

ization of 2nd Division reinforcements equal to twenty per cent of strength of first and second Canadian Divisions and that after completion of 2nd Division additional troops which it is eventually proposed to raise should be so organized as to be readily utilized for purposes of maintaining the two Divisions at full effective strength. It appears from your telegram of 6th October that difficulties were anticipated in forming complete Division (owing to?) deficiency of guns. Army Council wish to know as soon as possible whether it is to be understood from your telegram of the 19th October that guns now can be provided by Canada as they themselves are unable to make such provision for any fresh Canadian troops for at least 9 months or possibly more.

HARCOURT

89. *Colonial Secretary to Governor General*

DESPATCH 840

Downing Street, October 31, 1914

Sir,

With reference to my despatch No. 774 of the 8th October, I have the honour to transmit to Your Royal Highness for the information of your Ministers copy of a letter from the Honourable G. H. Perley on the subject of a further loan of £5,000,000 from the Bank of England to the Government of Canada.

2. The Lords Commissioners of the Treasury have agreed that this further loan shall be made on the same terms as the loan of £7,000,000 mentioned in my despatch above referred to.

I have etc.

L. HARCOURT

[ENCLOSURE]

*Acting High Commissioner to Colonial Secretary*

Sir,

London, October 15, 1914

Some time ago, with the concurrence and at the request of the Chancellor of the Exchequer, the Bank of England agreed to advance to the Dominion of Canada seven million pounds during the period ending March 31st next.

On account of increased war expenditure, the Dominion Government found it necessary to ask for a further advance of five million pounds, making twelve million pounds altogether, up to the end of next March. With the concurrence of the Treasury, I have now arranged with the Bank of England for this further advance to be made on the same terms and conditions as the first loan of seven million pounds, and an Order in Council will forthwith be passed at Ottawa confirming the same.

I should like to express through you my personal thanks, and the appreciation of the Canadian Government, for the assistance and consideration which His Majesty's Government has shown us in this connection.

I am etc.

GEORGE H. PERLEY