



The Daily Dish

Student Loans, Again

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Eakinomics: Student Loans, Again

The soap opera that is U.S. student loan policy continues. Over the weekend the Biden Administration [announced](#) it was extending the moratorium on student loan payments until January 31, 2022. During the moratorium direct student loans are interest-free and not subject to repayment or penalties for nonpayment.

The question is: Why?

One possibility is that the left simply doesn't expect anybody to pay anything, ever. As a review, the concept of loans fundamentally involves repayment, per the definition.

Loan: a thing that is borrowed, especially a sum of money that is expected to be paid back with interest.

So, the whole idea is to repay. Why delay it?

A second possibility is that this is good public health policy. After all, this is a public health emergency, and every policy should be oriented toward reducing the incidence and impacts of COVID-19. Maybe, just maybe, this made sense in March 2020 (when the moratorium was instituted) because non-payment would reduce the chance that someone exposed themselves to risky conditions in order to remain current on their loan. But I seriously doubt this made a dent in the transmission rate of COVID-19.

A third, related, possibility is that this is important economic policy. *The New York Times* reports, "Since the beginning of the Covid-19 pandemic, millions of Americans have struggled to keep a roof over their heads, pay bills and put food on the table,' the heads of the Senate and House Education Committees, Senator Patty Murray of Washington and Representative Robert C. Scott of Virginia, wrote [in a June letter](#).'" Similarly, "They also

wrote that the pause had helped borrowers ‘cover essential expenses during the pandemic and during ongoing recovery efforts.’”

This is the same logic as that behind the eviction moratorium, and it puzzles me. From the onset, the checks, generous unemployment insurance, the Paycheck Protection Program, and other policies have devoted trillions of dollars to maintaining the income flows to households. If the income has been maintained, why do the payments have to stop?

Granted, the income replacement won’t be perfect for everyone, but that hardly justifies a blanket moratorium on people in all economic circumstances. Should someone have to demonstrate a little need? The blanket extension is even harder to justify in an economy that has a record number of job openings and a clear need for workers. Where does “get a job, pay your debts” fit into the administration’s economic policies?