A New Indentured Class.(student loans)(Column).Jeffrey J. Williams. ***The Chronicle of Higher Education*** 52.43 (June 30, 2006)(2558 words) From *General Reference Center Gold*.

Byline: JEFFREY J. WILLIAMS

I am a statistic. I am one of millions on the rolls of student debt. Every month I write a check for $650 to Sallie Mae. I simply abbreviate the entry in my checkbook as S-M. It hurts.

At 47 years old, and 16 years out of grad school, I still owe $9,000 on my graduate-school loans. Earning $28,000 as an assistant professor, I could not afford to pay them at first, so I took the maximum four years of forbearance and only began chipping away at them in 1994. Now, as a single father, I also owe PLUS loans for my daughter's undergraduate education, combining for a total of $34,000, which I will be paying over the next 11 years.

Besides that, my daughter, who graduated in 2002, herself owes $24,000 for a Barnard B.A. And that is relatively fortunate, because Barnard uses a need-based formula for financial aid, so she essentially received a full-tuition scholarship. Working in film in New York for about $25,000 a year, she also took the maximum four years forbearance and soon must begin paying the loans, even though she has, with New York prices, about $83 a month left after rent.

Student debt is not just a statistic in yearly College Board reports; it tones the day-to-day experience of those so constrained. It has inflected the terms of my life, whether I can live in a smaller or larger apartment, buy a house (not yet), travel, or eat out for dinner (too often, considering the debt). It certainly influences my daughter's life -- whether she can have a pack of Ramen noodles or a proper meal for dinner, and how long she waits before going to the doctor when a sore throat might be strep.

And I was relatively lucky in the great academic job lottery. Now, as a full professor, I make a decent salary, $25,000 above the mean for American households. Hailing from the truck-driving classes, I've made it, attaining a secure professional perch. But this is the American dream?

Whatever the particulars of my case, it is not unique. Nearly two-thirds of those who received bachelor's degrees in 2000 report having borrowed at some point to finance their education. The average four-year student-loan debt in 2002 was $18,900. It more than doubled from 1992, when it was $9,200. Added to that, for most students, is credit-card debt, which averaged more than $2,300 in 2002, raising the total owed to more than $21,000. That figure has no doubt continued to climb. Bear in mind that the total does not include private loans, or the debt that parents take on to send their children to college, or postbaccalaureate loans, which have more than doubled from $18,572 in 1992-93 to $38,428 in 1999-2000. Consequently student debt is, or will soon be, the new paradigm of early- to middle-adult life, severely hampering the freedom college education is supposed to provide.

Two new books, Strapped: Why America's 20- and 30-Somethings Can't Get Ahead (Doubleday, 2006) by Tamara Draut and Generation Debt: Why Now Is a Terrible Time to Be Young (Riverhead Books, 2006) by Anya Kamenetz, put student debt front and center in their reports of the hard times facing young adults. Student debt is the first roadblock on the route to the American dream; the next are credit-card debt, the relative decline in wages over the past two decades, the flight of middle-class jobs, and the rising cost of housing and raising a family. Another, less measurable factor is the feeling of political anomie -- which some attribute to the poor attitude of lazy kids, but which these books show results more from a feeling of disenfranchisement.

A strength of both Strapped and Generation Debt is that they weave interviews with people throughout the United States with statistics, putting faces to the data. For instance, Strapped tells of "Nancy and Ed," from Cleveland, who would like to go to college to prepare for better careers but, working as a medical assistant and a restaurant manager for a combined income of $45,000, can barely make ends meet as it is. Generation Debt tells of "Nita," from Chicago, who had to leave college because of debt and is caught on the treadmill of working too many hours to go back to college. These authors combine a touch of Studs Terkel with annual College Board and Economic Policy Institute numbers.

Though the books, like many siblings, look alike from a distance -- Draut in fact has a chapter called "Generation Debt" -- they show distinct personality traits up close. Draut, a director of Demos, an independent think tank in New York, is the serious older sibling, whereas Kamenetz, a columnist for the Village Voice and something of a journalistic wunderkind, is the more stylish younger sibling. The downside is that her solutions, in a last chapter, include advice like "talk to your parents." Draut has concrete policy suggestions -- for instance, on converting loan aid to grants in a program weighted according to family income. Although Draut does not state it, her model is the GI Bill, which revolutionized the system of higher education because it gave grants to veterans to use at whichever college they chose. Draut estimates that such a program would cost $30-billion, which might seem expensive but which could be generated "by reversing the last Bush tax cut."

While Strapped and Generation Debt are valuable in exposing the dire straits confronting young adults, they largely elaborate the story told in Douglas Coupland's 1991 novel, Generation X. The shrunken prospects of that generation (those born roughly between the early 1960s and the early 1980s) received a good deal of commentary in the 1990s, and several books, notably Late Bloomers: Coming of Age in Today's America: The Right Place at the Wrong Time by David Lipsky and Alexander Abrams, pinpointed problems like debt -- Lipsky and Abrams in a chapter neatly called "Indentured Students." (The scholarly genie on my shoulder compels me to mention that neither Draut nor Kamenetz mention this predecessor.)

There is a tendency to render American history in terms of generations (for instance, Generation X has also been designated as the "13th Generation," that is, the 13th from the American Revolution). There is also an attraction to thinking about social problems in terms of youth and age, in an American tradition that includes books like Paul Goodman's Growing Up Absurd (1960). But many of the problems that Draut and Kamenetz detail are not a result of age, but of class. Given that the average age of undergraduates has risen to the mid-20s, student debt is not just an issue of youth; it is a question of rich and poor, of the fortunate third who can afford tuition upfront and those who can't. That is a question of equality and social justice, although it might be more keenly felt by those first gaining a franchise in adult society.

The increasing financial burden that students and parents must bear represents several shifts in the idea of higher education. The first involves the change from higher education as a public entitlement to a private service. The designers of the post-World War II university kept tuitions low, opening ivied gates to record numbers of students, particularly from classes previously excluded. I call this the "welfare-state university" because it instantiated the policies and ethos of the postwar, liberal welfare state. Now the paradigm for university financing is no longer a public entitlement primarily offset by the state but a privatized service, whereby each citizen has to pay a substantial portion of his or her own way. I call this the "post-welfare-state university" because it carries out the policies and ethos of the neoconservative dismantling of the welfare state.

Another shift involves the idea of higher education's changing from primarily a social good to an individual good. In the postwar years, higher education was conceived of as a national mobilization, in part carrying over from the ethos of the war years, in part as a legacy of the New Deal, and in part as a response to the cold war. Its unifying aim was for the social good, to produce the engineers, scientists, and even humanists needed to strengthen the country. Now higher education is conceived primarily as a good for individuals -- to get a better job and higher earning potential throughout one's life, as endless reports tell us.

Finally, the idea of higher education is changing from youthful exemption to market conscription, which is itself a shift in the vision of the future, particularly in the hope we have for our young. The traditional idea of education is based on social hope, providing an exemption from work for the younger members of society to explore their interests, develop their talents, and receive useful training, in the belief that it will benefit society in the future. Society pays it forward. That assumption obviously applies to elementary and secondary education (although, in the voucher movement, it is no longer assured there either), and it extends to the university.

The welfare-state university promulgated a combination of ideal and utilitarian goals, providing inexpensive tuition and generous aid, and financing massive campus expansions. It offered an exemption not to grant leisure but to allow equal opportunity to achieve merit. The new paradigm sees the young not as a special group to be exempted or protected from the market but as already fair game in the market. Debt puts a sizable tariff on social hope.

For students, that is, but not for banks. As currently instituted, student loans are more an entitlement for the banking industry than for students. The federal government pays the interest while one is enrolled in college and for a short grace period after graduation or leaving college, so it provides a modest "start-up," as with a business loan, but no aid toward the actual principal. For lenders, the federal government insures the loans. In other words, banks bear no risk, and the structure of federal loan programs provides a safety net for banks. That is not kosher capitalism. The premise of money lending and investment, say for a home mortgage, is that interest is assessed and deserved in proportion to risk. With the handout for student loans, banks have profited stunningly. Sallie Mae, the largest student-loan provider, reported a profit margin of 41 percent in the last 12 months (as of March 31).

There is no similar safety net for students. Even if you are in bankruptcy and are absolved of all credit-card debt and other obligations, one debt you cannot forgo is student loans. We will not know the full effects of this system for at least 20 years, although one can reasonably predict it will not have the salutary effects that the GI Bill had. Or, simply, students from less privileged classes will not go to college. According to data from the 1990s, the bottom quarter academically -- the least qualified -- of the wealthiest class of students is as likely to go to college as the top quarter -- the most qualified -- of the least wealthy students. Opportunity for higher education is hardly equal.

We tend to think of student debt as a necessary evil attached to higher education but extraneous to the aims of higher education. If instead we see it as central to people's actual experience of the university, what do we teach and what do they learn?

Most rationales for higher education focus on idealistic principles. Even utilitarian rationales for job training assume that higher education provides students with a head start before entering adult life. Instead, student debt teaches that higher education is a pay-as-you-go transaction, like any other consumer service, and that students are not special, but subject to the same business franchises attached to education. Rather than a head start, they begin with a weight around a leg.

Debt also teaches career choices. Debt teaches that it would be a poor choice to wait tables while writing a novel, or to become an elementary-school teacher at $24,000, or to join the Peace Corps. Nellie Mae, one of the major lenders, discounted the effect of loans on such choices. It reported on a student-loan survey conducted in 2002 that found that only 17 percent of borrowers said student loans "had a significant impact on their career plans," concluding that "the effect of student loans on career plans remains small." That is dubious. Seventeen percent on any statistical survey is not negligible. Further, the survey assessed students' responses at the time of graduation -- before they actually had to get jobs and pay bills, or simply when they saw things optimistically. The survey is also skewed because it assumes that students decide on career plans tabula rasa. Most likely, students have already recognized the situation at the start of college -- thus the warp in majors toward business. Many bemoan the fact that the liberal arts have faded, but that is not because students no longer care about poetry or philosophy; rather, they have learned the illiberal lesson of the monetary world.

Finally, debt teaches civic lessons. It teaches that the university is not a space apart but a market. The market claims a certain fairness since, like a casino, anyone -- black, green, or white -- can lay their chips down. It is unfortunate if you don't have many chips to lay down, but the house will spot you some, and having chips is a matter of the luck of the social draw. There is a certain impermeability to the idea of the market: While you can fault social arrangements, whom do you fault for luck? Some conservatives mourn the passing of civic culture (captured in books like Robert D. Putnam's Bowling Alone) at the same time that they extol the market, but it is the permeation of market culture that has displaced civic culture. Scraping by, young people don't have time to bowl.

The market justification for student debt is that those with college degrees make significantly more money over the course of a lifetime. That might hold true for some, particularly those with degrees in practical disciplines like engineering or nursing, but over the past few years the value of a B.A. has declined. Even if a majority of students might benefit from a college education, a substantial percentage will face difficult times. And given the increase in debt and competition for jobs, it will only get worse.

Moreover, it is unclear how much debt is reasonable. There are formulas for court-ordered payments in bankruptcy, usually capped at 17 percent of one's salary. If a graduate works for $18,000 a year and pays a monthly debt of $500, that represents 33 percent of her pretax check, and nearly 50 percent of her take-home pay. That is a draconian burden unless one lives in a cardboard box.

Our present student-loan system is penny-wise but future-foolish. Rather than the leg up that higher education ideally promises and that serves larger society as well as individual students, we are creatingA New Indentured Class.

Jeffrey J. Williams is a professor of English and literary and cultural studies at Carnegie Mellon University, and editor of the minnesota review. His most recent book is the collection Critics at Work: Interviews, 1993-2003 (New York University Press, 2004).

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