

For example, the replacement of farmland used in a wheat farming business with farmland used in a dairy farming business would not qualify under the new provisions of the Act dealing with property dispositions; consequently, capital gains tax would not be deferred.

I asked the government, if they knew this on March 31 last year, why did they leave the impression that if a farmer sold his farm and stayed in farming he could defer capital gains? Why was it never said to the House, never said to members, but more important, never said to farmers and owners of small business, that in fact they could only have a roll over if they stayed in the same operation?

● (2217)

I guess we now have to interpret that budgetary provision in this way. For example, if a businessman who owns a shoe store sells it and buys a clothing store, he will have to pay capital gains tax. That was never the impression that was left.

I say to the parliamentary secretary that the pool of capital that is in the hands of Canadians, owners of small business and farmers, is being eroded rapidly. This provision was going to change that and bring back some equity. Surely this regulation is not in keeping with the spirit of the budget, and I ask the government to change it.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, as the hon. member for Provencher (Mr. Epp) pointed out, Bill C-11, introduced in 1977, included a provision that allows farmers and other businessmen to defer tax on certain sales of business property where the proceeds are reinvested in replacement properties. A number of questions have arisen in the House concerning the availability of this rollover, particularly as it affects farmers.

Technically, the words in the Income Tax Act require that the replacement property must be for the same purpose and for use in the same business as the property sold. This raises the question: What is the same business when, for example, a farmer who has been growing crops decides to sell his property and go into livestock?

Officials in the Department of Finance have had extensive discussions with officials in Revenue Canada to determine the most appropriate way of ensuring that a tax-free rollover will be available for farmers, so long as they stay in the farming business. This is what the government intended when the law was introduced.

The most appropriate way of ensuring the rollover is available for all farmers would be to amend the income tax legislation. Accordingly, consideration is being given to incorporating in the bill to implement the April 10 budget measures an amendment to the Income Tax Act, to ensure that rollover provisions will be available to farmers even though they change the nature of their farming business. Any such amendment would be made effective March 31, 1977, the date on which the original rollover was introduced.

Adjournment Debate

EXTERNAL AFFAIRS—CANADIAN PARTICIPATION IN UN DISCUSSIONS ON DISARMAMENT

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, we have been hearing a lot in the past few days about the TV show "Holocaust". I want to spend a moment tonight talking about another kind of holocaust, a nuclear holocaust that is very possible to be visited upon the world. The neutron bomb controversy merely highlights the unbelievable escalation of the arms race that has come about in the world. World-wide military expenditures have now reached \$400 billion per year. That figure is 26 times more than governments spent on international development.

The focus of my question concerns the special session of the United Nations General Assembly which will be held in New York beginning May 23. The complaint I bring to the government is that very few Canadians know anything about this special session that is going to take place.

In the words of the United Nations Secretary General, Kurt Waldheim, this session may well be the largest and most representative gathering ever convened on disarmament. He hopes it will become a turning point in our search for peace.

Today there is a great escalation of nuclear warheads in the world from divers countries producing the capacity for "first strike" defensive strikes. Half a dozen other countries are now on the threshold of this horrendous capacity. At long last we have at least reached the point where the United Nations is going to devote a special session to this problem.

● (2222)

We find not only a lack of information, a lack of public opinion on the subject throughout our country, but that whatever opinion there is tends to be skeptical of what the United Nations session might be capable of achieving. This skepticism is not unfounded when one considers the Soviet arms build up, for example, or when one considers the presence of Cuban troops in Africa. All this tends to make us uncaring, even in terms of the effort which must be made and the steps which must be taken at this special session far beyond simple rhetoric. This special session is attempting to focus world attention upon the tremendous danger into which we are all being thrust and to consider whether certain steps can be taken to alleviate this danger.

Project Ploughshare was set up by some 18 non-governmental organizations in Canada including the Canadian Council of Churches and the Canadian Catholic Organization for Development and Peace. I want to commend Project Ploughshare for playing its part in the development of public opinion and pointing out certain things which could be done—for example, holding this special session—with the participation of the Canadian government, and highlighting the need to eliminate weapons of mass destruction by asking the super powers to suspend production of all new weapons of mass destruction—for example, the Cruise and Trident missile systems in the U.S. and the SS 18, 19 and 20 in the U.S.S.R.

Further, those engaged in Project Ploughshare, and I in support of them tonight, ask that Canadian initiatives be taken