# Generation debt: are students doomed?

Alongside the louder political shockwaves of Brexit and Trump, 2017 promises to have a significant, yet subtler effect on students in the UK. Jack Harmsworth investigates...

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Image: Manfred Weiner

Alongside the louder political shockwaves of Brexit and Trump, 2017 promises to have a significant, yet subtler effect on students in the UK. This year tuition fees are set to rise again to £9 250 per annum for newly-enrolled students.

Although this is a small rise relative to the current cost, it must be remembered that only ten years ago fees had only just been implemented, and that the Lib Dems had opposed any rise in fees after the tripling that occurred during coalition. This rise is in line with government reforms to commit to inflation-linked increases that will see fees rising above £10 000 in the next few years.

Such increases will land future university graduates in even greater debt than the average £53 330 recently estimated by insurance company LV. Furthermore, this year will also introduce a reform stipulating that the £21 000 mark at which graduates begin to repay their debt will be frozen. However, the term ‘frozen’ is contrary to the inflation-linked increases in fees, as £21 000 is worth less over time. This means a real terms cut in the point at which students will begin repaying their student debt.

Not only will students have higher debts, but they’ll have to repay them sooner. According to the government’s statistics, these reforms mean that the true cost of a degree will be close to £100 000 for graduates who go on to earn a middle income.

Alongside the cost of the loan, annual interest will also be charged at three per cent plus inflation. As such, for many graduates the nine per cent of income that is taken over the 'frozen' £21 000 mark will be purely to pay off interest repayments. This will also mean that more money is owed the longer graduates take to pay off their degree, as annual interest accumulates. Most students will simply not earn enough money to pay off the debt that they will be saddled with until it expires 30 years after their graduation. Perhaps most worryingly of all, the government is once again considering the sale of student debt to private markets, meaning that the repayments will line the pockets of executives in financial firms.

Hence the government is anchoring students to gross amounts of debt for the majority of their working career, and the profits may soon be in the hands of unchecked financial markets. This structure not only places students under immense strain to do well in their degrees to justify the huge amounts spent on their education, but will also lay the foundations for a ticking time bomb of unpaid debt. The seriousness of this debt must not be underestimated. We need only think of the fact that a graduate who has lived and worked in London (which attracts 25 per cent of UK graduates) for ten or more years would be prohibited from affording the deposit on their own property due to tuition fee repayments. This leaves a future where only graduates from wealthier backgrounds, whose parents have paid off their debt, can own a home in the capital.

Ultimately these reforms are representative of the government's wider economic ideology that is in many ways unsustainable. It promotes the idea that it is the individual's responsibility to pay for all his own means in life. However plausible on the surface, this doctrine allows multinational corporations and other private businesses to relinquish responsibility over the education of the workers from whom it profits. Of course this project does not stop at the frontiers of education; it can be seen in our increasingly privatised public transport and healthcare. Our best hope lies in students themselves, that starting this new year they stand up and say that enough, is enough.

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