

Perspective

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A long day's journey into night: The college loan mess

The nation's college loan program is a mess, so bad that a recent Wall Street Journal editorial labeled it "The Taxpayer Con of the Century."

Began under President Johnson's Great Society program in 1965, with the laudable goal of helping poorer students attend college, the college loan program today has morphed into a \$1.7 trillion mountain of debt that threatens taxpayers as defaults are mounting. Already loan forgiveness programs during the pandemic alone have cost taxpayers over \$100 billion and counting.

In addition to loan forgiveness and creating and expanding "generous repayment and forgiveness plans," President Biden is reportedly poised to forgive from \$10,000 to \$50,000 in loans per borrower. At \$10,000 per borrower, the loss to taxpayers is estimated at \$373 billion. At \$50,000—an amount being pushed by progressives—the loss would be around \$1 trillion. This loss would have to be paid for either with higher taxes or cuts in other federal programs.

This bailout amount threatens to dwarf the \$132 billion taxpayers had

to fork over during the 80s for the Savings and Loan crisis and even the \$498 billion taxpayers coughed up in 2008 for the massive financial crisis caused by mortgage defaults.

Critics say the root problem was students over-borrowing for over-priced colleges that too often failed to ensure graduates earn incomes sufficient to repay the debt. The allegation by critics that this amounts to a "taxpayer con" is two-fold.

First, loan limits constantly increased to meet rising college costs, and college costs skyrocketed to capture the ever higher loan limits, creating a vicious and unchecked cost-spiral loop. Colleges were only too willing to exploit government incompetence and the government was only too willing to be incompetent.

The second part of the "con" argument is that progressives are now trying to deceptively accomplish through the back door—make college "free" (meaning paid by the taxpayer) through debt forgiveness—what they couldn't do through the front door, which was create a new federal entitlement of free college.

But, what about kids who didn't go to college

I'm just sayin'

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because they didn't think they could repay the loans? What about parents who scrimped and saved to pay for their children to attend college? And what about everyone who's already repaid their loan?

Beginning in 1967 I borrowed the maximum amount—\$1,500—for four consecutive years from Tuscola National Bank, dealing directly with Bill McCarty, as the program was administered by private banks.

I knew that the Federal government guaranteed these loans in some manner but I wasn't sure what amount, if any, TNB was on the hook for if I defaulted. But that didn't matter. I borrowed the money from Bill McCarty and there was no way in the world I was going to disappoint Mr. Tuscola.

I could not have acquired a college degree and law degree without student loans as the income from my many part-time jobs wasn't—as hard

as I tried—enough.

In between classes at law school, I worked the coffee stand: refilling the coffee pots, cleaning up, replenishing supplies etc., for \$10 per week. I was the apartment manager at the apartment building I lived in: mowing the lawn, collecting rent, cleaning a unit when someone left, etc. They knocked \$25 off of my rent of \$175.

I worked weekends for Barrett's Standard Station on Prospect Avenue in Champaign, building upon my automotive excellence gained from working the previous year for Francis Duensing's Standard station in Tuscola. I also worked the grain elevator in Pesotum during harvest season, midnight to 8 a.m., running the dryers, filling the bins.

My wife also worked various jobs in addition to attending school full time. We were young, resilient, hard working college students who never seemed to have enough money.

Which is why I borrowed the maximum amount from the student loan program for four years of education. Glad it was there, as the program worked for me.

Over time, I fully repaid my loans as did almost every other student at the time. The loan payments weren't much—\$130 a month—but then wages weren't much: I earned \$8,500 as a Second Lieutenant in 1972, and \$14,000 as a young attorney in 1975.

In 2010, the student loan program changed when then President Obama nationalized student loans by eliminating private banks from the process. At the time, Obama touted this move would save the government \$68 billion over 11 years, and used that claim of savings to help sell his ObamaCare program.

But a funny thing happened on the way to the government making a profit by taking over student loans—losses. Increasingly and alarmingly, the government has experienced growing losses and defaults on its \$1.7 trillion pile of college loan debt.

This is a long and twisting and sordid road from government profits to

enormous losses—an unsavory tale with no shortage of villains, including not only give-away, vote-currying politicians but also price gouging colleges who raised tuition faster than a Ferrari at full throttle the last few decades. (Law school tuition in 1969 was around \$600 a year. Today, with fees and books, it's over \$39,000.)

True, some student borrowers need debt relief as they are victims of what critics call "a massive con by government and academia." And they are getting it. In response to those in need, the government has created many deferments, abatements and generous "income based" repayment terms. But, experts claim, massive loan forgiveness of the kind President Biden is considering will "primarily" benefit students from the "more affluent" families.

I would call this outcome (of liberal progressives mainly helping the "more affluent") paradoxical if it weren't for the fact it's all a creature of our federal government. Dysfunctional, rather than paradoxical, is a better word that comes to mind. But maybe con is the best word of all.

mike carroll

New game show rewards stupidity

To be fair, the art of spinning a yarn has been around and appreciated for precisely 4,670 years, which is a number I just made up. The mashup of truth and fiction has probably been around as long as human awareness.

I wouldn't be surprised if cave drawings depict exaggerated hunts and purposeful misdirection as a means to spread fear and gain dominance. Then there's the entertainment value. Who doesn't enjoy a whopper of a story artfully told?

There are a couple of game shows on TV currently that celebrate the skill of BS over actual knowledge. In a show on Netflix, contestants answer multiple-choice trivia questions, but whether they answer

correctly or not doesn't matter entirely. They can still win money with a wrong answer if they convince at least one member of a three-person panel that they are correct. It's super-duper if you're a super duper.

I read several opinion columns about how the show is reflective of the era in which we live, where "alternate facts" and misinformation seem to dominate social media. An argument doesn't have to hold water if it can hold our imagination.

BS used to be fun. Doesn't everyone have an uncle who tells fabulous stories that can't possibly be true, yet they can't quite be disproved? But today's BS is more dangerous. It drives such important ac-

tions as how we react to a pandemic and who we support for political office.

Game shows of old rewarded actual knowledge. Shows like Jeopardy and Who Wants To Be a Millionaire relied on knowing real answers or at least making logical guesses.

But over time, we have become suspicious of smart people and show contempt toward the truth. We sometimes perceive knowledgeable people as snooty, deriding them as the "intellectual elite."

It's understandable. We all embrace our constitutional equality even if we aren't as smart as the next guy. My vote counts the same as your vote even if your selections are more informed than mine.

Ramblin' Man

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There does seem to be something innately wrong, though, with rewarding game show contestants who don't know the answers but win the big money based on their ability to BS the panelists. But that's not what bothers me about the show.

I'm less concerned about the BS. I've spread my share of

it over the years and have used it to win a few poker hands. If it wasn't a marketable skill, more than a few salesmen and newspaper columnists would be out of work.

No, what bothers me about the Netflix game show is just how dumb some of the contestants and panelists are and how that bodes for our future.

For instance, one of the questions was about franking privileges for federal elected officials. Any eighth-grade student should know that franking is sending mail for free. The contestant didn't know it but was saved by a guy who believed her BS even though he said he is a lawyer.

How do you get through law school without knowing what franking privileges are? Maybe he just BS'd his way to a degree and sails through life on a raft of crap.

If that's the case, maybe there's hope for me yet.

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