



Upset about the student loan debt transfer? Blame the Global War on Terror

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Last week, President Joe Biden announced the federal government would forgive up to \$20,000 in student loan debt and make repayment of remaining balances more favorable to the borrower. Not surprisingly, many political commentators and policy-makers were critical of the move, which essentially transfers debt from one group of Americans to another.

However, many criticizing the action fail to consider that the authority for President Biden's mandate is rooted in the frantic expansion of executive power that consumed Washington, D.C. in the years that followed 9/11.

In March 2003, Republican Rep. John Kline (R-Minn.) introduced the so-called "Higher Education Relief Opportunities for Students Act," or HEROES Act. The bill was primarily sold as a vehicle to give student loan repayment relief to military reservists who were activated in support of the new wars in Afghanistan and Iraq. However, there was also a section buried in the legislation that gave the secretary of Education the authority to "waive or modify" student loan obligations during undefined "national emergencies".

After an orgy of self-congratulation in the House amid the Iraq War frenzy, the bill passed by a vote of 421-1. Future Speaker of the House Paul Ryan (R-Wis), fretting that the global war on terror "now may stretch to 2 years or to 3 years," deemed the measure "altogether fitting and proper." Future House Armed Services Chairman Buck McKeon (R-Calif.) declared that "another important aspect of the HEROES Act is that it allows the Secretary of Education to act quickly should a situation arise that has not been considered."

Boy did it.

It was this law—passed in the aftermath of 9/11 and the invasion of Iraq to assist military reservists whose lives were disrupted by deployments—that President Biden would ultimately use to justify his debt forgiveness scheme.

The Biden administration's Office of Legal Counsel wrote a memo advising the executive that the HEROES Act clearly authorizes the president to "address the financial hardship arising out of the COVID-19 pandemic by reducing or canceling the principal balances of student loans for a broad class of borrowers."

Yet again, we find ourselves in a situation in which a law passed during a period of war has been expanded and used to justify policies that were not debated or even contemplated at the time of its passage.

Unfortunately, it's a story as old as time. This country's wars helped produce the modern American welfare state. As the antiwar writer Randolph Bourne declared during World War I, "war is the health of the state." The libertarian scholar Robert Higgs would later describe the growth of government during wartime as having a "ratchet effect." Each expansion of government would never click back to the pre-war normalcy. The wrench only turns in one direction: toward more government power.

For example, Union military pensions during the Civil War were initially limited to disabled veterans and their widows and orphans, but expanded further to cover "dependent fathers and brothers." These same benefits were later broadened to include veterans who had served at least 90 days and were disabled, whether their disability was due to the war or not. As the war ended, Republicans found the pension system—initially intended to repay soldiers wounded in battle—to be a useful tool for party-building.

Similarly, the United States did not have federal income tax withholding until World War II. One of the leaders of the working group at the Treasury Department that implemented the policy would later remark that he wished "there were some way of abolishing withholding now," and that withholding taxes via payrolls was "a great mistake for peacetime, but in 1941-1943, all of us were concentrating on war." His name? Milton Friedman.

That a libertarian icon helped pave the way for one of the greatest expansions of state power in the 20th century should tell us how powerful the tractor beam of government growth is during wartime and national emergencies. When legislators wave the bloody shirt of wars and national emergencies to pass new expansions of government power, those of us who favor limited government must examine these bills with a gimlet eye.

The Biden administration faces political attacks from Republicans for turning the HEROES Act into a check-writing scheme they can use to curry favor in the upcoming midterm elections. They deserve those attacks.

But if Republicans are serious about preventing this process from repeating itself, they need to take a long, hard look in the mirror and consider the massive expansion of executive power that their party championed in the immediate aftermath of 9/11. Fanning the flames of war and emergency almost always opens the door for the growth of government. It certainly did in this case.

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