

With Student-Loan Cancellation That Shouldn't Happen, It's Not The 'Working Classes' Bailing Out The Rich

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There are rumblings that a Joe Biden administration, in an effort to throw a bone to a hard left that helped put it in the White House, will forgive federal student loan debt. This possibility has many on the right up in arms, though arguably for the wrong reasons.

To be clear, the debts shouldn't be canceled. Americans to varying degrees borrowed monies borrowed on the backs of American taxpayers, and they shouldn't be given a free pass on the backs of those same taxpayers. If they owe money they should pay it back. Plain and simple.

Not only is federal lending toward college education evidence of obnoxious mission creep, it occurs under the pretense that what's learned in college somehow prepares those who attain it for life and career beyond. Please. Such a view isn't serious. Precisely because the U.S. economy is the most dynamic one in the world, the nature of work and life is constantly changing. Translated, it's increasingly true that the jobs of tomorrow won't resemble the jobs of today. Dynamic economies are that way because they relentlessly destroy the work of the present in favor of new, much better forms of toil. College education is on its very best day about teaching certain aspects of yesterday's skills.

If kids really wanted to prepare themselves for the future, they would simply apprentice in their chosen field. Except that most don't and they don't because most businesses don't even require it. As opposed to employers caring about what's taught in school, college for them is a signaling device (you got into Harvard, you must be pretty smart) for high-potential employees in much the same way that it's a signaling device for those who attend it. Young people aspire to college not for the learning, but because acceptance at an elite institution signals something elite about them. College is also fun. Except that it's not the job of taxpayers to fund our bait money, or what's enjoyable. Get government out of it.

Still, the left want student debts canceled. How odd. Wasn't the whole point of Biden's campaign that he was for the guy from Scranton? He claimed those from his former hometown are so humble that they're not even in the stock market. Ludicrous, but political rhetoric usually is. The main thing is that if they're not in the stock market, do they have gargantuan student debt?

Naturally some of Biden's opponents aren't much better. Republicans routinely – and very correctly – point out that tax hikes on the rich are a fool's errand. The top 1% already account for 40 percent of federal tax revenue, so the idea that they should be hit up for more of their earnings seems immoral, surely hysterical, but also unrealistic. It's unrealistic because to raise taxes isn't

the same as raising revenues. The rich are mobile. Overtax them and they'll migrate away from the grasping hands of politicians.

Again, all of the above is what Republicans, conservatives and libertarians routinely – and correctly – point out. Except for when it's inconvenient to state the obvious about the economically unequal funding most everything including economic progress (companies and the jobs they create are consequence of unspent wealth — yes, the wealth of the rich), along with governments that are reliant on the unequal to fund their own largess.

Which brings us to the silly side of the right's approach to student-debt cancellation. Cato Institute educational analyst Neal McCluskey complains that “Massive loan cancellation would primarily help well-off people,” plus it would mean that taxpayers would “bear even more of the cost of ‘education’ that for many students is also kind of ‘luxury cruising.’” McCluskey's probably right about the beneficiaries of loan cancellation, but leaves out that federal waste is primarily funded by “well-off people” who enjoyed or will enjoy “luxury cruising.” Really, where does he think politicians attain the means to fund ridiculous waste on learning that has nothing to do with future achievement? Rest assured that it's not from people in Scranton, Flint, and Milwaukee, or from factory workers romanticized by Biden, Donald Trump, and all-too-many policy types who've never been inside a factory.

The great Jonah Goldberg published a downcast piece in the *New York Post* that described debt cancellation as the “working class” subsidizing “the elite.” Except that such an assertion isn't true. Indeed, it's not unreasonable to speculate that Goldberg himself has at some or many points in his writing career pointed out where federal revenues come from. It's a reminder that erasure of any federal debts of the well-to-do amounts to the well-to-do subsidizing the well-to-do.

Goldberg goes on to write that “If you only have \$1.5 trillion to spend, what policy would help the most people struggling right now? I don't think canceling student loans would rank in the top 20.” Goldberg is shooting fish, while also missing the point. The problem is the federal spending. To pretend that there's “better” when it comes to making politicians the allocators of wealth always and everywhere produced in the private sector is to misunderstand what powers economic growth.

Politicians cannot also be investors. Period. The investment that is the source of all economic progress has to be informed by failure, and with government waste there is no failure. There's just more waste.

Republicans are loathe to state the obvious about economic growth, but it's a consequence of unspent wealth. *Always*. What the rich don't consume rushes the future into the present. Basically the “well-off” power growth, but since they're taxed, they also enable obnoxious waste.

So while it would be wrong to forgive federal student debt, let's not add to what's incorrect with nonsensical allusions to “real America” paying for bailouts of Beverly Hills, Manhattan and Pacific Heights. The rich generally create all progress, certainly fund it, but the tradeoff is that they also fund the doings of politicians whose sole purpose is to redistribute the wealth created by the well off.