

How to reduce student borrowing?

It was a kind of mania. People got in too deep, way overleveraged. Why? The cost of being in the game kept going up – but so, it seemed, did the return on investment. You just had to get in, get out and find a nice landing spot, before the music stopped.

Yes, that description fits the financial crisis that sparked the Great Recession. But it also describes student loans, which at a total of \$1.75 trillion surpass Americans' aggregate credit-card debt and have some politicians talking about broad forgiveness.

Both cases highlight a special brand of moral hazard – the kind our government creates when it helps fuel a problem, and then proposes a solution that allows others to escape the consequences of their actions.



Public Policy

Kyle Wingfield

Moral hazard is often invoked to describe the effects of a given action. For example: "If we give amnesty to illegal immigrants, more people will immigrate here illegally." That kind of moral hazard is worth heeding.

But another aspect is likely at play with student loans: Even talking about an action will prompt some people to behave as it will happen eventually. Returning to the immigration example: "Because high-ranking politicians say they want to grant amnesty to illegal immigrants, more people already have immigrated here illegally."

The mere possibility of being let off the hook is enough for some desperate or just imprudent people to get themselves hooked in the first place – risking death or financial ruin.

Some actors in the financial crisis were probably (ahem) banking on a bailout if they got into trouble. There were plenty of examples within the memory of longtime executives: Penn Central Railroad, Lockheed, Franklin National Bank, Chrysler, Continental Illinois, various savings and loan institutions, even New York City – all between 1970 and 1990.

"Too big to fail" was almost 25 years old when it again became a common phrase in 2008. Too many lenders and investors had been spared the consequences of backing overly aggressive banks in the past.

Were those banks indeed "too big to fail"? Maybe. More to the point, the notion they might ever be allowed to fail came too late to prevent their bad behavior.

Back to student loans. No one believes for one second that a blanket forgiveness of student loans by the federal government – the lender in the vast majority of student loans – would be a one-time thing, any more than bank bailouts have been. If it is done once, it will become a permanent expectation.

But is it an expectation already? Student debt certainly has increased in recent decades, by any measure. But short of thousands of borrowers admitting they took on debt thinking they'd get a bailout one day, it's hard to prove they acted on the expectation of loan forgiveness.

That said, the numbers tilt in that direction. The average cost for tuition and fees at a public university was about 5.1 times higher in 2020 than four decades earlier; for private universities, it was about 3.3 times higher.

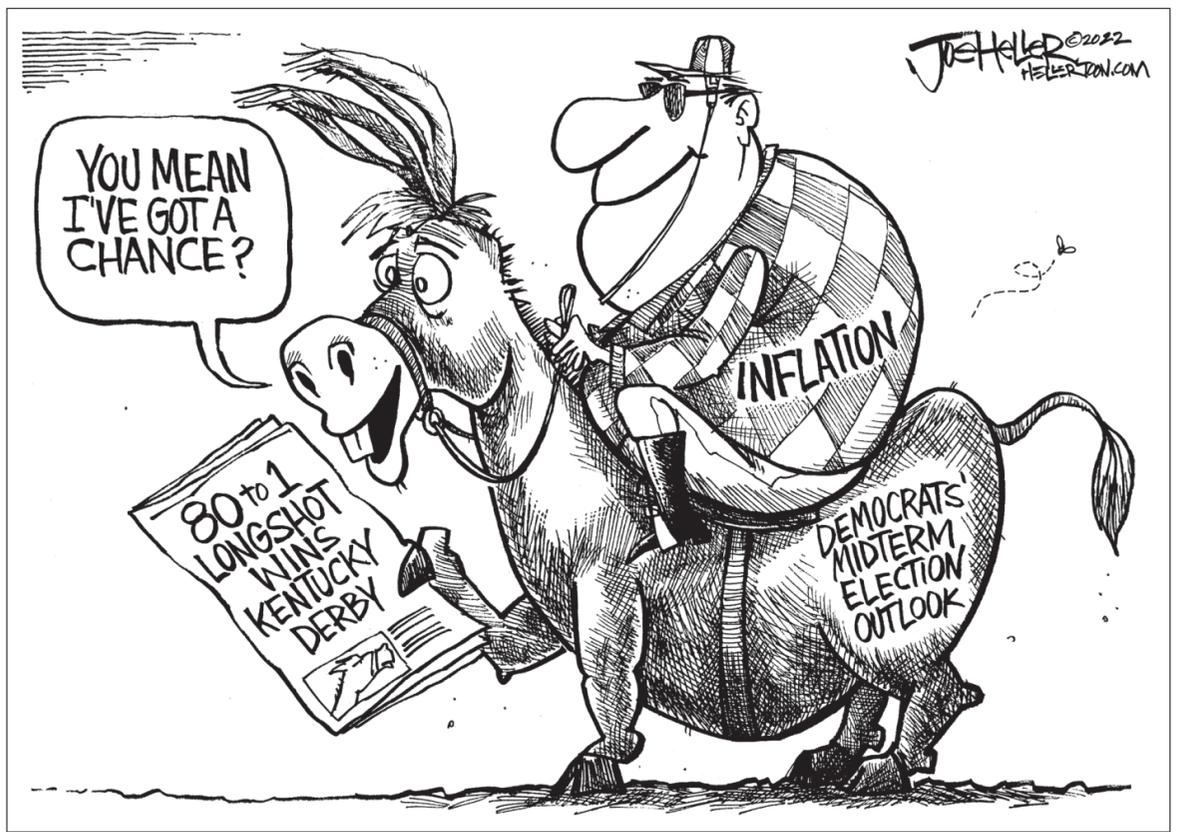
The amount of debt per student was about 7.7 times higher. What's more, the share of enrolled students who took out loans also rose substantially.

Students' willingness to take on debt is growing out of proportion, even to the soaring cost of higher education. This, despite the increasing clarity that salaries for college graduates aren't keeping up with debt loads. (The debt-to-income ratio for college grads tripled between 1980 and 2020.)

Did politicians' promises to wipe out student debt spur these trends? We can't say for sure. But in a country divided 50-50 politically, with only two major parties, the eventual likelihood of leaders who favor loan forgiveness coming to power and finding a way to enact that policy surely is high enough for some people to believe their debts would be erased.

We're now navigating the hazards of that kind of thinking. The best way to reduce student borrowing may be to stop telling students they won't have to pay back their loans.

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Some random thoughts on some random subjects

I am having an identity crisis. Last week, a reader opined, "I've read your editorials for years and know you are a supporter of Republican Party efforts. I had hoped, in vain, that you would disavow the current Republican Party." I'm guessing he must have missed my snarky columns on David Perdue and Marjorie Taylor Greene. A lot of others didn't, including another reader who said, "Mr. Yarborough, (sic) I would like to state anyone that is a democrat like you are, is a domo-rat. We do support Perdue and OUR President Trump and what you say just don't whole (sic) water and your opinion is fruitless." These particular observations remind me of the time I was called an "Obama bed-wetting liberal" and a "racist redneck" in the same week. This job isn't as easy as I make it look. . . .



Dick Yarborough

God bless our public schoolteachers. They have had to endure COVID-19, masks vs. no masks, critical race theory, revisionist history, gangs, goofy school boards and private school voucher schemes designed to undermine the public education system and yet they soldier on, making a difference in young lives. I am glad Gov. Brian Kemp and the Legislature saw fit to give them a raise. They have more than earned it. Now, if we will just give our schoolteachers the respect they deserve. . . .

It takes a lot to flummox me but this one did. A woman in Douglas County

was arrested this past week and charged with shooting a teenager in the face in a road rage incident in Metro Atlanta. A passenger with the teen happened to snap a photo of the alleged shooter who was subsequently identified and jailed without bond. That's not the weird part.

Unfortunately, road rage incidents happen all too often these days, as does gun violence. What makes this one remarkable is that as soon as the shooter had popped her victim, she went and had her nails done! Hey, we all have our priorities. . . .

Much is being made of Republican U.S. senatorial hopeful Herschel Walker's no-shows at political debates. Why should he? A recent Emerson College poll indicates he is far ahead of his Republican opponents with 57% of the vote. His closest competitor, Georgia agricultural commissioner Gary Black is a distant second at 13%. The same poll shows Walker with a slight lead over Democratic incumbent Raphael Warnock. Expect his opponents and the media to continue to cast him in negative light (gaffe-prone, accused of domestic abuse, exaggerating his resume, etc. etc.) but to little avail. To a lot of people in this state Herschel Walker is the stuff of legends and I suspect they will vote accordingly. . . .

You may have missed this given what all is going on in the world today but the Ocoee Whitewater Center in Polk County, Tennessee, which hosted whitewater rafting events on the Ocoee River during the

1996 Centennial Olympic Games, burned to the ground a couple of weeks ago. A shame. It was the first Olympic whitewater event to have been held on a natural river. As with the rowing and canoeing venue in Gainesville, Ocoee had enjoyed a successful afterlife, unlike many of the Olympic venues which were mismanaged into oblivion. . . .

As I have quoted often on these pages, we all have an obligation to leave this a better world than we found it. One man who did just that was retired Superior Court Judge Arthur (Mac) McLane, of Valdosta. I first met the judge when I spoke at a Boy Scout function in Valdosta many years ago. We enjoyed a regular email correspondence for many years. Judge McLane passed away last week. He will be missed in the community for his good works. I will miss his notes of encouragement. One thing is for sure: He left this a better world by his presence. . . .

And finally: I tried very hard not to bring this up. I mean I really, really tried but sometimes I just can't help myself. It seems that the University of Georgia, the oldest state-chartered university in the nation and home to 25 Rhodes Scholars just had 15 football scholar-athletes selected in the recent NFL draft – five in the first round. So, to those of you who think of my alma mater as just an academic oasis populated by brilliant minds, it turns out we also can play a little football, too. Woof! Woof!

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A 'congradulations' to you parents

When our first child was born, while I appreciated the sentiment, I never understood this oft-heard statement: "Oh, you must be so proud."

I didn't get that then, and don't now, over 23 years and three children later.

Sure, I was proud of my wife for carrying the children for nine months and not complaining about what it was doing to her body. But I wasn't proud of myself. Any knucklehead can sire a child. It's not much of an accomplishment to produce a child. It's really blind luck, if that's your intent.

Finally, after the 4,000th time that was said to me, by a person I was close to, and thus, wasn't worried offending, I offered my honest response: "Proud? No, not really. Ask me in 18-to-20 years. That's when I'll be able to tell if we did a decent job."

For some out there, it's that time for them – graduation season.

In this newspaper, over the coming weeks, you'll see



Len's Lines

Len Robbins

all kinds of advertisements and news stories lauding the current crop of high school and college graduates on their accomplishments. And rightfully so.

But I also believe that this is a kind of graduation for the parent; their first, and perhaps, final grade. And they deserve some recognition and applause.

Certainly, academic accomplishment isn't the only, or primary, criteria we should judge

our parenting on, but if your child is graduating this year, you've achieved one of the most important objectives: Preparing your child for the world they are about to enter. Without a diploma of some kind, life is likely going to be mighty tough for them.

This month, basically every night is filled with some type of banquet or awards presentation in our community as we end the school year. And when I see some kid getting acclaim for their academic or extracurricular activity achievement, I applaud them, but I also look around for their parents or family. They are the ones I want to go to and say "Congratulations to you. You obviously did something very right and should be proud of yourselves." Sometimes, I do just that.

Sure, there are some kids that do it all my themselves, and don't have any positive influence pushing them to succeed. But more often than not, it's someone – a father, a mother, a grandparent, a

sibling, maybe all – offering encouragement to achieve excellence.

A great joy I've found in covering high school graduations and awards presentations for three decades is seeing the kid whose parents or family aren't especially well educated, but obviously value education, and it shows in their child's scholastic triumphs. That's why public education is so vital – it's an avenue, really the only avenue, for many of our community's children to break the cycle of poverty and improve their family's station in life. Every graduation day, I see it, and it's a great thing.

So, on the eve of this year's graduation season, congratulations to all you graduates, and also those parents and family members who have supported them. For many parents, you have passed the final exam, some of you with honors.

"Oh, you must be so proud." Of not just your graduate, but yourself as well.

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Letters to the Editor are always welcome

The Donalsonville News reminds letter to the editor writers that shorter is better. Concise letters are not only better read, they are more likely to be published because limited space is available. Almost any point can be made in 350 words or fewer, so this is set as an upper level for length.

Unsigned letters, letters signed with a fictitious signature, copies of letters sent to public officials, or letters containing unverified or anonymous quotes will not be accepted.

We limit letters on a subject when we feel it has been thoroughly aired to the point of letters becoming repetitive. Also rejected are letters that are libelous, in bad taste, or are personal attacks on individuals or private businesses.

Writers must include addresses and telephone numbers. These are for identification purposes only, and will not be published.

Send letters to the editor to P.O. Box 338, Donalsonville, Georgia 39845

