

# Nike research funding controversial

BY CHRIS BODNAR

OTTAWA (CUP) — The University of Ottawa is skating around some delicate questions after accepting a research contract from Nike.

Under the \$600,000 agreement, University of Ottawa (U of O) researchers from the School of Human Kinetics and the Faculty of Health Sciences will be conducting research on ice skates for Nike.

But some are questioning the deal in light of recent publicity concerning Nike's labour practices in Asia. Nike manufacturing is contracted out to overseas factories, and human rights groups have expressed concern about poor working conditions and low pay in these factories.

A report commissioned by Nike earlier this year to evaluate its labour practices overseas found that there was room for improvement. The report, however, was condemned by the media and public interest groups for containing falsities and failing to analyze worker salaries.

It is reported that in some countries, workers at Nike subcontractor factories are paid as little as 25 cents a day and endure physical and sexual abuse.

Sandrine Oka, resource coordinator with U of O's Ontario Public Interest Research Group (OPIRG), a social justice organization, says the university's decision to take money from Nike is unacceptable. She added that government cutbacks have forced universities to pursue private funding from corporations and disregard the ethics of the companies in the process.

The provincial government has cut U of O's funding by \$22-million in the past two years.

"OPIRG is very concerned that a post-secondary institution is ironically, if not hypocritically, dealing with a multinational organization such as Nike," Oka said.

Oka says last year Nike made record profits of \$795-million while Indonesian workers in Nike subcontractor factories made \$2.56 a day.

Mario Lamontagne, the U of O

professor who heads the research project, defends the university's decision to accept the contract.

"Sometimes I'm a little sick and tired of these accusations," Lamontagne said. "We should not exploit humans...but [Nike is] trying to do their best."

"The dean was there, the rector was there. Everyone was very pleased to get this money," Lamontagne said, referring to the opening of the research facility on the U of O campus. "It's not bad for the country, it's not bad for the university."

Lamontagne says that most of Nike's hockey skates are made in Canada, and adds that the company uses glue without solvents and makes efforts to recycle old running shoes.

The professor admits that there

has been some negative feedback to the contract with Nike in the human kinetics department. A university employee put anti-Nike pamphlets in department mailboxes when the program was announced, he said.

After its commissioned report was released, Nike launched a public relations campaign. Advertisements were placed in major North American magazines discussing the company's image problems. Press releases were sent to local Ottawa media outlets in October explaining initiatives taken by the company to improve its image internationally.

Both Lamontagne and Dave Jones, Nike program manager for hockey design and development, say the U of O contract has nothing to do with the public relations

campaign. Other Canadian universities, including the University of British Columbia, have also signed research deals with Nike.

We're here today to ensure Canadian hockey is the best it can be and to sponsor the grass roots of amateur hockey," Jones said.

Last April, according to *This Magazine*, the Canadian hockey equipment manufacturer Bauer — purchased by Nike in 1994 — announced it was closing its plant in Cambridge, Ontario. Four hundred jobs, paying up to \$12-an-hour, will be lost.

On October 18, a worldwide protest targeted Nike's use of low wage labour and the poor working conditions in its subcontractor factories.

## Higher interest rates on loans

BY JULIAN SCOTT

WINNIPEG (CUP) — You may be paying more interest on student loans than you think you are.

According to banking expert Kermiel Aasland, Canadians are paying more interest on their loans and mortgages than they should be — because of the way major banking institutions are interpreting an important provision of the Canadian Interest Act.

Aasland says many banks are either ignoring or misinterpreting section six of the Act, a piece of legislation meant to protect citizens from being exploited by money-lending institutions.

The section stipulates that banks must state the annual rate of interest in agreements with their borrowers, or else the interest payable is automatically set at a low level — between zero and five percent, depending on the loan.

While financial institutions declare annual interest rates on loans and mortgage agreements, it is common bank practice to break up those rates and apply them a number of times over the course of the year. In this way, the interest compounds, and borrowers pay a somewhat higher rate than they originally agreed to.

Making matters worse, says Aasland, is the fact that nothing has been done in the Canadian courts to rectify the situation.

"The [Canadian] courts have always ruled that essentially this sleight of math is okay...which is bullshit, and any mathematician can tell you that, he said.

David Phillips, vice-president of the Canadian Bankers' Association declined to comment on specifics of either section six of the Investment Act or how major financial institutions approach it.

"The Interest Act has been the topic of much academic and judicial consideration," he said. He adds that the provinces are currently pursuing an initiative to "harmonize disclosure rules in Canada."

This initiative, however, has nothing to do with reconciling actual rates of interest on loans with perceived rates. The provincial governments are instead working to establish a uniform method of interest rate calculation.

"[The provinces] are not trying to rectify anything," Aurele Robert, a spokesperson for the Manitoba Consumers Bureau, said, alluding to the fact that the Investment Act is a federal law, and therefore cannot be changed by the provinces.

"The harmonization is not trying to rewrite the Interest Act or the Bank Act. The harmonization is just there to make it easier for businesses...operating in each province under the same rules," said Robert.

Jennifer Storey, deputy chair of the Canadian Federation of Students, says she is very concerned that students may actually be paying more interest on their student loans than they think they are.

"The fact that the banks are getting away with this, and the fact that the federal government hasn't done anything to change it, just shows that public policy in Canada these days is not being written for the average student, the average consumer, or the average would-be home buyer.

"It is being written for the corporate sector [and] it is oriented more towards profits than it is towards people."

## Students blamed for own debt

BY ANDREW SUNSTRUM

TORONTO (CUP) — A marketing ploy urging students to borrow wisely and responsibly is attracting widespread criticism from students across the country.

Through flyers and refrigerator magnets, the message from the federal government's Canada Student Loans Program is concise: "Borrow Wisely. Your loan, your responsibility."

But these few words have elicited a sharp response from some students.

"The government thinks that students just get loans to party and count on going bankrupt, but they don't understand that we need to pay rent and buy food, and we're locked into these \$7-an-hour jobs behind a counter," Tony Coultron said. He declared bankruptcy in March 1996 after graduating with a Bachelor of Arts from Concordia University the previous year.

At the end of his studies,

Coultron had accumulated a debt of \$23,500, despite working throughout his post-secondary education studies. But unemployed and unable to begin his loan payments after the six month grace period was up, he declared bankruptcy.

Since Coultron took this step, the federal government has changed student loan regulations and now forbids students from declaring bankruptcy within two years of completing or discontinuing their studies.

Gail Morris, a spokesperson for the Canada Student

Loans Program, says students shouldn't be offended by the campaign.

"It just means borrow what you can pay back," she said.

But students say going into debt — and missing payments after graduation — are not matters of choice.

"It's a bit cruel and ironic considering that increasingly students have no choice but to borrow if they want to pursue higher education," David Robbins, who graduated from the University of Toronto in 1994 with a debt of \$18,000, said.

Since graduating Robbins has

missed payments as a result of being unemployed. His debt now stands at approximately \$15,000.

Jennifer Storey, national deputy chairperson for the Canadian Federation of Students — and a recent graduate with debt nearing \$35,000 — says the ironies of the campaign are multiplied since the government is to blame for creating high student debt loads.

"The debt crisis is caused by rising tuition fees as a direct result of cuts to transfer payments," she said about the Liberal government's \$2.29-billion cut in transfers to post-secondary education since coming to power in 1993. "They're effectively downloading debts to students."

David Stager, a professor of economics at U of T disagrees. Stager has written extensively on financing post-secondary education and says the ad campaign is a great idea.

"Students should be borrowing, but prudently," he said, adding that students' irresponsible spending habits may be part of the problem.

"In my day, we lived off peanut butter and carrots," he said. "There is a higher level of student lifestyle at universities today. Look at [how often students go to] pubs."

"It's a highly unfortunate and dangerous signal that they're sending to students, [that] student borrowers are different and borrow irresponsibly," Storey said.

The average cost of one year's post-secondary education in Canada is \$15,000, including tuition, food and shelter.

*"Students should be borrowing, but prudently...in my day we lived off peanut butter and carrots,"*

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