before forcing taxpayers to pay off student debt," Washington Examiner, February 9, 2021, https://www.washingtonexaminer.com/opinion/pause-before-forcing-taxpayers-to-pay-off-student-debt

Debt is an important part of the typical person's balance sheet, but net worth may be a more important focal point. It is possible to have a healthy net worth, which is determined by subtracting debt and other liabilities from assets, and still have sizable debt. On this point, the Federal Reserve recently indicated that the average net worth of families with a head of household who was younger than 35 was $76,300. The median net worth was $13,900. The fact that the average is so much higher than the median indicates that there are some people with a large net worth in the group. Why is this relevant? Well, because some of the college debtholders are now lawyers, doctors, accountants, and young business people who have valuable assets, as well as quite a bit of student debt that they hope to (and most likely will) pay off. Those debtholders who have a healthy financial situation seem to have made a wise decision to borrow and invest in their own human capital. It paid off. Before leaping to the conclusion that all student debt should be forgiven, it would thus be wise to take a closer look beyond the most superficial statistics. Rarely does the full truth fit in a talking point. Yes, there is undoubtedly a large number of struggling former students who wish that somehow their burden would be lifted. But there are also cases in which student debt enabled income, which then generated a buildup of assets.

There are other people to consider before we forgive student loan debt.
Bruce Yandle (is a contributor to the Washington Examiner's Beltway Confidential blog. He is a distinguished adjunct fellow with the Mercatus Center at George Mason University and dean emeritus of the Clemson University College of Business and Behavioral Science), "Pause before forcing taxpayers to pay off student debt," Washington Examiner, February 9, 2021, https://www.washingtonexaminer.com/opinion/pause-before-forcing-taxpayers-to-pay-off-student-debt

On top of this, there is another question: Why should we as a nation choose to assist former students in paying off the debt they agreed to? How is that preferable to assisting those who are losing possession of the wheels that get them to work each day or that enable them to perform the duties of a blue-collar job because they can't handle their pickup truck debt? Let's have a more serious discussion on this important but too politicized issue.

Student loan forgiveness will undermine higher education in the US.
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

First, next year's crop of new students will—understandably—demand that their loans be forgiven too. And so will those of the year after that, and so on. This program will quickly become a sort of college UBI, where the government just hands out $10,000 to every college student. Some argue that if this results in a better educated populace, then it's worth the cost. But it won't result in a better educated populace; it will result in a whole bunch of students majoring in things the market doesn't value, and another batch simply taking a four-year vacation on the taxpayer's dime. Heretofore, graduates knew they needed marketable skills in order to repay their college loans. But when student loans are forgiven as a matter of course, graduates bear no cost for wasting our collective resources by studying things the market doesn't value, or by not studying at all.

Student loan forgiveness will cause an increase in college tuition.
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

Second, colleges and universities will respond to this new reality by raising tuition commensurately. Tuition and fees were a pretty constant 18 to 19 percent of family income from the 1960s until 1978. In 1965, the federal government started guaranteeing student loans. In 1973, Congress established Sallie Mae and charged it with providing subsidized students loans. And by 1978, tuition and fees had started a steady march to 45 percent of family income today. When the government makes it less painful for students to borrow, whether by guaranteeing, subsidizing, or forgiving loans, it takes away some of the pain of student borrowing, which makes it easier for colleges and universities to raise tuition.

Student loan forgiveness will spark demands for ever more debt forgiveness.
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

Third, expect many taxpayers to cry foul. Homeowners will quite sensibly wonder why the government is not forgiving their mortgages. After all, student loans add up to about $1.4 trillion, while American mortgages total more than $16 trillion. If relieving students from the burden of their debts is a good idea, it should be an even better idea to relieve homeowners of theirs.

Student loan forgiveness is unfair to multiple other people within society.
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

What about students who worked multiple jobs or attended less prestigious schools so they could avoid going into debt? Why aren't they being rewarded? What about students who diligently paid off their debt and are now debt free? Will they receive nothing? What about, fantastically, people in the trades? Is it reasonable to charge people—via the higher taxes loan forgiveness will bring—who did not go to college to subsidize those who do? Regardless of the answers to these questions, implementing this plan will be fraught with difficulty.

Forgiving student loans is a winner for the influential, and politicians, but a loser for future students and working-class Americans.
Dr. Antony Davies (is an Associate professor of Economics at Duquesne University, and co-host of the podcast, Words & Numbers) & James R. Harrigan (is a Senior Editor at the American Institute for Economic Research), "3 Unintended Consequences of Student Loan 'Forgiveness', FEE, January 28, 2021, https://fee.org/articles/3-unintended-consequences-of-student-loan-forgiveness/

In the end, there are three big winners in this scheme. Universities will be able to raise their prices even more, because students will, all of a sudden, have extra money to pay. Students who took on gargantuan levels of debt will be able to force their fellow citizens to pick up the tab. And finally, politicians will buy votes by appearing to be magnanimous with other people's money. The big losers are future students, who will see tuition spike yet again, working-class Americans who suddenly find themselves stuck paying for other people to go to college, and taxpayers in general who will be—as always—left holding the bag.

Forgiving student debt is clearly a regressive form of redistribution.
Art Carden (is a Professor of Economics), "If Student Loans Might Be Forgiven, Why Not Borrow More?" FEE, July 3, 2019, https://fee.org/articles/if-student-loans-might-be-forgiven-why-not-borrow-more/

First, let's consider the quality of the policy. A lot of commentators are pointing out that it's fundamentally regressive, meaning that we're basically taxing the poor to pay the rich. As economist Alexander William Salter puts it in the Dallas Morning News, it's a transfer of wealth to those with relatively high levels of expected lifetime income, at the expense of those with relatively lower levels of expected lifetime income. The idea might have some merit, but it will make wealth and income inequality worse rather than better. Even saying that the idea might have some merit is perhaps too charitable. In 2011, economist Justin Wolfers called it the "Worst. Idea. Ever." in a Freakonomics post. Why? First, there's the distributional effect. If we're going to have policies that transfer wealth from one group to another, it doesn't make much sense to transfer wealth from taxpayers generally to high-income college graduates. As Will Luther and so many others have pointed out, a college degree brings spectacular financial returns. As a group, college graduates aren't "needy" by any reasonable definition.

Student loan cancellation has multiple problems for society.
Art Carden (is a Professor of Economics), "If Student Loans Might Be Forgiven, Why Not Borrow More?" FEE, July 3, 2019, https://fee.org/articles/if-student-loans-might-be-forgiven-why-not-borrow-more/

Second, Wolfers points out that debt cancellation doesn't make college more affordable because it's a transfer to people who already went to school and who are already enjoying the returns on their investment. Third, he notes that a successful campaign to cancel student debt will encourage further wasteful lobbying for transfers. The "cancel debt" movement is already part of the fallout from past bailouts, subsidies, and transfers. Capitulating will only encourage more lobbying. Hence, I think we would do well to focus on the downstream effect debt cancellation—or even the reasonable prospect thereof--will have on people's future incentives. Encouraging people to produce and exchange rather than lobby for transfers and special privileges are important parts of the problem of constitutional design that has animated so many scholars, among them Douglass C. North and James M. Buchanan.

Student loan forgiveness encourages irresponsibility and wastefulness.
Art Carden (is a Professor of Economics), "If Student Loans Might Be Forgiven, Why Not Borrow More?" FEE, July 3, 2019, https://fee.org/articles/if-student-loans-might-be-forgiven-why-not-borrow-more/

There are three important effects here. First, the prospect of student debt cancellation encourages us to finance the entire thing with borrowed money. Why pay now or go to the trouble of trying to earn scholarships if we can borrow on the cheap and have a reasonable expectation that taxpayers will ultimately be left with the bill? Second, why should we be price-sensitive college shoppers, and why should colleges work to contain costs if there's a good chance it will all be paid for with other people's money? Third, we have incentives to borrow a lot of money to pursue boutique degrees with limited job prospects if (again) we know that someone else is going to pay the bill.

Student debt forgiveness changes people's incentives for the worse.
Art Carden (is a Professor of Economics), "If Student Loans Might Be Forgiven, Why Not Borrow More?" FEE, July 3, 2019, https://fee.org/articles/if-student-loans-might-be-forgiven-why-not-borrow-more/

As EconTalk host Russell Roberts explained it in the mid-90s, if we go to a restaurant and know that someone else is paying, we have incentives to order the best thing on the menu, drinks, appetizers--the whole lot. If you go to dinner with a few friends, it's relatively easy for you to monitor one another and check anyone who seeks to take advantage of the situation. It's a lot harder to do this in larger groups, and as the benefits get more concentrated and the costs get more dispersed over a larger and larger population, people have stronger incentives to take advantage of everyone else. What's more, given our psychological proclivities and our tendencies to be self-serving, it can be pretty easy to convince ourselves that we're actually doing everyone a favor by borrowing tons of money to study something that doesn't translate into employable skills. Student debt cancellation is already suspect because it redistributes wealth upward. As we can see, the prospect of debt cancellation changes people's incentives for the worse. I don't know if I would call it the worst idea ever, but it's certainly not a good one.

In reality, the majority of those graduating are not suffering under much debt.
William J. Luther (is the Director of AIER's Sound Money Project and an Associate Professor of Economics at Florida Atlantic University), "Student Loan Forgiveness Is Bad Policy," AIER, June 27, 2019, https://www.aier.org/article/student-loan-forgiveness-is-bad-policy/

Let's start with the facts. According to The Institute for College Access & Success, 65 percent of those graduating in 2017 had taken out a loan to go to college. And, among those with loans outstanding, the average debt was $28,650. Taken together, this means that the typical student (i.e., including those with and without debt) graduating in 2017 owed just $18,623. Is that a lot? No doubt it seems like a lot to a typical recent graduate, who has been drinking cheap beer and eating ramen noodles for the last four years. But it is roughly half the cost of a new car.

The majority of graduates are getting a good deal for the money they borrow.
William J. Luther (is the Director of AIER's Sound Money Project and an Associate Professor of Economics at Florida Atlantic University), "Student Loan Forgiveness Is Bad Policy," AIER, June 27, 2019, https://www.aier.org/article/student-loan-forgiveness-is-bad-policy/

The relevant question, of course, is not whether it is a lot — but whether it is worth it. For the average student, financing an education is almost certainly a good deal. College graduates earn about 80 percent more than high school graduates. Median weekly earnings for those holding a bachelor's degree are $1,173, but only $712 for those with just a high school diploma. In other words, the average college grad earns about $23,000 more per year.

Student loan forgiveness means the benefits of college accrue to the borrower but the costs accrue to the taxpayer.
William J. Luther (is the Director of AIER's Sound Money Project and an Associate Professor of Economics at Florida Atlantic University), "Student Loan Forgiveness Is Bad Policy," AIER, June 27, 2019, https://www.aier.org/article/student-loan-forgiveness-is-bad-policy/

Student-debt forgiveness, as proposed by Sen. Sanders and others, might be popular. But it is bad policy. The benefits of higher education fall almost entirely on the recipient. So should the costs. Shielding beneficiaries from the costs encourages them to become over-educated, resulting in wasteful expenditures and pushing up the costs of education (on society) even further. The Sanders plan is also painfully regressive. The big winners of student-debt forgiveness will be those with the most debt — that is, professional-degree holders (doctors, lawyers, pharmacists, etc.), who have relatively high incomes. The big losers will be those who do not go to college at all, who have relatively low incomes. In other words, canceling student debt transfers wealth from poor to rich.

We should find alternatives that do not benefit wealthy doctors, dentists, and others with high earning degrees.
William J. Luther (is the Director of AIER's Sound Money Project and an Associate Professor of Economics at Florida Atlantic University), "Student Loan Forgiveness Is Bad Policy," AIER, June 27, 2019, https://www.aier.org/article/student-loan-forgiveness-is-bad-policy/

Higher education is expensive. And policy should be designed in such a way that anyone who should go to college — that is, someone for whom the benefits of a college education exceed the costs — can go to college. That means encouraging innovative financing schemes, reining in the costs of over-subsidized colleges and universities, and encouraging students to think carefully about whether a traditional four-year degree makes sense for them. If some would-be students still find it difficult to afford a higher education, we should consider making larger transfer payments to the least well-off. But there is no good reason to condition such payments on going to college. And such transfers should not be extended to relatively affluent dentists, doctors, and pharmacists, who will benefit greatly from the degrees they earn.

There is no such thing as debt cancellation or forgiveness, there is only debt transfer.
Nicolás Cachanosky (is Associate Professor of Economics and Director of the Center for Free Enterprise at The University of Texas at El Paso Woody L. Hunt College of Business), "There Is No Such Thing As Student Debt Cancellation," AIER, September 19, 2022, https://www.aier.org/article/there-is-no-such-thing-as-student-debt-cancellation/

President Biden finally announced his promised student debt relief program. The government will forgive up to $20,000 of student debt for Pell Grant recipients, and up to $10,000 for others with an annual income below $125,000 ($250,000 if married). On top of this, he is extending the grace period on student loan repayment until the end of the year. The plan is estimated to cost $24 billion per year for a decade, for a total of $240 billion. The victory lap surrounding the announcement suggests the government does not fully understand its own policy. Consider two representative politicians, Kamala Harris and Elizabeth Warren, who describe Biden's policy as debt "cancellation." Recent columns in Forbes and CNET show similar statements. The word "cancel" is very telling; it gives the impression that student debt disappears. The cancellation narrative is reinforced by advocates talking about the benefits of the debt relief, while remaining silent about its costs. There is no such thing as debt cancellation. The loan will be repaid. The only question is who will foot the bill. Recognizing that the Biden administration's policy merely shifts the burden from some Americans to other Americans, the economic and ethical questions involved are more salient than many realize.

The government cannot give to some without taking from others.
Nicolás Cachanosky (is Associate Professor of Economics and Director of the Center for Free Enterprise at The University of Texas at El Paso Woody L. Hunt College of Business), "There Is No Such Thing As Student Debt Cancellation," AIER, September 19, 2022, https://www.aier.org/article/there-is-no-such-thing-as-student-debt-cancellation/

Further, the idea that the government is footing the bill for this policy is a bit misleading. The cost of the program does not fall on the government. It falls on those who miss out on expenditures that would have otherwise occurred, those who pay higher taxes as a result of the program, those who pay higher interest rates or are crowded out due to additional government borrowing, or those who see the purchasing power of their dollars reduced more than usual. Remember, the government cannot give without taking.

Student loan forgiveness raises important equity questions.
Nicolás Cachanosky (is Associate Professor of Economics and Director of the Center for Free Enterprise at The University of Texas at El Paso Woody L. Hunt College of Business), "There Is No Such Thing As Student Debt Cancellation," AIER, September 19, 2022, https://www.aier.org/article/there-is-no-such-thing-as-student-debt-cancellation/

Biden's student debt forgiveness policy raises important ethical questions. For example, individuals making up to $125,000 a year qualify. But median income in the United States is only around $45,000. Why should low income Americans pay for loans taken out by those who earn much more? There are other equity issues, as well. Some students and graduates sacrificed consumption to pay down their loans more quickly and, as a result, will not see as much of their debt forgiven. Those who made the minimum payments or no payments at all will benefit. Those who have repaid their loans in full receive nothing. Why are those who have repaid their loans less deserving of financial assistance than those who haven't?

We could simply target low-income Americans rather than forgive all student loan debt.
Nicolás Cachanosky (is Associate Professor of Economics and Director of the Center for Free Enterprise at The University of Texas at El Paso Woody L. Hunt College of Business), "There Is No Such Thing As Student Debt Cancellation," AIER, September 19, 2022, https://www.aier.org/article/there-is-no-such-thing-as-student-debt-cancellation/

Further, the possibility that such a policy will be enacted again seems likely to create further problems. Lawrence White predicts individuals will be more inclined to take out larger loans, at higher rates, because there is now a greater chance that Uncle Sam will force someone else to pay for it at some point in the future. There is no denying that some Americans are struggling, and some of those struggling have student debt. If the Biden administration is genuinely concerned about those struggling, it could provide greater assistance to those with low incomes. If it is genuinely concerned with those struggling to repay their student loans, it could have phased out the debt forgiveness over a much lower income threshold. That it took neither of these paths suggests it is primarily concerned with winning votes from educated elites in the next election at the expense of everyone else.

Advocates of student loan forgiveness forget people respond more to incentives than to laws.
James R. Harrigan (is Senior Editor at AIER. He is also co-host of the Words & Numbers podcast) & Antony Davies (is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University), "Beware the Incentives of "Forgiving" Student Loan Debt," AIER, November 16, 2022, https://www.aier.org/article/beware-the-incentives-of-forgiving-student-loan-debt/

The father, who worked two jobs so his daughter could graduate college with no debt, asked, "Am I going to get my money back?" Warren's reply: "Of course not." With those three words, reality intruded into Warren's story about student debt forgiveness, and everyone except Warren appeared to realize it. The father drove the lesson home: My buddy had fun, bought a car, went on vacations. I saved my money. He made more than I did. … We did the right thing, and we get screwed. But still, Elizabeth Warren didn't get it. Politicians' elaborate plans for "fixing" things so often go awry because, in their minds, we will all respond to their policy tinkerings in exactly the way they intend. In Warren's mind, her plan to have the government "forgive" student loans will magically resolve with students everywhere being debt-free, and everyone else's lives being the better for it. But that's not how it works. People don't respond to laws. People respond to incentives.

Student loan forgiveness will encourage students to major in studies with little market value.
James R. Harrigan (is Senior Editor at AIER. He is also co-host of the Words & Numbers podcast) & Antony Davies (is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University), "Beware the Incentives of "Forgiving" Student Loan Debt," AIER, November 16, 2022, https://www.aier.org/article/beware-the-incentives-of-forgiving-student-loan-debt/

When politicians decide to "forgive" debt, they give people an incentive to borrow more and to borrow less prudently. For the same reason that people's menu choices change when someone else is picking up the tab at the restaurant, so too would students' and parents' behaviors change if Warren forces someone else to pay the tuition bill. Too many students already choose majors that have little market value. Imagine how much worse this would be when students don't have to pay back the money they borrow for their degrees. College tuition is already too high. Imagine how much worse this would be when students don't care how much college costs because someone else is paying the bill. Too few high school students already choose to go into the trades. Imagine how much worse this would be when high school seniors face a choice of working to learn a trade or spending four years partying on the taxpayers' dime. The federal government already runs trillion-dollar deficits. Imagine how much worse this would be when the government has to spend even more money each year to pay off student loan debts.

Forgiving student debt punishes the frugal and benefits the wasteful.
James R. Harrigan (is Senior Editor at AIER. He is also co-host of the Words & Numbers podcast) & Antony Davies (is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University), "Beware the Incentives of "Forgiving" Student Loan Debt," AIER, November 16, 2022, https://www.aier.org/article/beware-the-incentives-of-forgiving-student-loan-debt/

The stark reality is that "forgiving student debt" really means forcing people who didn't go to college to pay for those who did, and forcing people who scrimped and saved for college to pay for those who didn't. This punishes prudent, frugal choices while rewarding their opposite. The father who confronted Elizabeth Warren knows this, but Warren just can't see it. He is Samuel Johnson, kicking her rock. Apparently he didn't kick hard enough.

Student loan forgiveness forces those who did not go to college to pay for those who did.
Antony Davies is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University, "Loan Forgiveness Myths," AIER, September 6, 2022, https://www.aier.org/article/loan-forgiveness-myths/

Myth #1: Student loan forgiveness doesn't cost taxpayers anything because the loaned money has already been spent. Yes, the money has already been spent. But that's not where the cost occurs. Suppose that a student was supposed to pay back $10,000 five years in the future, and that the government has now just forgiven the loan. Five years from now the government will have $10,000 less revenue than it otherwise would have. And that means that the rest of us either (1) will receive $10,000 less in government services than we would have otherwise, or (2) will pay $10,000 more in taxes than we would have otherwise, or (3) will endure $10,000 more worth of inflation than we would have otherwise. The student who has his loan forgiven will end up paying back some of that forgiveness later, likely in the form of higher taxes or inflation. But he'll only pay back some. Some will be paid by people who already paid for their own student loans. And some will be paid by people who didn't go to college at all. No matter how you slice it, the government hasn't forgiven loans. It has instead forced the rest of us to pay them back. Notably, it has forced people who didn't go to college to pay for those who did.

Student loan forgiveness is likely to spark inflation or higher taxes.
Antony Davies is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University, "Loan Forgiveness Myths," AIER, September 6, 2022, https://www.aier.org/article/loan-forgiveness-myths/

Forgiving student loans won't cause inflation. But, the manner in which the forgiveness is financed could cause inflation. Forgiveness means that the government will be collecting less money in the future from the borrowers. If Congress doesn't cut spending to match the money it won't be collecting, and doesn't raise taxes to compensate for the money it won't be collecting, then it will have to print money to compensate for the money it won't be collecting. That will cause inflation. Astute readers may note a fourth option: The government could borrow more in the future to compensate for the money it won't be collecting. But the government's borrowing money is the same as raising taxes. It just happens over a different time frame. Rather than raising taxes by a large amount in one year, when the government borrows, it raises taxes in small amounts over many years to pay the interest on the borrowed sum.

Student loan forgiveness will not benefit the economy.
Antony Davies is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University, "Loan Forgiveness Myths," AIER, September 6, 2022, https://www.aier.org/article/loan-forgiveness-myths/

It is true that student loan forgiveness will give students financial freedom they wouldn't otherwise have – freedom to invest in starting businesses or to buy big ticket items like houses and cars. But this is only half of the truth. For every additional dollar students will be able to spend because their loans are forgiven, the rest of us will have one dollar less to spend because we must pay for the forgiven loans. In the end, there's no positive economic effect. All the forgiveness does is augment students' spending in exchange for diminishing the general population's spending.

Forgiving student loans, contrary to what advocates claim, will be very expensive.
Antony Davies is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University, "Loan Forgiveness Myths," AIER, September 6, 2022, https://www.aier.org/article/loan-forgiveness-myths/

Relatively speaking, the current round of loan forgiveness isn't that big of a deal. In the face of trillion-dollar deficits, another hundred billion or so isn't noticeable. What is worrisome is what comes next. Next year's students will, understandably, want loan forgiveness also. Tuition will rise because now universities don't have to worry about students not attending high-priced schools because the students aren't paying. As tuition rises, there will be a call for even more loan forgiveness. Then there will be an influx of students into colleges and universities who are looking for a four-year all-expenses-paid vacation. This increase in demand for higher education will push tuition up even further. And what will these vacationing students study? On average, they'll want to study easy subjects. And so demand for majors like gender studies and child and family education will skyrocket. When these students hit the job market and can't find jobs in their fields, politicians will hold hearings asking why higher education is costing taxpayers so much and delivering so little. Politicians will then say that, since the government is paying for higher education, it should have a say in what's going on in higher education. And there we have Public School 2.0. All the problems that the government has brought to public education, it will then bring to higher education.

Forgiving student loans is good for some, but bad for most, Americans.
Antony Davies is the Milton Friedman Distinguished Fellow at the Foundation for Economic Education, and associate professor of economics at Duquesne University, "Loan Forgiveness Myths," AIER, September 6, 2022, https://www.aier.org/article/loan-forgiveness-myths/

The reality is that student loan forgiveness is good for some students, bad for the rest of us, and the collective pain to the rest of us will exceed the collective good for the students. The one group for whom student loan forgiveness is unquestionably good is politicians. What student loan forgiveness really does is allow politicians to use our money to buy the votes of an entire group of young voters. In the end, a college degree is either valuable or it isn't. If it's valuable, it will pay for itself. If it's not valuable, no one should pay for it. Either way, there's no reason for the government to be involved in higher education. The more involved it does get, the worse the problem becomes.