

Open Forum

Student loans:

Restore bankruptcy fresh start

To the Editor:

It is time to restore fairness to the bankruptcy system and allow government and private student loan borrowers the same bankruptcy protections as consumers with other types of unsecured debt now.

Accounts of alleged abuse of the bankruptcy system by student loan borrowers were never really well-substantiated. Regardless, the new bankruptcy rules passed in 2005 were allegedly intended to curb abuse and preserve the safety net for those student loan borrowers who truly need it.

Treating student loans differently in bankruptcy is based on the false assumption that higher education

always leads to financial success. Education does sometimes bring economic rewards, but not in all cases. Some borrowers choose to work in careers that are less lucrative and for the public good. Others run into unexpected life traumas that lead to financial distress. Still others may attend fraudulent schools.

It is unfair to debtors and creditors to treat student loans differently because student loans are easier to get than other forms of credit. Congress has decided to make it easier to incur student loan debt because of the social policy goals of advancing access to education and because it is unrealistic to expect younger adults

to have significant credit records. It does not do students any favors to treat the program as a social program as the outset, but as cutthroat business if they cannot meet their obligations timely. Private loans are a different story. There is no social program involved with private lenders. These lenders can choose to extend credit or not extend credit. It is important that students know that they should meet their financial obligations. However, even with counseling, some cannot repay their loans. These are the borrowers who can benefit from the fresh start that is afforded other debtors.

Lee M. Perlman
Cherry Hill