

2. I take this opportunity to place on record the fact that with the concurrence of the Bank of England and the Honourable G. H. Perley, arrangements have been made whereby His Majesty's Government will give financial assistance to the Government of the Dominion of Canada with a view to enabling them to meet expenditure connected with the war, up to an amount not exceeding £7,000,000 in respect of the period ending March 31 next.

3. The arrangements are as follows:

(1) That the money should ultimately be lent by His Majesty's Government to the Government of the Dominion out of the proceeds of the General War Loan which is in contemplation, and at the rate of interest at which His Majesty's Government themselves will borrow (the discount on any interest bearing securities issued at a discount being of course added to the capital of the debt).

(2) That, pending the issue of the General War Loan temporary accommodation should be given to the Government of the Dominion by the Bank of England upon the understanding that the amounts advanced by the bank under this arrangement will be repaid by His Majesty's Government out of the proceeds of the first General War Loan.

I have etc.

L. HARCOURT

### 82. *Colonial Secretary to Governor General*

London, October 9, 1914

TELEGRAM

His Majesty's Government cordially thank the Government of Canada for the generous offer of a further contingent. As soon as the first contingent arrives and has been examined the details of the organization of the new contingent will be carefully considered and communicated to your Government.

HARCOURT

### 83. *Acting High Commissioner to Prime Minister*

London, October 10, 1914

TELEGRAM

SECRET. Regarding co-operation Canada naval defence<sup>1</sup> during war Admiralty inform me don't think anything effectual can now be done as ships take too long to build and advise Canadian assistance be concentrated on Army. Would probably give that advice if official inquiry made.

PERLEY

<sup>1</sup> On October 8 Borden had asked the Acting High Commissioner what course the Admiralty would advise if Canada offered naval aid.