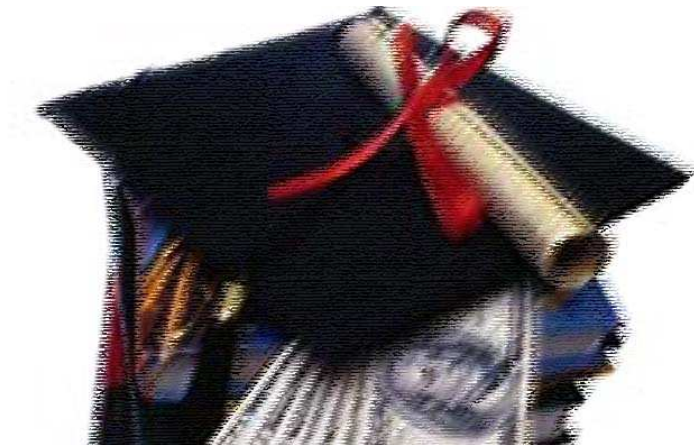


AL ARABIYA NEWS

Danielle Angel: Let's not forget U.S. student loan debts

Daniel Angel - Thursday, 29 March 2012



That cumulative student debt in the United States hit \$1 trillion for the first time shows how serious the issue is. (File photo)

As most Americans focus on the Trayvon Martin investigation, the Supreme Court health care hearings, and other sensational stories, another potential crisis is looming that experts are comparing to the 2008 economic crisis and the housing crisis: rising student loan debt.

Experts may disagree on what to do to amend the current student debt situation, to the students there is no doubt this is a crisis. As American University alum Alexandra Moller explains, "It's silly that people who are qualified for schools and programs often can't go because they cannot afford them." Fellow AU grad Andy MacCracken echoed a similar sentiment stating, "I know [being in debt] will affect my life decisions ... Looking further down the road I'm not going to be able to buy a home, or start a family, or start thinking about retirement because I'll still be paying all these loans and [have] all this debt for this device that's supposed to train me for all of these things, my education."

The numbers are staggering: just last week cumulative student debt in the U.S. hit \$1 trillion for the first time, surpassing credit debt. Defaults on student loans are on the rise as average amount of student debt upon graduation surpassed average starting salary for 2010 graduates. These numbers may grow even more disparate if Congress does not renew the CCPA Act by June 30 this year, which holds student loan interest rates at 3.4 percent.

Representative Hansen Clarke (D- Michigan) has taken the issue a step further and introduced a student loan forgiveness bill.

Experts have offered a wide variety of recommendations for how to move forward. However, two main ideologies emerge.

Neal McCluske of the CATO Institute and Lindsay Burke of the Heritage Foundation agree that federal intervention creates a “vicious cycle” in which “government increases aid, colleges raise their prices and... congress raises aid” as McCluske explains. This, in turn, “sends students scrambling back for federal aid,” according to Burke.

While McCluske and Burke agree that government involvement is the source of the crisis, Ryan O’Sullivan of the youth advocacy group The Young Invincibles advocates the opposite. O’Sullivan asserts that states have cut funding for higher education, forcing students to turn to loans to make up the difference. “The high cost of college is making it unaffordable to get the education and training they need to succeed in the coming decade,” O’Sullivan added, “and our country is going to be in a lot of trouble.”

(Danielle Angel is an intern in Al Arabiya’s Washington, D.C. bureau.)