

College students need own economic bailout

By Julianne Malveaux
Special to Sentinel-Voice

Why do banks and businesses get breaks when college students do not? While some are getting multi-billion dollar bailouts, the students who so enthusiastically supported Barack Obama are being offered scant relief from the effects of our broken economy.

Much attention has been focused on keeping people in the middle class. What about those who are attempting to claw their way into the middle class through education? We need a broad-based stimulus package, and college students need special help.

Thanks to a federal government bailout, General Motors will be offering cars to the public with zero percent interest loans. Banks, too, are getting subsidized loans.

Through federal programs, students pay between 5 and 9 percent for government loans. When their parents cannot qualify for federal programs, they go to private lenders, and pay as much as 15 percent for loans to cover college education.

Some pay for college on their credit cards, paying between 18 and 24 percent for their children to go to college. If we can offer cars at zero percent, and give banks subsidized loans, why not offer students college loans, at one percent.

Rev. Jesse Jackson calls it the one percent solution, and he is right on time. One percent money for students helps them with better repayment terms, and helps their parents as well. And it helps colleges maintain enrollment, because there are students who are dropping out of school because they can't

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afford to pay.

When college students have federally subsidized loans, they are required to begin paying them back within six months of graduation. In this economy? We need a reality check. As long as the unemployment rate exceeds six percent, students should have eighteen months to begin paying back their loans.

Otherwise, students are pressured to pay their loans back by whatever means necessary. Some use credit cards at 18 percent to pay loans back. Others struggle and find that if they do not pay their credit scores, or their lifetime of opportunities, are affected.

Student credit rating is not the only thing affected by failure to repay. Colleges are judged on the loan repayment rates of their students, and accrediting agencies penalize colleges who have repayment rates over 25 percent.

But in a rotten economy, it is understandable that some students have difficulty repaying their loans. An economic stimulus package that helps students and colleges

might suspend sanctions for those colleges with high loan repayment rates until the economy is more stable.

Thirty years ago, students were more likely to get grants than loans for college. Indeed the equation was that students paid for college with one-third loans and two-thirds grants. Now the equation has been reversed. The Pell grant, our need-based grant program, provides students with \$4,750 a year toward their costs.

Bennett College costs \$22,000 for tuition room and board, so where does the other \$17,500 come from. Further, the Pell grant is granted fully to students with the lowest incomes, phasing out when parent income is about \$55,000 a year.

President Obama proposes raising the Pell Grant to \$5,350 a year. That's help, but it isn't enough. The Pell grant ought to be \$10,000 per year. It helps us train the next generation, it helps maintain college enrollment, and while it is high enough to make a difference, it does not fully cover the cost of education, forcing students, too, to invest in their futures.

Already Republicans are carping that they don't want the Pell Grant to go up. But young people need help with their tuitions. The average student graduates with \$20,000 in stu-



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dent loans, and the average African-American student graduates with \$26,000 in loans. Our young people are shackled before they begin their lives, their loan status dictating some career decisions.

The Obama administration has also offered a \$4,000 tuition grant for students who do community service. That grant program is also a step in the right direction. I do hope that as the regulations for this program are developed, the Obama Administration seeks input from college presidents, and also from students, about ways the requirements for service will be measured.

At Bennett College, far too many of our students are struggling with the effects of this economy. When parents lose jobs, students struggle to stay in school. When parent credit scores change, the ability to qualify for some loans changes, and again students struggle to stay in school.

Good students, dean's list students, students with stellar GPAs are beginning the spring semester worried sick about whether they can graduate with the balances they carry. The data is compelling, but the challenges that some of our young women face are all the more challenging.

Students need a bailout! They need one percent money for loans, more time to begin to repay their loans, and higher Pell Grants. If we can find \$138 billion for Bank of America, and offer car loans at zero percent, can't we provide a bailout for college students?

Julianne Malveaux is president of Bennett College for Women.

Vulture funds have preyed on weakest for decades

By Nicole C. Lee
Special to Sentinel-Voice

International issues can seem pretty remote from our everyday lives. At my organization, we are constantly trying to make the "global-local" personal. One such issue has been vulture funds. They are, in short, hedge funds that buy up sovereign debt of the world's poorest countries and then threaten to sue or extort natural resources out of the countries.

This secretive, elusive world has been difficult to explain. However, since our own financial crisis began, some illustrations of corporate greed have spoken resoundingly in favor of oversight.

For example, take Bernie Madoff.

Bernie Madoff, a hedge fund and investment broker, managed the assets of extremely rich and famous clients such as Steven Spielberg and Kevin Bacon, as well as charitable organizations and foundations. Allegedly, it has all been a Ponzi scheme, a fraudulent investment plan that pays returns to in-



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vestors out of the money paid by subsequent investors rather than from profit. Entire charitable organizations' and pensions' funds have been lost in the last six

months. And yet, the U.S. government was aware that Madoff's actions were extremely questionable for years but did nothing. In past administrations, the government has turned a blind eye to debatable business practices so as not to interfere with "innovation" or "competition."

The Madoff scandal is just the latest example of how power and greed, when left unchecked, destroy lives.

But it doesn't take a scandal to destroy lives. Owned by corporations, vulture funds

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have been preying on the world's poorest people for decades. As their name suggests, they swoop in and buy up debt for no reason other than to get as much money out of the countries as possible.

And they are proud of it. They arrogantly parade through the world's courts acting as if they have been damaged in some way by these countries that haven't paid millions, sometimes billions, of dollars back into the vulture's already padded pockets.

They don't care that the debt they are buying is mostly odious and illegitimate, nor that the countries they target cannot even provide clean water and adequate healthcare for their people.

All these vultures see are dollar signs. They use pressure and threats of litigation to extort money and resources from African countries like Zambia and Congo Brazzaville, most of which are saddled with debt from previous regimes.

In the past few years, the behavior of some vulture funds has garnered some much needed press attention, but this has led to even more under-handed tactics. The last few years

has seen an increase in a strategy known by the innocent title of "local investment." To hear the vultures describe it, they are offering to invest the money that the country owes into local economies that desperately need the influx of cash.

Doesn't that sound nice?

What they don't tell you is that the "local investment" is a lot closer to extorting national resources from the people of these countries than it is to investment. The African continent has some of the most resource-rich nations on the planet, and these vultures know it.

Why go through lengthy and costly litigation to try to get a cash settlement when they can "negotiate" an ownership interest in a diamond mine or an oil field?

With these tactics, the vultures stay out of the courts and instead choose to pressure these countries behind closed doors.

Many times, the countries are led to believe that they have no legal options other than to grant these investment interests. With one swipe of a pen, these vultures have essentially stolen the value of the natural resources from the people of the country to whom they belong.

The welcomed change in administration in the U.S. should allow for more productive conversations about these vulture funds, and their effects on the poorest countries. The economic climate is also creating a forum where people can understand the effects that hedge fund secrecy has on the pocket book of the average American.

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processed the Stimulus package amendments. The pattern of Republican opposition to the measure was strong and their intent to have their way just as apparent; I could see little evidence that the word to exercise bi-partisanship had come down from on high.

Given the intransigence of the Republicans — they once called the Democrats "obstructionists" for not going along — I wonder whether President Obama and his colleagues will have the guts to exercise the

same degree of discipline and get the Stimulus package through if their attempt at bi-partisan fails. It always seems that Democrats are the givers and Republicans are the takers. That has got to end if Obama is to "turn the page" on the conservative dominance in American politics.

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