

6. Rebellion Losses Bill, 1849. Loyal people of Upper Canada who had suffered losses during the Rebellion of 1837-38 asked to have these losses paid, and the people of Lower Canada presented a similar claim.

A bill was passed for Upper Canada. Then, in 1849, the Reformers passed a bill to pay the Lower Canadian losses, and Lord Elgin, the Governor, signed it.

This displeased some, who said that rebels as well as loyalists were about to be paid. Riots occurred in Toronto, and also in Montreal, where the Parliament buildings with the valuable library were burned, and the Governor was publicly assaulted. For this Montreal ceased to be the capital, and Toronto and Quebec were chosen for a time. The Queen selected Ottawa in 1858, and Parliament met there in 1866.

Lord Elgin tendered his resignation, but the British Government refused to accept it, saying he had done quite right in acting on the advice of his Cabinet.

7. The Municipal Loan Fund Act was passed in 1852, enabling municipalities to borrow money from the Government at a low rate of interest, to make roads and bridges and open up the country. Many of them borrowed too much and got deeply into debt ; but this was partially cancelled by the money derived from the Clergy Reserves. The greater part of the remainder was cancelled in 1873.

8. Reciprocity Treaty. In 1854, the commerce of Canada was greatly extended by the Reciprocity Treaty with the United States. This