



What Most Don't Know About the Student Debt Forgiveness is What Will Really Hurt Them (8/27/22)

Yes, that is a mouthful. What is it we do know? We know the recent student debt forgiveness will cost at least \$1/2 trillion over 10 years. We know that the benefits were not targeted to the low-income households, but widely distributed. We know the colleges and universities love these loan forgiveness programs. Hmmm, I wonder why? It will increase the debt and is moderately inflationary and is also discriminatory.

I also believe it is part of the broken windows theory, or in this case the term that comes to mind is one that almost is never used **moral hazard**. Given the economic and political climate, it's a concept that will come up time and time again. When you don't stop the little things at the beginning they fester and grow into something ugly. We are at the something ugly stage.

If I don't pay my student loan as I agreed to, it not only encourages more risky acts in the future but leads me to wonder what other obligations can I be free of? One in five households are underwater on their utility bills, and the winter hasn't even started. Why shouldn't I be forgiven my debt to the utilities? I bought a car and took out a 7-year loan. I sold it in 5 years, is it fair for me to be paying for a car I no longer own? How about my rent, which keeps going up, that's not fair or equitable. Where does it stop if not now?

Most important, it undermines faith in our institutions, and we all lose a little because of it.