Pittsburgh Tribune-Review

Student loan debt fallout: Yank out the root

February 9, 2013

Missing from talk about student loan debt being such a burden that it's causing young couples to delay having children, hindering the economy and exacerbating long-term Social Security and health-care dilemmas is the root cause of the problem — the pernicious, market-distorting effects of lavish government subsidies that provide cover for ever-rising tuition.

A Project on Student Debt survey estimated that 2011 Pennsylvania graduates owed an average of nearly $30,000 in student loans. The Pew Research Center says the U.S. birth rate has fallen since 2007, bottoming out in 2012 at 62.3 children born per 1,000 women ages 15 to 44 — the lowest rate since 1920. Yet a recent Trib news story reported that "no studies demonstrate a clear link between rising student debt and declining birth rates."

The same can't be said of the linkage between government subsidies and rising tuition, which drives crushing student-loan debt. A May 2009 Cato Institute paper traced such subsidies' growth from 19th-century federal land grants to today's student loans, which transfer wealth "from taxpayers to academic institutions" — and distort the higher-education market by preventing rising tuition from reducing demand, as it otherwise would.

Sadly, unless higher education's government subsidies are phased out, crushing student debt will continue. Those bemoaning its implications for birth rates, the economy and entitlement programs have little cause to complain if they don't attack rising tuition's root cause — academia shafting everyone.