

Opinion Editorials

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Editorial: Forgiving student debt won't fix problem

Rep. Clarke wants to lift the burden of student loans, but federal programs are driving high costs

BY THE DETROIT NEWS



Clarke)

A congressman from Detroit has joined the politicians pandering to the Occupy Wall Street crowd. Democratic Rep. Hansen Clarke introduced a bill in Congress earlier this month that would in effect erase student debt after a period of time. This proposal is a bad idea. It transfers debt responsibility to taxpayers and would further contribute to the soaring cost of higher education.

Clarke's plan works like this: If individuals pay 10 percent of their discretionary income for 10 years, anything left would be forgiven. Graduates who enter public service fields, like teaching, would have their loans forgiven in half the time.

The bill would also cap interest rates on federal loans at 3.4 percent. Clarke does include a caveat. Current borrowers would qualify for full loan absolution, but future borrowers would face a debt forgiveness ceiling of \$45,520.

He says this would give struggling borrowers a second chance and makes the case people would use the savings to invest and create new jobs.

That's a possibility. But it's not the government's responsibility to sweep in and save the day when Americans find themselves in over their heads. And much of the rhetoric surrounding student debt ignores the fact attending college is a personal choice — it's up to students to figure out if the cost of their education meshes with what they'll realistically earn in their chosen career.

That's not to deny the costs of higher education have risen drastically. They have. But the best thing the government could do would be get out of the way. That seems counterintuitive, says Neal McCluskey, associate director of the Cato Institute's Center for Educational Freedom, but it's the only way students would see a drop in their financial burden.

The plethora of federal aid available for college costs, especially loans, has directly led to escalating tuition costs that have risen much faster than the rate of inflation.

And McCluskey says the average student debt — \$25,000 for a recent graduate — is lower than the media or politicians often project, since they go for stories of more extreme loan burdens.

Clarke is not alone in his desire to alleviate debt. Democrats in the state Legislature introduced a plan earlier this year that proposed paying tuition for all Michigan students who attend a state institution. And President Barack Obama has said students are victimized by high tuition.

The best thing for politicians to do, however, is to pull back on the amount of federal aid.