

## Part II – Freshman Applicant’s Essay

*“The borrower is a slave to the lender, and the debtor to the creditor, disdain the chain, preserve your freedom; and maintain your independency: be industrious and free; be frugal and free.”*

Benjamin Franklin, “The Way to Wealth”, (1758).

The materials and ‘Required Media’ below may offer you a new or different perspective from what appears to be the growing expectation, that going to College means going into debt. Write a 700-850 word essay concerning the wisdom – or foolishness – of incurring debt, with special consideration given to debt used for college education.

### **Please address the following questions in your essay:**

- Does the trend of ever-increasing college tuition justify ever-increasing levels of indebtedness for our young men and women?

*The amount of indebtedness increased 6% last year to \$37,172, as reported by “Student Hero” – a website that also seeks to refinance student loans. . . . whereas average wages for graduates who actually get jobs only increased by 3.8% - to \$52,569.00 (“Starting Salaries Up 3.8% for Class of 2016 Grads,” Society for Human Resource Management, Nov. 18, 2016, available online: <https://www.shrm.org/resourcesandtools/hr-compensation/pages/2016-graduates-starting-salary.aspx> )*

- Is the charge that indebtedness is a form of slavery warranted, or have things changed since Benjamin Franklin uttered those words in 1758?
- What advice do Dave Ramsey and Rachel Cruze give in their videos about college, college loans, and debt?
- Summarize the arguments for and against taking out a loan. What would “Little Richard” likely say? What would Jessie Suren say now, after the fact?
- How might you see a similarity between current student indebtedness and the history of indentured servitude in the early United States as described in David Galenson’s work “The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis”? How does Jessie Suren’s experience factor in here?
- Apart from student loans, how could people pay for a college education? What are the advantages and disadvantages of taking out a student loan?
- If you end up with the new “average” student loan of \$37,000 at 5% interest, compounded annually, how much interest will you pay on that loan if you repay it in 10 years?
- Do you think that people should go to college to study whatever they’re interested in, or does “return on investment” (ROI) matter when considering a degree in college?

**Required Media:**

The Required Media includes 40 pages of text and 40 minutes of videos. You should be able to look through all materials in approximately two hours. All materials are available free of charge on the Internet.

America's Student Debt Crisis: Jessie's Story | Consumer Reports, available online: <https://www.youtube.com/watch?v=PqzEcER8AJA>

- Jesse is the student more recently credited with equating being in debt with student loans as being a student loan debt slave. . . . Twitter:

<https://twitter.com/studentdms/status/748999522865418240>

and here: "A Day in the Life of a Student Loan Debt Slave" – available online:

[https://www.youtube.com/watch?v=ns\\_nS2nsp5M](https://www.youtube.com/watch?v=ns_nS2nsp5M)

Benjamin Franklin, "The Way to Wealth", (1758), available online:

<https://www.utexas.edu/cola/coretexts/files/resources/texts/1758%20Franklin%20Wealth.pdf>

Shauna O'Brien, "The Pros and Cons of Compound Interest," October 15, 2014, on *Dividend.com*, available online: <http://www.dividend.com/my-money/the-pros-and-cons-of-compound-interest/>

Rachel Cruze: "Our Generation and Debt", YouTube, available online:

<https://www.youtube.com/watch?v=qbRBEduXyko>

"Rachel Cruze Talks College – Part 1," *The Dave Ramsey Show*, available online:

<https://www.youtube.com/watch?v=tMtR7WFLBUA>

"Go to School Debt Free", *Rachel Cruze video blog*:

[https://www.youtube.com/watch?v=gyEbDSFnGKk&list=PL8o9Ko9tgKtvAhpUffPR\\_Yq6rcN1QA1PO&index=3](https://www.youtube.com/watch?v=gyEbDSFnGKk&list=PL8o9Ko9tgKtvAhpUffPR_Yq6rcN1QA1PO&index=3)

David W. Galenson, "The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis," *The Journal of Economic History*, Vol. 44, No. 1 (Mar., 1984), pp. 1-26, available online:

[http://www.colorado.edu/ibs/es/alston/econ8534/SectionIII/Galenson\\_The\\_Rise\\_and\\_Fall\\_of\\_Indentured\\_Servitude\\_in\\_the\\_Americas.pdf](http://www.colorado.edu/ibs/es/alston/econ8534/SectionIII/Galenson_The_Rise_and_Fall_of_Indentured_Servitude_in_the_Americas.pdf)

Jane Quinn, "Seven Things They Don't Tell You About Student Loans", *CBS Money Watch*, Dec. 2010, available online: <http://www.cbsnews.com/news/7-things-they-dont-tell-you-about-student-loans/>

"Why You **Should** Take Out Student Loans for College", Oct. 2012, *Ready for Zero*, available online: <http://blog.readyforzero.com/why-you-should-take-out-student-loans-to-pay-for-college/#.VvLv3HBhylx>

"Why You **Should Not** Take Out Student Loans for College", Oct. 2012, *Ready for Zero*, available online: <http://blog.readyforzero.com/why-you-should-not-take-out-student-loans-to-pay-for-college/#.VvLvzXBhyly>