The Wedge Between Education and Debt

By requiring students to take on a large amount of debt, the economic elite drives a financial and earnings wedge between its-comfortable-self and intelligent and hardworking young students from other classes. If student debt is that ‘wedge’ between the upper class and the rest of the country, a recent push by the president and the education secretary is the ‘maul’ slamming it deeper into the wood at the core of our economic class system.

The Axis of Ineptitude – made of billionaire president Donald Trump and his billionaire Secretary of Education Betsy DeVos – proposed a cap on the dollar amount to be made available through the federal student loan program in an announcement last week. While the proposed cap was not disclosed, it will be lower than the current limit over $57,000 available from the feds over a student’s lifetime. As that dollar figure lessens, students will be forced to the ever-trustworthy private banking sector for financial assistance in finding access to education.

Interest rates on student loans from the Department of Education are between 5 – 6%, while private banks charge nearly double that. This push by The Axis will force students to first max out their federal loans before then turning to higher-rate private loans from Wells-Fargo, Chase, and J.P. Morgan. In many cases, this push would make private banking a requisite part of many public - and certainly most private - educations. Wall Street Fat Cats will love the new mandatory debt - and the accompanying interest rates each student will pay over the two decades following graduation.

Public school pioneer Horace Mann once called education “The Great Equalizer.” George Orwell would likely counter that "All educations are created equal, but some are created more equal than others.”

Differing educations result in differing access to power, privilege, and incomes. Face it, graduates from Ohio University have less access than graduates from institutions of higher-regard and higher-prestige such as Harvard, USC, Northwestern, or even Ohio State. If you disagree, ask the Big Four who they’re after.

The Bureau of Labor Statistics tells us that degrees from specific schools lead to higher incomes. Even in a strong economy, the job market is flooded with applicants for high-paying jobs. Algorithms rank students not only by the kind of degree they hold but also by the institution from which it came. Not only is a degree itself essential, but from where your degree comes can be more important.

Simple economics says as demand for degrees from higher-prestige institutions that result in better-paying jobs become more sought-after, the price also rises. Children of larger-earning parents or families of inherited wealth have a greater ability to pay higher tuitions at your MIT’s, your Cal-Tech's, your Northwestern’s. The barrier-to-enter these institutions becomes further out-of-reach for middle- and lower-income families.

Tuition at Devos’ alma-mater Calvin College is $33,000. Under the Axis’ new plan, a lower-income student pining for a Calvin education would exhaust their federal loans in fewer than 3 semesters before turning to the private banks for help.

Students will come to a fork in the road. Take a right, they’re deeper in debt - but with a more prestigious degree. Take a left, they’re less-indebted - and less-wanted. Wedged.

This very prospect of debt scares students away from better educations. When lower-income students choose to avoid large looming monthly payments, that choice ensures higher incomes for the already-rich. Poorer students who take the leap and pursue more expensive educations will spend more of their lifetimes re-paying debt and less of their lifetimes time saving money. Wedged.

It was 1848, when Mann said, “Education then, beyond all other devices of human origin, is a great equalizer of the conditions of men – the balance of the wheel of social machinery.”

Mann was wrong. If education balances, debt imbalances. Education is now used to divide the social machinery. Education is the wedge that determines who designs the wheel, who builds the wheel, who mounts it to the axle, who fixes it, who trains the horses, who drives the cart, and who doesn’t need to ride down a bumpy road in a rickety old Conestoga wagon.