

## Part II – 1<sup>st</sup>-Year 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, available online:

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

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:**

- 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?
- 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”?
- Does the trend of ever-increasing college tuition justify ever-increasing levels of indebtedness for our young men and women?
- 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 “average” student loan of \$27,000 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 44 pages of text and 26 minutes of videos. You should be able to look through the materials in approximately two hours. All materials are available free of charge on the Internet.*

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

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

Rachel Cruze: “Our Generation and Debt”, YouTube, available online:

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

“Rachel Cruze Talks College”, *The Dave Ramsey Show*, available online:

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

“How To Avoid Debt While In College?”, *The Dave Ramsey Show*, available online

<https://www.youtube.com/watch?v=REVSRj1Ndvc>

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 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>

“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>

“Loans 101: the Basics of Borrowing,” May 2012, *Fastweb!*, available online:

<https://www.fastweb.com/financial-aid/articles/loans-101-the-basics-of-borrowing>.