

# That student loans should be interest-free



Benji Alexander Smith (PRO)

(Thanks NZLockie, and my apologies for the late entrance).

'Student loans should be interest free'. That's the argument I intend to prove.

Let's just set up some standards here, to which we can roughly agree, and then refer. Let's suppose the average 'top-level' degree requires a 6-year period of study at university (for a degree like medicine, or a veterinary science degree - among the most expensive degrees that there are). Let's also assume that for the most part, these students are unable to work during their period of study (as this tends to be true with those types of degrees). And finally, let's assume that the average cost of such a degree is something like \$150,000 - 200,000 (it is something like that, I believe).

My primary contention here is that it is both unethical and unreasonable to start adding interest to a loan over an extended period during which the person is practically guaranteed /not/ to be making any money.

Imagine you approached a bank and said: "Well, I'd like a large loan of something like \$200,000, but over the next six years, I will have no chance of paying it back whatsoever, and after that six-year period, I still cannot guarantee that I will be able to pay any of it back". I don't think any bank in World would agree to that arrangement. It's an unacceptable risk for the bank to take.

Student loans are granted by the government, not banks (generally), but there are a number of things that distinguish governments from banks in this context, the most important of which is that governments are supposed to ensure the well-being of the public that elects them, and protect their interests as best they can (whereas a bank just makes money - that is their only goal, roughly speaking). The government could well lock a graduate into a feedback loop where they struggle to pay back the interest for the rest of their lives

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Let's assume a student enters one of these degree programs and immediately acquires a \$200,000 debt. There are a number of things that could change - or even go disastrously wrong - over the period of study:

1) The job market may change drastically in six years, such that the market is saturated and there are simply not enough places for all qualified persons at the end of the six years. The 'recent graduate' is going to be at the bottom of the pile in terms of 'sought after candidates' in the field, due to a lack of experience. If the loan is still there, and is still accruing interest, then how does this recent graduate pay back the loan? They cannot work in their own field of study, and so may have to take up work in another field in order to pay back the loan. They could end up in a position in which they are only barely able to pay back the interest, without even being able to actually get into re-payment of the loan itself. In the worst case scenario, this person could end up with a ridiculously large loan hanging over their head with no way to pay it back and enjoy a meaningful life at the same time.

2) What if a recent graduate sustains a major injury just after graduation which renders them unable to work. Does the loan just sit there accruing interest, whilst this ex-student lives on the disability support pension/welfare for the rest of their lives? Is it passed on to family members after the person is deceased? Suppose the original loan was \$200,000, with an interest rate of 3% per annum. That's \$6000 a year in interest, or \$300,000 in interest alone after 50 years. Again, it is /against the interests of the citizenry/ to have systems like this in place, as it can only serve to dissuade would-be students from entering study in much-needed fields, from which the citizenry as a whole could benefit.

On a different note: I think it's important to distinguish between 'interest' and 'inflation' here. It could well be argued that '\$200,000' in, say, the year 2000, was worth more than '\$200,000' in 2006. I'm not arguing against adjustment for inflation; with inflation comes increased salaries, so in my opinion, student loans probably could/should be adjusted for inflation, but that is a completely different argument from the idea that student loans should accrue interest. I also understand that governments, like banks, cannot afford to bleed money via loans, but I think 'adjustment for inflation' should cover this potential issue completely.

In my opinion, it is unethical for any government to make money off its citizenry via any means other than taxation. Taxation should be enough to pay for the government and essential services that it helps to provide. It is particularly unethical to make money off students who are, in fact, attempting to make themselves much more valuable to the country/society, and who are - during their period of study - almost completely financially helpless. If we recognise that education is beneficial to a nation - not just an individual - then we can conclude that any significant financial hindrance to education is against the interests of that nation.

Again, and in summary: it is unreasonable to add interest to a loan over a period in which both the lender and the beneficiary understand that the beneficiary will not be able to pay back anything towards the loan over the initial, lengthy period of the loan.

I look forward to your reply, and would like to thank you for your time so far.

Benji.



**nzlockie (CON)**

**It's with pleasure I return to Edeb8 after a significant hiatus, and I'm very pleased to be doing it by debating this critical resolution. My thanks to Benji for posting his first round and I look forward to good debate!**

The resolution before us today is that student loans should be interest-free. Naturally my side will be arguing the negative to this.

This is a four round debate, so I'll be using this round for constructive, and then I'll directly address my opponent's points in the next round.

The resolution is quite straight-forward. My opponent believes that students of tertiary education should not pay any interest on their loans.

His reasoning for this is that it is UNETHICAL for a government to profit from students. He also contends that it is UNREASONABLE to expect the lender to pay back their loan including interest because... they can't afford it?

I'll address both of these concerns in the next round, but for this round I'll explain why students SHOULD pay interest on their loans:

### **1. EVERYBODY PAYS INTEREST ON LOANS**

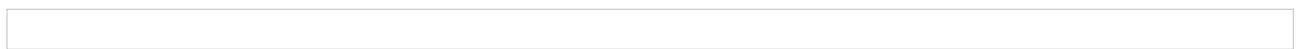
That's right. Paying interest on loans is NORMAL. This what people do in the real world. If I leave School and borrow funds to start a business, guess what? I will pay interest on those loans. If I finish school and want to buy a house, guess what? Yup, Interest on that loan. If I finish school and want borrow some money to clean up the giant rubbish island in the Pacific Ocean... you guessed it; I'll be paying interest on that loan.

A strong case can be made that starting a business, not being homeless and cleaning up the oceans are ALL very worthy contributions to society. All things that the Government should be happy for me to do - however I still pay interest on those loans.

My opponent is going to have to convince you that for some reason, STUDENTS are so special that they should receive special treatment in this way.

## **2. THE GOVERNMENT ALREADY SUBSIDIZES TERTIARY EDUCATION. A LOT.**

Obviously the amount varies in different countries but in EVERY country this is true. In NZ, in the year ending 2016, the Government poured a shade over 4 BILLION dollars into Tertiary education. and only 303 million of that was Student loans. And this is in a country that DOESN'T charge interest for student loans. Here's a picture of what that looks like:



And to be very clear, the red section in that graphic is where the loans come from, but the actual loans themselves are not even HALF of that red section. Most of the "Student Support" is actually the allowance they get paid.

My opponent wants to paint a government who wants to charge students interest as a one that doesn't care, but this is clearly not the case.

In fact, in NZ, the government currently pays for almost two thirds of the student's tertiary education through subsidies!

Like it or not, these students are already given the special treatment!

## **3. THE GOVERNMENT LOSES MONEY ON STUDENTS**

My opponent has expressed concern that the government should not be making a PROFIT off its citizens - especially not those poor helpless students, who are only trying to follow their dreams, be that [Ghostbusting](#) or [Surf Science](#). (Actual College level courses)

But he needn't worry. The Government makes ZERO money from Student loans. As he's pointed out, the average loan interest rate from the Government is around the 3% mark. The rate of inflation is about 2%, so the government is only making about 1% on their loan.

Now consider the number of students who default on their loans. In the UK in 2016, that figure hit a new all time high with about 8 million borrowers decided that they just couldn't be bothered any more.

Add that to the fact that he's claimed that most students don't even start paying them back until

several years after the fact.

It's a really attractive business model right? "Hey, loan me some money so that I can learn about [Turf Grass](#). I'm not sure when I'll be able to pay it back - probably never. But I promise I'll get around to it when I can!"

It's crazy that this kind of conversation actually happens, and that the government actually agrees. That's no magic beans it's dishing out - it's our actual tax dollars!

Charging a small interest on that loan is necessary, to slow the hemorrhaging and besides...

#### **4. ... INTEREST HELPS THE STUDENTS!**

That's right. Charging Interest HELPS the students.

Firstly, it prepares these delicate flowers for the big bad Real World, where people are going to want something in return for giving you something.

Secondly, adding Interest to the loan, encourages them to think long and hard about the course they're going to do.

Are there REALLY job prospects for graduates with a major in [Taxidermy](#)? Is it worth taking out a loan for my [Philosophy of Star Trek](#) course from Georgetown University?

You know what, maybe I'll just cut out the middle man and go get a job at Starbucks straight away.

Seriously, a few years ago it was estimated that only [27% of college graduates end up finding work in a field related to their field of study](#).

This has got to stop. The world might well need more Doctors and Lawyers, but it certainly doesn't need more Art Historians, and don't get me started on Communications Majors.

We definitely do NOT want to be making Student loans look attractive by making them Interest free. It is certainly not in the Taxpayer's interest, and I don't even think it's in the Student's interest.

#### **5. LONG TERM EFFECTS ON COST OF EDUCATION AND JOB PROSPECTS**

I hope to develop this point a bit more in future rounds but it basically goes like this - Currently Universities can charge crazy fees, because, as my earlier source shows, the Government pays

essentially two thirds of the course costs. Then the Government assists the Students to pay for their third as well.

Making Higher Education more exclusive by raising the cost of attendance lowers the number of students - forcing Universities to streamline their operations, and eventually, lower their costs to the consumer.

Eventually it also raises the average wage for graduates and creates more demand for their services.

In many countries in the world with Interest-Free Student loans, such as NZ and the UK, it's actually not a profitable prospect for someone to put themselves through higher education. The job and the pay packet they're waiting for just aren't there.

Interest on Student loans is a part of the solution to this.

## **6. OPPORTUNITY FOR INCENTIVISING**

If the Government adds interest to a loan as standard, this gives that government the opportunity to manipulate the future workforce by offering Interest-Free loans FOR SPECIFIC FIELDS OF STUDY.

It's an effective tool to be used.

In NZ, the Interest-Free loans only last as long as that graduate stays in NZ. If they complete their qualification then head overseas, the Interest kicks in. This allows us to ensure that we have the skills we need for our local society to function.

These are six valid reasons to attach a nominal Interest rate to a Student Loan.

I will directly address my opponent's case in my next round, and I look forward to his rebuttal and/or capitulation in the next rounds!

For now, the resolution has been firmly negated.

**VOTE CON - We paid our own way through college!**



Benji Alexander Smith (PRO)

Thanks, nzlockie.

"**For now, the resolution has been firmly negated**", my opponent concluded. I would like to point out that the opposition is begging the question, and I would like to respectfully ask him to refrain from declaring himself the victor at the end of any round. Interestingly, the very last thing my opponent said was this: "**Vote Con - We paid our way through college!**". Although my opponent's last comment is tangential to the question at hand, and was likely intended as a throwaway remark, I would like to say a few words about it:

There are reasons that tertiary study is largely subsidised and that student loans exist; one of those reasons is to ensure that higher education is not the exclusive domain of the rich and privileged. This wasn't always the case; in Victorian-era England, tertiary education was indeed limited to the wealthy and powerful, and it ended up in what was essentially an elitist, class-based system. It was largely agreed that a societal system in which it was very difficult to be upwardly mobile on one's own and outgrow the financial and social environment one was born into was not a good system. We hence try to give people the opportunity to out-grow the negative circumstances into which they were born, essentially through hard-work and diligence. This is known as 'equality of opportunity' (not to be confused 'equality of outcome').

Additionally, any field - doctors, nurses, lawyers - should aim to ensure that the people who make up that field are representative of the communities from which they come, as those are the communities they will most likely be serving. Opening these fields to candidates from an array of different socio-economic backgrounds is one obvious way to achieve the diversification required for a field to adequately represent its community... and of course; any individual student can still pay their fees up-front, should they choose. That option remains.

Regarding my opponent's introductory statements, and the numbered points that followed:

Firstly, my opponent is confusing terms; the 'lender' is the party that lends money, the 'beneficiary' (or 'debtor') is the person to whom the money is lent. I am not trying to nit-pick, but



it is important that we get the definition of these terms correct.

Yes, I am arguing that it is unethical for a government to seek to profit off any particular demographic it governs, and this includes students. I contend that it is unreasonable for any government to expect their student to pay back interest on an educational loan. My opponent goes on to pose the rhetorical question about this contention in the form of “...(*Why*), *because they can't afford it?*”. **Yes.** Obviously during a period of time in which the beneficiary cannot afford to pay back anything, it is unreasonable to expect them to pay back that loan, and it is unreasonable to add interest to a loan during a period of time in which the beneficiary is unable to pay anything back. **It is unreasonable for me to expect anyone to do anything that they are guaranteed to be unable to do.** That is practically the definition of ‘an unreasonable expectation’.

K-12 students owe a debt to society in a very real sense, but the government must not attempt to profit from that ‘debt’. We understand that as members of a civilised society, there simply must be a bit of room for push-and-pull with regards to economics and education, and for consideration towards the plight of any given individual in that system at any given time; this is to allow society to grow and flourish in a broad sense.

**1)** My opponent states that I must convince the reader that “for some reason, ‘students’ are a group that should receive special treatment in the form of no-interest loans for study”:

Students ARE special in this way, because full-time students are unable to earn a wage during their period of study. In the same way that it is unreasonable to consider a severely disabled person as being just as capable of earning an income as the average person. This is the whole reason we make these distinctions between groups with regards to their economic viability. Both groups are at a significant economic disadvantage, relative to the rest of the population, at least for some length of time. If it is reasonable to give special social welfare considerations to people who are disabled and unable to earn an income, then it is only logical that we extend this same consideration to other groups of people who are equally as economically nonviable.

I would further like to clarify that ‘NORMAL’ is not interchangeable with ‘REASONABLE’ or

'ETHICAL'. It's 'normal' for people to die in traffic accidents. It's 'normal' for politicians to be murdered in some parts of the World. That doesn't mean it's reasonable, nor does it mean it's ethical. I chose my words carefully and they are the words that I mean to defend. I did not say it was abnormal to pay interest on a loan.

*I must skip 2), 3), 5) and 6) for now due to issues with character count, and will address them in the next round.*

4) Here my opponent is making a vague point about how the government should be slapping students with an interest rate on their student loans as a means of preparing them for the 'Big bad Real World'. Let me just make a few observations first: A U.K. Study finds that suicide rates in tertiary students has reached an **all-time high**. A Michigan study reveals suicide as the 2<sup>nd</sup> highest cause of death for university students, after traffic accidents. The study also reveals that one of the most significant factors for depression in those students was '**financial concern**'. The American Association of Suicidology has previously stated in a report that "There is a clear and direct relationship between rates of unemployment and suicide... Similar findings have been documented internationally." and states further that "*Economic strain and personal financial crises have been well documented as precipitating events in individual deaths by suicide.*"

With that in mind: my opponent argues that what students really need – students, who could come from any ethnic or cultural background, be in any economic situation, be of any age, from any country, have any level of life experience, and so on – what they really need is a good dose of financial stress, courtesy of the government. Would my opponent also argue for the regular government-sponsored spanking of children under the age of six in order to toughen the little snowflakes up a bit? It is absurd to claim that something that is generally considered to be **bad** for individuals is somehow **good** for this particular group of individuals.

**From a purely economic perspective; having one's debtors commit suicide is not good for business.**

To re-iterate: It is reasonable to assume that students in high-tier education programs are already learning enough, without needing some kind of 'kick in the backside to remind them of the realities of life' courtesy of the government. Placing a psychological burden on a student in

the realities of life courtesy of the government. Placing a psychological burden on a student in the form of a flag-fall interest rate that starts accruing the very moment they begin studying can hardly be regarded as a healthy strategy for ensuring long-term mental stability in a student, given that financial stress is so often quoted as the main source of stress amongst students.



**nzlockie (CON)**

**Once again, thanks PRO for your last round.**

In this, my second round, I'd like directly address PRO's points thus far.

In his defence of the idea of mandating interest-free loans for Students, he's claimed two main things. Let's look at them separately.

### **1. In adding Interest to loans given to STUDENTS, is the Government being UNREASONABLE?**

I'd like you to reread this contention in some detail, because you need to make a judgement on exactly which party is being the Unreasonable one here:

"Imagine you approached a bank and said: "Well, I'd like a large loan of something like \$200,000, but over the next six years, I will have no chance of paying it back whatsoever, and after that six-year period, I still cannot guarantee that I will be able to pay any of it back".

*~ PRO, Round one.*

PRO followed this quote up by saying that no bank in the world would agree to those terms. And yet those are exactly the terms he'd like YOU, the Tax payer, to accept.

Just dwell on that for a moment. Government money doesn't grow on trees. It comes from somewhere, and that place is YOUR POCKET.

We already acknowledge that our precious students must be allowed all those countless study hours for their degrees in [Theatre Arts](#), by giving them a Student Allowance. Then we go one step further by allowing them access to funds in the form of a loan.

To be very crystal clear here - just because you've decided to dedicate your life to enriching society through your knowledge of [the Beatles, Popular Music & Society](#), doesn't mean that society should automatically pay you for it. You are not ENTITLED to funds for this.

My contention is that if anyone is being unreasonable here, it's certainly not the government. The reasonable thing to do in this instance would be to send this snowflake howling back to their mother!

Instead the Government agrees to lend them money. But in doing so, it is entirely reasonable for them to place terms on that loan. For starters, we absolutely want to have the loan paid back. Interest is a great incentive to encourage the borrower to, not only pay the money back, but to do so in a timely manner. If they DON'T pay the loan back, the interest accrues, and eventually makes the initial sum much much larger.

Now, if my intention was to make money from the borrower, I would place the Interest rate much higher. I might even pull little tricks like forcing them pay off the Interest before they can pay of the Capital, and then make the loan compound daily.

If I wanted to simply make the loan adjust for inflation, I might set an interest rate that's very low, or is legally fixed to inflation.

If I wanted to encourage the borrower into certain actions, I could structure the loan differently. Maybe Interest is suspended as long they remain in Study, or in the Country, or in the employ of their chosen field of interest.

**All of these methods, as a Government, protect my investment - but they only work if Interest can be added to the loan.**

## **2. In adding Interest to loans given to STUDENTS, is the Government being UNETHICAL?**

In his second point, PRO contends that it's unethical for a government to make money off its citizens - with the exception of taxation.

It's an interesting point, one that I think could be up for debate. Soooo...

### **Should a Government be allowed to set taxes purely to generate income?**

PRO says yes.

I think the ETHICAL thing for a government to do would be to set taxation rates purely to cover costs - NOT to make money.

In PROSTRALIA, the evil tyrannical government taxes people with limbs at a rate of \$100 per limb, per day. Ouch. They say the tax is needed because of all the footpaths and hand rails they're

forced to provide, but the citizens are sad. They claim that the cost of actually providing these things is far lower than the tax. The Government is not moved. They say it's completely ethical to make money from the citizens, just as long as it's in the form of a tax.

Meanwhile, just a four hour flight away, in beautiful scenic NEW CONLAND, the Government owns the National Train System. This asset allows them to control the prices of internal travel, both for people and produce. In turn, this allows them to regulate the costs associated with getting Sausages to plates, and people to Sausage Factories. It's true that this asset makes some money. The good citizens of New Conland love Sausages.

BUT the Government is careful not to set the price so high that it hurts its citizens, and the money it makes allows the asset to grow, creating jobs and even training opportunities for University graduates who can do a course on "[how the Sausage links us together](#)". (*A real class PRO wants us to lose money allowing Students to take*)

Eventually, when the new government takes over and sells the asset, everybody in New Conland will benefit from the fact that it was a profitable asset.

So you see, it really isn't unethical for a Government to make money off its citizens. It all comes down to managing the amount of money it makes. Taking too much would be unethical, (or just foolish) and using the profits for massive Sausage Parties in Government house would be unethical (but awesome!); but I'm not suggesting the government do either of these things.

I'm suggesting **that the Government place a small, manageable level of Interest on the loan**. If they decide the country needs it, they can even structure loans slightly differently in some of the ways I've mentioned, **in order to ensure that people complete essential degrees, and then bring those skills to the local workforce**.





*Typical cars in New Conland.*

Finally, to be clear - regardless of whether it is Ethical for a government to make money from Students or not, the fact remains that the Government does NOT make money from Students.

Here are some quick reasons why not:

1. Students are terrible at paying money back. As my last round showed, a significant percentage of them will NEVER pay the money back. PRO supported this by showing that sometimes, (tragically) students die - those students will certainly never be paying anything back.

2. The rate of Interest charged over the amount of time the loan is given, means that the Government makes a net loss. Had they elected to not give that money out at all, but rather just stick it in a bank and accrue interest, they'd make much more money.

PRO supported this theory by stating that Banks would never agree to loan money at those terms - why? Because Banks exist to MAKE money, and those terms don't make money.

3. The Students loans are only a small part of the revenue the Government pours into Tertiary education. As shown by the graph in my previous round. Whatever scraps the government makes from a loan, are more than offset by the huge loss it makes in the rest of its investment.

*(PRO didn't support this yet, but he probably will leap on the fact that I called it an "investment" and will point out that the Government will recoup its money once those students start earning and paying taxes. He should do this in the next round. This is not a trap.)*

**Side Point regarding Suicide:** PRO made a very tenuous link between the 3% Interest on a \$200K loan and suicide. Firstly, in this important breaking news, financial stress doesn't go away

\$200k loan and suicide. Firsty, in this important breaking news, financial stress doesn't go away when your 3% interest on your student loan transforms into a 7% interest on your mortgage, or a 20% interest on your credit card.

Secondly, in the UK study he's cited Mental Illness is given as the major cause, and NONE of the five recommendations from the reserachers have anything to do with reducing interest on loans. So actually supports my contention that this has less to do with the Interest, and more to do with the fact you took out a massive loan to pay for your useless [Equestrian Psychology Degree](#), and now you've realised that Mr Ed was just a TV show.

**Vote CON - Free Sausages for all.**



**Benji Alexander Smith (PRO)**

Thank you CON for that injecting some humour into an otherwise dry topic. Having regained my composure, I will continue...

Section A) Here I am responding to CON directly (his quotes are in red, mine in blue):

CON states that "I'd like you to reread this contention in some detail, because you need to make a judgement on exactly which party is being the Unreasonable one here:". He then quotes me (correctly) as follows:

"Imagine you approached a bank and said: "Well, I'd like a large loan of something like \$200,000, but over the next six years, I will have no chance of paying it back whatsoever, and after that six-year period, I still cannot guarantee that I will be able to pay any of it back"., and goes on to say:"PRO followed this quote up by saying that no bank in the world would agree to those terms. And yet those are exactly the terms he'd like YOU, the Tax payer, to accept. Just dwell on that for a moment."...but he has left out the caveat I followed it with:

"Student loans are granted by the government, not banks (generally), but there are a number of

things that distinguish governments from banks in this context, the most important of which is that governments are supposed to ensure the well-being of the public that elects them, and protect their interests as best they can (whereas a bank just makes money - that is their only goal, roughly speaking). The government could well lock a graduate into a feedback loop where they struggle to pay back the interest for the rest of their lives."

So no, it's not about YOU, the tax-payer, accepting those terms: it's about society as a whole - government and all - accepting those terms as a risk that is worth taking, because the net result is a positive one for the nation. I might remind the reader that *we already accept those terms*, as CON himself has pointed out previously: student loans **are already provided interest-free**.

CON states: "My contention is that if anyone is being unreasonable here, it's certainly not the government. The reasonable thing to do in this instance would be to send this snowflake howling back to their mother! Instead the Government agrees to lend them money. But in doing so, it is entirely reasonable for them to place terms on that loan. For starters, we absolutely want to have the loan paid back. Interest is a great incentive to encourage the borrower to, not only pay the money back, but to do so in a timely manner. If they DON'T pay the loan back, the interest accrues, and eventually makes the initial sum much much larger."

The above would be a great argument for adding interest to a student loan, *if the student could go into a career which affords them enough income to pay back the loan, but they simply refused to do so*. Firstly, that's a big 'IF', and secondly, that would be illegal in Australia: the ex-student, having found work and being paid a reasonable salary is not 'politely asked to pay back their student loan'; in fact, it is *automatically deducted from their income*. So, the trap that CON is warning you to be wary of simply doesn't exist. At least not in Australia, and I expect the same is true of New Zealand, no matter the countries' snowfall level.



## Section B) Here is a skeletal description of the system we are talking about:

The government sustains itself and the country's essential infrastructure via taxation - taxation at bracketed rates across the entire earning population. The government offers tertiary study loans to students to allow them to enter professions that require a degree so that those students can then enter those professions and pay tax. And around it goes.

This is the system that exists in New Zealand, and although CON may want you to believe in a magical sausage-land - I'm not denying that one may exist - New Zealand is *not* such a land.

I am not asking any individual to front a \$200,000, interest-free loan to any other individual; *that would be unreasonable*. And again, I would remind the reader that whilst banks exist to profit from their clients, governments are not banks, and citizens are not clients. The relationship is completely different; ideally the government helps to establish and maintain a system in which all people of that nation can best flourish.

## Section C) CON's examples are questionable and not representative:

CON seems to enjoy finding the most absurd fields of study available and presenting them as examples of learning from which one could never reasonably expect to find work and contribute to society. I share his sense of humour about such courses; just because a person decides to spend years of their life studying 'The Beatles, Popular Music and Society', or 'How the Sausage Links Us All', that doesn't mean society should pick up the tab. I completely agree with him.

However, CON intentionally fails to differentiate between frivolous fields of study, and fields that produce skilled individuals who provide necessary services to society. Note that CON never uses the example of, say, a [Master's of Neuroscience](#) from one of the top-ranked medical schools in the World. He never uses a [Doctorate in Law](#) for comic relief. What I believe CON is trying to do is to gently plant the seed in your mind that *study is conceited and pointless*.

Let me paint a simple picture here: Imagine you get arrested by the police tomorrow on suspicion of murder. You didn't do it. You know you're innocent. How grateful will you be that the people

of murder. You didn't do it. You know you're innocent. How grateful will you be that the people who now hold your life in their hands are educated professionals. Imagine that these skilled legal professionals manage to get it right, and you are set free, but the stress causes you to have a minor heart attack. I'm sure you'd be glad to know that your life is now in the hands of some of the World's best-trained cardiac surgeons, nurses, anesthetist, and a slew of other professionals who were able to become experts in their field via student loans; loans on which they did not pay interest. *Study is not, in fact, a conceited and pointless affair; civilians benefit from skilled professionals every moment of every day.*

#### Section D) CON and I reach some agreement, at last:

In the last part of his response, CON is essentially laying forth something like an 'open contemplation' and painting a picture of two magical places with slightly different schemes for student loans. Whilst he is certainly at liberty to do so, I don't feel much of a need to rebut anything he has said. Yes, managing money sensibly is something we should expect governments to do.

But CON also raises the concept of varying interest rates according to how valuable a degree – and the person who earns it – will likely be to society. He even acknowledges the idea that some degrees are 'essential', and that there is a need to 'bring those skills into the workforce'. I agree that these distinctions are necessary to make, but I would (again) contend that this consideration should be made at the subsidy level; that different fields of study should be subsidised differently. This allows us to achieve the same goal (that of not having thousands of people studying superfluous and useless degrees at the expense of the tax-payer) without the negative effects on students that I have previously illustrated, such as suicides over rising debt. That concept, and perhaps also *adjusting for inflation* on the initial loan would constitute more sensible, more ethical solutions to the issue that CON is contemplating here. With these solutions we can also avoid having the government profiteer off students while they are economically unstable and highly likely to suffer from economic hardship and the stress that accompanies it.

I am glad that CON and I have been able to reach some mutual agreement about some of the core issues at play here.

**Be a hero; Go PRO!**



**nzlockie (CON)**

**Big thanks to my opponent for his latest round.**

Well gentle Judges, we are nearly at the conclusion of this important debate. This was the penultimate round, and in three rounds my esteemed opponent has so far failed to convince me that Student Loans should be interest-free.

In three rounds the only offerings he can bring to the table are still the same:

We shouldn't charge interest on STUDENT loans because it's unethical to make money off Students and because it's unreasonable to expect them to pay back their loan in a timely manner - let alone if we were to add interest to it.

I feel comfortable that I've given you enough evidence that both these points are invalid, so I'm not going to address them directly in this round. I'll do that in my summation next round.

Instead I'm going to pick on a few key areas he's brought up in his latest round:

**Is this debate about Australia now?**

In his last round PRO seems to have narrowed the scope of this debate to Australia. I say this because he's mentioned that...

*"we already accept [the idea that students are a risk worth taking, because] ... Student loans are already Interest free!"*

Of every country which has a [Top 100 University in the world](#), Australia is the **ONLY ONE** that offers Interest-free loans to students.

Australia, which is one of the ten countries with [the largest deficit in the world](#). - Co-incidence?

Hmmm

Sorry, the jury is very much still out on whether we as a global society has accepted that Students are an investment worth giving interest-free money to.

NZ has had Interest-Free student loans since 2005, (*although there are conditions placed on these*) but in 2017 the Productivity Commission, charged with the task of evaluating this experiment, claimed it was a dismal failure, it hadn't added the much needed injection into the skilled workforce, and called for a [return to Interest-bearing Student loans](#).

### **But srsly, what about the Tax-Go-round?**

PRO says it's all good. In his aptly named, "Section B", he paints a very simple picture:

Government sustains itself by Tax.

Tax paid for by people in Jobs.

Government helps Students study.

Students get jobs.

Students Pay Tax.

So it all works itself out in the end see?

Interest-free Student loans, (not to mention all the other subsidies and allowances) are just temporary - **it's an INVESTMENT.**

□

Let's take a closer look at this investment shall we?

My opponent has already mentioned the fact that many students can't be expected to pay their loans back, and those that do, can't really be expected to even START doing so until several years

after they graduated.

He's mentioned that many may not ever pay the loans back due to issues getting work, issues getting paid enough and issues with health.

He even mentioned the enormous numbers of Students that will commit suicide after contemplating this financial burden.

I've given actual evidence to compliment his statements, showing that there are significant amounts of student loan which simply have to be wiped from the government's books as the Students simply refuse to pay it back.

Now let's consider the truth of the matter.

The government doesn't just print new money to give to Students. **It borrows it.** It has to because actually most governments don't have loads of surplus lying around for this kind of thing.

When the government borrows money from the banks for this, they are charged...  
dumdedahhh... **INTEREST!**

While the Students decide whether they'd like to get a job and start paying their loan back, or do that post grad in [the Science of Harry Potter](#), the interest is accruing on that bank loan.

Unfortunately the Banks really ARE in it to make money.

By the time the Students DO decide they've had enough of [Learning from YouTube](#), they often find that they don't actually want to work in the fields they've studied. So they don't get the job we paid them for, and we don't get our money back because they don't earn enough.

In fact, [according to research...](#)

**Only about 15% of Med Students go on to become Doctors**

In his last round, my opponent questioned why it is that I've been dropping all these useless but actual real life degrees from proper functioning Tertiary Institutes. He noted that I hadn't been mentioning the ones we generally give more weight to.

That's because for every "serious" degree he's mentioned in the debate, I've mentioned more

than two completely pointless ones.

**And these degrees take in REAL students, borrowing REAL money, with absolutely NO HOPE of paying it back.**

And my opponent wants us to give it to them Interest-free.

The truth is that the vast majority of students that rack up debts studying law or Neuroscience, don't make it. The loan is still real though.

**All things considered, this is a pretty terrible Investment.** Cleaning up that Ocean is looking pretty good right about now.

### **Charging Interest can Improve Student Success.**

In the first round, I postulated that making Tertiary education more exclusive, (by making it harder to get afford) can actually improve the return on our investment. PRO still hasn't addressed this point and I'd like to develop it more now.

It goes like this:

### **Degrees cost students more, so less of them go for it.**

That means more people contributing to society by other means, and paying taxes while doing so. Workforce is expanded. Government has more money.

### **Students are more motivated to stick with their degree, and to attain a positive result.**

We get more doctors for our money. Better return on Investment, baby. Talk about "*managing money sensibly...*", which after all, "*...is something we expect governments to do.*" (~PRO, Round three)

In the second round my opponent weakly protested that it wouldn't be fair, it was elitist.

No problem, that's what scholarships are for, that's what quotas are for, that's what special grants are for.

There are loads of ways we can handle this, and still make sure that it's not only the rich that get to go.

The other nice spin off from this is that **Universities may have to lower the ridiculous fees they currently charge.**

PRO's favourite country, Australia, currently has Interest-free loans, and some of the [highest average University fees in the world!](#)

if the Students numbers fall too much, it will create more competition among Universities. The pointless degrees will drop away, and the Universities will fall over themselves trying to attract the students.

**Heck, maybe the government should stop giving out loans altogether!**

Judges, I thank you again for your time and consideration. This resolution has been fun, but ultimately I think you'll agree it has been soundly negated.

**Vote CON - give me feedback too, it's like adding 25% Interest!**

**And that's never a bad thing!**



**Benji Alexander Smith (PRO)**

**Round Forfeited**

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