https://www.wsj.com/articles/canceling-student-debt-is-10-000-too-much-or-not-enough-11614728696

OPINION | FUTURE VIEW

Canceling Student Debt: Is $10,000 Too Much or Not Enough?

Students debate Joe Biden's proposal to forgive student loans.

March 2, 2021 6:44 pm ET

President Biden in the White House, Feb. 27.

PHOTO: SAM CORUM/ZUMA PRESS

Editor's note: This week's Future View evaluates President Biden's proposal to cancel $10,000 in student-loan debt per person. For next week, we'll ask students why movements like the one that targeted Dr. Seuss for "cancellation" succeed on and off campus. Click here to submit opinions of fewer than 250 words before March 9. The best responses will be published that night.

Feeding the Beast

President Biden's proposal to cancel student debt is a regressive handout that fails to hold accountable the true perpetrators of the debt crisis: the universities.

In 1979 the annual undergraduate tuition at Cornell was $3,368, or around $13,000 after adjusting for inflation. Today, it is north of $50,000. Universities charge these exorbitant fees, including for majors offering little financial return, because they can get away with it. The government grants an easy line of credit to anyone who raises his hand. It is as though Oprah were in charge of policy: "You get a loan! And you get a loan!" and on and on.

The government shouldn't only regulate predatory tuition increases, but also ask universities to publish statistics on the financial return each major generates. Students should know before they take out tens or hundreds of thousands of dollars in loans.

If we cancel some student debt, universities will increase tuition further—perhaps sending the next generation of students even deeper down the debt spiral. Oh, and how will the majority of Americans who never went to college, but have other debt of their own, feel about all this?

—Rahul Srivastava, Cornell University, law (J.D.)

The Right Balance

President Biden's proposal to cancel $10,000 in student debt per borrower strikes an effective balance. Student loans are a major economic burden, diminishing the spending and savings of young and prime-earning-age adults. Some forgiveness will ease anxieties about potentially debilitating debt and help boost the economy.

A study by the National Center for Education Statistics found that around 64% of people who default on their student loans owe less than $10,000. A significant portion of them never earned a college credential and come from underserved communities. They could use the help.

Too much debt forgiveness, however, would offer relief to those who don't need it and raise serious issues of fairness for those who have paid off their debts. Debt cancellation becomes increasingly regressive as the amount of relief is increased, helping those with the highest earning potentials. As Mr. Biden has indicated, any additional forgiveness could be better used in other ways. His proposal could change millions of Americans' lives for the better.

—Sunay Bhat, University of California, Los Angeles, electrical and computer engineering

Put a Name and Face to a Check

I attend a college that doesn't accept government-funded loans. Instead, students receive support through generous donor-funded scholarships and school-run loan programs that personalize financial support. The great accomplishment of this system is that it preserves accountability and responsibility. Student loans, at their core, become a relationship in which someone who has achieved success looks at someone with the potential for success and says, "I believe in you." Having a relationship with my loan manager motivates me to work harder in school to prove that the investment in me was worthwhile.

When I repay my loans, the money will go directly to support other students at my alma mater, making it more of a philanthropic exercise than a forced payment. This is the way loans should work. When the government gets involved, it destroys the lender-borrower relationship and, consequently, the aspect of personal responsibility. Now lenders prey on naive young adults, knowing that federal law protects their loans from bankruptcy, and student borrowers come to resent the institutions that finance their education.

Does this perverse system mean we should cancel debt and give up, in part or in full, on holding people responsible for their decisions? No. Instead, we should return to a localized system in which students come to understand the gravity of borrowing money rather than seeing it as an entitlement.

—Callahan Stoub, Hillsdale College, history

Aim Higher

President Biden's debt-cancellation proposal may seem generous, but it is a temporary Band-Aid solution to a much deeper issue. The president came to the $10,000 figure only after rejecting $50,000 and feigning a lack of power to act. Then, in arguing that additional money could be better spent on early childhood education, he insinuated a false choice. Most recently, Mr. Biden has suggested that those with larger amounts of debt must have attended elite private colleges, but that isn't true.

The country can do more for its students. Mr. Biden's noncommittal position stems from his broader agenda of promoting unity. While it is commendable to attempt to heal political divisions, in attempting to appease both sides he often ends up pleasing neither.

—Riya Kale, University of Texas at Austin, political science and business

A Good Investment

I'm no stranger to economic precariousness. As a first-generation Mexican immigrant who grew up in San Francisco, America's most expensive city, I get it. But let's get something straight: Student loans are not financial shackles. They are investments in economic mobility.

I was the first in my family to go to college. I had to have more financial sobriety than many of my peers at prep school, where I was one of the "scholarship students" among the children of San Francisco's elite. While my friends were going to small liberal arts colleges for $70,000 a year, I enrolled at nearby Berkeley City College. I saved tens of thousands of dollars in student loans by going to community college for my first two years and then transferring to the University of California. I still have some loans, but I know they are a worthwhile investment, not a burden.

At nearly 14%, the average return on investment for student loans is around twice the average long-term return on stocks and four times the return on bonds. The average college graduate annually earns $30,000 more than the average worker with only a high-school diploma, who will likely end up paying for President Biden's proposal.

Progressives are usually against subsidizing already-profitable investments. Why should student loans be any different?

—Ivan Varela, University of California, Berkeley, economics and theology

Cut Gen Z Some Slack

The common enough logic that "I had to pay for my full tuition, so they should have to pay as well" is shortsighted. I have no problem with offering relief, even though I was lucky enough to be able to pay my tuition in full. Stranding students with outrageous quantities of debt will choke the next generation's ability to take economic risks, such as starting businesses and applying for loans.

—Ross Wheeless, University of Arizona, history (M.A.)

Who's Subsidizing Whom?

Those who argue that the government should pay our college tuition often say that education is a good investment in America's future. While it may be true that attending college is good for many people, it is not good categorically. It may be worthwhile for one person to get a doctorate, but someone else may be better off with only an undergraduate degree—or without a degree. The value of education isn't universal; it is different for everyone. The best we can do is present the true costs of education so people can decide for themselves what's worth paying for now and into the future.

President Biden's proposal to cancel some student-loan debt is a classic example of what the late economist Walter E. Williams described as Congress "forcing one American to serve the purposes of another." Since college education typically results in greater future earnings, debt cancellation means that all taxpayers, including lower-income Americans, would be subsidizing the disproportionately wealthy and soon-to-be-wealthy student population.

It is ironic that Elizabeth Warren, Bernie Sanders and many in academia claim to be defenders of the downtrodden yet support this reverse income-redistribution scheme. This plan won't make college tuition any cheaper, but so long as Americans want to live at the expense of other Americans, politicians will continue offering such proposals.

—Adam Stein, Washington University in St. Louis, chemical engineering

Click here to submit a response to next week's Future View.