

# Are Student Loans Bringing Back Indentured Labor?

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*The American system of financing higher education is broken. Instead of freeing students to use their talents in creative ways, it saddles them with a form of oppressive debt—to the detriment of themselves and of society.*

Indentured servants made up a [large part of the workforce](#) in colonial America. These were typically young people from Europe who paid for their passage to North America by working for a set number of years (usually between four to seven) [as virtual slaves](#).

This form of indentured labor disappeared from American society in the early 1900s. But the staggering burden of debt incurred by today's college students—in which young people pay huge fees for the opportunity to work for a living wage—has been compared to a modern form of indenture.

In taking on such indebtedness, students are only trying to keep pace with the ever-rising cost of a college degree. Over the last 40 years, tuition and fees at U.S. schools have increased almost twelve-fold, far more than food, housing and even medical care.

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Public colleges, traditionally the educators of working-class students, no longer provide an affordable alternative to high-priced private institutions. [Sharp cuts in state funding](#) in recent years have shifted more and more of the costs to students in state and city schools, with an inevitable rise in student debt.

The social costs of this relentless inflation in higher education are substantial. At a time when so many new jobs call for college-level skills, the [percentage of high school graduates enrolling in college](#) has actually been declining: from 70.1 percent in 2009 to 65.9 percent in 2013.

An “investment” in a college education today [will still pay off over the long run](#) in terms of higher income. That's something upon which economists who do cost-benefit analyses generally agree.

But borrowing to pay for college tuition isn't like borrowing money to start a business. It has a much greater effect on society because of the kind of career choices it influences people to make. And because of the choice they must make, before they can choose a career.

Debt You Can't Escape

To start with, the price of a college education is the charge people have to pay to gain access to a labor market. That makes it essentially a “transportation fee”—in labor studies, that’s a charge people have to pay to gain access to a labor market.

And here’s the rub: *student debt cannot be discharged*. Unlike most every other form of debt in the United States, such as credit cards and mortgage payments, you cannot declare bankruptcy to get rid of it. The hang-time of student loans is effectively limitless. An estimated two million Americans [60 years old](#) and over are still paying off student loans. And given the continuing rise in college costs, this number is sure to skyrocket in the coming years.

On top of this, collection agencies have extraordinary powers to collect on student loans—powers that far exceed their ability to extract payments from other kinds of debtors. They can garnish wages, take income tax returns, and demand a portion of Social Security checks. Such tactics can force those who fall behind on payments into a [death spiral of inescapable debt](#).

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Andrew Ross, a professor of sociology at New York University who focuses on labor issues, sees a clear parallel to traditional forms of indenture: “We have reached the point, in the 21st century ‘knowledge economy’, where a majority of skilled employees must go into debt in order to labor. Practically speaking, indebtedness is the condition of entry into the workforce.”

There are modern parallels as well.

In much of the Middle East a system of indentured labor, known as *kafala*, transports poor workers from countries like India, Bangladesh, and Pakistan, to rich Gulf countries like Qatar and the United Arab Emirates, where they perform manual labor. These workers pay exorbitant recruitment fees that take years of labor to pay off. Frequently deceived about the size of the transport fee and the wages owed them, they often find themselves [unable to break free of debt](#).

Like the *kafala* workers—or the Latin American migrants who pay large sums to be transported to work in the U.S.—the vast majority of American college students today must go into debt for a chance at decent employment, and then must spend years and even decades paying back the loans that afforded them entry into the labor market.

### Debt’s For Sure, But Not A Job

In some ways, says Professor Ross, today’s students have a harder time than indentured laborers in the past. In traditional forms of indenture, employment was more or less guaranteed. “That is not the case with modern knowledge workers—which makes their condition even more precarious.”

In addition, the fear of defaulting keeps some workers from taking career chances that might benefit society but all but guarantee a lower income—think social worker, artist or teacher. Instead, people opt for the certainty of a bigger corporate paycheck to cover their student loan payments.

The current economic trends of education are perverting the traditional role of a college

degree. Rather than boosting upward mobility, the crushing weight of college loans may be forcing millions of students into a stultifying life-sentence of indebtedness, while depriving society of the benefits of a flexible and creative workforce.

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