

Purportedly the federal government is presently concerned with equalizing social and economic opportunities for all Canadians. However, there has existed for some time inequality of treatment regarding the manner in which federal acts afford financial assistance to the different groups of students at the post-secondary level of education i.e., (a) post-secondary vocational students in the Canada Manpower Training Program, and (b) post-secondary university students in the Canada Student Loans Plan. These two groups of students are covered respectively by the Adult Occupational Training Act and the Canada Student Loans Act.

The Adult Occupational Training Act, implemented in 1967, is administered by the Department of Manpower and Immigration. The Canada Student Loans Act, implemented in 1967, is administered by the Department of Finance.

An examination of the two pertinent acts will reveal that post-secondary vocational students in the Canada Manpower Training Program are treated in preferential manner when compared to the way post-secondary university students in the Canada Student Loans Plan are treated. In other words, students in the Canada Student Loans Plan are governed by legislation which unjustly discriminates against them in monetary terms and has the potential to cause irreparable social, economic, and emotional injury. No such adverse treatment affect students in the Canada Manpower Training Program.

Vocational students registered in the Canada Manpower Training Program are provided free academic and technical education as well as weekly grants of money labelled "living allowances." These weekly grants or living allowances range from \$43 to \$111+ per week, or up to a maximum of approximately \$6,000 per annum. The minimum amount finances a single person living at home and the amount increases according to the recipient's marital status, the number of dependents, and travelling expenses if involved.

These grants of money are completely free so that Canada Manpower Training Program students are under no financial obligation whatsoever to repay any of the money given. Nor are they required to undergo a true means test which would disqualify an applicant from receiving weekly grants of money should the applicant already be in a financially secure position. Every student in the Canada Manpower Training Program is given a weekly allowance whether or not such a need exists. A landed immigrant can also qualify for training under this program on exactly the same basis as a Canadian citizen, including instruction in English or French where this is deemed essential to employment.

On the other hand, university students apply-

ing for financial assistance under the Canada Student Loans Act are not given the same treatment in financing as the above-mentioned students.

An applicant before being accepted or rejected in the Canada Student Loans Plan must first under a means test. The means test may disqualify an applicant from participating in the Canada Student Loans Plan should there exist even limited personal or family financial resources. If accepted, money is not donated but is loaned. In addition, interest is charged on the money borrowed. The present repayment interest rate is 9 per cent. In other words, to qualify for assistance under the Canada Student Loans Act, applicants must declare that they are in need of money, that they own no property, and that they possess little or no savings. Or if applicants are dependents of parents or guardians, declare that their parents or guardians are unable to finance their entire university expenses.

The maximum annual amount of money that a university student can borrow, regardless of age, financial circumstances, marital status, and number of dependents, is \$1,400. The total amount of money that can be borrowed over a number of years is \$9,800.

In our "just" society, the government maintains that all Canadian citizens are entitled to the same rights, privileges, and considerations. Therefore, it appears unethical and undemocratic that although both groups of students need education or training in order to obtain employment or to enhance their employment opportunities: (a) one group of students is given money even if there exists a viable financial situation of fixed and liquid assets, while (b) the other group of students, in order to borrow money at assigned rates of interest, must undergo a means test which may disqualify them if they cannot declare the do not own property, a home, an automobile, or have little or no source of income. In other words, they are disqualified from assistance if they cannot state they are destitute, with no fixed or liquid assets. The entire business of probing and financial-assistance screening directed toward post-secondary university students is discriminatory and dehumanizing.

It is necessary to be realistic when assessing the needs of students whether at the vocational level or the university level. Not all vocational students are poor nor are all university students rich. Regardless of the type of institution attended, students come from all levels of society and their needs are very similar. University students not born with silver spoons in their mouths need just as much free financial assistance as is given to their counterparts in vocational schools.

It is neither just nor democratic to freely give money to one group of students while at the same

## STUDENT AID

# Beware of lending Banks



over half the allowable yearly loan covers tuition fees and associated expenses, leaving little to assist with day-to-day living expenses. Savings from summer employment, if employment is obtainable, are seldom of a significant amount. Furthermore, while many students may work during the summer months, many lack the physical stamina to work part-time while carrying full university course work during the academic year.

At the conclusion of their studies, university graduates who borrowed funds through the Canada Student Loans Plan begin their new lives in a state of prosecutable indebtedness. At the present time, they are also confronted with an unreliable employment market, a situation which has existed for some time. In many cases, this unfortunate predicament may be further complicated by a graduate's or debtor's ill health, underemployment, or unemployment. These are factors which may prevent the repaying of the loan. But despite extenuating circumstances, the loan remains outstanding with the interest steadily accruing. Should extenuating circumstances exist, they not only further aggravate the bankrupt situation but also the mental, emotional, and physical well-being of the individual concerned. An additional complication to the situation may result from a lending bank ignoring requests for guidance and information from a Canada Student Loans Plan client when the client is experiencing difficulties.

Banks are either deliberately or unintentionally negligent in according recipients of Canada Student Loans the same courteous, businesslike treatment they accord their more "solvent" clients. Banks may completely ignore letters from Canada Student Loans Plan recipients which: (a) state they are in straitened circumstances or a state of bankruptcy resulting from poor health, poor employment or underemployment, (b) request information as to which government department should be contacted in order to explain their unfortunate circumstances and to declare their state of bankruptcy. The Guaranteed Student Loan Agreement forms which the bank issue, which are jointly signed by a bank and the student-borrower, do not mention the involvement of any government department. Therefore, many students in the Canada Student Loans Plan are totally unaware of the role played by the Department of Finance. They are equally ignorant of the consequences which result should they not be able to repay the loan to the lending bank.

time restricting and profiting from money loaned to another group. Furthermore, it is neither just nor democratic to heap insult onto injury by obliging the latter group to not only pay high interest rates on the money, but also to be subjected to the possible consequences of default in payment upon graduation should the employment market be unstable or should other extenuating circumstances exist. Rarely do university students who borrow money have collateral to offset the loan so that the mental strain of being in debt while attending university and following graduation can be intense.

Moreover, it is truly disturbing that some Canadian citizens, attempting to better themselves educationally, must borrow money from one government department, paying interest on the money borrowed and suffering the possible consequences of default in payment, while another government department freely donates money to other Canadian citizens, and while yet another government department donates or lends money to foreign countries at rates of interest which are considerably lower than that which the government charges its own impoverished and bankrupt citizens. For example, compare the 9 per cent rate of interest currently applicable to Canada Student Loans with the recently proposed loan to Cuba at 3 per cent.

The meagre amount of allowable government-borrowed money only enables many university students to continue living under deplorable conditions, in a state of constant anxiety and bankruptcy, during the duration of their studies. In many instances,

A bank's continued silence in not responding to a Canada Student Loans Plan client's requests for information may serve to preclude a client's taking advantage of certain terms governing revised loan repayments contained within the Guaranteed Student Loan Agreement which would assist a client when experiencing ill health, poor employment or unemployment. It may also serve to mislead and prevent a client from exercising a Canadian right to declare bankruptcy at a favourable time. However, banks need not be concerned about a Canada Student Loans defaulter's personal or financial problems. If a Canada Student Loans defaulter does not repay the outstanding money to the bank, the government automatically will.

(From personal experience, the author has found the above to be the accepted policy of the Bank of Montreal. Other sources confirm that various other banks have similar operating policies.)

Many Canada Student Loans Plan recipients in straitened circumstances, lacking legal knowledge and the money to buy legal advice, assume that should they declare bankruptcy to

declaration of bankruptcy and forgiveness of the debt. To the debtor, this belief is reinforced by the bank's and the government's lack of correspondence with the debtor, thus precluding the debtor's utilizing Item 9 of the Guaranteed Student Loan Agreement. Item 9 provides the opportunity for the revision of loan-repayment terms.

However, the forgiving of a Canada Student Loan debt by a bank is not the case. For following many months and sometimes years of silence on the part of a bank and the government, the Guaranteed Loans Administration, Department of Finance, will advise the debtor, via letter, that a collection agency has been authorized to act as a government agent in collecting the outstanding loan and the interest which has accrued during the interim.

This letter may arrive when the debtor, perhaps after a number of years of not having been able to find gainful employment, has only recently found suitable employment and is attempting to become established both professionally and financially.

Appeals to the Department of Finance to extricate

ating when undeserved and resulting from the irresponsibility of a bank. Each encounter can result in frustration, infuriation and complete demoralization. Despite being agents for the Department of Finance, loan collection agencies are under no legal obligation to treat Canada Student Loan Plan defaulters in any way different from the way they treat their other "customers." They may bully, harass, embarrass, degrade, intimidate, and misrepresent. Their extensive repertoire is designed to bulldoze people into a state of indignant but impotent resignation. This is done although the Department of Finance and collection agencies may state it is not their policy to operate in such a manner. The more money a loan collection agency can collect from a Canada Student Loans Plan defaulter, the greater will be its percentage of profit. Presently a collection agency can retain 33 1/3% to 50% on each dollar it collects.

If a loan collection agency does not succeed in collecting money, the case is referred back to the Department of Finance. The Department of Finance then instructs the Department of Justice to proceed with legal action. This results in a judgement being sought against the defaulter, covering the complete amount outstanding on the loan, together with all the associated court costs.

Unfortunately, it appears that many of the government decision-makers in the various levels of government are socially conditioned to believe some of the myths associated with education:

- Mainly rich people go to universities.
- Mainly poor people go to the other educational institutions.
- If university students are not independently wealthy when they begin their university studies, they will become independently wealthy immediately upon graduation.
- Vocational students upon graduating in their courses or trades can never make as much money as university graduates.
- University students do not need as much money to live on as do vocational students.

Critics of financial assistance to university students support their myths by making reference to the cars that some university students drive, overlooking the fact that vocational students also drive cars and in just as great a number.

Critics also overlook the fact that not all university students are the sons and daughters of the well-to-do. Many are completely self-supporting students. Many

have dependents as well. Many in addition to being completely self-supporting are beginning their studies in their mid-to-late 20's and 30's, with little or no financial resources, in an attempt to obtain more meaningful employment and better salaries so as to escape living at the subsistence or poverty level. Yet, unlike vocational students, in many instances they must endure additional emotional trauma, financial hardship, and an even greater reduction in an already reduced standard of living while they are students.

Critics also overlook the fact that not all university students upon graduation become lawyers and doctors or gain access to that top level of highly paid Canadians. Many university graduates, especially female graduates, do not make as much money as many graduates from the vocational schools.

The federal government's present position regarding students in the Canada Student Loans Plan and the Manpower Training Program is as follows. (It would be advantageous to bear in mind that the government is attempting to find distinctions, where no true distinctions exist, between the needs of two categories of Canadian citizens. That for one group, the university students, education is a non-essential acquisition or a superfluity, while for the other group, the vocational students, it is a vital necessity. This stance is probably taken to protect the "integrity" of the two contentious acts.) The Minister of Finance maintains that:

**The Manpower Training Program is designed to meet very different aims than is the Canada Student Loans Plan. The former provides assistance to those who are unable to secure employment because of their educational standard - such assistance is given, primarily, to those in vocational training courses designed to enable him to upgrade his employment or obtain employment. It should be noted that recipients of this assistance must follow the occupation for which the course prepares them whereas the Canada Student Loans Plan leaves entirely to the student the choice of course and subsequent vocation. It is, in part, because of this choice that assistance under the latter program is in loan form.**

A university student's needs for food, clothing, shelter, etc., are no different from any other student's needs. Similarly, a university student's educational or training needs are no different from any

other student's educational or training needs. Education or training is vital for both groups of students in order to secure employment. Both groups must work in order to survive. Furthermore, just as recipients of Adult Occupational Training Act grants

currently 9 per cent, steadily accrues. This situation is particularly distressing when one considers female graduates who are confronted with discrimination due to their sex. Although in many instances their earning power is still less than that



follow the occupation for which their courses prepare them, so, too, do Canada Student Loans Act recipients endeavour to follow the occupation for which their courses prepare them, be they teachers, engineers, nurses, doctors, lawyers, biologists, pharmacists, librarians, etc.

Although the federal government implies that a university student has no restrictions placed upon him as to choice of courses and subsequent vocation, an examination of the actual situation will reveal that this implication is not well founded. Aptitude, chances of success, the prevailing job market with its economic factors of supply and demand, faculty admittance to a certain programme, and the time required to complete the course are just as important considerations for the post-secondary university student as they are for the post-secondary vocational student.

Perhaps the Minister's statement is made in reference to university students who, because of the scarcity of available jobs following graduation, are unable to obtain employment in the area for which they were trained and, therefore, must accept other employment. But this hardly appears to be a fair way of comparing university students to Canada Manpower Training Program students.

At this juncture, it should be pointed out that many university graduates, due to the critical job situation which has prevailed for a number of years now, are unable to find employment or suitable employment to justify their having spent anywhere from three to eight or more years at university. Many are poorly employed. Yet their Canada Student Loans still stand and the interest rate,

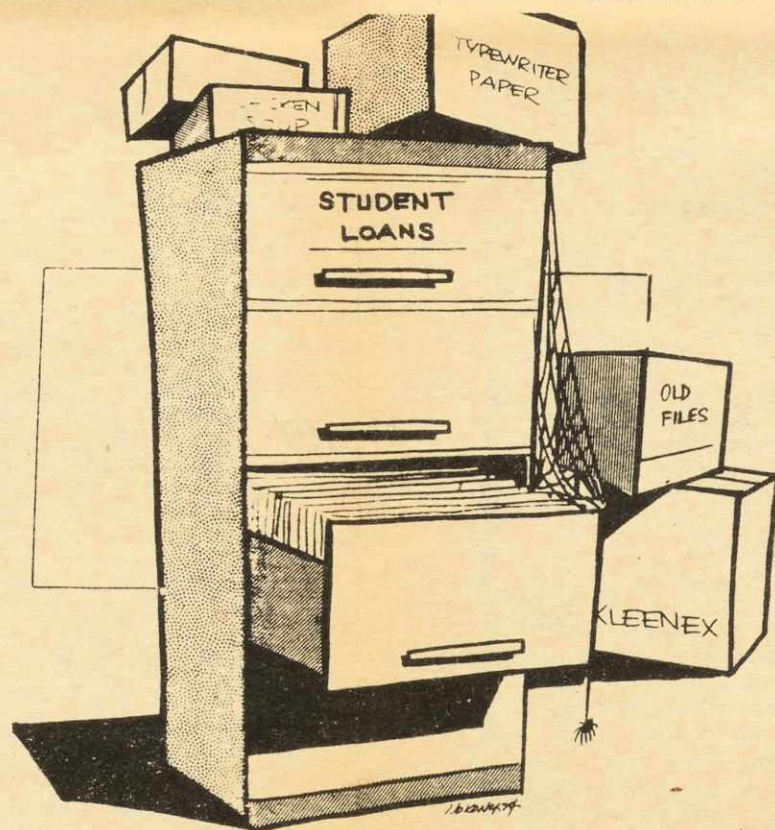
of a man's, their living expenses are just as great.

The irony of the entire grant-loan picture is that students who obtained free financing in the Canada Manpower Program, spending considerably less time and effort in acquiring the necessary qualifications for their employment than do most university students, are, in many instances, making much more money than many university graduates, e.g., plumbers, electricians, carpenters, crane operators, etc.

Presently the following are some of the means by which a Canada Student Loans Plan debt may be terminated:

- The paying off of the debt through a bank. However, despite what may be inferred from the Guaranteed Student Loan Agreement, this may be a one-sided arrangement with the bank using its own prerogative in acknowledging or ignoring inquiries from Canada Student Loans Plan recipients, thus possibly precluding a favourable opportunity for a defaulter to declare bankruptcy or to alter the loan-repayment terms.
- The paying off of the debt through a government authorized financial collection agency. This occurs when the bank has not collected the loan money from the defaulter. The bank then automatically collects the outstanding amount from the government. Following this, the government then authorizes a collection agency to pursue the debtor to collect money for the government. A collection agency may keep between 33 1/3% to 50% of any money collected.

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a bank, as per Item 8 of the Guaranteed Student Loan Agreement, it is sufficient to relieve them of their financial burden. They believe that declaring bankruptcy to the lending bank will cause the bank or the government to carry out an investigation resulting in the excusing of the debt. This belief may be reinforced by the fact that despite repeated letters being sent to the bank, neither the bank nor the government may respond to these letters.

Several years of silence on the part of a bank and the government may occur. To the debtor, this silence implies acceptance of the

a defaulter from the unpleasant situation in which he/she was placed because of unfortunate and unforeseen circumstances are futile. The Department of Finance is immobile and inflexible in its position. Neither acknowledging nor investigating the extenuating circumstances, which possibly involve a bank's culpability, it is adamant in its insistence that the defaulter deal with the government authorized loan collection agency in paying off the debt.

The tactics of collection agencies are common knowledge. Encounters with them assault human dignity, being doubly devast-