Buy A Student- Best Investment You Can Make

by brian johnson
the varsity

(Two University of Toronto professors have introduced a report which would remove the cost of university education from the public purse and finance students through private investment. The Ontario government would set up an investment agency to issue bonds to private investors, and students would take out loans from this agency. Students would repay these loans with interest compounded annually by paying the agency a fixed percentage of their annual income. If the plan is accepted in Ontario, it will mean the student will pay the *entire* cost of his education – not just a quarter to one-half as he does now. And if accepted in Ontario, other provinces are likely to adopt the plan. In the November 17 Varsity, editor Brian Johnson analyses why the plan came about, and what it will mean to students.)

TORONTO – The latest report from Professor Richard Judy's Institute for the Quantitative Analysis of Social and Economic Policy comes as no surprise.

The report is a revamped version of the Educational Opportunity Bank – a scheme whereby private investors, instead of taxpayers, would invest in the financing of higher education.

The financing of higher education has been a political thorn in the side of the Ontario Government for quite a few years.

As university construction boomed, education ate up a continually greater section of the tax-dollar.

But the factory-system of education allows the students to ask fewer questions. He is processed to reproduce his own labor-power.

As students started to ask questions about their role in the university, and the university's role in society, something happened called the student movement.

Rebellious students started making themselves visible. Demonstrations. Sit-ins. Non-negotiable demands on the power-structure.

That's embarrassing to a government: while the tax-paying electorate watches it pour a fortune into universities, students reject the "gift".

"If those damn students don't appreciate the taxpayers' generosity, we'll stop paying for their education," public starts murmuring against government.

At the same time, the price-wage spiral of inflation demands that the government stop spending in certain areas.

The government is forced to make cuts in areas that won't affect the corporate economy. Capital grants to universities are cut slightly but still comprise 30 per cent of the provincial budget. Student aid makes up only one per cent.

Somehow the government must respond to that public pressure and that financial squeeze without slowing down the university business. That would slow down the economy and bite into the corporations that receive direct economic benefit from the universities.

Human capital is the best investment: as the student progresses through university he multiplies his future labor power for the corporate economy. And when he leaves university, he repays the loan plus interest. As his labor power creates profits for the capitalist, his income becomes coupons for the capitalist's clipping-file.

It's not co-incidental that the Ford Foundation – one of the greatest owners of multi-national capital – helped finance the report.

The original proposal for an income-related loan plan came from Milton Friedman 15 years ago. He was Barry Goldwater's economist.

Friedman said, "There is clearly here an imperfection in the (capital) market that has led to under-investment in human capital . . ."

Economists realized that education could be a key area for investment in human capital.

Ironically, the Institute's report itself describes the development of the same economic motives that the Ontario government responded to in commissioning the report:

"The 1960's have brought what one prominent economist

has called the 'human investment revolution in economic thought.' The emphasis has shifted from public support of the consumption aspects of college education ('they were the best four years of my life') to an emphasis on the investment aspect, the formation of human capital and the high rates of return to this investment, both for society and the individual."

The Institute's report is typical "value-free" technical research that fills out the government's intentions and assumptions. The entrepreneurs of research are supplying the foundation for the new multiversity of entrepreneurs.

And the report itself does not answer the basic problems of access to higher education:

*A loan system would put too much financial pressure on the lower class students who could not risk the loan. The class nature of enrolment would not be broken down: it would be strengthened.

*Education would meet the needs of the community even less than it does today; the community would lose even their nominal control of education; education would appear to benefit only the individuals attending and would actually benefit the corporations;

*The plan does not heal with the basic class barriers to education which are contingent on an unequal income and taxation scale and environmental inequalities;

*The report ignores the conclusions of the earlier report (Aid and Access) prepared by students in the same Institute – that any new aid program must consist of grants, not loans, and that the taxation structure must be totally revamped;

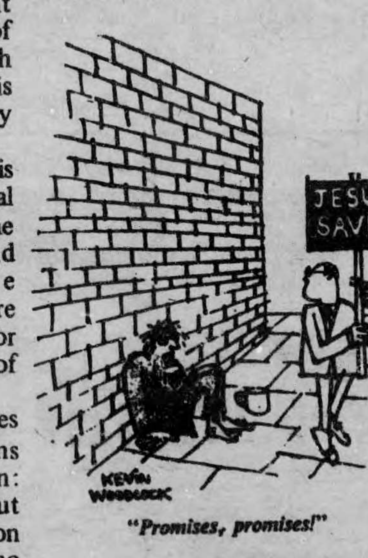
*The loan scheme would just mystify the real problems of unemployment and inflation by taking students off the summer labour market;

*The scheme also assumes that most married women will stay off the labor market.

The name of the game is exploitation.

If the Department of University Affairs implements the Institute's report, education will cease to be any kind of publicly-owned resource.

It will become a privately owned commodity. And you'll be for sale.



"Promises, promises!"