

some influence which would permeate all of American life, for such training and guidance would soon be extended to all people whether they attended college or not.⁴ With such a background the student would enter college better equipped than he does now. His relationship with the business organization of higher education would further his training in the management of his personal affairs and would lead him to see what he must encounter in the outside world after he leaves college. Such a procedure need not interfere with the academic program, but in fact should assist it, since the student so trained in the management of his financial affairs will take such as a matter of course and can then give better attention to his academic life.

What then becomes of the loans? The institution would find that it could deal with the student on a business basis, for he will expect it and will resent in fact being dealt with in any other manner. This business basis means the application of the highest business principles in the business dealings which the institution has with the student. The application of business principles to student loans, however, does not mean that the peculiar characteristics of lending to students will not be taken into consideration. Adjustments will have to be made, but this will not prevent entering into a definite agreement with the student and making him realize the responsibility which he undertakes. He is borrowing money for an economic venture and should, therefore, pay the commercial rate of interest. The term of the loan (except when it is an emergency loan), should correspond with the period of turnover in college, which is approximately five years. The amount of the loan should be enough to be of substantial assistance to the student. Once a loan has been made to a student the institution should come to his assistance with further loans in order to "see him through" unless it is found that he is no longer a good risk. It is unwise to require any security except a note of honor. The student who needs the money most has no security to offer. If he has security or can get an endorser, there is no reason why he should borrow from the institution. If, nevertheless, some form of collateral or security is deemed wise, the group guarantee is then the best way in which to secure the funds. In this way the students accept collective as well as individual responsibility. However, those who constitute the group should have a voice in the selection of the risk.

It is urgent that student loans be put on a business basis. Students who have borrowed where loans were administered in a business-like manner express preference to borrow under such administration. They appre-

⁴ The possibility of such a result was expressed in conversation with Mr. C. S. Danielson of Columbia University and Mr. O. C. Lester, Assistant Vice-President of the Bowery Savings Bank, New York City.