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Counterpoint: Government 'help' is part of problem

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The cost of college is almost certainly too high, and a consequence of that is alarming student debt. Does that mean our goal should be to make college debt free? Depends how you do it.

First, let's be clear: While the cost of college is probably much higher than it should be, a degree still tends to pay off handsomely, with the average graduate making far more over her lifetime — some estimate $1 million more — than someone who ended her education after high school.

Average debt for grads with loans — about $35,000 — is therefore a good investment, and even the lowest-income Americans would be welcome customers for lenders as long as they were demonstrably college ready and planned to major in a marketable subject.

This gets us to why debt-free college may not be a great idea. It would be terrific if college were debt free because covering the actual costs of one's education was manageable without debt. But if higher education was made debt free because we were forcing taxpayers — people who do not reap the $1 million reward — to directly subsidize it, that would be bad.

A huge reason the price of college is so high right now is government "help." The federal government has subsidized students for decades, allowing colleges to raise their prices at rates far in excess of household income and even health care, and encouraging students to demand ever greater luxuries.

Use other people's money, and your incentives to demand efficiency wither.

In just the past year, studies from the Federal Reserve Bank of New York and the National Bureau of Economic Research have found that very large parts of college prices are attributable to federal aid expansions, and other NBER research has suggested that all but the most academically oriented students put heavy value on "amenities" such as "student activities, sports and dormitories."

So why not get states and the federal government to spend directly on colleges in exchange for schools charging less, or not at all? To different extents, that is what Hillary Clinton and Bernie Sanders have called for.

But subsidizing schools directly comes with even bigger problems than subsidizing students. While American higher education is wasteful and expensive, it is also the most vibrant, responsive higher education system in the world.

Seventeen American universities are in the Times Higher Education World University Rankings' top 25. None are from Scandinavia, which Sen. Sanders holds up as the ideal.

Why is U.S. higher education so good relative to the rest of the world? Because almost every other country runs higher education on the "government provides, you go free" model. The result is often poorly maintained infrastructure, big classes, hard to access professors and languishing students.

There's also rationing. In Sweden, universities get 2.5 applications for every one available slot. In France, high school principals, essentially, decide whether a student gets to be on a college track, and a weeklong baccalaureate exam determines if they can go to a university.

The solution to our spiraling costs is not more government money, but less. It is to phase out aid and have people pay with their own funds, or money they get voluntarily from others.

Then institutions would be unable to raise their prices with impunity, students would demand fewer expensive frills, and the system would retain the freedom essential to innovate and respond to ever-changing student needs.

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