

shoulder the blame. The Royal Bank's new stance, for example, runs directly in conflict with what they have said previously.

The Royal Bank's chief executive, John Cleghorn, has been quoted discussing the CSLP in the past:

"Clearly something had to be done. Otherwise the banks couldn't continue to provide on that basis because the losses for the government and for the banks are horrendous," he told the *Globe and Mail* in February

All of Brown's comments would lead one to believe that the Royal Bank's problem with the CSLP was merely a lack of partners. With more and more time moving away from the failed negotiation to extend the agreement the bank may now move, similarly, further and further from their oft-quoted stance that the program was too costly.

Brown, when pressed on real losses, and default rates would say only that the bank was indeed set to continue to participate in the CSLP. Indeed, they "wanted" to continue.

This is a classic example of what Michael Conlon, amongst others, have called "revisionist history." It is, quite simply, a position the bank and others must take so as not to irk the student class, their future, and present customers.

WHEN I USE A WORD. HUMPTY DUMPTY SAID IN A RATHER SCORNFUL TONE, IT MEANS JUST WHAT I MEAN IT TO MEAN NEITHER MORE NOR LESS.

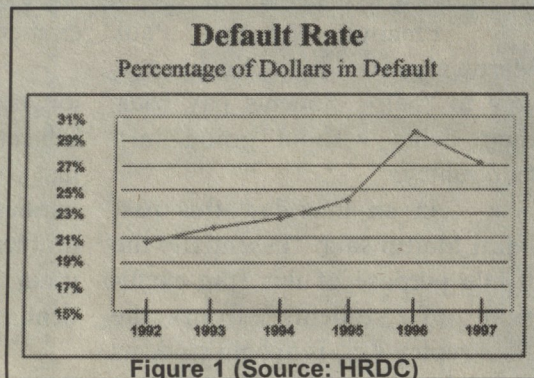
THE QUESTION IS, SAID ALICE, WHETHER YOU CAN MAKE WORDS MEAN SO MANY DIFFERENT THINGS.

THE QUESTION IS, SAID HUMPTY DUMPTY, WHICH IS TO BE MASTER THAT S ALL.

LEWIS CARROLL, *THROUGH THE LOOKING GLASS*

The definition of *default-rate* may be the single most relevant ideological difference

between students and banks and government. Student groups, like the CFS, will tell you that most students do, in fact, pay their loans back, if perhaps behind the bank's ideal schedule. But to be in default, according to the bank and the fed-



eral government, is to miss three payments in a row. End of story.

The HRDC quotes default rates of almost 50% for private institutions, and nearly 30% for public institutions (See Figure 1). On the question of these default rates, Conlon is predictably exasperated.

According to him, there is no way to trust or distrust the numbers from HRDC because the ministry will not release its calculations, or its parameters for real default, and flow through rate. That is the rate of students who may be considered in default but actually do pay some or, in the best case, all of their loans eventually; while they may be in technical default, their money still flows through the system and should be counted down against the "default rate."

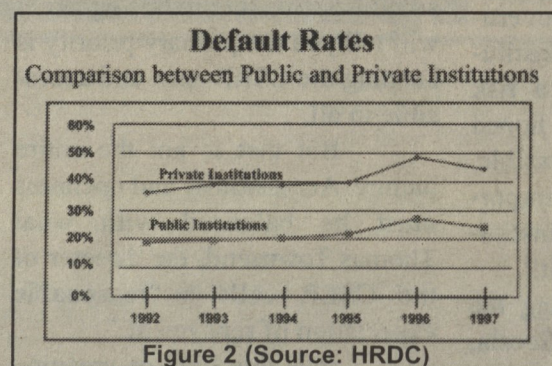
Conlon further argues that there must be a separation between the funding of private and public institutions. While not wanting to offend students of private institutions, Conlon stresses that if a subject is worthwhile it should be taught at a public university, so that more people can have access. He questions the logic in considering funding a for profit institution the same way one would fund a public institution. Private institutions, Conlon asserts, are already being helped with tax breaks and income tax cuts—while the funding of public institutions has suf-

fered across the country.

Perhaps most importantly, the public institution and the private institution differ in terms of default rates. Many dispute the reliability of the government's exact rates of default (Figure 1) and also the very definition of *default*; but no one seems to disagree with this disparity; students who attend private, for profit institutions are much more likely to be in default on their student loans (Figure 2).

The CIBC, perhaps the most reluctant of all the banking institutions contacted, would say only that they would have to: "pass on this one." When asked about default rates and real losses stemming from student loans, Shannen Bonos, a CIBC rep, would say only that not she, nor any of the staff on hand were "media trained." When asked if there was any chance of interviewing anyone else from the CIBC, she responded flatly: "No. We do not give out the kind of information you are looking for."

The failure of all those involved, aside from the students, to add any trenchant criticism to the debate is understandable when one sees the potential public relations nightmare that would come



with a real attack on the payment rates of students.

Students, according to all concerned, should see no reduction in service. What is frightening for students, and is looming just over the piles of reassuring documents, is the spectre of a day when the student will need to line up and be put through the ringer by a new profit-driven entity, when they will be subject to credit checks, personal guarantees, and the great possibility that many students will be

denied access.

This process has already begun in parts of the country. Students in Ontario are now subject to credit checks prior to being approved for a student loan. The Ontario government has also begun deducting loan repayments from student tax returns, and is trying to force universities to share default costs.

The federal government, though they are playing their cards close to the vest and practicing what Conlon calls "denials and double talk," is clearly aligning for a new administrative body to be in place before the end of this year.

They have decided to heap the blame for this problem with the financial institutions. An HRDC press release from March 9th states: "The Government of Canada extended a fair and equitable offer of compensation. Financial institutions made a business decision whether or not to participate." This, of course, directly conflicts what many inside the financial institutions have said all along.

Another emerging conflict will come between the funding of private and public institutions. The CFS is currently preparing to recommend a separation between the two types of institutions. In the same press release of March 9th, HRDC states: "The rapid expansion of private vocational institutions has had a significant impact upon overall levels of default and the performance of the Canada Student Loans (CSL) portfolio."

The future of the CSLP is a great mystery at the moment. Ask five different people and you will get five different opinions on the continuity of a system so critical to the future of this country.

It is a matter so far up in the air at present that with the right kind of breeze, it could end up almost anywhere.