The U.S. Should Adopt Income-Based Loans Now

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The young generation in developed countries often faces difficulty in completing their education as they don't have enough expenses. Moreover, students or individuals with lesser pay scales are unable to take potential loans to solve their issues. Based on this perspective, developed countries like the United States should focus more on income-based loans as they are useful for different classes of society. Income-based loans refer to personal loans targeting borrowers with limited fast cash available. However, higher interest rates are associated with income-based loans. Kevin Carey, in his article, 'The U.S. Should Adopt Income-Based Loans Now' published on October 23, 2011, identified the need for income-based loans in the United States. Carey, in his article, mentions that even though activists favour free studies for young students, however, the issue of affordability of education among students can be solved with the help of income-based loans. In this essay, an overview of Carey's article will be presented along with the author's claim and supporting evidence (Carey, 2011).

With the help of this article, Carey has the purpose of proposing how the needs of students can be managed with the help of income-based loans. The goal of the author is to put forward a reasonable solution for the affordability issue faced by students in the United States. Carey's article proposes the overall goal of the article by identifying the opposing movement, which demands everything in abundance. The Occupy Wall Street movement is presented as an opposing movement in the article. The Occupy Wall Street movement was a movement carried out as a protest against economic inequality. More often authors utilize framing devices as a strategy to explain the major points in their article. In this article, the Occupy Wall Street movement has been used as a framing device as the author mentions that economic disability is justified, yet it can be handled well by targeting one focus group at once. Carey is focusing on the overall benefit of students struggling hard for their education. Adnomination is one of the evident writing styles in Carey's article. In this writing style, words that have the same roots are repeated throughout the article. For instance, in Carey's article, words like 'income' and 'loan payments'. Overall, the article is a combination of formal and informal tone. For instance, to start the article, Carey has used a formal approach, however, to describe the student rage the writer uses informal tone such as the article mentions that 'The students at the barricades are right to be angry. They didn't run the economy into the ditch.'

The overall purpose of Carey's article is to highlight the 'unjust higher-education financing system' along with a proposition towards an income-contingency plan that can help the students carry out their education process effectively. The article further highlights that the fight against economic disability has been fought by different movements, such as the Occupy Wall Street movement. In the quest to find a solution to the unjust education system, income-contingent loans are a useful way of helping students. More often, in the case of education loans, the initial years of paying the loan are tough, especially since the pay scale is low in the initial years. The overall collaboration between interest and payment rates helps the students to pay off their debts depending on their income. As this concept has been used by Britain and Australia for a long passage of time, hence there is no doubt about the practicality of the proposed solution. Towards the end of the article, the writer mentioned that even though education is not mandatory, the progress of young individuals should not be hindered by the aspect of affordability.

In general, Carey has utilized the Occupy Wall Street movement as a framing device and a general strategy to propose his argument in the article. Even though the Occupy Wall Street movement was a movement with various aspects, however, the major focus and attention are still towards the concept of ‘college lending reform’. Framing devices are utilized as a part of the article to explain the primary perspective using the support of a secondary story. For instance, out of all the propositions proposed in the Occupy Wall Street movement (a secondary story for the framing device), a focus towards the reform of making colleges access to students was focused on in this article (a primary purpose for the framing device). Quoting practical examples and explaining the overall benefits of income-based loans is yet another strategy utilized by Carey in the article. However, the framing device helped in explaining the overall perspective of the article effectively.

Carey, in his article, ‘The U.S. Should Adopt Income-Based Loans Now’ claimed that the talk about income-based loans is more practical than theoretical. To support his claim the writer further mentioned that the income-contingent loan system is used well in Australia and Britain. In countries like Australia and Britain, students are allowed to pay a fixed percentage of their income as a part of their return policy for the loan. As a part of the loan plan, the payments are deducted from an individual’s paycheck by corporations like the IRS so that the income-tax issue is well handled. The article further mentioned that independently employed workers pay their loans based on quarterly plans prepared, similar to the way of managing one’s expenses. On the off chance that borrowers gain a great deal, their instalments rise as needs are, and their advances are resigned rapidly. If their salary falls below a specific level, such as the destitution line, they don’t pay anything. After an all-inclusive timespan of 20 or 30 years, any residual obligation is pardoned.

To support his argument about the benefits of income-based loan plans, Carey further mentioned that with the help of this system, defaults in the federal loan system can be avoided. He further mentioned that the whole concept of default will be excluded from the loans designed specifically for the benefit of the students. He supports his arguments by mentioning that, ‘No more collection agencies hounding people with 10 phone calls a night.’ Other than this the article further mentions that the aspect of credit and ownership will not be affected by income-based loans. To support his argument, the writer utilizes the rhetorical tool of pathos to convince the readers about the potential benefits of coming up with income-based loans. Pathos is a rhetorical analysis tool that appeals to its audience with the help of their emotional involvement. The writer took the support of virtuous professions like teaching as he explained his point of view about the benefit of an income-based loan. Carey mentioned in his article that people who are fond of low-paid professions such as teaching will not feel resistant as they will not be burdened by the pressure of keeping up with their unmanageable debt.

Income-based loans have proved positive for overall societal development, as Carey implicated that higher debt drives people away from social work, which is for the greater good of the people. With the help of income-based loans, people from every profession, such as teaching, social work or any other low-paid job, will be able to carry out their educational process without any financial challenges.

Even though income-based loans are proposed as an effective solution for the students fighting their affordability issues for the completion of their education, however, different researchers might propose counter-arguments to fight the challenge of financial issues. Finance practitioners might propose maintaining a balance between interest and payment rates for a long passage of time. Income-based loans require proper commitment and dedication towards the loan system as the student is required to fill up every year. With this condition, there might be fewer slots available for the student, which will leave many students with the old ways of taking up a loan. The amount paid by an individual will change dependent on the individual's pay and family circumstances. In the case where individuals get married while still on the path of educating themselves and their spouse has more cash flow than the other, the individual will not be considered for the income-based loan. A tax bill might be received towards the end of the income-based loans if things are not handled well.

Keeping in view this perspective and the opposing arguments that could be presented for the theoretical application of income-based loans, Carey mentioned that the balance can be maintained for a long passage of time as long as the people are aware of the benefits gained from income-based loans. Awareness about income-based loans and their potential benefits for the overall student sector is an important part of preaching the implementation of income-based loans. Moreover, the awareness of such loans should be practical rather than explained in theory. In case an individual is struggling with his financial position to meet the deadlines of his instalments, an income-based loan is the major need of the individual. Furthermore, the lower installments could free up some money and permit you to develop your reserve funds or pay off different obligations, for instance, the use of credit cards. Carey, in his article, mentioned that 'The concept has been proven to work—Australia and Britain have used it for years—and both liberals and conservatives have reason to get on board.' Even though the idea was originally proposed in 1955, however, its implementation was stopped due to different reasons as highlighted by Carey in his article. Hence, Carey addresses counter-arguments related to income-based loans by encouraging the people to understand the possible administration issues.

To conclude, recent times have highlighted the need for education and the issues faced by students in completing their education. Additionally, students or people with lesser compensation scales can't take potential advances to unravel their issues. In light of this point of view, created nations like the United States should concentrate more on income-based credits as they are helpful for various classes of the general public. Pay-based advances allude to individual credit focusing on the borrowers with constrained quick money accessible; be that as it may, higher financing costs are related to the pay-based advances. Kevin Carey, in his article, ' The U.S. Should Adopt Income-Based Loans Now' distributed on October 23, 2011, recognized the requirement for money-based credits in the United States. With the assistance of this article, Carey has a reason for proposing how the necessities of students can be made with the assistance of income-based advances. The objective of the writer is to advance a sensible answer for the reasonableness issue looked at by the students in the United States. Hence, the major purpose of Carey's article is to feature the unjust financial education system alongside a suggestion towards an income emergency course of action that can assist the students with carrying out their training procedure successfully.

Work Cited

Carey, Kevin. "The U.S. Should Adopt Income-Based Loans Now". *The Chronicle Of Higher Education*, 2011, https://www.chronicle.com/article/The-US-Should-Adopt/129504. Accessed 10 Mar 2020.