



The Daily Dish

Forgiving Student Loans

DOUGLAS HOLTZ-EAKIN | OCTOBER 29, 2024

Sigh.

Friday, while the rest of us were distracted by the upcoming World Series, or calculating the odds that Donald Trump would give away the entire tax base before November 5, or that Vice President Harris would reverse course yet again on whether she was the second coming of the Biden Administration on steroids, the actual Biden Administration [announced](#) another – yes, ANOTHER – effort at student loan forgiveness.

This is a brazen move. As a refresher, my thesaurus indicates that brazen is a synonym for: audacious, blatant, bold, impudent, shameless, unabashed.

It is also (again) terrible, immoral presidential leadership. Immoral, you will recall, is a synonym for: corrupt, iniquitous, sinful, unethical, wrong.

And, if the courts are any guide, it will also be found to be extralegal. Again, a reminder that extralegal is a synonym for: criminal, illegitimate, illicit, irregular, outlawed, prohibited, unconstitutional, unlawful, unwarranted, wrongful.

So – choose your favorite combo platter of adjectives – Friday witnessed the launch of another shameless, unethical, unlawful Biden student loan policy. Specifically, loans are forgiven in the presence of “hardship,” which is identified by two provisions. The first cancels debt when the Department of Education predicts that the borrower is at least 80 percent likely to default within the next two years. **THE DEPARTMENT OF EDUCATION!!!** Is there a worse financial institution on this planet, less to be trusted to assess default risk, than the Department of Education?

The second is a real knee-slapper. Hardship is divined by looking at 17 “non-exclusive factors,” including one factor that the Department itself calls a “catch-all” to “preserve the Department’s flexibility” to forgive debt. This is a joke. A blatant, corrupt, wrongful joke.

And, of course, it will cost piles of taxpayer money – more than \$100 billion over the next 10 years according to the administration. But the Committee for a Responsible Federal Budget (interestingly named, but likely to be less successful than the Committee for the Ability to Count Angels on the Head of a Pin) [estimates](#) this could cost up to \$600 billion.

Note to the Department: “Hardship” is living with you guys.

Eakinomics really did not want to write this. Eakinomics is really tired of these student loan-related efforts. But the issue refuses to go away because the Biden Administration continues to pursue ever-less-defensible forgiveness policies.