

the others associated with the lines an opportunity to increase their influence by jointly tendering for the next contract. Even the unexpected revival of Bethune's fortunes failed to deflect them from this purpose.¹³

The sub-contracting model of line organization which prevailed throughout the 1840s represented a substantial decentralization of control relative to Hamilton's earlier combination of owned and chartered vessels. Several interests were active within the line, each managing its own vessels and negotiating the general terms of interaction. However, general dissatisfaction with the distribution of power within these agreements, led the sub-contractors to seize the first opportunity to change the system. A subsequent half season of bitter competition with Bethune, and the prospects of the fight escalating the following spring, led all parties -to meet in Kingston in 1850 to work out an alternative. The agreement reached there essentially changed the direction of the development of the lines.¹⁴

Agreements in restraint of competition were scarcely an innovation on the inland waters of North America. The same economic circumstances which had led to John Hamilton's line by 1839 had seen the negotiation of price fixing agreements on the upper Great Lakes and even among the forwarders on the St Lawrence.¹⁵ However, what emerged in Kingston involved much more than simple price fixing. The agreement signed by the attending parties bore a close resemblance to what by the end of the century would become known as a cartel. This concept goes well beyond the notion of price fixing into such activities as "market sharing or output limitation, joint selling, patent and process cross-licensing and profit pooling."¹⁶ Essentially though, a cartel is defined as an association of relatively independent firms which combine in order to limit competition significantly. This combination is regulated by some "explicit contractual organization or relationship."¹⁷ Before the conference ended in 1850 its participants signed formal articles of agreement which would form the basis of the new cartel.¹⁸

Several characteristics were unaffected by the new arrangements including independent liability, basic schedules, and the freedom to negotiate with different agents at particular ports. On the other hand major innovations included a formal joint decision-making body which was to meet monthly in Kingston to transact business — in particular "fixing from time a scale of fares for passengers — dividing

¹³ T.A. Stayner to Hon. James Leslie, 4 Oct. 1849, LAC, RG 5, Cl, v. 275, #1946.

¹⁴ *British Whig*, 18 Apr., 15 May, 25 May, 27 June, 26 July 1849; Donald Bethune Papers, Articles of Agreement ..., 25 Apr. 1850, LAC, MG 24, D24.

¹⁵ *History of the Great Lakes*, (Chicago: J.H. Beers, 1899), I, 443-4; Upper Canada, House of Assembly, *Appendix to the Journals*, 1839, II, pt. 2, p. 840; *British Whig*, 3 Oct 1845; Alfred E. Kahn, "Cartels and Trade Associations," in *International Encyclopedia of the Social Sciences*, (Macmillan, 1968), II, 320.

¹⁶ Kahn, *ibid.*

¹⁷ *Ibid.*

¹⁸ *British Whig*, 29 Apr., 30 Apr., 6 May 1850; Articles of Agreement..., 25 Apr. 1850, LAC, MG 24, D24.