

Generation Debt

A Low Blow To Higher Education

by Marcella Munro

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One month before 13,000 students demonstrated on Parliament Hill last November, Finance Minister Paul Martin released his "Framework for Economic Policy", the more important complement to Human Resources Development Minister Lloyd Axworthy's "discussion paper" on social programs.

"The primary responsibility to develop the nation's base of skills rests with Canadians themselves," the Martin paper says of education and training policy. "And while society gains collectively from the skills of its citizens, the greatest beneficiaries are individuals..."

This push to make Canadians more "individually responsible" is being directed mainly against the unemployed, the poor and students. They are all being told that the problem with the economy isn't a sustained high interest rate policy, or a tax system that benefits the wealthy and profitable corporations. It's them. They must take more responsibility for their own job prospects and education, Martin and Axworthy warn them.

University and college students are targeted for major cutbacks. Axworthy's green paper describes how the federal government increased its responsibility for funding higher education in the 1960s and 1970s then started to reduce funding in the 1980s. Two successive Tory governments ratcheted down transfer to the provinces for health care, post-secondary education (PSE) and a variety of social services funded under the Canadian Assistance Plan. Starting with Quebec in the year 2000, the paper concedes, federal cash transfer to the provinces for PSE will eventually disappear. The federal government then will no longer have a role in financing or setting priorities for higher education -- much like the present situation in the United States.

The Liberals -- who seem bent on continuing the Tories' cutback agenda -- know such a withdrawal of billions of dollars from PSE will put even more pressure on college fees and Universities to raise Tuition fees. To make up for the loss, students will be asked to shoulder what is described as "the real costs of education". Tuition fees could double or even triple within a few years.

Axworthy is preparing Income Contingent Repayment Plans (ICRP) as the

"solution" to PSE funding problems. His green paper defines ICRP as a way to make sure that people are not "prevented from learning because they are unable to carry the burden of student loans". At the same time, Axworthy claims ICRP "reconciles fiscal pressures with the need for expanded access". A closer look at ICRP reveals it will do neither

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Milton Freedman, the same economist who gave us Reaganomics, first conceived of ICRP in 1945 as another scheme designed to turn all aspects of life over to the "free market". The purpose of ICRP has never been to "reduce the burden of student loans", but to make students pay the full cost of PSE directly -- to get government out of the "business" of providing education. The government talks about "lifelong learning", but its proposals say nothing about the "lifelong paying" ICRP will force on graduates.

Historically, Canadians have been willing to invest their taxes in higher education in the belief that those who graduate and personally benefit from higher education will repay their "debt to society" through their income taxes. This revenue then goes to support the system of social programs, including higher education, that benefited them. ICRP, however, will shift the responsibility for funding a socially valuable from general tax revenue onto the backs of individual Canadians. Under ICRP the cost that students will be expected to pay for their education -- which, in the coming years may amount to the cost of a job -- will skyrocket. They will have to take on a personal debt of at least \$30,000 to \$40,000 to go to school, perhaps even more if tuition cost rise more steeply than expected.

Because it's dependant on future income, ICRP raises serious questions about who will be able to afford the more stable and better paying jobs that a higher education, opens up. Women, for example have literally changed the face of PSE over the last 20 years. This has not been the result of overt affirmative action programs, but rather because PSE has been made accessible by the massive public funding of the system that has kept tuition fees relatively low. Statistics Canada estimates that women with degrees still make only 71.1 per cent of the income of their male counterparts.

With lower average (and therefore lifetime) wages, women, the disabled and Native people may lose the access to PSE they have gained so far, or merely incur a personal debt they may never be able to pay.

"Any way one looks at it, women and other marginalized groups in Canadian society have less discretionary income," writes Allison Young of the Students' Union of Nova Scotia in *Downloading Canada's Debt*. "Repaying a student loan back until death or retirement means that they will be unable to contribute significantly to other things... a lower standard of living is a result.

With all their talk about a knowledge -- based economy, it seems odd the Liberals would choose ICRP as a funding mechanism since its higher debt loads will do nothing to correct the accessibility problems already plaguing higher education. In the last 10 years, tuition fees across the country have increased at a rate well above inflation. According to the Canadian Federation of Students, Dalhousie University in Nova Scotia saw tuition fees go up 64.7 per cent from 1985-86 to 1992-93; at the University of Saskatchewan the increase was 103.9 percent: at North west Community College in B.C., 185.7 per cent. The ensuing debt loads -- the biggest psychological barrier faced by people from low-income backgrounds -- have kept PSE out of reach for many Canadians.

At present tuition levels, it costs between \$9,000 and \$11,000 a year for a student living on his/her own to complete one year of full time studies. This, of course, is the best-case scenario. For people with children or physical disabilities, the numbers are much higher. Student aid -- provincial and federal combined -- doesn't even match prevailing welfare rates. The average student aid available for the single independent student in 1992-1993 was \$3,000-\$4,000 less than the cost of education for one year.

Regent Park Community Housing worker Nicole Seguin says just the idea of going into debt for an education is enough to scare more low income people off the idea. "There is a woman I work with who found out she'd have to give up welfare to enter a college program she was accepted for, and she just couldn't afford it," says Seguin. "The loans program wouldn't give her enough to survive on, let alone feed her teenaged daughter, and she would have to go into debt without any guarantee of a job.

With all the talk about giving people incentives to get off welfare, it seems strange the federal government wouldn't want to subsidize people's higher education. When Lloyd Axworthy was in University of Manitoba in the 1960s the obvious benefits of a highly educated workforce provided the only rationale policy-makers and university

administrators needed to support university accessible education. With the allocation of millions of dollars in funding for new programs and institutions in the 1960s and 70s came a commitment to keep tuition low. The Canada Student Loans Program was created in 1964 to ensure access to university degrees for all who qualified. Lloyd Axworthy was never asked to incur massive personal debt to get a diploma. Funding of PSE was seen as a social good to be paid for through the tax system. Now he told what kind of education to take, he best adapt him to changing economic realities.

The rest of this article will be published in the next issue of the Panther Prints.

Notice:

Information/Action meeting at the barn

The Student Union is sponsoring an information/action meeting on the current state of post-secondary funding in Canada. This will take place from 12-1:30 in Robertson Library 109 on the National Day of Action, October 11, 1995. This event will kick off education and lobbying activities on student funding issues.

If you want to learn more or help, please come out. We want to encourage affordable and accessible education for all. Guest speaker will be Mary Boyd, PEI Chairperson of the Action Canada Network. If you are interested in helping out and learning more but can't make the meeting, leave your name and phone number with Fidel Murphy or leave a message at the Student Union for him. It is hoped that many UPEI students active so far, their voices can be heard.

Reserve October 18 for UPEI Student Union's National Action Day forum on Secondary Education. Speakers will include Guy Caron, chairperson of the Canadian Federation of Students and Leo Broderick, board member of the Council of Canadian Students. It will take place at the Pit over the noon hour. Reserve time now to learn more about your education and the future.