



The Daily Dish

# Student Loan Forgiveness, One More Time!

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Yesterday President Biden went to Wisconsin to announce his latest run at large-scale student loan forgiveness. His [announcement](#) lists a welter of programs and combines current with past debt-relief efforts, making it hard to understand exactly what new relief is on the table. (The fact sheet is [here](#), but unhelpful.) Rather than a (tedious) listing of the initiatives, let's focus on the big-picture questions the Biden Administration has never answered.

Why is this fair to those who chose not to borrow, paid off their student loans, or borrowed from the government for other purposes? Also, how is it fair to the taxpayers that have to pick up the tab? The administration has never been clear on why student loans are an ethically compelling target for relief, raising the specter that this is pure political pandering.

Why is this good higher education policy? Student loan relief is fundamentally targeted on the past and does not per se raise college attendance or achievement. It also does not alter the student loan program that is evidently so deeply flawed that it produces excessive debt. Why has there been no proposal sent to Congress for student loan reforms?

The administration would likely [respond](#) that its executive actions on income-based repayment (IBR) – the SAVE program – constitute reform and will provide an incentive for future young Americans to attend college. The trouble, of course, is that IBR is just a patch on the broken underlying system, which the president evidently has no interest in fixing. Moreover, reducing one's payment when income is lower is the flip side to charging a higher repayment when income is higher. The latter is simply a tax in disguise and it makes no sense to raise the implicit tax rates on the least successful college graduates in the future labor market.

Does the president really want to teach Americans that contracts don't matter? Student loans are contracts mutually agreed upon by the borrowers and the Department of Education acting on behalf of the taxpayers. The lesson here is that you don't have to pay attention to obligations that one voluntarily incurred. Just ignore the contract and stick someone else with the cost. This is a failure of the president's leadership responsibilities.

Eakinomics and AAF have, of course, [weighed in](#) on the student loan forgiveness efforts at length. From the traditional perspective of efficiency, fairness, and administrability, they have been a mess. Yesterday's announcement does nothing to improve that track record.