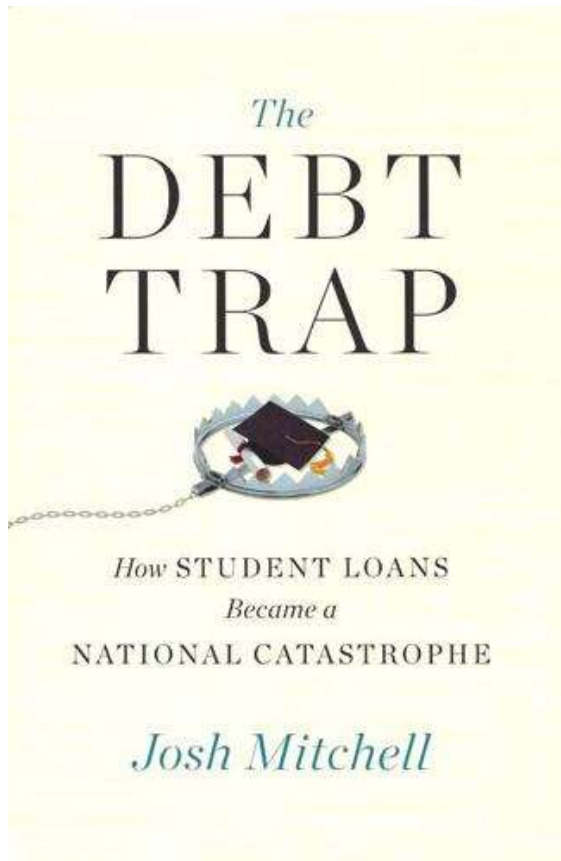


New book explores ‘national catastrophe’ of student loans

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“The Debt Trap: How Student Loans Became a National Catastrophe” by Josh Mitchell. New York: Simon & Schuster, 2021. 272 pages, \$27 (hardcover).



“Far from making college more affordable, student debt enabled schools to raise tuition faster than family incomes, creating a higher education industrial complex that has driven up the price of college and graduate school to unprecedented levels,” Josh Mitchell explains near the beginning of “The Debt Trap: How Student Loans Became a National Catastrophe,” his eye-opening exposé on a reality increasingly all-too-familiar for most college students (and those who support them financially).

“Average tuition and room and board at four-year private colleges has risen nearly 800% since 1980, more than five times the rate of inflation,” he continues. “Today a four-year degree at a private college costs nearly \$200,000 on average, before the discounts. The same degree at a public college costs more than \$100,000 on average. Scholarships and grants bring the price down for many students, but the average obscures massive problems.”

So begins one of the most in-depth explorations of the financial aid system in the United States that I have had occasion to scrutinize in quite some time. The author outlines his treatise in chronological segments,

beginning with the inaugural chapter, “The Visionary,” which Mitchell designates as the years 1957 through 1969, and concludes with “The Trap,” which examines 2016 through 2018. By the way, the “visionary” refers to Lyndon B. Johnson, the 36th president of the United States, who played a pivotal role in establishing what would become a behemoth of the college lending enterprise: Sallie Mae.

“The Debt Trap” is extensively researched, with 17 pages of source notes at the conclusion of the introduction, nine chapters and conclusion that form the main narrative. Mitchell’s writing style is fluid and conversational; the ideas he articulates so eloquently are obviously of particular interest to those who work in academia, although anyone who has student debt should find his primary thesis engaging. We may all be six degrees from Kevin Bacon, but most of us are just one or two degrees from knowing someone who is well on their way to being completely submerged in student loan debt.

As Mitchell makes abundantly clear, the ease with which students can apply for, and be awarded, student financial aid (almost exclusively in the form of subsidized loans) is a contributing factor to the challenges we face in dealing effectively with the current situation. Witness the following from “American Dreamer,” the fourth chapter and one I found especially instructive:

“Lisa, unfamiliar with the federal student loan program, told the woman at the admissions office she had no savings. The woman said not to worry. ‘Apply for aid,’ the counselor said, referring to federal student loans. Lisa visited the school’s financial aid office, where a woman handed her a form to apply for federal student aid. Lisa was surprised by the ease of the process. Earlier that year, she had applied for a loan at her bank to buy a stereo. It took weeks to get approved. Here, the school didn’t even check her credit. And it didn’t tell her how much her education would total by the time she graduated. Only later would Lisa learn that opening a private psychology practice in New Jersey required a doctorate. She’d have to attend grad school and pay a whole lot more than she had first envisioned.”

Unfortunately, this is a story that has played out, in one form or another, for countless students across the country. Transparency, it seems, has never been a top priority for those involved with, and benefiting from, the bureaucracy that has evolved to make sure achieving a college degree is within the grasp of almost anyone – regardless of their ability to actually complete the journey.

A reporter in the Washington bureau of the Wall Street Journal, Mitchell covers the economy and higher education. He has a B.A. in journalism from the University of Maryland/College Park, where he served as sports editor of The Diamondback, which has consistently been ranked as one of the top student newspapers in the nation. Prior to assuming his present duties and responsibilities, he worked for the Baltimore Sun and the Palm Beach Post, where he investigated transportation policy and the bailouts of General Motors and Chrysler. This is his first book.

More than anything else, “The Debt Trap” is a cautionary tale – one that screams for our legislators to take definitive action to put the entire system on a more solid footing. The following, from “The Trap,” the final chapter, should be a wake-up call for anyone concerned about where the scheme is headed:

“By 2016, millions of Americans with student loans had fallen behind on their payments and saw no way of repaying. Others paid dutifully, yet saw their balances rise because they couldn’t cover interest, let alone principal. Each day, 3,000 people defaulted on a student loan; by the end of 2016 some eight million Americans were in default. Several million others were on the brink of default.”

“That the system had been broken for generations was a reality many borrowers knew but policy makers had refused to acknowledge. The evidence of that broken system piled up, and it had become impossible for the nation’s leaders to deny the crisis that the government, schools, Sallie Mae and the banks had wrought. Unlike homeowners felled by the housing crash, this new population of vulnerable Americans had no escape hatch. They were mired in a crisis.”

Sobering stuff, for sure. But unlike many authors writing on similar themes, Mitchell at least offers a roadmap for getting us out of the imbroglio we have unwittingly wrought. As he astutely notes in the conclusion:

“Any reform needs to achieve two separate goals. The first is to continue to ensure all Americans have access to a quality higher education, regardless of the financial background. The second is to remove the current incentives for schools to raise tuition to unconscionable levels without any regard to how those prices will impact families.”

I could not agree more. “The Debt Trap” should be required reading for anyone involved with higher education at any level. Highly recommended.

Reviewed by Aaron W. Hughey, University Distinguished Professor, Department of Counseling and Student Affairs, Western Kentucky University.