

Tories Tack 'Tax' On Student Loans

OTTAWA (CUP) - Students borrowing under the Canada Student Loan program will have an extra three per cent to pay back after 1991.

Secretary of State Gerry Weiner announced a three per cent "administration fee" on student loans last month, to recoup costs of defaulted loans.

"We have just heard about this through research of the Canadian Federation of Students," says UPEI SU President Lisa Murphy.



Lisa Murphy
UPEI SU President

"If you need a loan, you obviously don't have a lot of money," said Canadian Federation of Students chair Jane Arnold. "And yet they're making these people pay more. This is really regressive."

Secretary of State official Len Westerberg said the fee, which will apply only to new loans, will be tough on students now, but will help them in the long run.

"If we don't start getting some of the [defaulted loan] money back, the tax payer will end up with the bill," Westerberg said.

He said students have defaulted on \$150 million worth of loans. "That's money we can't loan out to students," he added.

Westerberg said the new fee would bring in \$60 million in the first year. He said it was part of the government's overall effort to reduce spending.

"It's tough, but students aren't the only segment of society being affected by cuts," he said.

"This," Lisa Murphy says "is yet another indication that government does not have education as a priority."

Westerberg said the new tax wouldn't affect students decision to go to college or university.

"I don't think it's going to affect students," he said. "But it depends on the student's outlook, whether he's determined to get through school, and he's willing to work, or whether he's just looking for a free ride."

Arnold said the fee had nothing to do with cutting costs.

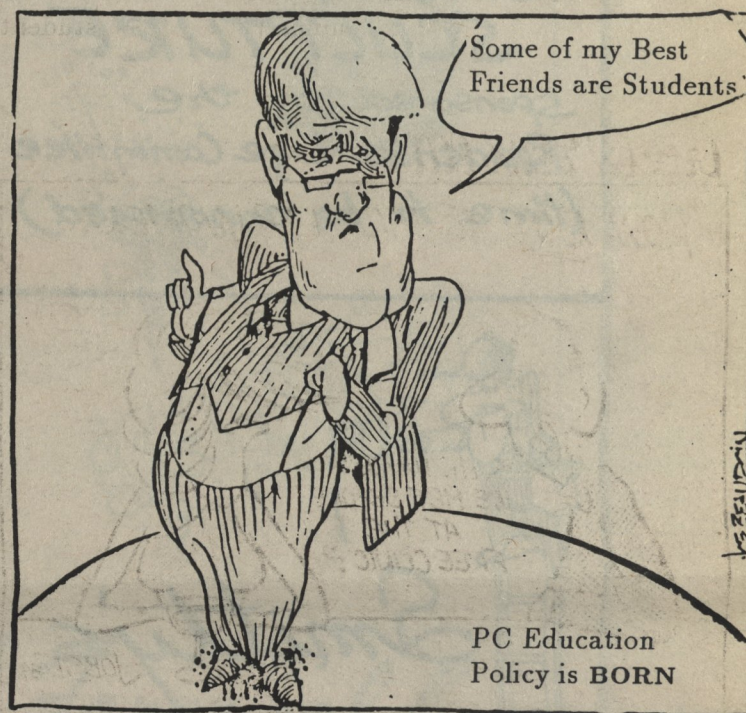
"It's a tax," she said. "It's a money making venture. That they would tax a loan is absurd."

"Its been a rough year for the Canadian Student thanks to the Feds," says Lisa Murphy. "I mean we've got the Bill C-33 funding cutbacks, the VIA Rail cutbacks, no indication of summer employment, as the best form of Student Aid, for summer 1990, and *now this*."

In 1987-88, 221,268 students borrowed more than \$588 million through the Canada Student Loan Program. Canadian Federation of Students statistics show about 20 per cent of them will graduate owing more than \$10,000 from both federal and provincial programs.

"People are really up in arms about this fee," Arnold said. "It's really slimy."

Lisa Murphy echoes C.F.S.'s argument that, "Those students who can least afford the cost of post-secondary education are being taxed for going into debt."



Graphic: The Charlatan

Get Off That Fence! Fight The GST!

MONTREAL (CUP) - If you're still groaning over the cost of your textbooks this year, just wait until next January.

In 1991, the federal government's proposed goods and services tax (GST) will push the price of textbooks up by at least seven per cent, with Canadian books costing as much as 12 per cent more.

Proposed GST legislation, introduced Dec. 19, is a seven per cent tax which will be added to goods and services at the retail level.

It is designed to replace the hidden manufacturer's sales tax (MST) of 13.5 per cent which is tacked onto about one-third of Canadian manufactured goods before they reach the consumer.

The GST is expected to generate \$18 billion in revenue, is what the MST brings in now, according to federal finance department public relations official Rick Doyon. However critics argue that the tax is compounded. It is

paid on new books and then again when those books are resold.

The GST will be applied across the board with few exceptions, making books, magazines and newspapers taxable for the first time.

Concern about the effect the tax will have on the Canadian publishing industry has prompted publishers and booksellers to form the Don't Tax Reading Coalition.

The Toronto-based coalition is lobbying the government to exempt the Canadian publishing industry from the GST, as well as encouraging other groups, including students, to join the fight against the tax.

"Students will be hit hardest by this tax," said David Hunt, spokesperson for the coalition. "They spend more on books, magazines and newspapers than anyone else. Students can't refuse to buy compulsory textbooks just because the prices go up."

A study by the Association of Canadian Publishers suggested GST would increase the price of the average Canadian book by 11 or 12 per cent.

"The increase in book prices due to the GST will reduce demand for books and will lead to smaller print runs, smaller or non-existent profits," Hunt said. "This will force publishers to raise prices by more than seven per cent just to make up for lost sales."

The average student with five courses spends \$400-500 on books, according to Lina Lipscombe, manager of the Concordia University's bookstore.

When the tax kicks in, that will go up to between \$428 and \$560.

"What really infuriates me is that the government is showing all this concern about literacy and then they tax books," Lipscombe said. "Books are a need, not a luxury."

"The government is taxing ed-

ucation."

Lipscombe says Canadian books, which make up approximately 25 to 30 per cent of the texts in university bookstores, are particularly vulnerable to the tax. And students buy a bigger proportion of Canadian books than the general public.

"Students will be paying the tax and the increased prices while other consumers will buy American or not buy at all," Hunt said.

Don't count on savings at

used or discount bookstores either. The GST will have to be paid on those sales as well.

Canadian University Press, a national co-operative of student newspapers is also a member of the coalition. The organization joined the lobby group last month.

Most of the nation's newspapers are also contributing to the campaign: the Canadian Daily newspaper Publishers Association and the Canadian Community Newspaper Association are members.

Elections

Elections

Elections

Are you interested in politics? Do you enjoy the election procedure and would you like to learn more about it? Do you want to help out at the Student Union?

If the answer is yes to the above questions, you should join the Student Union Election Committee. Just call the Barn at 566-0530 or drop by and leave your name with the administrative assistant. Help make the elections a success at UPEI.