

# THE WEEK

## The pros and cons of student loan forgiveness

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Federal student loan payments have been on pause for more than two years, with the government recently further extending the pandemic-related freeze through Aug. 31. Now, rumor has it that President Biden is "looking at different options to forgive an unspecified but substantial amount" of the \$1.6 trillion that some 43 million people owe to the government, CBS News reported Tuesday.

Yet not everyone — including Biden, historically — believes that would be the best route for dealing with questions of fair college access. Here are the arguments on both sides of the debate.

### **CON: FORGIVING DEBT ISN'T FAIR TO PEOPLE WHO'VE ALREADY MADE THEIR PAYMENTS**

Forgiving student debt would be a "great gift" to graduates, argues the *Boston Herald* editorial board — but so would having your "mortgages, car loans, and ... credit card debt" forgiven, too. "That's not on the table," though, because "adults who assume debt are supposed to be responsible and pay for the things they purchase." For that reason, others have called the renewed debt forgiveness rumors a "slap in the face to all who sacrificed and worked extra jobs to pay off their student loans."

### **PRO: DEBT FORGIVENESS IS THE EMPATHETIC SOLUTION**

But "the argument that 'this is how it was for me, so why should it be any easier for you' is a lazy interpretation of — and solution for — a crisis decades in the making," writes Christina Wyman for NBC News. In fact, harboring such resentment is just "another sinister layer in our country's long-standing problem with empathy." Ben Burgis puts the counterargument another way to *Jacobin* : "If a monster lives at the edge of town and makes a regular practice of eating bits and pieces of passersby, and after this goes on for years before the town finally brings in a monster hunter to put an end to it, do the people walking around with missing fingers because of past monster attacks have a legitimate complaint? ... It's *not* unfair that they're finally taking care of the problem."

### **CON: INFLATION IS ALREADY BAD — AND STUDENT LOAN FORGIVENESS WILL ONLY MAKE IT WORSE**

While student loan forgiveness might have "seemed like a good idea" in November 2020, that time has passed, Matt Yglesias argues at *Bloomberg*. The "supercharged" demand from the \$900 billion stimulus package and the American Rescue Plan has become "superdupercharged" due to the sanctions — and resulting high oil prices — following Russia's invasion of Ukraine, meaning the economy "no longer needs stimulus — in fact, it needs to restrain demand." Since a "majority of the public" doesn't have student debt, Yglesias writes, and it is higher-income individuals who tend to be the ones who owe money, restarting collections would come largely at the "expense of a disproportionately high-income minority of the population" while also helping to "reduce the volume of customer demand in the economy," rather than further increase it.

### **PRO: LOAN FORGIVENESS COULD BE DEMOCRATS' LAST CHANCE FOR THE MIDTERMS**

Forgiving student loan debt ahead of the midterms could help Biden turn out younger voters for his party — a demographic that will be crucial if Democrats don't want to get swept by a red wave. "There are a lot of people that are still waiting" for Biden to forgive student debt who have become disillusioned with his inaction, Rep. Nikema Williams (D-Ga.) told *Politico*. Kristin McGuire, the executive director for Young Invincibles, added that while an executive order clearing student loan debt is "not a silver bullet," there is still "something to keeping your word." Sen. Elizabeth Warren (D-Mass.), a longtime advocate for student loan forgiveness, stressed on *Face the Nation* that "Democrats win when Democrats are in touch with the American people" and "we've got millions of people across this country who say they're not ready for their student loan payments to resume, that they simply can't manage those loan burdens."

### **CON: MANY WITH STUDENT LOAN DEBT DON'T ACTUALLY NEED HELP PAYING IT OFF**

Proponents of canceling student debt say it would help relieve the financial burden on lower-income students who sought higher education. Yet "in 2019, the average graduate of a four-year, non-profit college who took on loans left school with only about \$29,000 in debt" while "[t]he average four-year degree holder makes six to seven figures more during their life than someone" who only went to high school, Neal McCluskey, the director of Cato's Center for Educational Freedom, writes. "Student debt is not only often manageable, for many, it is quite profitable." Indeed, "[s]tudents from families earning more than \$114,000 a year borrow at the same rate as the lowest-income students — and they take out loans nearly twice as large," argues Emma Ayers for *USA Today*, adding that "those who decided to sign 10 years of their future paychecks away on the dotted line at the loan office shouldn't get the most reprieve simply because they spent the most."

### **PRO: EVEN AN IMPERFECT SOLUTION IS BETTER THAN NOTHING**

Unburdening student loan borrowers with the sweep of his pen "might not be the best form of stimulus available" to Biden, admits Annie Lowrey in *The Atlantic*. "Nor would it fix the country's crushing student-loan crisis, or rationalize its higher-education financing structure." But even if debt forgiveness won't instantly solve America's problems with access to higher education, financial equality, or stimulating the economy, "this is a yes-and situation, not an either/or one." While student loan debt would benefit the wealthy too, "giving money to rich people does not erode the benefits of giving money to poor people." People shouldn't get too

hung up on the policy being "ideally progressive," either, Lowrey adds, because "the principle matters here too. The fact that higher education should be a public good matters."