[Edna Bonhomme](https://www.thenews.com.pk/writer/edna-bonhomme)

February 20, 2021

**A growing crisis**

The COVID-19 pandemic and the economic devastation it caused made 2020 a trying year for me and so many people I know.

After months of bad news, disappointments, and difficulties, I convinced myself that things will be better in 2021. Sadly, I was quickly proved wrong.

On New Year’s Day, I received an email from Navient, a student loan servicing company, requesting that I pay $4,442 by January 28.

Initially, all I could feel was shame for being in so much debt. But soon, my feelings of shame transformed into anger – how could they request such a big payment, in such a short time period, amid a global pandemic that left so many young people like me unemployed or underemployed, struggling to keep a roof over their heads and put food on their tables?

Indeed, I am hardly the only person with an American education worrying about student loan repayments in the middle of the most serious public health crisis the world has faced in decades.

Student debt is rising across the world, but the situation is at a breaking point in the United States.

The Federal Reserve estimates that in quarter three of 2020, Americans owed more than $1.7 trillion in student loans. The average student loan debt is $37,000 in the US, whereas, in Germany, where I currently live, this number is just $2,400.

Today, there is a debt crisis in the US, and the problem is not limited to student loans.

Millions of Americans have long been struggling to pay their mortgages and credit card debts, and their struggle became even more pronounced last year due to the pandemic.

In 2019, some 34 million Americans were already living in poverty, and this number jumped to more than 40 million after COVID-19 decimated the economy. Total household debt in the country, meanwhile, increased by $87bn to $14.35 trillion in the three months ending September 30.

Medical debt is another growing burden on Americans. In August 2020, consumer finance company Credit Karma conducted an analysis of nearly 20 million members in the US and found that they have a total of $45bn in medical debt, which averages to about $2,200 of debt per member.

How have people been surviving under the weight of so much debt? It seems, sadly, by acquiring even more debt. Many Americans are keeping up with their various payments using credit cards, which is only increasing their financial precarity. According to a survey by creditcards.com, nearly half (47 percent) of US adults, or about 120 million people, had credit card debt in May 2020, just a few months into the pandemic.

Many Americans believe they will never be debt-free. Even before the start of the pandemic, more than 60 percent of American millennials did not know when, or if, they will be able to pay off what they owe, according to a survey by creditcards.com. The same survey indicated that some 20 percent of them expected to die without ever paying all of their debt off.

Tragically, they are probably right. According to 2016 data from credit bureau Experian, Americans are dying with an average debt of $62,000.

While debt is a problem that impacts Americans from all backgrounds, like everything else in the country, it does not affect everyone equally. The racial inequalities that show their face in every aspect of American life, from education to healthcare and employment, are also influential when it comes to how much debt each person acquires. Black millennials, for example, are particularly vulnerable to debt, with 85 percent of them taking on extortionate student loans to attend university, and then earning, on average, just 60 percent of what white millennials do.

But there is some hope on the horizon.

The Coronavirus Aid, Relief, and Economic Security Act (CARES), passed in March 2020, suspended the payments of and the accrual of interest on federal student loans held by the Department of Education until the end of September 2020. This relief was then extended until January 31, 2021. Immediately after taking office on January 20, President Joe Biden signed an executive order to further extend this arrangement until the end of September 2021.

All this provided some relief to millions of Americans struggling with loan repayments amid the pandemic. Nevertheless, this is only a temporary solution and it is not even helping everyone. For example, those with student loans that are not directly held by the Department of Education are not able to take advantage of this relief.

This is why there is now a growing movement demanding all federal student debt repayments to not only be postponed, but cancelled.

In November 2020, just weeks after the presidential election, 238 community, civil rights, climate, health, consumer, labour, and student advocacy organisations published an open letter addressed to incoming President Biden and Vice President Kamala Harris demanding the cancellation of all federal student debt within the first 100 days of the new administration.

American debtors themselves are also organising to convince the new administration to deliver long-term debt relief.

Excerpted: ‘Debt in the time of pandemic’ Aljazeera.com