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CHAPTER 1

Introduction

College—where to go and how to pay for it—is a central concern of contemporary middle-class families, because higher education shapes young people's future possibilities. For my parents' generation, who came of age in the 1950s and 1960s, a college education delivered economic security and reason to feel confident about the future. Middle-class people believed that their lives would be full of opportunities and that their children's lives would be too. This is no longer the case. Today being middle class means being indebted. It means feeling insecure and uncertain about the future, and wrestling with the looming cost of college and the debt it will require. It means being dependent on finance—and, crucially, on family—in ways that analysts of class, culture, and economy have not fully registered.

This book is based on a unique research study: more than 160 in-depth interviews with parents and students who are taking on debt to pay for higher education. The conversations broach topics—family history, job security, debt, aspirations, anxiety, and hope—that are rarely discussed outside the domestic sphere. These conversations showed me that the process of dreaming about, planning around, and paying for college leads parents and children to assess and remake their responsibilities to each other. The bonds they establish and renew through this shared experience are intimate and personal. But family obligations are also, by necessity, mediated by the pressures of debt and promises of investment that parents and children use in an attempt to fulfill them. *Indebted* argues that the problem of paying for college today involves such profound moral, emotional, and economic commitments that it has, in fact, redefined the experience of being middle class.

This means that the public issue most often labeled "student debt" is far more encompassing than our conventional framing implies, and touches more parts of our lives than we usually consider. Middle-class families begin to face the problem of paying for college well before young adults sign their loan commitments. For parents, the worries often begin in the first days of a child's life, if not sooner. Why? Because a college degree seems today to be the surest way to unlock the promises that the United States has made to the middle class.[1] Parents across the country wonder how they can best position their children for success in college. That means attending good schools from the very beginning, which means living in a good school district, which often means paying a high mortgage for housing. Even before their children apply to college, parents must spend enormous sums to prepare their offspring for higher education. And for a simple reason: Parents believe their children are worth the price.

In recent decades, the meaning of college has changed too. A four-year degree used to be something few needed to achieve; it is now essential for a foothold in the middle class. At the same time, the cost of college has spiked, levying a financial burden on families. This is why college and the debt it requires have become hot-button issues. Media headlines warn "Student Debt Is Crushing Millennials," ask "Will Student Debt Sink the US Economy?" and declare "The Student Debt Bubble Is About to Pop," all because the nature of our contemporary, financial economy has changed middle-class life.[2] But despite widespread awareness of the problem, the terms of the debate about what it means for families to be so indebted are too narrow.

Most commentators either decry the large quantity of student debt young adults carry or defend the American college finance system. Typically, critical accounts focus on how government policies, universities, and the financial industry have placed an undue burden on students and families. They draw on good evidence that the American system is causing considerable hardship for many families, and genuine distress for some. They also argue that debt loads are constraining the life choices of young adults after graduation—in some cases imperiling their financial security and that of their parents as well. And they often focus on for-profit universities and loan servicing companies that have exploited students and their families, generating massive revenues while offering a dubious quality of education and engaging in abusive practices.

I share these criticisms, and in this book I show how the system for financing higher education sets traps for students and their parents. I also identify the hardships that student debt so often inflicts. But this book is more than an argument against the system. At its core, it is about the largely unexplored ways that the financial economy has shaped the inner dynamics of American middle-class family life by forcing parents to confront the problem of paying for college.

Why do I focus on middle-class families? Because they are especially squeezed by the rising cost of college, and that has subjected them to a distinctive set of conflicting pressures. Middle-class families occupy a special place in the financial economy, because they have no choice but to use debt and investment in the attempt to achieve their aspirations. Sending young adults to college carries a unique significance for the middle class too, because striving to help children achieve a better life has long been one of the values and practices that makes a family middle class.

Countless definitions of the middle class circulate in the social sciences and popular culture, and reams of studies have shown that the great majority of American families consider themselves middle class. Here, however, I introduce a conception of middle-class life that is symptomatic of this economic moment. I define the middle class by their capacity to pay for college. I consider families to be middle class if the parents make too much money or have too much wealth for their children to qualify for major federal higher education grants, and if they earn too little or possess insufficient wealth to pay full fare at most colleges.

My emphasis is on how this imperative to secure financing has introduced a set of moral tensions into their lives—tensions between the sacred responsibilities that parents feel toward their children and the cultural expectations of fiscal prudence that financial advisers, lenders, and policy makers prescribe. On the one hand, parents are deeply committed to providing opportunities for their children to flourish, to pursue their dreams and fully develop their potential. College education is crucial to that project. On the other hand, both parents and young adults want to make good decisions about long-term economic security—their own as well as each others'. In the United States, these are moral imperatives as well as economic ones, and families voice the importance of both. The high cost of college, however, means that for middle-class families, figuring out how to honor both duties requires a challenging juggling act and causes a good deal of stress and conflict. In some cases, it leads to crisis.

Nearly every middle-class American family is wrestling with this problem. Yet most parents and students view their struggle to finance higher education as a personal and private problem, one that they must solve on their own. Few families connect their experience with those of their neighbors or fellow citizens around the country. That's because family finances and the stresses caused by them are not generally considered topics to discuss openly and honestly outside of (or, often, even inside of) the home. The secret, unspoken nature of family financial situations means that we know little about how families cope with the strains, how and why they make the difficult decisions about their finances, and how they navigate the moral conflicts they face.

As middle-class families use investment and debt to fund college education, they encounter the financial system's particular moral vision. Financial assessments and the terms of loans instruct families in how they should conduct their lives. That vision conflicts in a number of ways with families' realities as well as with their deeply held values. Because the financial system wields power over middle-class families—they need the money, after all—these models of ideal behavior have teeth. Compliant families reap benefits; those who resist or don't fit pay a price. The system's moral imperatives are also characterized by internal contradictions, rendering even the most amenable families baffled at times. Too often it serves up blame rather than assistance and winds up injuring those it is supposed to help.

I launched an extensive study to learn about the hidden costs of student finance and to examine the lives of middle-class families who face the problem of paying for college. The project, which I describe in the pages that follow, led me to three main arguments about how financing education is influencing middle-class American family life. The first is that families' lives are now organized in critical ways around the problem of paying for college. The second is that the system has introduced difficult moral conflicts for parents as they seek to honor what they see as their highest parental duty: providing their children with the opportunities that will allow them to fulfill their potential and pursue wide-open futures. The third is that middle-class families are being encouraged, if not required, to engage in what I call *social speculation*. By this I mean that the costs of college are now so high that both parents and students are forced to, in effect, place bets on whether or not they will be able to pay without jeopardizing their financial security and whether a college degree will, in fact, pay off.

Spending on college is speculative because parents cannot know for sure whether it will allow their children to pursue the open futures they want for them. Life is full of uncertainty. What sorts of opportunities will be available and whether students will be able to earn a comfortable living by pursuing their dreams are great unknowns. But parents and children must put money down—today—on the promise of the future. They draw down savings, invest, and take out debt based on hopeful visions that may or may not come to be, often for reasons beyond their control. Understanding how and why parents and their children place this bet requires not only answering the usual questions of public policy and economics but also recognizing the powerful cultural forces influencing family behavior.

What It Means to Be Middle Class

Parents and children engage in social speculation in large part because, in the contemporary American economy, getting a four-year college degree is the sine qua non of obtaining a middle-class life. Despite parents' and children's anxieties about the costs, for most middle-class children getting a college degree is a given, a necessity for remaining in the middle class or perhaps even reaching a higher economic station. This belief in the value of a college degree is backed up by economists' data. So the commitment to college is in part economically pragmatic, a well-founded calculation—but only partly, because college has always been about more than the hope of achieving economic security.

Pursuing a college education fulfills crucial cultural mandates that being middle class requires. It demonstrates that family members subscribe to fundamental values that define middle-class life, especially committing to the next generation's future. Middle-class parents believe that one of their principal responsibilities is to help their children become independent. Raising children who can take care of themselves and make decisions about their own well-being secures a family's middle-class identity as much as it preserves the parents' standard of living.

The historian Paula Fass has shown that American families have long subscribed to "the desirability and possibility of making children independent of their parents and giving them the tools to become so."[3] While parents might have little control over the world their children will launch into as they begin their adult lives, what they can do is prepare their children to handle—and, ideally, thrive in—whatever that future brings. This means cultivating children's talents and moral capacities. Most importantly, it means developing their ability to adapt to the uncertainties they will face. Today, more than ever, higher education is essential for this project.

Paradoxically, families are also willing to pay high costs and take on debt because middle-class ethics demand that they be autonomous. Families should be independent, free from relying on government assistance or support from kin and friends. The high cost of college today means that middle-class parents and children must, in fact, rely on financial support from others. But the norms of middle-class culture mean that these others should be parts of the financial system: government, banks, and schools. Finance seems to preserve families' ability to decide the best path for young adults' education. Together, in private—because it's culturally proscribed to discuss financial matters like income and wealth with friends and even with most relatives—the family selects where students should attend college and how much they're willing to pay. This is crucial to what many parents described to me as their paramount duty to their children—providing them with the means to pursue an "open future."

The concept of an open future is crucial for understanding why middle-class families invest so much in education. By "open future," I mean one in which young adults are free to make themselves into the people they want to be. Fass shows that this is another long-standing cultural ideal, tracing it back to the American Revolution and its rejection of the norm that social position, and therefore one's lot in life, must be inherited. American children wouldn't be bound by that tradition; they would create a new world, casting aside the strictures of social hierarchy and reshaping society and the political system, governing both in accordance with the revolutionary vision. Children would be able to leave behind their social stations, overcome whatever educational and economic limits their family's history might impose. This freedom to exercise their full potential would be the foundation of an empowered democratic citizenry. For centuries, assuring that children are prepared for this pursuit has been the sacred role of American parents. Although many Americans did not then—and do not now—have the resources to assure this opportunity for their children, the parents I interviewed in my study revealed that the belief in their responsibility to provide it, and their desire to meet that obligation, remains strong.

Education holds a special place in this American ethic of opportunity not only because it is the most powerful means by which children can invent themselves and build their open futures. Higher education also provides a forum for rising generations to coalesce around new ideas and develop novel ways of being together. In colleges and universities, young adults define and redefine their values and views, sometimes affirming and sometimes breaking from those of their elders. This is how, and where, young middle-class adults build a vision for tomorrow. The philosopher John Dewey argued that this is a key reason schools are a linchpin of democracy. They can facilitate interaction with people across cultural and economic lines that so often divide us, challenging those with different beliefs and traditions to engage with each other, cultivating citizens who are able to keep learning and change their minds. All of this, Dewey insisted, is vital to a healthy democracy, because a democratic society must evolve as cultural, economic, and political circumstances change, and that requires a well-educated citizenry.

American policy makers have long agreed with this premise. Over time the government came to support broad access to higher education with public programs, providing grants to students and funding to colleges and universities that kept tuition reasonable. Of course, there have always been deep inequalities in the US education system, with low-income students, and particularly students of color, subjected to restricted access to universities, a problem that is still significant today. But the ideal vision remains a powerful goal.

Today, although Americans by and large continue to believe in, and demand, public resources to help students attend universities, college support for middle-class families comes largely in the form of loans. This transformation in the national project of funding college education occurred over several decades and involved deep changes of political morality that are written in financial terms.

How Finance Entered Middle-Class Life

For decades, American families have taken on debt and have also assumed the financial risk of investment. Today, however, gaining access to higher education usually involves an engagement with the world of finance so significant that it has redefined what it means to be middle class.

In earlier decades, social scientists described the middle class largely as a function of occupation. Sociologist C. Wright Mills solidified this understanding in his mid-twentieth-century classic, *White Collar: The American Middle Classes*.[4] For both Mills and his contemporary, William H. Whyte, who penned *The Organization Man*, not only did the nature of jobs and their level of pay determine whether someone was middle class, so did adherence to a social ethic that an individual's career and life goals should be in harmony with the goals of the organizations that paid them.[5] Finance was always a part of the story, however.

White-collar workers also sought suburban housing and the mortgages they required. The process of financing home purchases through mortgages was the first step that brought millions of American families much more deeply into the financial system. Americans took on debt for home ownership willingly, because they were motivated to provide better lives and greater opportunities for their children. Mortgages allowed young parents to move to suburbs, where they could send their children to good schools.

The federal government and private lenders encouraged and subsidized these choices, enrolling the American middle class in a larger national project.[6] As the Cold War got going, the government subsidized real estate development for the white middle class as a foundation of strengthening US democracy and fighting communism. To this purpose, the federal government built infrastructure for transit and energy in rural regions, setting them up to be new residential areas. It partnered with private banks to encourage more families to purchase homes and guaranteed their loans. Home ownership became a bedrock of middle-class wealth, and of achieving financial security, when these new homeowners either paid off their mortgage or sold their home for an increase over its purchase price.

In the classic, twentieth-century American mobility story, purchasing a home became a primary means of securing financial independence. Racial preference for whites and exclusion of African Americans and others from government home ownership programs meant that finance as a means of mobility was also a driver of inequality. For those included, however, home ownership enabled two prized cultural aspirations. High-quality suburban schools offered good educations for children, and a well-tended home filled with the bounty of postwar consumer goods improved the social standing of the family while promising financial security for retirement.

The middle class took another significant step into the world of finance with the passage of the Higher Education Act of 1965, its reauthorization in 1972, and the Middle Income Student Assistance Act of 1978, which, together, established and expanded the federal loan program. At the time, the government did not want to be in the business of directly offering education loans, so it created incentives for banks to make them, and it supported college students to borrow from private lenders by backing the loans, as it had done with home mortgages.[7]

The 1980s brought the next giant step, this time into the sphere of investment, with the proliferation of tax-advantaged 401(k) and 403(b) accounts. Corporations, which were questioning their commitments to workers, began phasing out "defined benefit" pensions and replacing them with opportunities for workers to invest in "defined contribution" plans, backed by the federal government with tax incentives, or, in many cases, not offering any retirement support at all. The US public program for retirement, Social Security, was too limited to underwrite a middle-class lifestyle in retirement, and without a private pension, a retirement investment account became essential.[8]

The 1980s also saw the federal government revising its understanding of its responsibilities to the public, a shift in political morality that gave support to a rising commitment to fiscal austerity. One clear target was student aid. President Reagan's budget director, David Stockman, summed up the politics justifying this sea change in 1981: "I do not accept the notion that the federal government has an obligation to fund generous grants to anybody that wants to go to college. If people want to go to college bad enough, then there is opportunity and responsibility on their part to finance their way through the best way they can."[9]

State legislatures enacted a similar set of policy cuts. Across the country, state governments chipped away at appropriations for public universities and colleges, which have continued to the present day. These cuts have imperiled the budgets of public universities. In response, universities both raised tuition bills for in-state students and began to court out-of-state and out-of-country students and charge them considerably higher tuition and fees, often on par with those of private universities and colleges. Meanwhile, the costs of private universities and colleges also rose.

To enable qualified students whose families couldn't afford the higher prices to attend, both public and private colleges and universities began to operate with a "high-tuition, high-aid" model, charging elevated sticker prices for more affluent families while funneling a portion of those dollars to support admitted low-income students. This arrangement put parents with middling incomes in a particularly tight bind. Their earnings had been stagnating since the 1970s, while their jobs had become less secure. In addition, home values had fluctuated more than in the past, making calculations about their finances less certain.[10] Most didn't have the discretionary income to foot the higher college bills. Outside financing would have to fill the gap.[11]

During the 1990s, banks and the federal government came to agree that debt was the way students should fund college education. They started vigorously promoting student loans and made them available regardless of need—some offered directly through the government, others through private lenders. Students from middle-class families took advantage of the opportunities, and borrowing soared.[12]

Meanwhile, costs continued to rise. Why is hotly debated. Some argue that the key reason stems from colleges competing for highly qualified and wealthy students by spending more on expensive amenities, like elaborate athletic facilities and lavish dormitories, to attract them. Others point out that colleges and universities have greatly expanded their high-salaried, administrative staffs. Another widely circulated theory proffers the idea that the availability of aid funds may have led colleges to increase costs. Whatever the explanation, costs increased especially steeply in the years after 2000. According to the College Board, a nonprofit dedicated to expanding access to higher education, the cost of tuition and fees for in-state students at public universities has risen more than threefold since 1987, with private college costs rising far more.[13]

The 2008 financial crisis led to a dramatic change in lending. In 2010, with banks largely withdrawing from offering student loans, President Obama and Congress took over student borrowing. Federal loan programs were placed almost entirely under the government's wing at the Department of Education, though the job of collecting payments was awarded to nine private loan servicers (including Navient, once a part of the federally linked Sallie Mae), which take a healthy profit in the process.

In 2018, student debt made the federal government the largest consumer lender in the United States.[14] Approximately forty-four million Americans, including both parents and students, carry federally sponsored loans for higher education that total almost $1.5 trillion. For perspective, Bank of America held about $200 billion in consumer loans; JPMorgan Chase held about $100 billion.[15] The federal government extended $101 billion in education debt in 2018 alone. Even so, federal loans often do not provide enough to pay the entire college bill, and an elaborate system of funding has emerged, with states, private lenders, and schools offering a convoluted and often confusing range of options.

Many middle-class families must engage in a difficult bootstrapping process, with both parents and students taking out loans, students contributing funds from either work-study jobs or off-campus employment, and parents often tapping into their savings and home equity. College funding has become a complex challenge that would have been inconceivable in the 1980s and 1990s, when the parents of today's college students were themselves in school.

The Student Finance Complex

To cobble together the various forms of financing available, middle-class families must now make their way through a thicket of financial policies and programs that link government, banks, and universities together into what I call "the student finance complex." The federal government is the gateway. The

Department of Education collects information on household earnings and assets from families to assess their need. It then informs families of an amount they will be required to pay, called the *Expected Family Contribution,* and determines their access to federal aid.

Financial aid from states and colleges also depends on the information collected by the federal government. Colleges and universities take charge of assembling students' financial packages, combining the offers of federal and state funds with their own support in a package assembled individually for each family. College aid officers serve as the human face of the student finance complex, whom students and family members can turn to for advice when their packages fall short, when they need certification for parent loans, and when the federal government fingers them for "verification," the euphemism for a student aid audit.

The complex also includes private investment firms, which have collaborated with the federal and state governments to offer savings and investment vehicles with tax incentives intended to help parents build up their college funds. The minute newborns receive their Social Security numbers, for example, parents can open educational investment accounts, known by their tax-code moniker as 529s. Mutual fund giants like TIAA-CREF, Fidelity, T. Rowe Price, and Schwab manage their deposits.

The student finance complex is even more labyrinthine than this, including a vigorous market in the secondary sale of loans. Private banks repackage loans and sell them to investors as student loan asset-backed securities (SLABS). Silicon Valley gets into the action too, with companies like SoFi refinancing the loans of high-earning graduates and securitizing them. Such trading operates among banks and largely out of public sight, however, and most families do not get involved in these more esoteric parts of the leviathan.

The need to invest and borrow funds for college has led to a vexing paradox for families, the consequences of which we explore in depth: the pathway to open futures is available only if families are willing to become financially dependent and to conform to the requirements of the student finance complex. They must provide information about their private lives on its terms. This dependence and scrutiny clashes with the middle-class standard of autonomy.

What's more, the student finance complex undermines the independence of young adults, tying the generations together for years after children leave home. For one thing, aid is largely determined on the basis of parents' financial situations. Students are not expected to have saved enough on their own, so it is parents who pay the required family contribution. Parents also often take on debts and responsibilities that tie them to their children's lives long after graduation, effectively extending the period of children's dependence on their parents. Many parents are paying down college debts long into a child's adulthood, longer still when they've helped more than one child go to college or helped out with the loans carried in a young adult's name.

Moral Mandates

Financing college might seem like a purely economic matter, but even the most apparently simple economic activities are shaped by cultural values, practices, and commitments. The funding system's components, however—the 529 account, the Free Application for Federal Student Aid, the Expected Family Contribution, the Parent PLUS Loan Program, the Direct Loan Program—reference primarily the exchange of money and obligation to pay. Their explicit message is that they have a purely economic function. But, as a social scientist, I have learned to look for the cultural mandates embedded in such economic vehicles.

When it comes to the terms for college funding, families are subjected to moral instruction, not only about how they should conduct their finances but about how they should live their lives. These moral imperatives are largely obscured by the bureaucratic appearance of the forms families must fill out and the "strictly business" directions for opening investment accounts and borrowing money; but families feel the pressure of financial morality, especially when the mandates conflict with their own values.

The most foundational moral instruction of the student finance complex lies in the requirement that children obtain a college degree in the first place, one reinforced by the fact that the federal government has structured a vast financial system to support it. The Department of Education, alongside the financial advice industry, presents sending children to college as an obligation for responsible, aspiring families, one that has personal benefits but also fulfills an obligation of middle-class citizens. Young adults prepare themselves to contribute by attending college.

Another moral mandate is that the nuclear family, in which two parents in a first marriage live with their children and support them solely from their own labors, is the gold standard. The financial aid families receive is awarded after an assessment based on this idealized and outdated model of the family. Families that conform to the model have an easier time securing federal loans and grants from states, colleges, and universities. The financial aid forms instruct applicants on which members should be included as family, leaving out grandparents, cousins, and chosen kin whom millions of American families consider central to their family unit and who are integral to their webs of support.

The forms also promote clear views about how families should conduct their financial lives and even their personal communications about them. Applying for aid is much easier for married parents who keep their books completely open to each other, which not all couples do. It's also less complicated for families in which parents are willing to be completely transparent about their finances with their children. The financial aid form is done in the child's name, but the information required to fill it in is rarely known by children, and many parents fill it out.

That parents take charge of the college finances is in keeping with another of the system's moral mandates: one generation should help fund the college education of the next; parents hold a moral obligation to pay. Following from this, the complex instructs parents that they must accept a trade-off, spending less on their present family needs and wants in order to put away savings for college. Middle-class parents and their maturing children cannot have it all. On top of accepting constraints on spending, parents must do their duty to put adequate money into investments for their retirement to ensure that they do not become a burden to their children, their communities, or the state. The government reinforces this message by offering tax benefits for retirement investing, instructing parents that they should succeed in balancing their own accounts.

If families' funds are tight, it is still their responsibility to manage their household budgets with a careful eye and tight fist. If they can't come up with the funds for college by being fiscally prudent and investing, then they must be willing to take on costly debt, and they must therefore also accept whatever future constraints on their spending and life choices the cost of repayment imposes.

The emphasis on taking out loans sends yet another message: parents and students should not find the costs of loans to be a burden because, for judicious people, finance is really just a mechanism for making time work for you. Loans allow for tomorrow's income to be useful today. Here the implication is that a college degree increases the odds that students will find steady, well-compensated work that allows them to repay their loans. It's their responsibility to get those jobs, and the standard terms reinforce that mandate by requiring them to begin repaying what they've borrowed a mere six months after graduation.

This emphasis on jobs contains yet another moral premise: that the value of higher education is primarily financial rather than about open futures. Students should choose courses of study and careers for their potential income, not kidding themselves about following a passion or commitment that has little prospect of earning them a good salary, and not taking time for personal exploration, such as by taking "frivolous" courses in the arts or liberal studies. As for parents, in addition to getting and staying married, the morally tinged assumption of the student finance complex is that they will have no problem paying back their loans if they manage their careers well, no matter how the conditions of their fields might evolve.

As for 529 accounts and other investment vehicles, finance bridges the gap of time in the opposite direction, allowing present resources to be so much more useful when money is needed later. In theory, families can calculate what they need to invest in securities markets today so that the money will grow adequately by the time college bills are due. The risk involved, the system implies, is minimal.

The force of these moral mandates is amplified by a cast of policy experts, pundits, and advisers. Online, in television programs, in popular columns, and in thinly veiled advertisements, experts tell families how they should run their households and plan for their futures. Their advice is couched as if it's based only on economic common sense. They endorse thinking of funding college as a purely financial matter, advising that college costs be kept at an appropriate level to allow for discerning household management, both in the present and the future. For example, the common wisdom they promote is that parents should think about their own retirements before their children's prospects. If parents' jobs haven't paid enough to save adequately or to support the debt needed to pay for their dream college, then parents should curtail their spending for their children's education and their children should go to a less expensive school. Or their children should take on more of the burden to pay. This advice fails to acknowledge the depth of parents' commitment to nurturing their children's talents and opening opportunities to them.[16]

This is the heart of the moral conflict that the student finance complex levies on middle-class families. Yet even as they are caught in those very conflicts, families rarely speak openly about them.

Talking to Families

As a professor at one of the world's most expensive institutions, New York University, I knew that debt was a great concern of students. But in class, when the subject came up, my students would never say exactly how much they owed, whether or how much their parents paid, or if the costs stressed their family lives. Public discussions of student finance also seemed constrained to the price of tuition alone. That was despite the fact that during the 2016 presidential contest, the popularity of Bernie Sanders's tuition-free college platform pressed Hillary Clinton into making college affordability part of her agenda.

I knew the challenges of paying for college that my students and their parents faced were part of a tectonic economic shift. The mention of finance evokes an exotic world of high-flying global bankers and traders directing torrents of money and siphoning off massive profits. This is the breed of finance I first wrote about, after I'd studied the dealing floors of global futures markets in Chicago and London. From that vantage point, I came to understand that the finance sector had taken on greatly increased significance both for the US and globally since the 1970s.

Finance, as countless books and articles have demonstrated, has come to define our economy, and since the 2008 crisis, it has become painfully clear that what happens at the summit of this esoteric world touches all of us. I became interested in how finance was reaching into private lives, applying pressures that shape intimate family relationships, those that we imagine to be protected from the demands of the marketplace. If we want to make sense of how the financial economy has shaped social relations, even our most sacred and cherished ties, examining middle-class families as they scramble to plan and pay for college is an excellent place to start.

As an economic anthropologist, I was well versed in the problems of gaining access to closely held financial information. I knew that the only way to learn about the complexities of families' experiences was to speak with young adults and their parents in private, but that wouldn't be easy. American families generally don't talk openly about their wealth, their investments, or their debt. Sex, politics, religion—Americans are far more likely to discuss these sensitive topics with friends, neighbors, and relatives than they are to share information about how much money they make, save, and owe. Talking about financial matters is taboo. I have long believed, however, that bringing private discussions about money into public view is one of my essential tasks. The first challenge I faced was figuring out how to hear them myself.

For the interview study, I started close to home, interviewing NYU students who carried loans. I then reached out to their parents. Because NYU is a rarefied case—a private university with very high tuition and the high cost of living in New York City as well—I expanded the study to reach across the country with a group of interviews in Michigan, which has an especially strong tradition of public higher education. A team of research assistants helped me find students and parents who were willing to open up about their families' finances (no small achievement!), to discuss their histories and the challenges they faced paying for college. Together we conducted interviews in which students and parents shared closely held details about their financial lives. I offered them anonymity so that their privacy would be protected and they would be more likely to be open and honest. The eighty interviews that gave me the most insight paired separate conversations, one with a student and one with that student's parent; an additional eighty interviews, with either a parent or a student, helped me deepen my understanding of the patterns I saw in my core interviews. (Please see the Methodological Appendix for a more detailed description of the research design and interview process.)

Trained to do long-term, ethnographic fieldwork, I made a point of getting to know a smaller set of families much better. Readers will encounter some of these families across the book's chapters: Bruce, Peggy, and their boys, Tom and Aidan, from suburban Michigan; the Gates family from Columbus, Ohio, via Mississippi; Kimberly and her mother, June, from suburban Philadelphia. I visited these families at home and kept in touch with them over long periods of time. I traveled with them on occasion and visited their alma maters with them so we could experience the schools together. Each discussion and experience with these families guided what I asked and how I listened to all the interviewees.

Across the chapters, I have written the family stories as parents and students told them to me. They are, after all, the authorities in their own relationships, feelings, and experiences. It was heeding these stories that led me to my argument that families' deeply held values clash with the moral mandates of the student finance complex. Honoring these stories also led me to offer details from our discussions not directly related to the particular issues I was focused on. In writing this way, my aim is to open a classic ethnographic invitation to readers: to perceive each family's contingent and unique situation, and to let the text illuminate how the student finance complex intersects with and patterns these circumstances (and where it doesn't). By providing richer material, I encourage readers to pinpoint novel elements in the families' stories and to draw conclusions beyond my own.

I continued the study by examining work from across the social sciences to understand the broader trends that families face more deeply. Research in economics and policy studies in particular was important in another way too. These powerful disciplines do not simply illuminate the nature of the college payment problem; they actually intervene in the processes of financing, helping shape the design of aid and investment programs and providing rationales for the advice of popular experts. They are an explicit part of the college finance landscape that families face. In addition, middle-class families read about this research in the news, and they feel its effects as it shapes the financial tools they use.

My perspective on student debt is most informed by the anthropological tradition that attuned me to how the accumulation of debt—and speculation for the purposes of future gains—shapes people's understandings of their responsibilities and exerts control over the course of their lives. This is not a novel insight. In the early twentieth century, Bronislaw Malinowski observed the exchange of valuable ornaments by Trobriand Islanders and found that the debt taken on when someone received an ornament established powerful ties between those who gave and those who received.[17] Debts, as the French anthropologist Marcel Mauss also showed, obligated the givers to continue the exchange, creating bonds across time and establishing the possibility of the relationship extending into the future.[18] Debts also granted the giver leverage over the receiver; debtors are subject to the demands of those who lend and those who determine the rules. In other words, debt is a tool of social power.[19]

The Paradox of "Priceless" Independence

Middle-class people feel the pull of that power; they talked about the pressure to comply with the moral mandates of the student finance complex. But they feel that weight as only one side of a profound moral conflict between either following financial morality or fulfilling their higher duties as parents and students. This conflict has made the question of what to pay for and how to pay for it a subject of intense debate among them. The conflict also requires deep moral reflection. Families have to decide what *they* think they should do; whether they're going to uphold the principles of financial restraint or to honor their obligations to their children's independence. This question carries a compelling irony. Rather than convincing them to limit their expectations, the morality of finance leads them to place even greater significance on assuring their children's open futures. In fact, by urging economic restraint, the student finance complex elevates the sacred character of the middle-class family.[20] Because the values of independence, autonomy, and open futures are so important, both parents and young adults are willing to pay great sums and take on burdensome debts. It's prudent to save, but the pursuit of independence is priceless.

This paradox is a novel extension of what the sociologist Viviana Zelizer found when she studied the evolving value of children across the late nineteenth and early twentieth centuries. Before then, children worked in factories and on farms from a young age, contributing to household incomes. Progressive Era social movements promoted a new idea: that childhood should be sacred, economically valueless but emotionally priceless. "Sacralization" inspired child labor laws, which nullified their contributions as workers. At the same time, children's elevation above economic value generated new ways of accounting financially for their new sentimental worth. Companies began selling life insurance for parents to honor and protect their children, and courts began to award astronomical damages in cases of children's wrongful deaths.[21] Exalting sacred family principles, Zelizer argued, became very expensive. The same is true today, as middle-class families devote their resources to celebrate young adults' open futures.

Loans and their ready availability encourage families to think imaginatively about these futures. Every scenario in which they all benefit from sober financial restraint is matched with another in which young adults thrive and have little trouble paying back their loans. In many of my interviews, parents joked about their financial predicament by saying that they might win the lottery. Others, coming slightly more down to earth, imagined their young children winning athletic scholarships. This is speculative thinking. Families can envision themselves on the winning end of probability, able to overcome later financial constraints. The student finance complex cautions parents and students to exercise financial restraint while opening the floodgates of debt.

In delaying the reckoning, the structure of college financing encourages social speculation.

From Social Reproduction to Social Speculation

My concept of social speculation builds on a term introduced by feminist economics scholars in the 1970s and 1980s, who focused attention on the importance of families to capitalism. The family, they pointed out, was organized to raise children to become the industrial workers that the economy needed. Families (and specifically the adult women who ran the home) played a vital economic role in maintaining households and caring for the young, work that was uncompensated by the firms that reaped its benefits. As the political theorist Nancy Fraser has pointed out, the entire economic system "free rides" on the care and provisioning that families supply and "accords them no monetized value."[22] Family, this tradition of research has shown, performs the work of "social reproduction," turning out workers much like assembly lines produce products, but for no pay.

Today middle-class families provide an economic boon in a new way—through their speculation in funding college. The commitment of parents and young adults to upholding their middle-class values has become an economic lever. In the financial economy, the bonds of love that tie parents and young adults operate as what the anthropologist and historian Karl

Polanyi once called a "fictitious commodity," something that can be bought and sold that was not produced for the market, like land or human ingenuity. The financial system monetizes the power of those bonds with its instruments for social speculation; it promotes the morality of fiscal restraint to families even as it banks on their risk taking.

Inside This Book

The book takes readers through the student finance complex in the same order that families encounter it. Each chapter highlights a component of the system, one financial tool, and examines a central conflict it introduces into families' lives. Chapter 2 begins with the first instruments of the student finance complex that call out to parents: the 529 plans. I show how these tax-advantaged accounts, which instruct parents to start investing for college when kids are small, rest on the assumption of a moral obligation to plan in a way that most families are not prepared to carry out.

The next chapter picks up with the application for student aid in the months before young adults commit to a specific school. Filing the Free Application for Federal Student Aid—the FAFSA form, as it's colloquially known—is the gateway to college for middle-class Americans. This process reveals the power of the federal government's moral vision, particularly how it sanctions and enforces a model of family that doesn't reflect the lived realities of most who use it.

I take the next step alongside families who have applied for aid by examining the Expected Family Contribution (EFC), which is the amount, based on official calculations, that the federal government deems families are able to pay. The moral designation of "need" structures this calculation, but rarely corresponds to families' own sense of their responsibilities and capabilities. The EFC is then passed on to universities, which use it to guide their own aid calculations, directing exactly how much families will have to pay toward their children's education. The EFC complicates family life because it binds parents and children together in financial obligations at the same moment that young adults are supposed to be gaining autonomy.

The final two chapters examine different kinds of federal loans that middle-class families rely on for higher education. Families who can't pay their required contributions in cash are given another option, taking out parent PLUS loans. For reasons related to their unique history of being denied access to wealth and income, African Americans use these loans more than other parents. This chapter examines the impact of historical racial inequalities on how African Americans face the problem of paying for college today.

The final chapter examines direct loans, the most common form of credit that the federal government extends to middle-class young adults. The terms of these loans undercut young adults' open, autonomous pursuit of their futures because they must be paid off in the first, most vulnerable decade of graduates' lives. Direct loans push students to pursue lucrative work even if it doesn't fulfill their true ambitions.

Threaded throughout the book are comparisons between the moral mandates directed at the middle class and those more explicit and often more punitive assistance programs aimed at lower-income Americans. Although middle-class families get spared some of the worst condescension and poor treatment that lower-income Americans face, assistance through finance inflicts other kinds of damage. For instance, assistance through finance tends to impose on families a sense of personal responsibility for the indebted condition that the system mandates. When things go badly, it also generates feelings of failure and shame.

These problems have long been hidden from public view. Why? Because assistance through finance operates privately, and families do not discuss what they owe and how they borrow any more than they share how much they earn. This system for paying for college supports middle-class claims to autonomy and maintains the illusion of independence that has long been vital to American culture. After all, middle-class families apply for aid from their kitchen tables and keep their dependence a matter of their own personal business. Breaking the collective silence around debt would require admitting to the fragile nature of their finances, imperiling the very middle-class identity that they are trying to shore up by sending their children to college in the first place.

But this silence comes at a steep price. The prevailing norm of middle-class privacy has prevented families from understanding that others have been wrestling with debt in many of the same ways and for many of the same reasons that they have. This makes the struggle all the more stressful and isolating. The collective refusal to speak openly about money has also impoverished our vocabulary for describing the trade-offs and dilemmas that the financial system imposes on families, and undermined our capacity to understand how being indebted shapes family life.

My goal in this book is to bring these private moral conflicts out in the open, and to provide the lexicon we need to understand how the student finance complex affects us. My hope is to spark an open, honest, and public debate about how to support middle-class families and the rising generation in ways that live up to our highest ideals.

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