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Does the student loan deal cripple grad students and the 'Knowledge Economy?'

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After weeks of wrangling, Washington has reached a compromise on student loan interest rates. While many eyes were focused on the numbers, a critical new precedent has been set in this deal. For the first time, the federal Stafford loan program will have different rates for graduate and undergraduate loans.

To the dismay of some in the ivory tower, graduate students will be required to pay interest on their loans at a higher rate (5.4%) than undergraduates (3.9%). Debra Stewart, president of the Council of Graduate Schools, says the move is bizarrely counter-intuitive for a country that needs to feed the knowledge economy with ever more brilliant minds.

The new deal only exasperates her hand-wringing after last year's decision by Congress to make grad students ineligible for the program that pays interest on federal student loans for low-income students while they are still in school.

How could this affect American industries down the road? What is the earning potential for those with postgraduate degrees? What does that mean for their debt repayment? Will these new policies unwisely exclude promising minds?

Guests:
Debra Stewart, president of the Council of Graduate Schools, an organization representing graduate education and research in the U.S. and worldwide.

Neal McCluskey, Associate Director, Center for Educational Freedom, Cato Institute - a Libertarian-leaning public policy think tank; former high school English teacher; Author, "Feds in the Classroom: How Big Government Corrupts, Cripples, and Compromises American Education."