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Bernie Sanders is running on a plan to bail out rich kids

Sen. Bernie Sanders (Vt.), a Democratic presidential candidate, announced legislation June 24 to eliminate all \$1.6 trillion of student debt held in the U.S. (Reuters)

By **Editorial Board**

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AS DEMOCRATIC presidential candidates prepared for their first debate Wednesday night, Sen. Bernie Sanders (I-Vt.) unveiled [a sweeping plan](#) to cancel \$1.6 trillion in student debt (apparently including loans by private banks, as well as federal loans) owed by some 45 million people. Funded by \$2.4 trillion in taxes on financial transactions over 10 years, Mr. Sanders's plan would accompany another proposal to guarantee tuition-free public colleges and trade schools. This goes well beyond the already ambitious debt-relief [plan](#) of Sen. Elizabeth Warren (D-Mass.) — which may be no coincidence. Mr. Sanders has been [losing ground](#) to her in the polls and needs to rekindle voter interest. Alas, despite its progressive packaging, Mr. Sanders's proposal is a formula for a massive upward redistribution of the nation's limited resources.

Two-thirds of students who earned a four-year degree in 2017 borrowed to pay for school, according to the [College Board](#), with the average bachelor's degree recipient owing \$28,500 upon graduation. This burden undoubtedly makes it more difficult for many of them to purchase big-ticket items such as houses or cars. Still, borrowing for college is an investment in one's own human capital that pays off over a lifetime — to the tune of [\\$1 million more in earnings](#) compared with those who finish only high school. What's more, better-off households owe a slightly disproportionate share of all student debt: The top 25 percent owe 34 percent of the money, according to data compiled by economist [Sandy Baum of the Urban Institute](#). People with graduate and professional degrees — usually high earners — accounted for 26 percent of borrowers but 48 percent of debt. [In the 2015-2016 school year](#), 38 percent of all new borrowing was contracted by 17 percent of households to pay for graduate and professional education.

In short, the democratic socialist candidate is running on a plan to bail out doctors, lawyers and their children to the tune of hundreds of billions of dollars — while touting it as middle-class payback for the 2008 Wall Street bailout. Yes, Mr. Sanders would pay for his plans with a tax that fell mostly on the investing class; the point, however, is not the origin of the money but the alternative uses to which the money might be put. In that regard, it makes no sense to transfer so much of the revenue from one group of well-off people to another, when you could spend the \$2.4 trillion on, say, pre-K schooling for poor children, college assistance for low-income young adults — or any of several other worthy public purposes whose benefits would reach a needier swath of the American population.

Genuine progressive policies focus federal resources on those who need the assistance most. Ms. Warren limited her plan's benefits to households earning \$250,000 or less. Even that is far too high on the income scale, but at least she acknowledged that people who can afford to invest in their own higher education, including those who voluntarily took on debt to do so, should be expected to contribute. It is an important distinction that Democrats can and must honor if they are truly the progressive party.