

Oral Questions

I think it most accurate and most important to emphasize that our discussions continued to recognize the right of the provinces in so far as education is concerned. We then went on to say that, given that right, we would like to explore with our provincial counterparts the entrenchment of the constitution so that the right is protected. In other words, the person to whom the right is directed would have an ability to seek recourse, likely of a legal nature, if that right was deprived him or her. In that context we have had discussions, not just in the narrow sense in which the question was put, but in the broader sense of the entrenchment in the constitution.

[Translation]

Mr. Chrétien: Under the circumstances, if I understand correctly, the government is prepared to recommend to the provinces the entrenchment in a new Canadian constitution of the linguistic right of minorities wherever they live in Canada. Did I hear the minister correctly?

[English]

Mr. Jarvis (Perth): That was the proposition. I am sure the hon. member knows that we have not initiated the discussion by ourselves. The previous government initiated it, and I commend them for it. It falls into this difficulty—and the hon. member will know the difficulty in terms of entrenchment generally—that there were provincial concerns about it. There were also concerns about whether one would insist on patriation of the constitution without coming to an agreement on the entrenchment of a number of rights, not just minority language rights but a number of legal and other rights.

We are continuing the work as a priority item in our constitutional discussions. Again I commend the previous government for initiating it. I will meet with the steering committee on December 3. This is one of the items the steering committee will consider in the next full meeting of the continuing committee on the constitution.

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NATIONAL SECURITY

NATURE OF FEATHERBED FILE

Mr. Tom Cossitt (Leeds-Grenville): Mr. Speaker, I have a question for the Solicitor General. It arises out of a question I asked the minister a few days ago regarding the "Featherbed File". At that time I think his answer was to the effect that the government was taking an extensive look at the situation. I should like to ask the minister if he is now in a position to make an elaboration on the nature of the file. In particular, does the file show neglect on the part of the previous government in dealing with certain matters contained therein?

Hon. Allan Lawrence (Solicitor General and Minister of Consumer and Corporate Affairs): Mr. Speaker, the basic objective of the "Featherbed File" was the identification and neutralization of any influential person who was then working as a high level agent of any foreign power against the Canadian

[Mr. Jarvis (Perth).]

an government—any high level employee of the Canadian government. That was the original objective of it. It is pretty well ancient history. It dealt with the activities of several, or of many high-ranking governmental officials of the day who, in their younger days, may have had connections with the Communist Party of Canada or other groups such as that.

I must stress that the file has been dormant for a number of years. As far as I know, no action was taken by the previous administration, or if it was I do not know what it was. Certainly there were files taken out on a number of very high-ranking governmental officials of the day.

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FEDERAL BUSINESS DEVELOPMENT BANK

INTEREST RATE ON LOANS TO SMALL BUSINESS

Mr. John Evans (Ottawa Centre): Mr. Speaker, my question is addressed to the Minister of State for Small Businesses and Industry. I have received information from a number of my small business constituents that the Federal Business Development Bank is currently making loans to them at rates of 16 per cent, with terms of up to eight years and longer, with very restricted prepayment provisions.

This means that small business is going to be locked into these loans for the next eight years or more. Is the minister aware of this, first of all and, if he is, is it part of the government's policies to promote and assist small businesses?

Hon. Ron Huntington (Minister of State for Small Businesses and Industry): Mr. Speaker, it is true that the demand for loans from the Federal Business Development Bank is higher than it has been for a long time. Loans under \$50,000 are at 16 per cent, I believe, and loans over \$50,000 are at 16½ per cent. The interest rate is not slowing down the applications with the figures we have so far. I do not see what the specific problem is, other than the cash flow problems that high interest rates deliver to all corporations, no matter what their size.

Mr. Evans: The problem is, Mr. Speaker, that these firms are not being granted loans on a basis that would allow them to repay them when interest rates do fall. I should like to ask the minister, since the government has made \$132 million in loans in Ontario in the last six months, if he will examine the matter and consider ordering the FBDB to tie the rates on loans to the prime rate, so that rates will go up and down—hopefully down, if the government is correct—or make these loans repayable without very restrictive conditions in the future when rates should fall.

Mr. Huntington: Mr. Speaker, this is a valid question and a valid concern. When you are dealing with term money, however, and terms of eight years such as the hon. member expressed, a great deal of front-end investigation must go into the matter. The cost of money to the Federal Business Development Bank is up considerably. Their burden over cost is