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Public Option for Student Loans...Part Two

Posted By [Skye](#) On March 9, 2010 @ 7:47 pm In [Economy](#), [Health Care](#) | [5 Comments](#)

You can read my initial report of this under reported spending scheme [HERE](#) ^[1]

The democrats are continuing to quietly attach another nationalization program to the corpulent national healthcare scheme. This [silent scheme](#) ^[2] would replace private student loan lending institutions in favor of direct government financed (read taxpayer financed) student loans. [The Hill](#) ^[2] reports thousands of jobs would be lost in this pursuit:

But the student loan industry estimates that nearly 35,000 jobs would be lost if the federal government lent directly to students and only let private companies service the loans.

Just what we need are more college graduates unable to find work and saddled with crushing student loan debt. If you believe the cost of higher education is exorbitant, imagine what it will be like when all price controls are removed with government subsidizing student loans. Colleges and Universities will no longer have any incentive to price their product competitively if the government is there to approve student loans that cover whatever tuition they demand.

[Dana Perino writing for Fox News](#) ^[3] makes a salient point regarding government takeover of student loans:

One thing is certain, consumers see the best results when they are empowered to choose which options best suit their needs. Maintaining a diverse array of private student lenders — for-profits and non-profits, local and national — would ensure that a retail market is preserved as a means to promote innovation and customer service excellence. Just as none of us want to be forced into a health insurance policy that pays for things we don't want or need, it's also a mistake when a high school senior only has one government-mandated option to finance their college education.

If Congress wants Americans to have health care and student loans that work for them, they should support reforms that *drive down* costs and let families shop around for the products best suit their needs. The principles of "choice and competition" cannot just be meaningless, throw-away lines that the Democrats use when they want to get their way. Republicans and like-minded Democrats should ensure that these principles are maintained in the student loan market in order to preserve jobs in a tough economy and prevent the country from spiraling further into debt.

The Cato Institute takes a closer look at "[Inventing a Student Loan Crisis](#)" ^[4]. A must read for those interested in what is really going on with student loans.

In the end all will be well...Harry Reid believes it is a big day in America..only [36,000 Americans](#) ^[5] have lost their job today.



5 Comments To "Public Option for Student Loans...Part Two"

#1 Comment By [kathie](#) On March 9, 2010 @ 9:03 pm

The government can direct through student loans all sorts of things. Like who gets loans, race, gender, financial status. The government can set aside a percentage of loans for doctors, civil servants, or any other perceived need. I've heard Obama talk about how the government can push educational agendas. Think about it, what a good way to educate a class of people that are not all doctors and lawyers, or big money people, but are servants of the people. So Obama has his hands in our living rooms rearranging the furniture.....health care, education, energy, when will he be stopped? I'm feeling claustrophobic, totally smothered by his government.

#2 Comment By [johnfalt](#) On March 9, 2010 @ 9:54 pm

Interesting tidbit from the article.

"But the student loan industry estimates that nearly 35,000 jobs would be lost if the federal government lent directly to students and only let private companies service the loans."

That along with the other story making rounds today about the government possibly curtailing sportfishing and affecting hundreds of thousands of other jobs ought to tell one all they need to know about Obama and his admin.

THEY DON'T CARE ABOUT ANY JOBS UNLESS IT HAPPENS TO BE IN THE PUBLIC SECTOR.

At the rate they seem to want to go at things, within a decade their will be more public sector jobs than can be supported by the private industry in the US.

#3 Comment By [BRob](#) On March 10, 2010 @ 5:30 am

Another example of the stifling silliness on the right. Let's step back for a second. What we have is a socialist concept, the federal student loan. Now if you were a true free market, anti-socialist kinda person, you would oppose the program. But not the GOPers. They say nothing about opposing the program because it is popular. But this popular program is more costly than it could be if the federal government ran it; meaning the government option is obviously more efficient, to the tune of 35,000 jobs. But cons want the more expensive, less efficient "private" version rather than the cheaper federal version . . . and then they wonder why their deficit reduction cred is nonexistent!

Cons, here is a hint: there are some things the private sector does more efficiently than government, and vice versa. Seems to me the bigger the program is, the more appropriate it is for government to do it, due to the economies of scale.

kathie — your point about government "steering" loans is interesting. There is a long history of government engaging in race discrimination where loans are concerned. Only it is the minorities who got screwed historically, not the majority. Just google "black farmers" and "farm bureau" and "discrimination settlement" and you will understand what I am referring to.

There is no rational reason to believe that a federal student loan program will be any more discriminatory than income tax refunds or flood insurance. In addition, there is no rational argument that the kind of discrimination you would have ascribed to the government would not

(or does not) occur in the private sector, either. So your discrimination argument is pretty limp, dude.

Lastly, if you cannot understand why government has programs to encourage certain people to get education, or encouraged people to study in certain areas, you need to do some reading up on the 1940s (GI Bill) and the 1950s (post-Sputnik). Because that is where the dreaded government "interference" in the "free market" for higher education really got rolling, not under Obama. But then again, should I be surprised that Obama is pilloried for continuing policies that have been around for 50 or 60 years? Nah, I shouldn't . . . just par for the course when you are the popularly elected leader of the free world and the LOSERS are nipping at your tail.

#4 Comment By [ilovebeeswarzone](#) On March 10, 2010 @ 5:52 am

is in it another way of giving the students a feeling of guilt that they depend on the government instead of proudly feel as a free consumer on the market .bye

#5 Comment By [johngalt](#) On March 10, 2010 @ 6:54 am

BRob

We see again why the need to fight against people with your beliefs is necessary. You point out that with government that 35k jobs being lost in the private sector is "proof" that the government can run things more efficiently. How absurd! And then claiming that "cons" want a more expensive, less efficient version of helping fund secondary education while implying that what we "cons" want is more expensive to the people in the US tops even that absurdity. Missing in your entire thought process is that on one hand, students and their parents, with some loan and grant help, basically pay for their educations themselves, while what you desire, is that everyone pay for their education. Which is more expensive to me, and which is more expensive to the students themselves? Are you going to claim that secondary education now is a right?

And kathie is correct in her assertion and so are you, in a way, that government discriminates against people for all kinds of different things.

And your intention that government has already socialized, or partially socialized secondary education by means of the GI Bill is also an absurdity. Do you know anything about the bill? Probably not, as I doubt you have done any research on the matter at all. Your belief must be that the government gives a free ride to veterans for their higher education. And to insinuate that Obama is merely continuing on the policies that have been going on for decades in this country is patently false.

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URLs in this post:

[1] HERE: <http://www.floppingaces.net/2010/01/08/public-option-for-student-loans/>

[2] silent scheme: <http://thehill.com/homenews/senate/85595-dem-plan-to-twin-healthcare-and-student-lending-complicates-vote->

- [3] Dana Perino writing for Fox News: <http://www.foxnews.com/opinion/2010/01/15/dana-perino-student-loans-public-option-harkin-democrats/>
- [4] Inventing a Student Loan Crisis: http://www.cato.org/pub_display.php?pub_id=9345
- [5] 36,000 Americans: <http://www.youtube.com/watch?v=LC211h9AY-4>
- [6] Image: http://www.addtoany.com/share_save?linkurl=http%3A%2F%2Fwww.floppingaces.net%2F2010%2F03%2F09%2Fpublic-option-for-student-loans-part-two%2F&linkname=Public%20Option%20for%20Student%20Loans%26%20238230%3BPart%20Two

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