Silence=Debt

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Brian Holmes

This text is about a particularly threatening aspect of the American economy: the student loan business. I will show how the use of federally guaranteed loans to make college more accessible has ended up creating a monster. The loan business itself, the extraordinary burden of debt that results from it, the rising tuition costs that drive the debt explosion, and the deeper transformations of the knowledge-based economy will all be treated in turn. The conclusion discusses some possibilities for changing this situation. Books, articles and other documents for further inquiry are referenced in the notes, with links whenever possible. The text begins with a personal anecdote.

I. The Business

Sallie was her name: Sallie Mae. Though I knew it must be a corporation I still couldn't figure out why I should send checks to this woman, who had not been anywhere in sight when I signed up for my Guaranteed Student Loan. I took out $10,000 for my graduate education at UC Berkeley in the mid-1980s, then left the States to pursue my Ph.D. research in France. There I got used to the stream of bills, notifications and threats of dire consequence from Sallie Mae. I would let it go for a few months at a time, then pay just before they upped the ante. I was irked by the way they had unilaterally decided that my studies were over, and had started compounding the interest immediately, even during the short deferment period that was conceded to me. Finally I received notification of my impending default. At that point I had a decent freelance translating contract. I can still remember calling them just a few hours before the fateful deadline, saying "OK, I'll pay it in full, how about my American Express card?" The guy on the other end seemed shocked. He said "Fine, we'll take anything."

They really will. Today I realize that I was triply lucky. First, because I got my degrees when public education was still public, and therefore relatively cheap. Second, because I did not actually default. Had I done so, a combination of penalties, fees and further compound interest could have pushed the bill beyond my ability to pay, setting off a spiral of ever-increasing debt. Third, I was lucky that they actually accepted and processed my application, rather than alleging some technical delay that would have sent my loan over the limit and led to serious consequences. Today there are countless stories of people who made every effort to pay and ended up with bills for two, three, or even *four times* what they originally borrowed. With the average doctoral debt now running around $57,000, this simple bit of math paints a terrifying picture.

How did it all begin? Direct government loans to college students were launched during the Cold War, with the National Defense Education Act of 1958, at a time when students were few and tuition fees were still very low. That program would be expanded by the Higher Education Act of 1965, as part of Johnson's "Great Society." At that point, an accounting trick came into the picture. Direct loans to students appeared as a loss on the federal budget. Loans made by private lenders, but *guaranteed* by the government, would not show up at all. To oversee the guarantee program, a hodgepodge of existing state and regional entities were transformed into "guarantor agencies" to handle relationships with the banks, the universities and the students. These agencies had their own balance sheets, receiving federal money for the operations they performed. In particular, when a loan defaulted and a guarantee payment was made to the lender, they took a percentage (now 16%) on whatever they could collect from the borrower in default. This system introduced a large number of middlemen, working under different auspices depending on the state and the particular institution.[1] With every amendment to the Higher Education Act, the legislative forest became thicker. The stage was set for tremendous corruption.

To see that corruption in action, let's focus on Sallie Mae: the largest financial services company in the education sector. It was founded in 1972 as a government sponsored enterprise called the Student Loan Marketing Association. Its function was to provide a secondary market for guaranteed student loans, which means it was supposed to buy loans from smaller lenders, in order to keep the market liquid. It was privatized in stages, from 1995 to 2004, and it became the SML corporation. By 2005 it was earning $1.9 billion a year, with a profit margin that peaked at 46.5%. Of course there was a magic formula. In 1995, Sallie Mae was the first to issue student loan asset backed securities, or SLABS. They are the student-loan equivalent of the mortgage-backed securities that drove the housing bubble. Because the loans that Sallie was bundling were federally guaranteed, and therefore risk-free, it could easily unload them to people looking for blue-chip investments. It used the proceeds to acquire supporting businesses such as lenders, collection services, and even the technically non-profit "guarantor agencies" that had evolved (or decayed, if you prefer) at the state level. In this way, the SML corporation gained a dominant position in the college loan market, far ahead of major competitors like Citibank or Nelnet. It used that position to make its shareholders and its executives filthy rich. Alfred Lord, the megamillionaire CEO of SLM corp, is the symbol of the loan guy who made it big. But his competitors also prospered.[2]

Unlike most other debt, federally backed student loans have been non-dischargeable in bankruptcy since 1976; and since 2005, private student loans can't be escaped through bankruptcy either. Over the decades, collection agencies have been granted an increasingly longer list of special powers when it comes to student loan recovery. If you borrowed money to go to school, Sallie may have done all kinds of things to you.[3] It, or its affiliates or competitors, may have garnished your wages, tax returns, Social Security or even disability payments. They may have robocalled you at all hours, called you at work, or called the cellphones of your friends and family trying to collect on you. They may have charged you hundreds or thousands of dollars in penalties. They may have assessed a 25% fee on your defaulted loan, and then immediately begun charging compound interest on that as well. They may have hounded your cosigning parents after your untimely death. Plus there are rarer and crueler actions, as well as lots of deleterious side effects. But the good news for the lenders is that these efforts are effective. On average, the Department of Education gets back the principal plus 20% in interest and fees on all defaulted loans. That's right: 120% for the government.[4] And the borrowers have will have paid out much more. The surplus is for the companies.

But Sallie and her friends may have done other things as well. Far in advance of your arrival at the hallowed halls, they may have corrupted your financial aid office with perks to the employees or kickbacks to the university, to get themselves placed on the preferred lender list. They may have purchased the guarantor agency in your state, or lobbied to change the regulatory framework under which it operates, or shown it an irresistible example of rapacious practices. Their political action committees may have contributed to the campaigns of your representatives in the House or the Senate. They may have offered luxurious "fact-finding trips" to those representatives, or secured jobs for their relatives. The prime example of this is John Boehner, former chairman of the House Committee on Education and the Workforce, whose daughter works for one of Sallie's companies.[5] But Boehner was not alone. In 1993, the Clinton administration saw the absurdity of the guarantee system and instituted a Direct Loan program. It grew rapidly at first, but was whittled back in the Republican-dominated congresses that followed. The tremendous expansion of the student loan industry in the last two decades would have been impossible without congressional support. The results are before our eyes.

II. The Burden

The current total of outstanding student loans is roughly $1 trillion. As many know, it has surpassed credit-card debt. However, there are far fewer people with student loans than with credit cards, which means that each student debtor owes far more. According to the financial aid information website, FinAid.org, total student debt increases at an average of $2,853.88 *per second*. Alarmingly, the rate has accelerated with the economic crisis. In 2010, student borrowing exceeded $100 billion. A record.

To understand more, let's crunch some numbers.[6] In 2007-08 some 61% of graduating students at four-year public universities took out loans, for an average of $19,839. At four-year non-profits it goes up to 70.6%, for an average loan of $27,349. At four-year for-profit schools, a staggering 97% of graduating students took out loans, for an average of $27,510 each. And what those statistics do not capture are probably the worst cases, particularly frequent at the for-profit schools, where students take out loans but don't get a degree.

Now let's pile it higher and deeper. For Ph.D.s at all schools combined, the percentage taking out loans goes mercifully down to 45.8%, presumably because of grants and part-time teaching appointments. But here's the higher and deeper part: Ph.D.s who do take out loans rack up an average of $57,860. Compound interest is hard to figure, so don't do the math in your head unless you're good at it. I used the calculator on the FinAid website. At the standard interest rate of 6.8% for Stafford loans, assuming there are no other fees (which is a false assumption), the average debt-ridden Ph.D. is going to shell out around $650 a month for ten years, ultimately paying $22,000 of interest. Which is fine if you land that dream job at Columbia or Santa Cruz. However, it's not so great, or quasi-impossible, if you're waiting tables or working as an adjunct for $20,000 a year or less. Of course you can cut the bill down to $265 a month for 25 years. But then you'll pay $62,000 interest – and spend your life doing it. This is the burden of student debt. And unlike a mortgage on a house, there is no "jingle mail": you can't put the keys in an envelope addressed to the bank and walk away free.

Because of the sums that students owe, and because of the long period of their productive lifetime that will be spent paying them back, student debt has been compared to indentured labor. In the early colonial period British companies would ship you over for a fresh start in the New World – in exchange for six or seven years of hard work once you got there. Nowadays the bank takes only ten to twenty percent of your earnings; but it can go on for twenty years or more. As Jeffrey Williams notes, there are some Chicago-school economic historians who believe that indentured labor in the colonies was a fair shake, or a rational market exchange, as they like to say.[7] Others people think that a massive population of college graduates socked with crippling debt is living proof that something has gone fundamentally wrong with our society. That second group has grown considerably with the so-called Great Recession.

College is supposed to be the entry ramp to the American dream. Just close your eyes and hit the pedal. The latest Gallup poll (Jan 2012) has unemployment at 8.3%, with 10% more who can't get full-time work. To be unemployed or even underemployed with large loans can become a desperate situation. In May 2011, survey of college grads from 2006 to 2010 found that 7% were out of work and 7% more were looking for full time work.[8] College graduates still do much better than the general population, especially after a few years. But their pay is declining. A plethora of newspaper stories shows that there is growing doubt about whether college is really worth it, and growing awareness of the loan scam.

For those with a humanities degree who hope for a teaching position, the situation has been dire for two decades. It's clear that non-tenure-track or "contingent" faculty, including grad students, teach an increasing percentage of university courses, for a lot less pay. A 2008 study commissioned by the

American Federation of Teachers found that 57% of courses at research universities were taught by contingent faculty. But that doesn't mean there are peanuts for everyone. Marc Bosquet, the educational labor activist and author of *How the University Works*, goes so far as to say: "In many disciplines, for the majority of graduates, the Ph.D. indicates the logical conclusion of an academic career."[9] In other words, your student and teaching days will have been one and the same.

So why was 2010 a record year for the loan industry? On the one hand, college money is harder to come by for young people. So they borrow more. On the other, large numbers of middle-aged people have gone back to school, hoping to retrain for a better job. So they borrow too. What's more, increasing numbers of parents are taking out loans, probably because their kids are maxed out. And a statement by the National Association of Consumer Bankruptcy Attorneys, entitled "The Student Loan Debt-Bomb," reports that private loans are booming: "The percentage of undergraduates with private student loans rose from five percent in 2003-04 to 14 percent in 2007-08."[10] These loans carry risk premiums that depend on the borrower's income, so they have higher interest rates than the federally guaranteed ones. What does all that portend? It sounds a lot like the housing bubble, and the two situations are similar in one key respect: millions of people have taken out loans that they can't repay.

A massive default is inevitable. In fact it's happening. The official default rate on federal loans for the class of 2009 has risen to 9%. But that's a spurious measure: it only covers those who cease repayment within two years after graduation. Projected default rates on federal loans over a twenty-year period reach 15.8% for the class of 2008, with a staggering 46.3% projected default rate for those attending for-profit institutions.[11] The secondary market that fueled the rise of Sallie Mae collapsed in the credit crunch of 2008, and the federal government had to step in with emergency legislation: the Ensuring Continued Access to Student Loans Act, which translates as "We'll buy your edu-junk." Reading the writing on the wall, the Obama administration changed the conditions of future debt, by inserting the Student Aid and Fiscal Responsibility Act as a rider to the 2010 health-care reform bill. It abolished the wasteful guarantee system in favor of Direct Lending, capped repayment at 10% of income for those earning less than 150% of the official poverty level, shortened the forgiveness date to 20 years for those who make consistently timely payments and temporarily lowered interest rates to 3.8%. However, it also replaced the administration and collection functions of the former guarantor agencies with none other than... Sallie Mae and Nelnet, plus two other well-established student loan corporations. And the whole deal only applies to loans made from 2012 onward, leaving everyone else under the former regime. To that, add the further proviso that just as in the past, this apparently progressive legislation can be twisted to its opposite in a Congress dominated by financial lobbies. The sharks don't usually leave when the bleeding begins.

The massive default is happening, but in silence, under a heavy burden of accumulated threats. It is characterized by individual financial duress and isolated moral suffering, rather than collective political action. What effects will it have on the people involved, on the educational system as a whole, and on the wider society? How can the Occupy movement and related coalitions intervene? Before opening up these questions – and in order to open them up in the most useful way – let's look closely at the forces behind the explosion of student debt, and see how they have transformed our entire educational system.

III. The Driving Forces

As of today (early 2012), the best short pamphlet on the student loan crisis is the one put out by the journal *Reclamations* at UC Berkeley, under the title "Generation of Debt: The University in Default and the Undoing of Campus Life." One of the contributors, Mark Paschal, seeks a framework for understanding how student debt has evolved within "a bi-partisan neoliberal regime that has dominated the geopolitical landscape since the 1970s." Here is his idea in a nutshell: "The backdrop for this is a US economy where narrow profit margins for manufacturing and traditional banking have forced capital to seek an acceptable return on investment in the debt of more and more Americans. Capital must return a profit and, increasingly, finds it can only return this profit in complex private equity/real estate deals financed by student and consumer debt as well as massive government subsidies."[12] I want to examine both the truth and the limits of this idea.

To get into this argument you have to know that for at least half a century, tuition and associated university costs have risen faster than inflation (typically around twice as fast, with steeper hikes in the 2000's and continuing today).[13] So why does tuition go up so fast, despite expanding endowments? And why is there so much cost-cutting at the same time, particularly on teaching and service personnel? University officials generally talk about lower contributions from state governments and steeper research costs. Critics are now pointing much more insistently to the multiplication of administrative posts and the six- (or even seven-) figure salaries of top administrators; the millions of dollars allotted to sports facilities and star coaches (who typically get the largest salaries of all); the cost of medical schools, university hospitals and their personnel; and last but not least, major outlays for the burgeoning leisure facilities and campus services required to maintain a top score in the annual ranking of *US News and World Report*, which is considered crucial for attracting students. Rolling all of this back into their favorite explanation, neoliberals say that the distortion of the economy through federal grants and loans has neutralized free-market regulatory mechanisms and spurred inflationary growth. Both campus construction campaigns and the explosion of debt are chalked up to the very existence of the subsidized loans.

Paschal explains things quite differently. Countering the neoliberals, he says that the problem with the loans lies in the 1972 decision to attribute them directly to students, rather than leaving them under the supervision of each university. This places the individual student in the position of consumer with respect to the university product. Consumer desire primes the inflationary pump of the education bubble. However, his real argument is elsewhere. He quotes a Santa Cruz professor named Bob Meister, who asked UC students this question: "How does UC sell $1.3 billion in construction bonds immediately after declaring an 'extreme financial emergency,' slashing funds for teaching and research and cutting staff and faculty pay?" Meister's reply: "UC has in fact promised its bond trustee (Bank of New York Mellon Trust) and the companies that rate bonds (S&P and Moody's) that bondholders have first claim on your tuition in the event of default. It has also promised bondholders that it will raise tuition as needed to avoid bond default."[14] In other words, the administration has financialized tuition, making it a guaranteed revenue stream that is pledged as collateral in order to borrow money for the expansion of the system. Paschal then quotes investigative journalism showing that several of the UC Regents, who oversee the finances of the entire system, have been able to profit directly from university construction contracts, from rising real-estate prices around the universities, and from the investment of university retirement funds in outside businesses, including for-profit education.[15] Thus every hike in tuition, and consequent augmentation of student debt, offers fresh possibilities for the extraction of wealth through complex and opaque transactions. To put it brutally, students' debt continually rises because even while they think they are pursuing the American dream, in reality they have become the unwitting prey of what Occupy Wall Street calls "the 1 percent."

In the UC case, as in so many others, these accusations are well founded. For that reason it's urgent to do more research on other universities, to discover where and how such corruption flourishes. But I also think this type of analysis underestimates a broader dynamic, one that extends much deeper into society than the top 1% and affects all the agents of what is called a "knowledge-based economy." At issue is a management strategy that attempts to achieve a higher degree of social functionality, and indeed, control, through the reshaping of behavior (or if you prefer, of subjectivity) within the university environment. A glimpse of this long-term strategy can be obtained by going back to the 1970s, exactly when the economy began to abandon its former manufacturing base, and looking at a text entitled *The Crisis of Democracy*, which is the infamous report for the Trilateral Commission's plenary meeting in Kyoto, Japan, in 1975. Prepared by three leading sociologists of the time, it discusses a crisis of governability in the advanced societies, brought on by what the arch conservative Samuel Huntington called an "excess of democracy."

IV. The Deeper Transformation

To grasp the significance of the Trilateral report for universities we can move directly to Appendix A, which indicates "Arenas for Action." The section entitled "Reexamination of the Costs and Functions of Education" identifies the educational system as "the most important value-producing system in society." Value, in the sociological sense used here, means not only production or profit, but above all, the way people see the world and orient their desires and their actions. The authors believed that after the turmoil of the 1960s there was no longer a good fit between the kinds of values that were produced in universities and those that were required to make society governable. They observe that "the overproduction of people with university education.... can create frustrations and psychological hardships among university graduates who are unable to secure the types of jobs to which they believe their education entitles them." This leads them to frame the problem as a choice between two paths:

> What seems needed... is to relate educational planning to economic and political goals. Should a college education be provided generally because of its contribution to the overall cultural level of the populace and its possible relation to the constructive discharge of the responsibilities of citizenship? If this question is answered in the affirmative, a program is then necessary to lower the job expectations of those who receive a college education. If the question is answered in the negative, then higher educational institutions should be induced to redesign their programs so as to be geared to the patterns of economic development and future job opportunities.[16]

It's clear today that not the first, but rather the second option was taken in the United States, through the development of what critics now know as the "corporatized university" or the so-called "university of excellence."[17] Its economic aim has been to secure an advantage in the competitive struggle between the United States and the new manufacturing centers of Asia.[18] Its political function has been to quell the dissent that arose from the "excess of democracy" in the 1960's. This is the deep neoliberal program. It is not one of simple opposition to government subsidy, as the libertarians would have it. Nor does it represent a simple takeover of specific university departments and funds by profit-seeking corporations and financiers, as some elements of the left believe. Rather it is a program of strategic institutional change, whose goal is the reshaping of society as a whole. Let's try to grasp the broad outlines of that strategic program as it has been applied to – and through – the universities.

The first plank of what appears, from today's standpoint, to be "the neoliberal program," was precisely to justify the use of loans rather than grants or free admission. This was achieved with the theory of human capital, developed at the University of Chicago in the late 1950s and early 1960s. According to this theory, it's rational to invest in the development of one's cognitive capacities, because education during one's youth has been statistically proven to offer monetary returns throughout adult life.[19] The notion of investment in one's own human capital implies a redefinition of the student as an entrepreneur of him or herself. The government, when it provides guaranteed student loans, is merely a facilitator of that entrepreneurship. According to the same reasoning, the professor too can be treated as an entrepreneur, in vigorous and healthy competition with all the others.

In line with this logic – and as part of the economic struggle with Asia – the Bayh-Dole Act, or "Patent and Trademark Law Amendments Act," was passed in 1980. It allows individuals and institutions to patent discoveries arising from federally funded research. The act created a boom of highly profitable knowledge production at American research universities.[20] Once the university had embarked on the sale of patented knowledge, it could begin to redefine its core teaching functions as commodities for sale. This redefinition is visible in the competition for higher rankings and for larger numbers of out-of-state and foreign students (who pay higher tuition), and in the proliferation of commercial franchises on campuses – but also in the conception of student loans as sources of income for the university. At the same time there is an increasing emphasis on the production of copyrighted intellectual property, such as books, video-taped lectures, organizational tools, courseware, online materials for use in distance learning, or even managerial schemas for the transformation of other universities. All of this has been termed "academic capitalism," in one of the most penetrating books about the transformation of the American university system.[21] Academic capitalism can yield income both for individual professors and for the university as a whole. It completes an entrepreneurial ethos for academe. So we are no longer just talking about the withdrawal of government funding or corruption by a few businessmen. These are part of a deeper transformation.

The neoliberal program culminates in the current boom of global university franchising, which generates fresh income for academic capitalism by offering foreign students the chance to get a name-brand American degree in their own country.[22] Citizenship is obviously no longer an issue in the franchised university. Educational institutions have redesigned themselves "so as to be geared to the patterns of economic development and future job opportunities," just as the Trilateral Commission had suggested. But today a contradiction appears. Academic capitalism produces two main types of subjects: either financial managers who are able to successfully prey on the income of others, or scientists and engineers who replace other people's labor – and even their intelligence – with machines. The predatory activities of these subjects are the mainstays of the knowledge-based economy and the source of its capacity to return a profit in societies where traditional manufacturing has declined. Yet the internationalization of that economy, driven by the expansion of American universities, tends to reduce the availability of open markets, or if you prefer, of "easy hunting grounds." Other predators show up on the scene, at the very moment when there is a decline in the size and number of prey.

International competition in the knowledge economy leads to an employment crisis, both within the academy and in the wider society. In reaction to the crisis, elites demand that the university be downsized; and that the non-functional sectors, which no longer appear likely to yield much income through the extraction of tuition, must be radically cut back or even eliminated, lest they produce another "excess of democracy." Today these demands inaugurate a new phase of institutional redesign, amidst an economic and political crisis that is proving as intense and violent as that of the late 1960s and early 1970s. At the heart of the uncertainties is one of the archetypal figures of the Occupy Movement, and indeed of the global Movement of the Squares: the "graduate without a future."

V. Open Questions

The title of this text is borrowed from the ACT-UP slogan, "Silence=Death," which marked the outset of activism by people with AIDS in the late 1980s. ACT-UP responded to an existential threat. To face it, all those involved had to turn grief into anger.[23] If such a slogan returns today, it's because a deeply disquieting sense of existential threat can now be felt throughout North America. It stems from a condition of powerlessness, of meaninglessness, of inability to do anything about vast changes that negate oneself and one's belief in the promise of an egalitarian democracy. A similar sense of threat can be found all over the world, as people everywhere face the fact that the ruling classes – what Occupy Wall Street calls "the 1 percent" – have no solutions for the multiple crises that we face. Today, because of the rapaciousness of the banks, that long-term sense of threat has crystallized into the pragmatic reality of unpayable debt. At this point there is a breaking silence around the issue. The first question is what's going to happen when the silence really breaks. The Occupy movement and the proto-revolutionary figure of the "graduate without a future" have begun to answer that question.

Two current projects show the way forward. The first is the Occupy Student Debt Campaign (www.occupystudentdebtcampaign.org). Its principles and action plan are made crystal clear in its central proposal, which is a pledge that can be signed by student debtors:

> As members of the most indebted generations in history, we pledge to stop making student loan payments after one million of us have signed this pledge. Student loan debt, soon to top $1 trillion, is poisoning the pursuit of higher education. With chronic underemployment likely for decades to come, we will carry an intolerable burden into the future. The time has come to refuse this debt load. Debt distorts our educational priorities and severely limits our life options. Education is not a commodity and it should not be a vehicle for generating debt, or profit for banks. Education at all levels – pre-K through Ph.D. – a right and a public good.
>
> We believe the federal government should cover the cost of tuition at public colleges and universities. * We believe that any student loan should be interest-free. * We believe that private and for-profit colleges and universities, which are largely financed through student debt, should open their books. * We believe that the current student debt load should be written off.

Related pledges can also be signed by faculty who oppose a system that pays their salaries through the exploitation of their students, and by non-debtors in solidarity with those who are being abused by the educational system. Sign it today! The same campaign has organized 1T Day – a national day of action on April 12, 2012, to bring public awareness of all the issues surrounding student loans, on the very day when the total outstanding student debt is estimated to officially top $1 trillion. Be there or be indentured! There is a website full of ideas on how to celebrate this historic day, with informational, satirical and enjoyable actions (http://1tday.org). How about the National Kiss-in Against Student Debt? "*If the banks can make out like bandits, so can we!*"

The second campaign is Occupy University (http://university.nycga.net). Here the proposal is to set up a number of free universities around the country, where people will be able to learn about what is happening in society and teach each other how it could be changed. There are models for this already, such as The Public School in Los Angeles (http://la.thepublicschool.org), which has held innumerable classes and has set up a user-created virtual library with thousands of volumes that can help you expand your mind and open your heart (http://aaaaarg.org). Until the current educational paradigm changes, free universities will be an essential part of life for people who can no longer afford to go to school, or who can't find the kinds of knowledge they urgently need in a corporate educational system. Check out the first pilot course of Occupy University: *Studying May Day and the General Strike!*

One thing should be clear: no one is saying that the ideal of an open-access, publicly funded university should be abandoned. What's before us is a struggle to recreate an egalitarian society, which includes free access to education and to culture. These campaigns are ways to ask crucial questions about what our society is becoming, and how it could be otherwise. The time has finally come to break the silence around student debt. It's a time for love and a time for anger. A time when we can finally do something.

Resistance is the secret of joy.

1 For more details, see the group of webpages at http://febp.newamerica.net/background-analysis/federal-student-loan-programs-overview.

2 On Sallie Mae and consorts, see Alan Collinge, *The Student Loan Scam: The Most Oppressive Debt in U.S. History – And How We Can Fight Back* (Boston: Beacon, 2009). On SLABS, see Malcom Harris, “Rising Tuition + Student Loans = Education Bubble,” in *The Fiscal Times* (May 9, 2011), http://www.thefiscaltimes.com/Articles/2011/05/09/Rising-Tuition-Student-Loans-Education-Bubble. For a particularly egregious fraud involving Nelnet, see James Kvaal and Robert Shireman, “Money for Nothing,” report published by The Institute for College Access and Success (Aug. 2004), http://ticas.org/ticas_d/money_for_nothing_report.pdf.

3 For a litany of stories, see either Collinge’s excellent book, or Mark Kantrowitz, “The Horrors of Defaulting Education Debt,” article published on FastWeb (Nov. 12, 2009), http://www.fastweb.com/financial-aid/articles/1823-the-horrors-of-defaulting-on-education-debt.

4 Alan Collinge, “Government Profiting on Defaults,” article on the Student Loan Justice website, http://studentloanjustice.org/defaults-making-money.html.

5 Collinge, op. cit., p. 11.

6 This data has been compiled by Mark Kantrowitz at http://www.finaid.org/loans; the source is the Dept. of Education.

7 Jeffrey Willams, “Student Debt and the Spirit of Indenture,” in *Dissent* (Fall 2008) http://www.dissentmagazine.org/article/?article=1303.

8 Jessica Godofsky et. al., "Unfulfilled Expectations: Recent College Graduates Struggle in a Troubled Economy," Rutgers University (May 2011), http://www.heldrich.rutgers.edu/sites/default/files/content/Work_Trends_May_2011.pdf.

9 Marc Bosquet, *How the University Works: Higher Education and the Low-Wage Nation* (New York University Press, 2008), p. 23.

10 The NACBA report can be found here: http://tinyurl.com/nacba-debt-bomb. The survey of bankruptcy attorneys on which much of the report is based is here: http://tinyurl.com/nacba-student-loan-debt-survey.

11 See the federal data and explanations here: http://ifap.ed.gov/eannouncements/122010CDRlifetimerate2010.html.

12 Mark Paschal, “A Framework for Student Debt, in “Generation of Debt: The University in Default and the Undoing of Campus Life,” special issue of *Reclamations* (Aug/Sept. 2011), http://reclamationsjournal.org/pdfs/pamphlet%20debt%20pdf.pdf.

13 See the figures at http://www.finaid.org/savings/tuition-inflation.phtml.

14 Bob Meister, “They Pledged Your Tuition to Wall Street,” at http://keepcaliforniaspromise.org/404.

15 See Peter Byrne, "The Investors’ Club: How the University of California Regents Spin Public Money into Private Profit,” here: http://spot.us/pitches/337-investors-club-how-the-uc-regents-spin-public-funds-into-private-profit/story.

16 Michel Crozier, Samuel Huntington, Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission* (New York: Columbia U.P., 1975), pp. 183-85. The full book can be downloaded here: http://www.trilateral.org/download/doc/crisis_of_democracy.pdf.

17 For the classic discussion of the “university of excellence,” see Bill Readings, *The University in Ruins* (Harvard U.P., 1996). A very precise treatment of the entrepreneurial concept of excellence can be found in Christopher Newfield, *Unmaking the Public University: The Forty-Year Assault on the Middle Class* (Harvard U.P., 2008), section III, pp. 125-236.

18 For a short history and extensive bibliography of the ways in which education has been defined as a resource for international competition, see Lawrence Mishel, "Schools as Scapegoats," on the website of *The American Prospect* (Sept. 24, 2007), http://prospect.org/article/schools-scapegoats.

19 For an introduction to the theory of human capital, see Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79* (New York: Palgrave Macmillan, 2008/), lesson 9, pp. 215-33. References to the founding papers by Theodore Schultz, Jacob Mincer and Gary Becker are found in notes 17-23, p. 235.

20 For a recap of the Bayh-Dole act, see Jennifer Washburn, *University Inc.: The Corporate Corruption of Higher Education* (Cambridge, Mass.: Basic Books, 2005), esp. chapter 3. For an intensive study of the consequences, see Philip Mirowski, *Science-Mart: Privatizing American Science* (Harvard U.P., 2011).

21 See Sheila Slaughter and Gary Rhoades, *Academic Capitalism and the New Economy: Markets, State, and Higher Education* (Johns Hopkins U.P., 2004).

22 On the global franchising of US universities, see E. Han Kim and Min Zhu, “Universities as Firms: The Case of US Overseas Programs,” in: Charles T. Clotfelter, ed., *American Universities in a Global Market* (Chicago U.P., 2010); chapter available here: http://www.nber.org/chapters/c11596.pdf.

23 For an important and inspiring look into these struggles, see Deborah B. Gould, *Moving Politics: Emotion and Act Up’s Fight against AIDS* (Chicago U.P., 2009).