
Regional

Student debt could impact future health care

The issue of student debt has become a hot topic of discussion since April 2012 when it was made public that the total student debt in this country had reached \$1 trillion. From then on it has developed into of conversation in both the political arena and about its cost in human terms. Fingers have pointed in every direction, including the real culprit – significant decreases in public financing of higher education.

From the U.S. presidential campaign of 2012 to the “occupy” movement that exploded the year before, student debt became a major source of debate not only in the U.S. but also abroad. In the case of the U.S., a number of proposals have been made, from offering free community college education to lowering the cost of higher education in general.

Although we have yet to come up with a comprehensive solution to this issue, emphasis has been placed on the human consequences of this financial burden and its impact on the lives of students and their families.

Now a new study provides a different angle on how this problem affects not only the common citizen but also the economy as a whole. In a peer-reviewed article in the journal *Economic Modeling*, a team of researchers from Italian and British universities writes that the effect of student debt among biomedical students represents a serious threat to the future prosperity of advanced economies.

The study, “Economic growth and the harmful effects of student loan debt on biomedical research,” confirms an earlier hypothesis by the 2001 Nobel Laureate in

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Economics, Joseph E. Stiglitz. According to him the costs of higher education and graduates' level of indebtedness represent not only a problem of equality of opportunity, but also a serious threat to future prosperity.

The premise is that modern economies are increasingly reliant on knowledge-based economic activities. In other words, the economies of developed countries depend more and more on a workforce that is highly educated and the economic condition of that population will, thus, have a direct effect on economic activity.

These researchers show that the high level of indebtedness of biomedical professionals may have severe negative effects on economic growth from the standpoint of society as a whole. This happens because of a number of factors. One is that there is a sort of “brain drain” of people who prepared academically for a career in research but move into private business where they are better paid and have more opportunities for employment in the biomedical area. This is the direct result of decreasing government support to research activities in the public sector. Although this means that more researchers will work in the applied areas, such areas cannot advance without appropriate research efforts in what is called basic research, an activity that takes place, for the most

part, at universities.

According to this study, another factor impacting this shift in emphasis is the fact that researchers with a strong inclination toward purely speculative research are less productive if they force their talents to conform to the demands of applied research in business organizations. What this means is that their efforts are concentrated in generating the kind of commercial products private industry expects instead of more pure research-oriented activities. This is in part because private industry is interested more in practical results than in research whose results are basically showcased in academic journals. At the end of the day it is all about who can pay better and get the students out of debt faster.

This is a mirror situation to that of lawyers who also incur high levels of student debt. They oftentimes try to get jobs in the private sector rather than in public service so they can pay off their own student loans, loans that can easily exceed \$100,000.

As a consequence of these trends, we will see an increasing imbalance in the availability of medical doctors and researchers in different areas of the health professions. The authors of this research found evidence that in the U.S. there is the potential for an even greater increase in the difference between the average growth rates of real family income and the average costs of higher education.

The level of indebtedness among young medical professionals is actually pressuring them into the higher-paying specializations. In other words, these gradu-

ates will choose more and more highly profitable specialties such as neurosurgery, urology or plastic surgery, while areas such as primary care specialists, pediatrics or medics in rural areas will attract fewer and fewer practitioners. It is interesting that many developing countries where they have a larger proportion of rural populations have developed strict rules by which doctors have to reside in rural areas for some minimum number of years right after graduation and before being free to establish themselves in larger, urban centers. Of course, they can do that because college education in those countries tend to be highly subsidized and the financial pressure for practicing medicine in urban areas is more a matter of social choice than a financial one.

Obviously, the bottom line for medical graduates with large levels of indebtedness in countries like the U.S. is that they will sub-specialize in those fields that promise higher earnings to offset their higher loan repayments.

In the larger picture what we will see is a greater imbalance in the healthcare system that at the end of the day will affect all of us, not only in terms of availability of specialists in all areas but also in terms of the cost of health care in general.

If we want to avoid this from happening we need a better-funded higher education for all.

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