



Student loan issue teed up for Trump

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When the Democrats took control of Congress in 2007, the nation owed just \$450 Billion in student loans. By the time President Obama leaves office next year, the country will have added \$1 Trillion to its student loan tab.

A study by the Institute for Higher Education Policy found that 63 percent of the class of 2005 were unable to make payments on their student loans five years after leaving school.

Given that borrowers of this class borrowed only about \$15,000 on average—less than half what the typical undergraduate borrower leaves school with today—this percentage of non-payment is probably on the low-end of what is happening today.

What has fueled this hyper-inflationary spiral and its consequences is a lending system that is not constrained by standard free-market protections like bankruptcy rights, statutes of limitations, and other bedrock protections that exist for every other type of loan.

They were stripped, uniquely from student loans by the federal government, which now books as much as \$50 Billion per year on the program. Even profits on defaulted student loans with the mafia-like collection powers it now yields.

It is a structurally predatory lending system, and Uncle Sam sits atop the hornet's nest. Make no mistake: The Department of Education fights tooth and nail behind the scenes to keep bankruptcy gone from its cash cow.

Interestingly, it was the Blue Dog Democrats who were instrumental in killing legislation in 2007 that would have restored bankruptcy protections to private student loans.

Since then, democratic presidential candidates have taken two steps away from the citizens, and towards the banks, and the government with their higher education plans.

For example, when Hillary Clinton was in the Senate in 2006, she introduced a Student Borrower Bill of Rights Act that paved the way for the return of bankruptcy protections to federal student loans.

Clinton, however, has not so much as uttered “bankruptcy” and “student loans” in the same sentence since she announced her candidacy for the 2016 election. She appears to have sided with the Center for American Progress on this issue, which relies on good ol' boys from the Department of Education and the Treasury who have no desire or intentions of returning any consumer protections to federal student loans!

Clinton's refinancing plan, which would only save borrowers about \$1,900 over the lifetime of their loans- or less as interest rates rise- is not impressing anyone. Her “debt-free” college plan may sound attractive for future students who do not yet vote, but holds zero interest for the 44 million people who already have the debt, and who do vote.

While none of these borrowers want to go through a bankruptcy on account of their student loans, and very few ultimately would, all of them feel the predatory weight of this lending system on their backs in the absence of this critical consumer protections, and will be significantly moved by a candidate who vows to return this constitutionally mandated consumer protection to the citizens. These voters could easily turn a loss into a landslide in November...and vice versa.

This is red, rare meat for Trump and other republicans fighting for smaller government.

As I said months ago: Trump could turn the bankruptcy issue from a negative into a positive for his campaign by using student loans to show the voters why the founding fathers put a uniform bankruptcy system near the top of the list when they gave Congress its powers. He would attract tens of millions of voters who otherwise would be on the fence, and unlike every other issue where the battle lines are clearly drawn, these voters would come with zero defections going the other way.

Jeb Bush put the return of bankruptcy protections to student loans into his presidential platform. Even conservatives like David Brooks and the Cato Institute have publicly called for the return of bankruptcy protections to student loans. This issue practically screams out to Donald Trump. He should listen if he is serious about winning this election.