

# Rethinking Student Loan Debt: A Case for Bankruptcy Dischargeability

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Student loan debt in the United States has ballooned to over \$1.77 trillion, burdening millions of Americans. This essay argues for the inclusion of student loan debt in standard bankruptcy discharge, a move that could alleviate this crisis and introduce better cautionary assessments of the viability of individual grants.

Firstly, the current policy of exempting student loans from bankruptcy discharge, barring instances of undue hardship, is outdated. The policy was enacted in 1976 based on the assumption that easy discharge of educational loans could undermine federal student loan programs. However, the landscape of higher education has drastically changed since then, with skyrocketing tuition fees and an increasingly competitive job market. The policy needs to adapt to these changes.

Secondly, the undue hardship standard for discharging student loans is excessively stringent. It requires a “certainty of hopelessness”, a standard far harsher than that required for discharging other types of debt. This is unfair to student loan debtors, who are often young adults starting their careers and lives.

Thirdly, the argument that allowing student loans to be discharged would lead to abuse of the system is flawed. The fear that graduates would declare bankruptcy to get a free education is unfounded, as bankruptcy carries severe consequences, including a significant impact on one’s credit score.

Fourthly, the inability to discharge student loan debt perpetuates socioeconomic inequality. Those from low-income backgrounds who rely on loans for education are disproportionately affected, as they are less likely to secure high-paying jobs that would enable them to repay their loans.

Fifthly, allowing student loan debt to be discharged under standard bankruptcy law would introduce better cautionary assessments of the viability of individual grants. Lenders would be more careful in assessing the ability of students to repay their loans, leading to more responsible lending practices. This could prevent the accumulation of unsustainable debt levels and protect the financial futures of students.

In conclusion, the current policy regarding student loan debt and bankruptcy is unjust and outdated. It’s time to reconsider the dischargeability of student loan debt under standard bankruptcy law, to provide relief to millions of Americans and create a more equitable society.

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