

Biden touts his token college debt plan amid collapse of student support over Gaza genocide

Kevin Reed
8 April 2024

On Monday, President Joe Biden appeared in Madison, Wisconsin, to present an updated plan to reduce student loan debt for as many as 30 million student borrowers. The program, which would in most cases eliminate interest payments while maintaining the loan principal, would take effect only in the summer of 2025, if it does at all.

The announcement was a transparent effort by the White House to stanch the near-collapse of support among students for Biden's reelection campaign, especially in battleground states like Wisconsin, under conditions of mass opposition on campuses to his complicity in Israeli genocide in Gaza. At student protests across the country, the Democratic president is regularly referred to as "Genocide Joe."

Speaking for approximately 15 minutes in front of banners that falsely claimed "President Joe Biden: Cancelling Student Debt," the president said student loan debt "has become so burdensome that a lot cannot repay it for even decades after being in school." However, he offered no explanation for the crisis or suggested that anyone, including loan-sharking banks that have made billions by plunging students into debt, should be held accountable.

Biden touted his Save on a Valuable Education (SAVE) program, in which 8 million people have enrolled. This program does not eliminate student debt, however. It reduces or eliminates monthly payments, while allowing interest to accrue on the loans.

The president sought to present as a bold, new program "five major actions to continue to relieve student debt" since the beginning of his administration. He said his plan would eliminate up to \$20,000 in interest for students who owe more now than they

originally borrowed and would eliminate all interest for low- and middle-income students who are enrolled in the SAVE program.

Biden added that student debt would be cancelled for borrowers who have been paying for 20 years or more, for borrowers eligible for the previously created SAVE program, for borrowers who were cheated by universities, and for borrowers who are facing financial hardship.

The total cost of the relief plan has not been estimated, but opposition within the US political establishment is already moving ahead.

As a report in the *Wall Street Journal* stated:

Even before the regulations are finalized, Republican lawmakers and state attorneys general are warning that the education secretary is overstepping the authority granted by Congress in the statute. Another impediment is an emerging view by conservatives on the Supreme Court that Congress must authorize in plain and direct language any sweeping actions by administrative agencies that could transform the country's politics or economy.

While untold billions are being spent jointly by Democrats and Republicans on the US-NATO war against Russia in Ukraine and to support Israel's massacre of Palestinians in Gaza, and Congress just passed a record military budget of nearly \$1 trillion, these same politicians argue that student debt cancellation would cost taxpayers money and be unfair

to the financial industry.

Biden's original loan forgiveness program, which would have provided limited relief to 43 million student borrowers, was struck down by the US Supreme Court on June 30, 2023. The court ruled that by using authorizations in the 2019 HEROES Act, Biden had overstepped his presidential authority and his student debt program could not take effect without authorization by Congress.

The White House is advancing the new program under the Education Department's rule-making powers as authorized by the Higher Education Act of 1965. This requires periods of review and public comment, which begin with the release of a draft rule in the coming months. According to a report in the *Washington Post*, "The final regulation will be implemented next summer, but features of the plan will be rolled out this fall, according to the administration."

In Wisconsin, Biden referenced the rising cost of higher education, but he did not explain that there is a symbiotic relationship between the financial interests behind the student loan system and the universities and colleges, both public and private.

According to a report in the *New York Times* on Monday, the cost of one year of a college education, including room and board and other personal expenses, has now reached \$100,000 per year at some institutions. The report included the example of a newly admitted Vanderbilt University engineering student for whom the annual total cost was \$98,426.

At private for-profit universities such as Vanderbilt, the *Times* noted, only 18 percent of students qualify for all-expenses-paid financial grant programs. This means that 82 percent of students have to come up with the entire cost of education or a substantial portion of it, which is where student loans come in.

Students are forced to sign up for financing in the hundreds of thousands of dollars over four years. These loans have elevated interest rates and require the signing of a promissory note in which the borrower acknowledges that the debt cannot be discharged through bankruptcy filings or inability to pay.

According to the Student Loan Debt Clock, the current amount of college loan debt stands at more than \$2 trillion. This is up by \$300 billion since Biden announced his first student debt relief plan last year.

The actual amount of student loan debt is likely much

higher, because, as the debt clock website explains, "since there is not a reliable source of data concerning capitalized interest, the student loan debt clock does not include it."

Like everything else in American capitalist society, higher education—whether private or nominally public—is run by massive corporate interests that are motivated by profit. The US government facilitates the fleecing of the working class and sections of the middle class by managing the financial aid system and providing it with a guarantee of repayment.

The debt itself is sold to private investors, who make enormous sums from the repayment programs and operate behind the scenes to ensure that student debt is not cancelled.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact