



Student loans inquiry into ‘mountain’ of degree debts begins

Description

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Student loans inquiry

Student organisations and experts are [launching an inquiry](#) into the defunct debt-bondage system of student loans across England. In particular, the [National Union of Students \(NUS\)](#) wants the inquiry to look at the interest rates. Additionally, it will examine threshold repayment mechanisms.

The loans inquiry can’t come soon enough for many students or graduates on the sharp end of our privatised, [financialised education model](#). Studies show that one in three people now think that a degree:

just isn’t worth the amount of time and money.

The structurally defunct student loans system

[Much of Europe](#) and the developed world, more broadly, receives free or heavily subsidised education. This even [extends to Scotland](#), and before 1990, also England and Wales. Moreover, English degrees now cost on [average £53,000 in debt](#)

If most comparable countries can do free education, it’s clearly not a structural necessity. Dumping decades worth of wage debt onto young people, before they’ve entered the job market, just isn’t working.

[Youth unemployment](#) (16-24) is now nearly 15%. This figure includes countless graduates. Unsurprisingly, young people often feel that they were tricked into valueless degrees. These degrees lead to considerable debts.

The acronym NEET – Not in Education, Employment nor Training – dominated airwaves last week. This happened following the [devastating report into NEETs](#) by former minister Alan Milburn. Its 217 pages paint what Milburn calls:

a record of failure [by consecutive neoliberal governments] – We are at risk of a lost generation. That is a moral crisis. It has economic consequences.

This cumulative cost is estimated at £125bn by Milburn’s report. Furthermore, there are also [stark regional inequalities](#) between, say, North London boroughs and West Midlands areas. North London boroughs have 1% NEET, while in West Midlands areas it is over 21.5%.

[Martin Lewis schools Kemi Badenoch on student loans](#)

In whose interest **default watermark**

One of the most reprehensible aspects of student loans is how punishing the interest rates are. Exortionate interest means that many graduates’ debt increases while they work and pay back (those lucky to find work).

See, for example, the case of one [NHS nurse whose debt rose](#) from £57,000 to over £77,000 whilst she was working and honouring repayments. This privilege came at a monthly cost of £145 from her paycheck, although £400 was being added each month simultaneously.

The 29-year-old Labour MP Nadia Whittome pointed out earlier this year that her student debts had fallen by only £1,000 since graduating. This *despite* working [six years on an MP’s salary](#) in the top 5% of UK earners.

Another [miserable graduate](#) wrote to the BBC’s Your Voice platform:

Just after she graduated in 2016, her debt was £34,105 – but her latest balance statement shows it’s now £41,908 because the interest accumulating is outstripping her repayments.

– It feels like I’m constantly chasing a debt that gets bigger over time; it feels like climbing a mountain. –

This became a flashpoint earlier this year when – Money Saving Expert – Martin Lewis went [head-to-head](#) with [Tory elite Kemi Badenoch](#) over the issue. Reminder that Badenoch [served as Tory minister](#) for children and families. She also served, later, for inequalities previously, thus contributing to the above structural dysfunctions.

Job market blues and AI bots

It's hardly surprising that [fewer people than perhaps ever](#) believe that going to university leaves graduates a lot better off in the long run. Notably, this shocking [statistic is down](#) from 50% in 2005 to 36% in 2025.

Milburn's report cites young people recounting dehumanising, [dystopian tales](#) of sending dozens of CVs assessed and rejected by AI. Many also reported being tested via [AI simulations](#) or self-recorded videos. These are then being turned down for work en-masse, without applicants ever talking to an actual human.

In response, many students are using AI to write their applications, since there's little point in selling your soul only to have a robot reject you. This leaves a historically unique, bizarre robot-to-robot interaction which benefits neither companies nor job-hunters.

Entry-level jobs, the report also says, are becoming [more challenging to attain](#) in part because of this remote recruitment farce. But the roles traditionally filled by younger people – retail, customer service, warehousing – are now either [scarcer or increasingly specialised](#). This too is partly as a result of rapid AI automation.

These issues cannot be viewed separately. They need addressing together, systematically, and quickly.

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