# LETTERS

## Direct Federal Student Loans Aren't a Good Solution

I agree with Secretary of Education Arne Duncan that federally subsidized student loans by banks ought to end ("Banks Don't Belong in the Student Loan Business," op-ed, Dec. 18). Subsidized loans for college students is just as bad a policy as subsidized loans for homeownership.

I cannot agree with Mr. Duncan, however, that we need more direct college lending by the federal government so that more students can "realize the dream of getting a college education." Federal loans lure many academically weak and disengaged Americans into college, where they'll spend years, pile on a lot of debt, perhaps eventually graduate, and then find that the labor market is glutted with people displaying their college credentials. College graduates often wind up in jobs that high-school kids could easily learn.

We should get the federal government out of the college loan business altogether.

**George C. Leef**

*Raleigh, N.C.*

I'll reluctantly accept Arne Duncan's premise that the government should manage the student-loan market where it is already the majority provider. However, for Mr. Duncan to assert that "$10 billion [of the $87 billion allegedly "saved"] would be set aside to reduce the deficit" is proof that he isn't paying attention in class. Prof. Obama and his student government are fighting to figure out what to do with the $200 billion "saved" by the TARP bailout. This is the same kind of thinking that causes the president to say that a $141 billion bailout is "cheaper than we expected." I'll give Education Secretary Duncan an "A" for audacity, but an "F" for intellectual honesty. Someone call Al Gore and tell me where that "lock box" is kept.

**Paul Curran**

*Tustin, Calif.*

Mr. Duncan could have saved himself a lot of time by simply telling the truth about what he wants to accomplish by nationalizing student lending. The Obama administration wants to control all student loans to colleges and universities so the Democratic Party can dictate who is accepted based on race and class but not merit. The Democrats will set entrance ratios to represent their views on social justice. Our colleges and universities will have no choice but to do as they say.

**Lynn Everitt**

*Oakwood, Ga.*

Mr. Duncan neglects to mention that the government insures student loans because the government dictates student-loan terms. The federal government, not the banks, decides which students get loans, how much they can borrow, and the interest rate.

Education is not an enumerated power of the federal government, so just return that $87 billion to the taxpayers. Let private banks evaluate the default risk, evaluate the potential return, loan private money and answer to their shareholders.

**Laura Jack**

*Kingsport, Tenn.*

It's Washington, mainly, that's to blame for what Mr. Duncan dubs "the troubled" Federal Family Education Loan program because, well, the feds created it. In addition, vote-hungry federal politicians have constantly expanded student aid despite abundant evidence that far too many unprepared students are going to college, and that the aid has enabled schools to raise prices at hypersonic rates.

Finally, politicians just can't be trusted. Mr. Duncan proclaims that having it all be Direct Lending would yield savings that would, among other things, furnish $10 billion to be used for deficit reduction. That figure comes directly from Student Aid and Fiscal Responsibility Act sponsor Rep. George Miller (D., Calif.), and has been exposed repeatedly as fictitious by Congressional Budget Office estimates. In the end, SAFRA will almost certainly cost, not save, taxpayers tens-of-billions of dollars.

It is wrong for Washington to keep furnishing welfare for banks, but giving the feds even more student-lending control will only make matters worse.

**Neal P. McCluskey**

Cato Institute

*Washington*

## Why Should Taxpayers Be Left Holding the Bag?

Regarding Gordon Brown and Nicolas Sarkozy's ("For Global Finance, Global Regulation," op-ed, Dec. 10): It is becoming more difficult to maintain a simple (not simplistic) pattern of thinking regarding global finances. We are bombarded continuously with the idea that globalization means radical changes—otherwise we are doomed. I don't think so. Just as this great planet has survived and thrived through generations and generations of peoples so has the world been able to manage world trade without all things being the same throughout the world in terms of systems, policies and practices. I would suggest we do need a common denominator and then simply return to a gold or silver system. How hard would that be? True value backing what we say and do.

I also note that the authors reach a poignant conclusion at the beginning of their op-ed when they say "we have also learned that when crises happen, taxpayers have to cover the costs." With this in mind we therefore must have stricter rules, world-wide of course, and taxes that force compliance and then have a level playing field to keep it fair. The authros wrote, "We need to correct and prevent the buildup of global imbalances" and each "country should take its fair share of reducing global imbalances." Of course these would be true if the premise was true—but it is not. Taxpayers do not have to cover the cost in a system where people are free to create, invest, think on their own, take risks, etc. Failure is a part of trying. No safety nets for trying. Let wisdom reign.

If these gentlemen wish to help then ask them to practice lawmaking that hinders greed and cheating. Go to a gold standard.

**Gary Mountz**

*Kansas City, Mo.*

### All Workers Need Secure Retirement

The disparity in returns between company executives and workers in their retirement plans is more than an issue of egalitarianism ("For Executives, Sure-Thing Retirement Plans," Money & Investing, Dec. 15): Workers who cannot avail themselves of guaranteed income options are less likely to have the income they'll need to cover such basic expenses in retirement as food and housing.

Companies can remedy this by including in their retirement plans the option of converting a portion of savings to a series of monthly payments that continues for the life of the retiree and a surviving spouse or partner, and provides some degree of inflation protection. Companies can also help workers manage risk by offering a menu of investments that provides sufficient diversification along with objective, noncommissioned advice to help them build a portfolio that reflects their goals and risk tolerances.

Notwithstanding disparities in pay between executives and rank-and-file employees during their working years, such measures can help ensure that all workers have the opportunity to build financial security that lasts a lifetime.

**Roger W. Ferguson Jr.**

President and CEO

TIAA-CREF

*New York*

*Mr. Ferguson, a former vice chairman of the Federal Reserve, is a member of the President's Economic Recovery Advisory Board.*

### Better Government Avoids Problems

Former City of Chicago CFO Dana Levenson's reasoning is the same as many Wall Street MBA bankers; mismanagement can be corrected with more mismanagement and bad decision making (Letters, Dec. 18). This strategy buys a little time and by the time the noxious results are fully understood, the genius who thought it up is long gone to his next position.

Of course anyone with any sense at all can understand that going from 25 cents to $2 per hour to park and going from $1 to $3 each way on the Chicago Skyway is good for everyone who needs to use a car. Let's face it, Mr Levenson, your "leases" are the politician's way of taxing the public without taking responsibility. The money comes out of the users' pockets and goes into the city's coffers.

If the city had not spent beyond its means for so long, your asset lease scheme would never had been necessary. It is one thing to do that to the public but please don't compound the insult with inane explanations. Perhaps we would be better off if the City of Chicago were to lease the entire city government. We might get better management.

**James F. Chambliss**

*Evanston, Ill.*

### Excessive Borrowing Is a Problem

Regarding your editorial "The Audacity of Debt" (Dec. 16): You say that "the true cost of government is the amount it spends, not the amount it borrows." I disagree.

The only reason to borrow is to spend more than you take in, which in general is a bad idea.

All the interest on that debt means future higher taxes to pay that interest, as you point out. This is a "cost."

Consider the *reductio ad absurdum* of the government borrowing trillions of dollars, and not spending a penny of it. Think about what the owners of those dollars would have done with those dollars had the government not borrowed them. The owners might have invested them, which would enrich the economy.

The true cost of government is how much it distorts the economy. The proper function of government is to protect the rights of the citizens. The institutions that do so are the military, the police and the courts. When the government taxes me to pay for the protection of my rights, this is legitimate and does not distort the economy. When the government taxes me, or borrows from me, to spend money for things on which I would not, then the government distorts the economy.

**Robert Allan Schwartz**

*Lexington, Mass.*

### Broad Views Give Less to Argue About

I suggest that Americans' tendency towards "religious drifting" (Stephen Prothero, "A Hint of This, a Pinch of That," Houses of man's corruption of the world's religions, and seek their own path to a better understanding of the core message.

A bit of cynicism towards the "jealous God" aspects of religion in favor of a more intellectual understanding is a positive in my book.

**Chris Visser**

*Falls Church, Va.*



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