PROTECT BORROWERS

MEMORANDUM

September 9, 2025

TO: Interested Parties
FROM: Mike Pierce and Persis Yu, Protect Borrowers

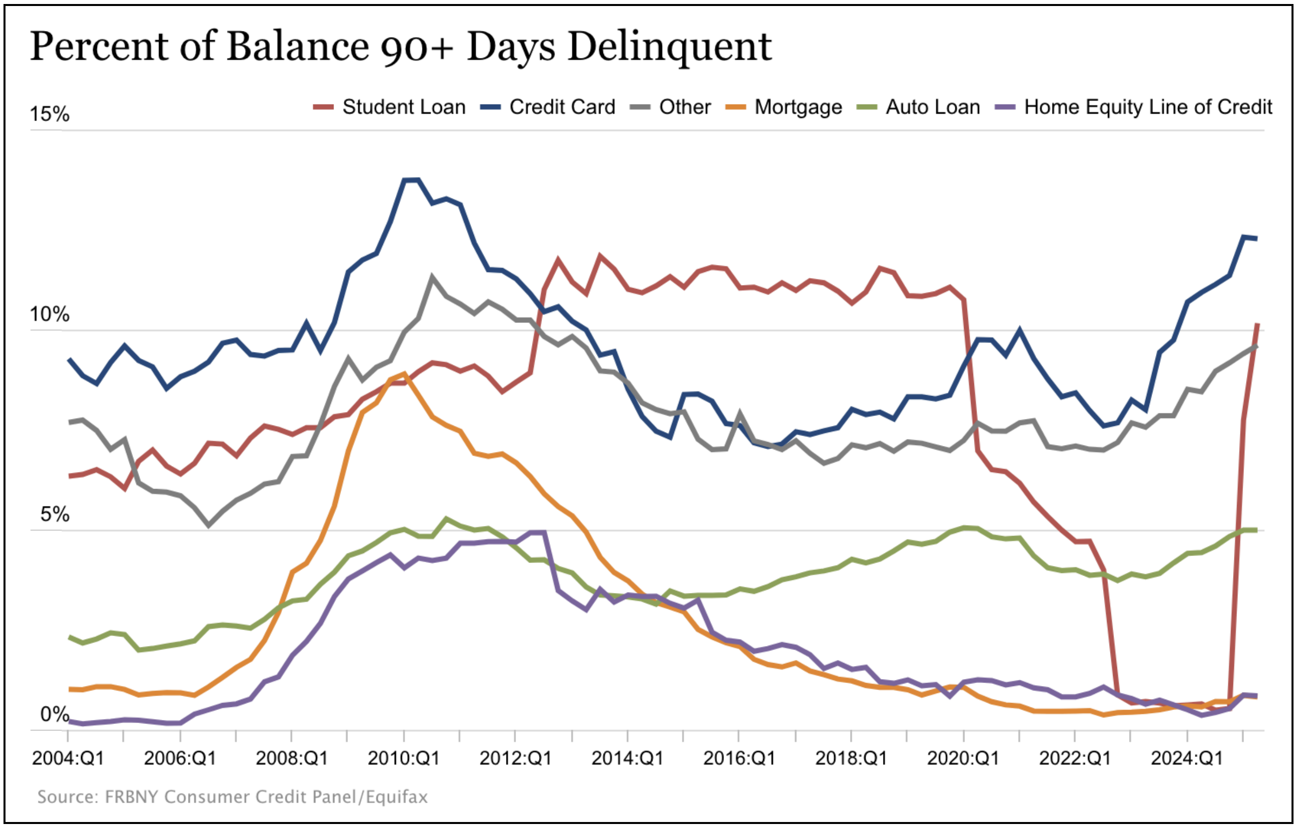
RE: **Winning the New Politics of Debt**

AMERICAN FAMILIES ARE DROWNING IN DEBT.

In 2025, credit card debt, car loan debt, housing debt, and student debt reached all-time highs, as household balance sheets increasingly tell the story of the broken American economy and our fractured electoral politics. For half a century, powerful corporations and crooked politicians financialized everything they could touch, pushing a growing share of Americans to take on debt to pay for basic needs and public goods.

Families feel this every month when they compare their growing debts to the extreme wealth hoarded by the billionaires and big corporations that are the real winners in Donald Trump's economy—a reminder of our two-tiered financial system rigged to make sure the rich get richer and leave everyone else behind.

Americans' debts are going bad. Families now owe more past-due credit card debt, car loan debt, and student debt than at any point in nearly two decades—you have to look back to the dark days of the Great Recession to find a moment when American families were this far behind.



In 2024, the rising cost of living—and the rising cost of financing middle-class American life—drove voters to the polls, pushing out incumbents and ushering in resurgent Trumpism. President Trump's reckless economic policy and regressive trade wars are making life even more expensive, ratcheting up families' debt burdens along the way.

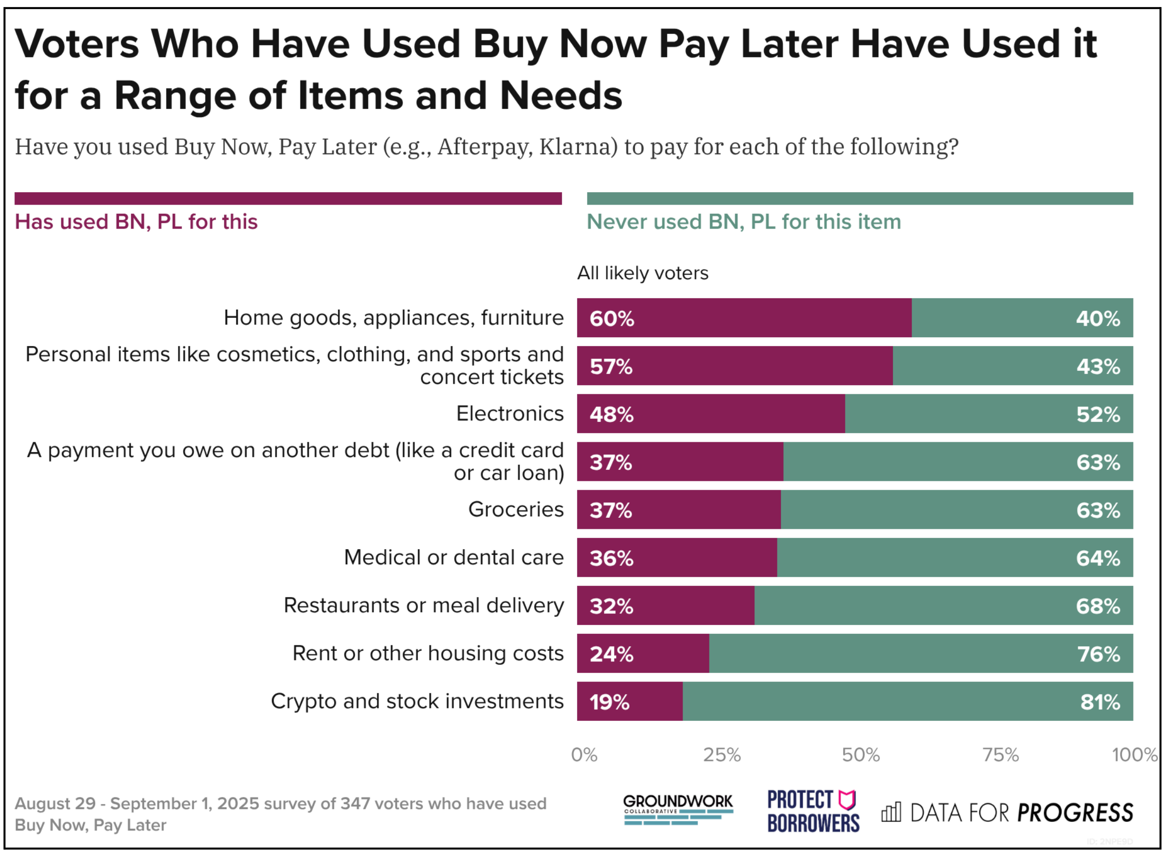
The financial strain posed by rising costs and reckless economic policy is not shouldered equally. We know that, on average, Black and Latino/a Americans have lower incomes, less family wealth, and are less able to shoulder a financial shock or a spike in monthly expenses.

Just months into the new administration, we already see the disastrous effects of President Trump's economic policy on working families' finances. The White House understands this too. That's why we see the so-called populist wing of the Republican Party [doing damage control]—appearing on podcasts and in right-wing media to bemoan the crushing burden of debt on working-class Americans.

This time, no one is falling for it.

Surveys show Trump and Republicans deeply underwater on the economy, paying a high price for prioritizing tax cuts for big corporations and billionaires over any coordinated effort to bring down prices and lower costs.

Americans are stretched thin. They increasingly rely on risky financial products to pay for the basics—paying for groceries on credit, going into debt to cover this month's rent, financing their healthcare, and rolling an old car loan into a new, bigger car loan just to be able to get to work. The explosion of Buy Now Pay Later products sits at the forefront of this trend—a survey we released today with our partners at Groundwork Collaborative shows that nearly a third of voters have taken on a Buy Now Pay Later loan this year. More than 1-in-3 Buy Now Pay Later users have used this loan to make a payment on another debt, and roughly 1-in-4 have used this loan to make rent.



At every step, Trump's economic policy keeps interest rates sky high and also gives financial firms from Wall Street to Silicon Valley an excuse to jack up the cost of credit.

A generation ago, policymakers drove families to take on debt, promising a wider path to opportunity for those who had long been denied access to the hallmarks of a middle-class life.

Student debt would broaden access to higher education. The 30-year mortgage would expand access to homeownership. Consumer credit would allow families to access a car to get to work, major appliances to cut down on household chores, and technology to connect us to each other and the world. At least in theory, policymakers' and market participants' embrace of household debt aligned incentives between families, private enterprise, and our government—promising to build a highly educated workforce, stable communities, and a dominant economy driven by consumer spending.

This is a false promise. Policymakers and corporations embrace debt to the opposite effect—debt undermines the very public policy goals it was supposed to achieve. This is by design. Powerful corporations and corrupt politicians prefer public policies that drive families into debt because **debt allows governments to privatize profits while socializing risk**.

America's embrace of household debt also has a second-order effect: undermining key institutions across civil society. The broken student loan system compromises public trust in the federal government and diminishes public faith in American higher education. The rapid expansion of medical debt and medical debt-induced bankruptcies undermines public trust in the American healthcare system and diminishes public faith in the expertise of doctors, scientists, and critical public health infrastructure. The exploitative use of employer-driven debt by large corporations suppresses wages, undermines workplace democracy, and diminishes public faith in the blue chip companies at the center of American commerce.

Debt poses an unprecedented threat to families' economic stability and to the economy as a whole. The price we place on opportunity is far too high, making families' finances brittle. As economic pressure increases on working people, millions of families' finances will snap, as will America's consumer-driven economy.

Voters are begging for leaders who understand the politics of debt. Debt is the through line between many of voters' top concerns—the rising costs of living, distrust of elite institutions across our society, and pervasive corruption.

A POPULIST AGENDA TO WIN THE POLITICS OF DEBT.

Policymakers need to respond to voters' demands by meeting them where they are—advancing a populist economic agenda that uses all of the levers of government to bring down costs, provide broad access to public goods, and hold corporations accountable for cheating working families.

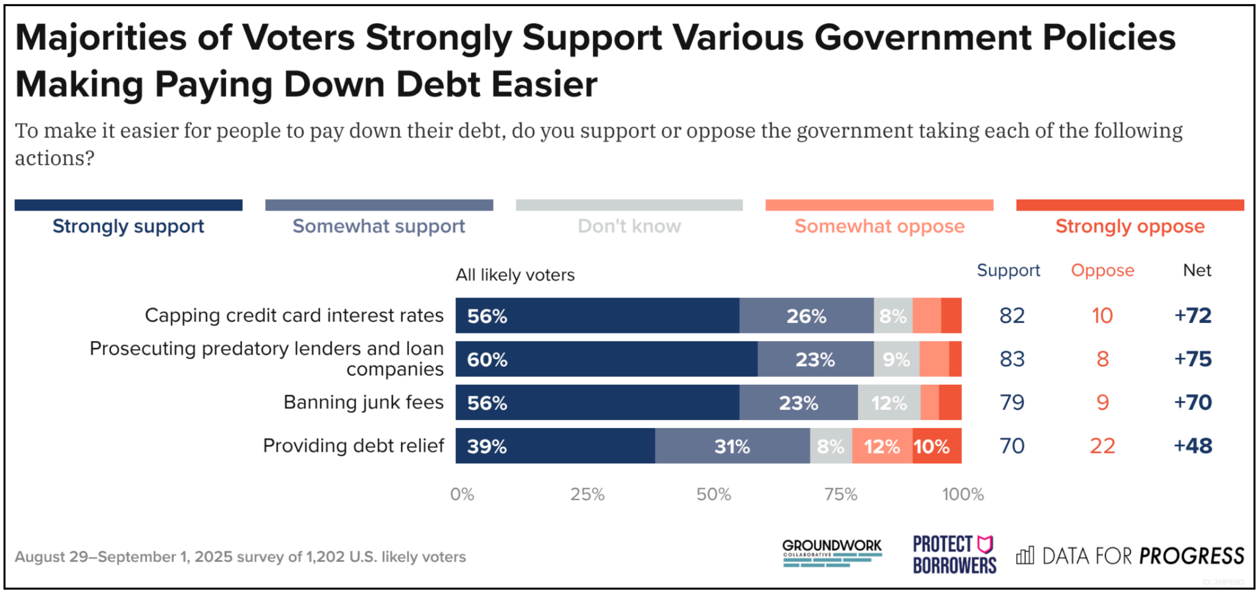
- **Bringing down the cost of household debt.** Americans' debt burdens are driven both by the size of the debts they shoulder and the cost of credit imposed by the large corporations who make and collect their loans. At every step, these companies squeeze borrowers—jacking up interest rates, layering on junk fees, exploiting families' pursuit of the American dream, and pushing them deeper into the red. Policymakers need to take immediate action to bring down the cost of household debt using every tool in their toolbox—for example by passing federal legislation to cap interest rates on credit card debt, and by banning "rate gouging" and junk fees across the economy.

- **Delivering debt relief.** Governments at every level hold trillions of dollars in debt owed by American families. Across the healthcare, energy, and higher education markets, governments are creditors and have the power to deliver broad debt relief immediately—if they have the political will. Voters are demanding this debt relief– direct action by governments to cancel medical, utility, and student debt commands broad public support. As Trump's Big Beautiful Bill throws millions of people off of their health insurance, jacks up energy costs, and pushes college out of reach, policymakers must make debt relief a priority—taking aggressive action to cancel medical debt, utility debt, and student debt to bring down costs and expand access to economic opportunity for all of us.

- **Holding corporations accountable for cheating working families.** The Trump Administration dismantled watchdogs across the federal government tasked with keeping companies honest and ensuring families are treated fairly in the marketplace. As a result, we are living through a surge in corporate fraud, scams, and corruption that is rattling markets, hurting honest businesses, and cheating families from coast to coast. We need a mass movement to hold these corporations directly accountable for the backroom deals they cut with federal regulators—dragging companies to court, exposing this corruption and abuse in the press, and driving public prosecutions of the executives responsible. Unless we make the cost of corruption higher than the financial windfall these companies reap, our families will fall further and further behind, driven deeper into debt at every turn.

- **Investing directly in public goods.** Driving this surge in debt, Americans are paying increasingly higher prices for healthcare, education, housing, and energy. Government already plays an outsized role in each of these markets, but not in a way that drives down costs or helps middle class families make ends meet. This needs to change—all Americans deserve healthcare and education, and they should be able to live full, healthy lives without struggling to put a roof over their heads or keep the lights on. If our government lives up to its responsibility to help all Americans have a decent standard of living, fewer families will be driven into debt to afford the basics.

These policies are wildly popular. For example, voters support a cap on credit card interest rates by an astonishing 8-to-1 margin, winning supermajority support from Democrats, Independents, and Republicans, and from every demographic spanning age, gender, education, and race.



In the year ahead, Protect Borrowers will advance a slate of policy proposals at every level of government, aligned with these four broad areas of focus. Our polling shows what working families have always known—**an economic populist policy agenda on debt also makes for popular politics**.

It's time to fight back.