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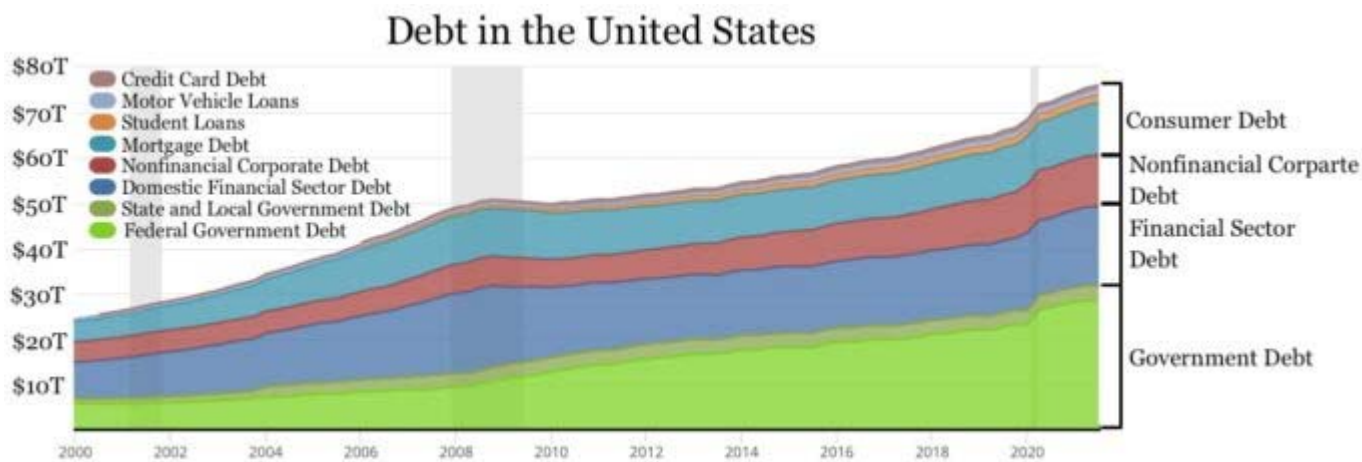
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زبانهای اروپایی

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## A Nation of Debtors: USA



Debt in the United States. Source: St. Louis Federal Reserve.

Americans are up to their eyeballs in debt. At a time when the national debt exceeds \$35 trillion, U.S. citizens are awash in red ink. They've got medical debt, credit card debt, mortgage debt, educational debt and more. Contrary to the popular bromide that we are a nation of homeowners, we aren't. Only 25 percent of home "owners" own their domicile outright. The rest are home debtors, paying exorbitant interest on mortgage debt and teetering on the brink of default, should a large, unexpected expense wallop them. Unlike the Chinese, over 90 percent of whom own their homes outright (of those only 18 percent have mortgages), China is a nation of savers. The U.S., not so much. This is not to say Americans are profligate, irresponsible spenders; what they are is short of funds, even though they work hard, because the soi-disant free market (free? Ho, ho!) is rigged against them.

In the second quarter of 2024, Americans owed \$1.142 trillion on their credit cards. They owed at least \$220 billion in medical debt, with 14 million Americans owing more than \$1000 and 3 million owing over \$10,000. Mortgage balances reached \$12.52 trillion, and car loans were \$1.63 trillion. According to the Federal Reserve Bank of New York, household debt totals \$17.8 trillion, while 3.2 percent of outstanding debt is in some stage of delinquency. As for education debt, Americans owe \$1.74 trillion on private and federal student loans.

On August 22, the Debt Collective reported that the student debt striker who took the Democratic National Committee stage made history. Nathan Hornes told “how organized students and then [California] attorney general Kamala Harris took down Corinthian College, the predatory for-profit college chain.” It started in 2014, when the “Debt Collective organized the first ever student debt strike – the Corinthian 15.” The debtors refused to repay their predatory loans. The Collective then leveraged part “of the Higher Education Act of 1965 – borrower defense – to demand federal student debt relief for defrauded students.”

They won in 2022, when president Joe Biden “cancelled all federal student loan debt held by former Corinthian students...” A Collective spokesperson said: “Key to Kamala Harris’ origin story is taking down a predatory for-profit college.” Needless to say, the Collective hopes for more such action should Harris win the white house. But to judge from Biden’ track record on populist campaign promises from the minimum wage to establishing a public option for medical insurance, I’d say, don’t hold your breath.

As Hornes told the DNC, Corinthian Colleges “was a predatory for-profit chain. They defrauded more than half a million students and burdened us with loans we could never repay. Then Kamala Harris...stuck up for student debtors and prosecuted Corinthian.” Hornes owed \$70,000 “for a worthless business degree from the school...For years school officials lied to me. The school misrepresented job placement statistics to boost enrollment...around graduation...school employees insisted I sign a waiver that stated I wouldn’t try to sue the school or its parent company.” Thus many for-profit colleges in the U.S.

For those whose families cannot afford the nearly \$100,000 annual price-tag to attend a prestigious private university or who lack the cash or grades for a public one, community college or a for-profit school may be the only choice. But they induce sticker shock, too. Worse, their degrees don’t offer much of a foothold on the upward economic ladder.

Without these institutions, however, there is painfully little hope for advancement for the penurious. And so, millions of young Americans with little family financial cushion, find themselves so in debt that they truly can be called serfs. This modern serfdom, like its medieval forerunner, keeps them indebted into their twilight years, with little ability ever for full repayment and the very real chance that their families including possibly their offspring (anything could happen in this sick, skewed education finance scheme) will inherit their debt – to add to their own, of course. It’s a fiendish system that needs to be razed to the ground to return to, say, the halcyon days of the 1960s and ‘70s, when education at a public university cost a pittance and the demos could broadly get educated without risk of destitution.

Unfortunately, the financial architecture that existed 60 years ago was dismantled starting in the late 1970s by the Democrats who’d built it, with destructive, gung-ho GOP aid. Both parties, at the behest of Big Business, demolished the so-called welfare state, paving the way for a new billionaire class, by stealing the wealth of the middle class and even the few, tatterdemalion comforts of the poor. Trillions of dollars were transferred from the pockets of ordinary people in one of the speediest, most spectacular mass dispossessions in history. So with the bipartisan enabler of corporate vampires still in power, change doesn’t look likely. Only by ejecting both parties from the white house and capitol could we dream of creating an economy that works for the people. And that ain’t happening, because the bipartisan far-right won’t budge.

And even if we somehow ejected the duopoly, it’s still in charge at the supreme court, making lousy decisions. For instance, the high court “maintained a temporary pause on a new effort by President Biden to wipe out tens and perhaps hundreds of billions of dollars of student debt,” the New York Times reported August 28. Last year, the supremes nixed Biden’s cancellation of \$400 billion in loans. So stay tuned for high court approval of debtors’ prison. Seriously. This court is so retrograde, that’s within the realm of possibility. After all, one so-called justice, Samuel Alito, approvingly cited a centuries-old advocate of witch burning in one of his more boneheaded decisions.

So we get stories like Hornes,’ of being ripped off by criminal predators posing as educators. “My suspicion that something wasn’t right,” Hornes recounted in an article for Teen Vogue, June 2, 2022, “turned to terror when, after leaving the school, most of the students in my class couldn’t establish careers in the real world. Many employers did not regard a degree from Corinthian as legitimate. One hiring manager even laughed at me,”

when Hornes revealed he had attended a Corinthian school. That's the supposed free market in education, where scammers rule the roost.

They do it in housing, too. With multitudes of Americans priced out of the homeownership chimera, they face the highway robbery of insanely, artificially inflated rents. On August 23, the New York Times reported that "the Justice Department filed an antitrust suit against the real estate software company [RealPage], accusing it of an illegal pricing scheme to charge tenants more." As if \$5000 per month for an apartment in California isn't enough.

DOJ charged that RealPage's software "enabled landlords to collude to raise rents across the United States." So while the millennial serf, crushed by education debt, can't afford to purchase a home, he or she gets gouged by landlords conspiring to shoot their rents into the stratosphere. I wonder what Alito will say about that, if and when RealPage ever comes before him. One thing you can be sure of – he won't rule for a tenant's right to affordable housing, no matter how criminal the landlord. In fact, it's a miracle he and his like-minded "justices" haven't ridden to the rescue of the education crooks outright. But oh, my bad, they've done it indirectly, by squelching any possible debt relief for student serfs.

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