

The Student Debt Time Bomb: Breaking the Grip of the Predatory Lenders

Global Research News Hour episode 96

By [Michael Welch](#), [Kélia Rames](#), and [Ellen Brown](#)

Global Research, March 14, 2015

Region: [Canada](#), [USA](#)

Theme: [Global Economy](#), [GLOBAL RESEARCH NEWS HOUR](#), [Poverty & Social Inequality](#)

*If you owe the bank a thousand dollars, the bank owns you.
If you owe the bank a trillion dollars, you own the bank.
Together, we own the bank.*

-[The Debt Collective](#)

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Length (59:32)

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It's been called a [Student Debt Time Bomb](#).

As of the fourth quarter of fiscal year 2014, student loan debt stood at a colossal \$1.16 trillion dollars. According to CNN, this debt applies to [40 million Americans](#).

CATEGORY	QUARTERLY CHANGE*	ANNUAL CHANGE**	TOTAL AS OF Q4 2014
Mortgage Debt	(+) \$39 billion	(+) \$121 billion	\$8.17 trillion
StudentLoan Debt	(+) \$31 billion	(+) \$77 billion	\$1.16 trillion
Auto Loan Debt	(+) \$21 billion	(+) \$92 billion	\$955 billion
Credit Card Debt	(+) \$20 billion	(+) \$17 billion	\$700 billion
HELOC	(-) \$2 billion	(-) \$19 billion	\$510 billion

CATEGORY	QUARTERLY CHANGE*	ANNUAL CHANGE**	TOTAL AS OF Q4 2014
Total Debt	(+) \$117 billion	(+) \$306 billion	\$11.83 trillion

- Q4 2014 *Household Debt and Credit Report*, Federal Reserve Bank of New York [1]

The days when a higher education guaranteed a secure job are long gone. At the end of the day, the jobs that might have been lucrative enough to pay off those debts are not there, leaving these former students saddled with an unpayable debt, worsened by compound interest.

But resistance is growing. In February, a group of former students from the Corinthian College Inc. Chain of for-profit schools [announced](#) they would not be paying back their loans. This action follows a [lawsuit against Corinthian](#) from a federal Consumer Protection Agency over its alleged “predatory lending scheme.”

With over a trillion in debt owing, and growing thanks to compound interest, and no high paying jobs on the horizon equal to paying all that debt off, the ingredients may be in place for the next financial crisis.

On this week’s Global Research News Hour, we pay tribute to the student movements both in the US and in Canada, with a special look at the student debt crisis.

In the first half hour, Ellen Brown puts forward her thoughts about the hazards of turning debt into publicly traded assets, how the situation got as bad as it did and how it compares with the Subprime Mortgage fiasco which led to the meltdown of 2008, as well as her thoughts about possible peaceful ways of resolving the crisis.

In the second half hour we will hear a speech given in September 2011 by Kellia Rames-Watson which promotes not only reform but the disassembly of our money system. In her speech she also promoted the very action now being taken by the Corinthian 15.

Ellen Brown is the founder of the [Public Banking Institute](#) and a former civil litigation attorney. She has authored hundreds of articles and a dozen books, including the 2007 best-seller [Web Of Debt](#) and its 2013 sequel [The Public Bank Solution](#), Ellen Brown lives in Los Angeles.

[Kellia Rames-Watson](#) is an independent audio and print journalist and podcast producer living in the San Francisco Bay Area. She has a Bachelor’s Degree in Economics (cum Laude) from Fordham University in New York. She has contributed her work to the [Women’s International News Gathering Service](#) (WINGS), [Indybay.org](#), [Intrepid Report](#) and to [Global Research](#).

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Notes:

1) <http://www.newyorkfed.org/newsevents/news/research/2015/rp150217.html>

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