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World's Longest Pipeline To Link West, Quebec

largest corporate merger in Canadian history soon will begin construction of a \$300,000,000 natural gas pipeline from Alberta to Eastern Canada, longest single pipe in the world.

Mr. Howe today announced the merger of the two companies competing for the lucrative franchise to carry Alberta gas east, virtually assuring a construction start some time this year on the 2,240-mile line reaching through Ontario and into Quebec.

The two companies will amalgamate as Trans-Canada Pipe Lines Ltd., the name of the firm originally seeking an all-Canadian franchise from Alberta as far east as Montreal.

A 50-50 interest in this company will be given Western Pipe Lines, whose opposing proposition was to carry Alberta gas to Winnipeg and then divert south to the Minneapolis, Minn., market.

The two projects will be unified under the terms of the merger, laid down by the Alberta Government a month ago as its main provision for the release of gas for sale outside Alberta to the East. Gas will be made available both for Eastern Canada and Minnesota, though Ontario and Quebec will get preference.

On the basis of several months needed for financing and other arrangements, expectations here were that a start on construction could be made by about midsummer.

This would mean gas from Alberta could be laid down in Winnipeg next year and in Ontario and down to Montreal in 1956. Probability is the line will be extended later to Quebec City and intermediate points.

The companies involved in the huge deal were brought together here this week by Mr. Howe, designated by the Federal Government to work out an arrangement in line with the Alberta amalgamation proposal approved by the Federal cabinet.

For the last few days, Mr. Howe has been talking individually and jointly to representatives of the firms bidding for some of the highest stakes in Canadian financial history.

Meanwhile, officers of the companies, Canadian and United States investment banking firms, and other big investing concerns, worked almost around the clock in an Ottawa hotel to iron out details of financing and other matters.

Experts said there has been no single financial operation in Canada of comparable scope, and it was described as the biggest pipeline deal the world has ever seen.

The main route of the line, as proposed by Trans-Canada, would be from Princess, Alta., to Regina, Winnipeg, Kenora, Ont., Port Arthur, Fort William, and Sudbury, shooting down from Sudbury to Toronto.

After Toronto, one line will dip into Southwestern Ontario and another will head for Montreal. At Morrisburg, Ont., a pipe will go out to serve Ottawa. Officials say the Toronto-Montreal line probably will be extended early to serve Quebec City and Three Rivers on the way to Quebec.

U.S. Defence Spending In Canada: Ottawa, Jan. 8 (CP) -- Government officials said today they assume the United States will spend more on defence installations in Canada in the coming year.

They said this assumption stems from President Eisenhower's announcement Thursday that the U.S. will spend \$1,000,000,000 more for continental defence in the next fiscal year.

They added that they don't know--but would like to -- how much of this increased outlay will come to Canada. But the bulk of it, of course, would be for the defence build-up in the U.S. itself and Alaska.

U.S. defence measures in Canada involve chiefly a radar warning system and air bases. American personnel operate some radar stations jointly with Canadians and the U.S. has three air bases in Newfoundland.