

Republican Congressman breaks with party, admits college loans deserving of bankruptcy

By Gordon Wayne Watts, Editor-in-Chief, *The Register* | Monday, April 11, 2016

Disclaimers: ((#1)) I'm on the IBR (Income Based Repayment) plan with my college loan, and, as I don't foresee any increase in my income, my payment of 10% of my 'discretionary' income (which is presently 'zero', as it is not even above the above an arbitrary minimum) is 10% of 'zero' – which is zero. Thus, the changes in Federal Law I seek will probably not benefit myself directly, and thus I have no bias or direct 'Conflict of Interest'. ((#2)) Moreover, I don't seek 100% forgiveness of my loan, even though there is considerable evidence of Predatory Lending and other fraud committed. (Thus, for these 2 reasons, while I readily admit that I'm human & errant, nonetheless, accusations of being a 'Free Handout Liberal' are without merit.)

LAKELAND, FL – In what may indicate a shift in public opinion on the contentious issue of College Debt, U.S. Representative Dennis A. Ross, representing Florida's 15th Congressional district, including Lakeland, admitted in a recent Town Hall Meeting that if a student borrower can't repay his student loans, we should 'go back' to our prior U.S. Bankruptcy Laws, for, among other reasons, because “we're not really doing a good service, either way...by making them over-indebted for their Education.” Ross breaks ranks with the GOP in this candid admission.

For example, H.R. 1674, the “Private Student Loan Bankruptcy Fairness Act of 2015,” a bill by Rep. Steve Cohen (D-TN-9th), has 40 cosponsors, all Democrat, but none Republican or Independent. And H.R. 5043 (111th), the “Private Student Loan Bankruptcy Fairness Act of 2010,” another bill from Cohon, had 23 cosponsors, all Democrat. The latter bill was introduced on April 15, 2010, in a previous session of Congress, but was not enacted, even though the 111th Congress was under Democratic leadership with Nancy Pelosi.

Both parties, but especially Republicans, are reluctant to allow college loans to be dischargeable in bankruptcy like Credit Card users or the “über-rich” regularly do.

Congressman Ross made these statements in a “Tele-Town Hall” meeting (THM), via telephone, way back on Wed. 05-21-2014, but has yet to introduce any bills offering relief to suffering students, as of almost 2 years later. This is greatly troubling, since college debt has, for the first time in our nation's history, surpassed Credit Card debt, passing the 1 Trillion Dollar mark. (A 'trillion' is a thousand 'billions', or a million 'millions'. With over 300 Million citizens, that is about \$3,333 dollars per person, for perspective.)

The THM was via the telephone, but it was public, as the disclaimers stated at the offset: “Please note that this [public tele-TownHall Meeting] call may be monitored, recorded, or rebroadcast.” Thus, it was not illegal to tape record it, as many “in person” THM's are taped by local news media.

He has cosponsored similar bills, but none addressing bankruptcy. While Ross didn't explicitly give his word to introduce –or cosponsor– a bill addressing bankruptcy, it was insinuated by his comments. The absence of legislation to keep an implicit promise is very troubling, so a review of his tenure is in order:

DENNIS ROSS IS A MAN OF HONOUR AND INTEGRITY

1) While Ross was a state representative, he and Rep. Don Brown from DeFuniak Springs, were the only two legislators to vote against the property insurance bill that made Citizens the largest property insurer in Florida. But, for going against their party, he and Brown were stripped of their posts as council chairmen by then-Speaker Marco Rubio. (The bill passed the House 116-2.) CONCLUSION: Ross & Brown voted against their party and with his free market principles, since expanding these insurance funds would expose Floridian taxpayers to fiscal risks should a big storm hit, **which indicates that they have honour and integrity.**

2) A recent Princeton study finds that: “Despite the seemingly strong empirical support in previous studies for theories of majoritarian democracy, our analyses suggest that majorities of the American public actually have

little influence over the policies our government adopts.” Specifically: “More strikingly, even overwhelmingly large pro-change majorities, with 80 percent of the public favoring a policy change, got that change only about 43 percent of the time.” For example, even when the public was strongly in favour of not using taxpayer dollars for T.A.R.P. and Stimulus bailouts, the 'elite' overruled the “will of the people”: former Rep. Adam Putnam voted for both of these: H R 1424: Emergency Economic Stabilization Act of 2008, aka the 'Mortgage Bailout' and HR 3997: Financial Asset Purchase Authority—Establishes the Troubled Asset Relief Program (T.A.R.P.) to allow the Secretary of the Treasury to purchase troubled assets from any financial institution.

However, Ross has only voted for Appropriation bills that spend more than we make about half the time (by my rough estimation), which, while not great, is above average. This also indicates he has **honour and integrity**.

3) We all remember my infamous 'Heavy Hand' letter to the editor of *The Lakeland Ledger*, complaining that Ross had blocked numerous people from his social media (Facebook, Twitter, etc.) simply for disagreeing. My letter published, and I was unblocked. However, what most may not know is that his office unblocked me approximately twelve (12) hours BEFORE my letter published, and since they did not have any heads up or warning, their unblocking me was not “reactionary,” **but rather because Ross and his staff have honour and integrity**. (Former letters editor, Glen Marston, assured me he did not tip-off Ross, and former political editor, Bill Rufty even went so far as to apologise to me for not calling Ross' office to advocate for me, as I'd asked them: Rufty claimed he was too busy.) So, when Ross claimed that it was a former over-zealous staff member (whom he had to “let go”), I believe him. (I wrote a retraction letter when I found out what happened in order to restore Dennis' good name & reputation, but *The Ledger* chose not to publish it, and my retractions were limited to my own social media.)

4) Moreover, Ross knows he will receive tough questions from me (such as: why did he vote to spend more than we make on several occasions, if he is a 'Conservative'), but he doesn't shy away from calling on my in THM's, be their in person or via the telephone, often taking my questions, when time permits.

5) Dennis has no animosity or anger over the social media misunderstanding (or my harsh letter to the editor), and is always very respectful to me and others, (even recognising me, and remembering my name & face when we met in person even tho the last time was long ago), and I can discern that he is genuine in his concern and care for constituents. **Dennis is not perfect, but he has respect, honour, and integrity.**

BOTH PARTIES VERY BAD – YET WE KEEP REELECTING THEM

Both Republicans and Democrats have, at times, held “complete” power, controlling House, Senate, & Oval Office. However, the national debt has continued to climb almost every year in recent memory. Additionally, college loans are treated “very differently” (worse) than all other loans, and nothing much has changed, even though Democrats and Republicans have taken turns “being in charge.”

As the famous Gallup Poll & others have documented, Congress is only about one level more popular than ISIS, the Taliban, or Al Qaeda, and yet their reelection rate is almost 100%. (That is because we tend to think highly of our own Congressman.)

Even Congressman Ross, whose record is above average (pro-life, supporter of the 2nd amendment, and once rated the “most conservative” congressman in the House of Representatives), has been described as a 'RINO' by the *Conservative Review*. And, to make matters worse, the only higher education bills Ross has supported are ones in which college loans are allowed to continue. Many of my friends (both Democrats but even fellow-Republicans) have said that Ross (and almost all lawmakers of both parties) are “bought off” by the big banks, and that relief will never be forthcoming—be it in our addiction to spending more than we make (and printing money like crazy) or in abandoning college students. Yet, against this backdrop, I must not give up, so now I make a case that there's a problem; I shall not merely complain, but rather offer proposed solutions.

DEBT SLAVERY: A NEW CLASS OF SLAVES (Problem & Proposed Solution)

College Loans can be discharged in bankruptcy, but the 'Undue Hardship' standard (Google it if you didn't get the note) is so difficult as to be next-to-impossible. So –for the purposes of this OpEd– I'm describing Student loans as “lacking” in bankruptcy protection. However, it gets worse: College Loans lack ALL 'Standard Consumer Protections,' constituting Predatory Lending (think: subprime loans). Here is a list of six (6) Common 'Standard Consumer Protections' – Student Borrowers are not told of their absence when they take out the loan: (1) Lack of statutes of limitations; (2) Adherence to usury laws; (3) Fair Debt & Collection practices; (4) The Free Market rights to refinance if a lender comes along with a lower rate –or, most notably; (5) It is next to impossible for Student Loans to be eligible for bankruptcy –and, of course; (6) The lack of the “Truth in Lending” protection denies a student borrower the rights to know that he or she is not protected by “Truth in Lending.” (Ironically, the very law itself prevents the borrower from knowing about said law.)

OK, my proposed solution is 2-fold:

First, a bill like H.R. 3451 (the Student Loan Bankruptcy Parity Act of 2015) might be introduced. It should not only restore bankruptcy discharge to college loans, but should also include ALL Standard Consumer Protections listed above. (In other words, make college loans like Credit Card loans in all respects.)

Secondly, since there is no Constitutional authority to even use tax dollars for Higher Education Loans in the first place, use of taxpayer dollars to make (or guarantee) student loans should be prohibited. (Since there will be “withdrawal symptoms,” perhaps some grant monies could be used to make up the loss, but 'some' and not 'complete': Colleges have too much waste and graft, and are spending too much.)

MY ARGUMENT (Why I am right)

This above is quite ambitious, one must admit. So, why do I think this is tenable? Well, I have three (3) arguments:

- 1) Dennis more-or-less gave his word.
- 2) He is not alone: Many experts in higher education agree with him on key points
- 3) I can make many excellent arguments to prove that Dennis and colleagues are correct

I. He more-or-less gave his word – not only that bankruptcy should be returned to college loans (like it was long ago), but also that we should not have even been involved in higher ed in the first place. He admitted that “we need to get The Government out of the business of loaning the money, because we're loaning taxpayer dollars. We should invite more Private Capitol, we should make it more competitive, and let the *banks* take the risks: That's what they're in the business of doing! And, if they take the risk, and if a person can't pay back , then we go back to your [prior] Bankruptcy Laws, which, umm... You know, the [current] Bankruptcy Laws right now... If a student does file for Bankruptcy, they can have all other debt discharged—**but** their Student Loans. So, we're not really doing a good service, either way, uh, by making them over-indebted for their Education.”

All one needs to do is listen to the public town hall meeting, and come to your own conclusion. But, I am not asking our Congressman to “go it alone.”

II. His second claim, above (that we should not even have taxpayer dollars used for college loans) is supported by no less than three (3) stellar experts in the field: **((#1))First**, Bill Bennett (Secretary of Education from 1985 to 1988 under President Ronald Reagan) put forth the well-known 'Bennett Hypothesis':

“I postulated that the availability of a large amount of federal money was driving up tuition, and in the long run making it more difficult for poor students to go. It's common sense. The more you subsidize something, the more you get of it. And almost every college chancellor or president I met felt that their obligation was to

expand and create more departments, more centers and more graduate programs.”

Bill Bennett, quoted in “Catching Up on the Bennett Hypothesis,” By Samantha Stainburn, Nov. 1, 2013, *New York Times*: www.nytimes.com/2013/11/03/education/edlife/catching-up-on-the-bennett-hypothesis.html

((#2))Secondly, Dr. Ron Paul, former Texas Congressman, said this in his one GOP Primary Debate:

“Well, I think you've proved that the policy of Student Loans is a total failure. I mean – a Trillion dollars of debt? (Applause) And, it's gonna be dumped upon the taxpayer? What have they gotten? A poorer education – and costs that have skyrocketed because of inflation. And, they don't have jobs. There's nothing more dramatically failing than that (student loan) program. So, no, there's no authority in the Constitution for the Federal Government to be dealing with Education. We should get rid of the loan programs, we should get rid of the Dept. of Education. And, give Tax Credits if you have to, to help people. But, the inflation is the big problem. It's 3 times the rate that the government admits inflation is. And, that is natural and normal. When governments inflate the currency, it goes in the areas the government gets involved in. Housing? Prices skyrocket. Stock market? Skyrocketing prices. Medical care? Skyrocketing. Education?...! ...So, when the government gets involved in the delivery of any service, whether it's Education, Medical Care, or Housing, they cause higher prices, lower quality, create Bubbles, and they give us this mess that we're in.”

((#3))Third and last, myself. Yes, I'm an expert here, which is evident by the fact that the United States Supreme Court is presently entertaining and reviewing my request to join and directly intervene in one college loan case:

http://GordonWatts.com/FannyDeregulation/Tetzlaff-case/DOCKET-15-485_Tetzlaff-v-ECMC.html

mirror:

www.GordonWayneWatts.com/FannyDeregulation/Tetzlaff-case/DOCKET-15-485_Tetzlaff-v-ECMC.html

III. I can make many excellent arguments to prove that Dennis and colleagues are correct in their claims that bankruptcy needs to be restored to college loans –and then “get The Government out of the business of loaning the money”:

Unconstitutional / Illegal:

1. Students aren't even told that their college loans lack all bankruptcy protections: This makes the Federal laws authorising college loans Unconstitutional Laws, which violate Due Process due to Lack of Notice & Void for Vagueness issues.
2. The changes in Federal Law impaired the existing college loan contracts, violating Contract Law and constituting “Tortious Interference,” which is a violation of U.S. Const., Art. I, §10, Clause 1.
3. The colleges have a monopoly, and are using it to execute price-gouging. (If you doubt this, simply look up the textbook definitions of these legal terms, and/or see my lawsuit at the links above.)
4. The Constitution forbids *ex post facto* Laws, that is laws that change the criminality of a certain action, after the fact: “No Bill of Attainder or ex post facto Law shall be passed.” (Art. 1, §9, U.S. Const.)
5. The Constitution permits only Federal Bankruptcy law that is uniform: “The Congress shall have Power...To establish...uniform Laws on the subject of Bankruptcies throughout the United States.”(Art. I, §8, Cl. 4) Federal Bankruptcy laws are certainly not uniform: Just ask any college student.

Immoral: If Credit Card users –and the super-rich –can take out bankruptcy, then why not college students?

Impractical—part 1: “Easy Loan” monies are meant to be “student aid,” but are only “college aid,” since colleges Jack Up tuition, and price-gouge students, who must get an education to better themselves. (Government subsidies distort the Free Market, and don't help the student.)

Impractical—part 2: “The ability to file bankruptcies is the 'Economic Second Amendment,' and when colleges knew student loans were almost impossible to discharge in bankruptcy, the colleges and lenders knew

student borrowers of college loans were unable to defend themselves—and both parties engaged in Predatory Lending, victimising the helpless & defenseless college student borrowers with soaring & skyrocketing tuition—price-gouging them, like one shoots 'fish in a barrel'.”

Conclusion:

In the past, Bankruptcy abuse was not a problem –until the Bankruptcy option was removed & tuition skyrocketed. Some people have told me that College Loans are absolutely necessary for an education. ***Is this true?***

No. America had the best Higher Education in the world in the 1950's and 1960's, and yet it was not expensive, nor did it require “huge” loans: <http://GordonWatts.com/Higher-Ed-Tuition-Costs.html> Cf: www.GordonWayneWatts.com/Higher-Ed-Tuition-Costs.html

These bankruptcy restrictions penalize borrowers for pursuing higher education, provide ABSOLUTELY no incentive to private lenders to lend responsibly, likely affect African-American borrowers more negatively than other borrowers—oh, and one more thing: They make the colleges and banks rich.

But, cutting off the money-flow to these out-of-control colleges will have “withdrawal symptoms,” and so they must be given some grant monies to partially compensate for the removal of all loan monies.

Colleges & Universities spend boatloads on useless things, and pay Coaches & University Presidents millions in some cases. But is this necessary? No: If we could “live within our means” then, we can do it now.

This costs both students (skyrocketing tuition) and taxpayers (who are wrongly put on the hook).

If 'too big to fail' banks keep getting bailouts, then college students are just as deserving. However, bankruptcy would be a better option (Bankruptcy wouldn't be inflationary, as it doesn't require printing of new dollars). Then, if college students could obtain bankruptcy (like everyone else on the planet can), lenders would stop being foolish with putting taxpayer monies on the hook to bail them out. (In fact, many nations have free college. I'm not even asking for that.)

I hope to God that Dennis is not punished by Speaker of the House, Paul Ryan (like he was when he was a state lawmaker), nor do I wish any ill will upon rich bankers (who will inevitably be hurt by this), but they have made a (literal) killing off the backs of students, and they will be fine. (And if they do end up in the poor house, we can give them food stamps: They will be just fine.)

I will probably not benefit one iota from any bankruptcy laws. (In fact, I might have to fork over something if the laws change again.) But this would help many others, who are hopelessly crushed and are committing suicide in unprecedented numbers. Let American youth be able to compete with the rest of the world.

Students are told from their youth that they need an education to compete in today's world; let's not punish them forever for doing what is right. So, I ask Congressman Ross to introduce legislation that represents the 99%, not the rich 1%—legislation that simply makes College Loans 'equal' in all respects to 'Credit Card' loans, and then once that is done, end this wicked college loan system: We never needed it in the past, and we need to end this new form of debt slavery: Slavery was wrong in the past—and it is wrong now. It must stop.