

# PAUL MAISTRE

## SCENES DE LA VIE AUSTRALIENNE

“De mineur à ministre”

Translated and introduced by C. B. Thornton-Smith

### Introduction

“De mineur à ministre” appeared in the latter half of 1896 as the fourth in a series of five short stories set in Australia which Paul Maistre published in the Madrid-based *Nouvelle Revue Internationale* between 1894 and 1897. The fact that he was a vice-consul of France in Melbourne during this time made it essential that he use a pen-name, with his choice of “Paul le Franc” being particularly apt given his frank comments on the delusions and vagaries of the Anglo-Saxons, including according to him the Scots, against whom he seems to have had a particular animus. All five stories are written from a clearly French perspective, with some of them having a “beau rôle” for a French character. In this one, reacting to the assumed racial and moral superiority of Anglo-Saxons, he offers caustic comments on such matters as Sabbatarianism, temperance movements, long-winded and empty oratory, lack of commercial morality and obsession with symbols of status. As a consular official doing his best to assist French commercial interests in Victoria, he was particularly exercised by that colony’s protectionist policies which artificially inflated the cost of French imports.

Just over a century later, the climax of his story has considerable topicality given that, while not quite illustrating the “Plus ça change ...” principle, the excesses of “high-fliers” and financial crash of the 1980s have remarkable similarities in almost everything but scale to those of the 1890s, which brought about the demise of “Marvellous Melbourne”. The broad triggering factors are the same, as are the mechanisms later used by defaulters to try to avoid responsibility and prosecution, and the gamut of differing consequences for the perpetrators and victims of the malpractices involved.

Maistre’s brief outline of the causes of the crash is basically correct, but much more interesting are his comments on Victorian politicians as a class and his invention of the “type” of Victorian politician in the figure of Donald MacGillroe, a Scot despite the more characteristically Irish “Mac” of his name. Various well-known politicians of the day contribute something to this ingenious composite, in which “petite histoire” picked up on the diplomatic circuit is combined with information from the Melbourne newspapers which Maistre read carefully as part

of his consular duties. In all, there are over a dozen politicians who may have provided elements of the picture, for as Michael Cannon points out in *The Land Boomers* (Melbourne, MUP, 1966), given that only men of property could stand for Parliament, its powers and privileges “were captured by men who, with a few notable exceptions, had risen by self-seeking methods and who were to continue the process of self-aggrandizement backed by the machinery of State” (p. 54).

The most obvious model for the young MacGillroe is Duncan Gillies, who may even be seen to contribute the “D” of his given name and the “Gill” of his surname. Gillies left his school in Glasgow aged 14 to work in an office before migrating to Victoria and heading for the Ballarat goldfields. There he was for a time the “mate” of Peter Lalor, who was to become one of the two diggers’ leaders returned unopposed to represent the Ballarat area. It was after two unsuccessful attempts that Gillies was elected to the Legislative Assembly as the member for Ballarat West. Through sheer assiduity he came to hold various portfolios, most notably those of mines and railways, where he allowed undue expansion to take place, before becoming a similarly expansionist premier in the years immediately preceding the crash.

Another Scots model and possible contributor of the “-ro(e)” in MacGillroe’s name is James Munro, educated at a village school in Sutherlandshire and then apprenticed to a printing firm. A keen Presbyterian, he was already very active in temperance movements before migrating to Victoria where, after spending some years in the printing trade he founded the Victorian Permanent Property Investment Building Society, which eventually enabled him to buy land, as well as interests in several companies, then in due course to become a magistrate. In 1874 he became the liberal member for North Melbourne and later moved into a large home in Toorak. Besides supporting the cause of Sabbatarianism and reaching prominence in a number of temperance organizations, he was a member of several royal commissions and was largely responsible for the success of the 1880 Exhibition. In 1882 he founded the Federal Bank and the complementary Federal Building Society, to which he attracted support on the basis of his respectability and ownership of various strictly non-alcoholic coffee palaces. In 1887 he established the Real Estate Mortgage and Deposit Bank to facilitate his land transactions, having ensured that railways were built in directions profitable for him, and acquired a country seat, various directorships and some pastoral leaseholds outside Victoria. His purchases were financed by borrowings from the institutions he had founded, while on insufficient security he lent to friends and members of his family the funds coming from overseas loans and small investors’ deposits. In 1875 he entered politics in support of the premier Berry and became a minister in his short-lived government, then returned to the Assembly again in 1886 as the member for Geelong. All of his enterprises were in serious trouble by 1890, but he had no trouble in raising more capital in London on the strength of his respectability and financial acumen, which also led to his becoming premier and treasurer. However, instead of bringing about a recovery he was unable to save even his own fortune, which did not prevent him from clinging to power until the last possible moment and then taking refuge in London as the state’s agent-general in March 1892. By December he returned to

face the consequences, which included the collapse of the Federal Bank early in 1883 and his filing for bankruptcy, so that he and his family lost all that they owned. Though far from being in the same category as other land-boomers who were able to make confidential compositions with their creditors for derisory amounts, Munro attracted particular odium because of the high moral tone he had adopted.

Another obvious model is the roughly spoken and aptly named Thomas Bent, whose reputation still lingers as the typical land-speculator politician. While involved in real estate subdivisions all over Melbourne, he brought in as Commissioner for Railways a bill promising lines to all electorates, and after the crash, when as chairman of the Railways Standing Committee he was supposed to prune expenditure, he expanded it. A thoroughly partisan Speaker of the Legislative Assembly (1892-94), he was repudiated by the electorate in 1894, by which time his questionable dealings had become well-known. However, unlike many of his fellows he managed to remain solvent and was subsequently to make a political comeback which confirms the perceptive prescience of Maistre's story. From February 1904 to January 1909 he was premier and treasurer; he visited England in 1907 and had the KCMG bestowed upon him the following year. The characterization of MacGillroe as an enthusiastic advocate of protectionism draws upon the career of the most active and articulate protectionist of the time, Graham Berry, who with a partner bought the *Geelong Register*, which was later to absorb the *Geelong Advertiser*, in order to promote the cause and further his temporarily thwarted political ambitions. However, any provincial newspaper could hardly have played the important role in Victorian politics which Maistre attributes to the *Ballaarat Democratic Advertiser*. Unlike many of his political contemporaries, Berry was not involved in the scandals of the crash, apart from his directorship of one of the banks that failed (See *Australian Dictionary of Biography* 3-5).

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Except where Maistre's many single-sentence paragraphs obviously serve some stylistic purpose, they have been combined into longer ones. His footnotes have been turned into endnotes, which are distinguishable from translator's endnotes by not being bracketed.

## **“From miner to minister”**

To create a type who combines the characteristic features of his contemporaries is to write the history of a period.<sup>1</sup>

Donald MacGillroe belongs to that nation of which the English have said with as much wit as truth that its children “scrupulously keep the Sabbath, and everything else they can lay their hands on”.

In short, Donald MacGillroe is a Scotsman ... like his father, as the song goes. Donald was born in 183- in the little village of Lochnae, not far from the great manufacturing town of Dundee; his birth as the fifth boy brought the number of children in the family to nine. His father, James MacGillroe, was a blacksmith by trade and an open-air preacher by inclination. This is a way of telling you that he belonged to one of those dissident Scottish sects that you would not find the equal of outside the ultra-puritans of Geneva: rigid, intolerant sects which can make one yearn for the kindly Inquisition and gentle Torquemada.

Until he was twelve Donald dwelt beneath his father’s roof. On weekdays he went to the village school where he learnt the three Rs. On Sundays he walked with his whole family and a few friends and neighbours to the big Dundee park where, being condemned to absolute rest on that day and for lack of more intelligent amusements within their reach, the workers would go and smoke their pipes while waiting for dinner or “tea”. MacGillroe Senior preached his sermon in the open air and off the cuff with his family and friends around him. Once the sermon was over, these faithful souls sang a hymn; then followed a prayer said aloud, usually by Mistress MacGillroe, after which the whole band went off and repeated their programme in another part of the town. The people mostly listened with indifference to old MacGillroe’s harangues, which were studded with biblical anecdotes and popular allusions, and seemed to have a large role for hell and the devil, going by how frequently these words kept returning to the preacher’s lips.

When he reached the end of his twelfth year and his father gave him to understand that he had too big an appetite and was wearing out too many shoes to be not starting to take life seriously, Donald expressed a wish to learn about business. The blacksmith’s trade did not appeal to him and he was attracted to the big city, not for its pleasures, but its wealth, for our hero

was ambitious, and although still quite young, had already pondered on the advice which he heard a neighbour giving one day to one of his sons who was leaving for the New World: "Son, go and make money ... honestly if you can ... but make money!"

Donald MacGillroe wanted to make money.

In the firm of Wm. Js. MacCulloch and Co., to which he was admitted on the warm recommendation of the Reverend Ebenezer Praisegod Croaker, of the Presbyterian Church of Scotland, Donald immediately showed qualities and abilities which attracted his bosses' attention. Scrupulously simple in his dress, but always very clean, a model of punctuality, and with a remarkable shrewdness for anything to do with business, Donald MacGillroe also distinguished himself from his young colleagues by his passion for work, his great piety and his thrift - three virtues which are nonetheless found so highly developed in most Scotsmen that they almost become faults.

At fifteen, from errand boy and copyist, Donald had become third clerk in the great firm of Wm. Jas. MacCulloch and Co., of Dundee, Glasgow, London and Sydney. At sixteen, he became second clerk. At seventeen, he was made assistant cashier. He was earning £160 sterling per year which, for Dundee at that time was a very fine salary.

Apart from his Bible, which he knew literally by heart, the only books he read had to do with credit and banking operations. He had some elementary knowledge of English history and, like every good British subject, was convinced of the enormous physical, intellectual and above all, moral superiority of the Anglo-Saxon race over all others, and in particular over the Latin race. As far as literature was concerned, he had heard of Shakespeare, read several masterpieces of Scott, and retained his admiration for Bunyan's *Pilgrim's Progress*. That was the extent of his knowledge. During his whole time with W. J. MacCulloch, Donald regularly went and spent his annual holidays with his family at Lochnae: "Home Sweet Home". Each time, MacGillroe Senior and his worthy wife welcomed their youngest son with even more pride than tenderness, and when the two weeks' leave was over, did not forget to give the dear boy - "bonny boy" - a little account for his board. Donald paid on the knocker without any haggling, but also without adding the smallest present for "the dear old folk" or his sisters - "bonny lasses".<sup>2</sup>

Oh Scots hospitality, how many stupidities have been written in thy name!

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About 185- Donald, like so many others, was gripped by the gold fever spreading over the whole world from Australia, and despite the advice and remonstrations of his employers and even admonitions from his parents, our hero decided, like so many others, to try his fortune in the Antipodes.

Donald then had about £300 in savings but, good Scotsman that he was, he was counting on doing the trip for nothing. So he put it to the captain of the *Good-Luck* that he was so to speak penniless and this worthy John Bull, bound for Melbourne and Sydney, took him on as a sailor working his passage: "One good turn deserves another".

The trip was uneventful. Ninety-nine days later, the *Good-Luck* entered Port Phillip and dropped anchor at Williamstown, which was the port for Melbourne at that time. From the capital of Victoria, Donald MacGillroe walked to the Ballaarat<sup>3</sup> gold-fields with his kit or "swag" on his back, along with hundreds of other individuals of every age, country and condition who like himself were drawn from every country of the world by the irresistible attraction of the tawny metal. Among all these gold-seekers was the crew of the *Good-Luck* who in keeping with the custom at the time had deserted en masse, leaving the ship in Hobson's Bay in the care of the captain and the cabin-boy.

Some time after Donald arrived at Ballaarat the Victorian government increased the price of miners' licences. Believing they already had grounds for complaint over the arbitrary procedures of the tax-collectors, they then refused to pay anything. The authorities wanted to use force. The miners who gathered at Ballaarat resisted and built a barricade in their determination to meet violence with violence.

This historic incident is known as the "Eureka Stockade".

A bloody conflict occurred between the Government troops and the rebellious miners. The latter, led by one of their number called Peter Lalor (the same who was subsequently leader of the Legislative Assembly of Victoria), were beaten and had to lay down their arms. The government had won, but public opinion went against it, and with a movingly unanimous verdict applauded by the whole colony, the jury acquitted the miners accused of armed insurrection.<sup>4</sup> That day of the 3rd of December 1854 decided the future of Donald MacGillroe, who had fought beside Lalor against Captain Thomas's troops. Lalor's wounded arm was amputated. Our

hero had been shot in the leg and the operation left him with a limp. So the two comrades in arms suffered side by side in hospital then appeared together at the same trial which sent them away innocent to wear the halo of suffering defenders of freedom in the eyes of Victorian democracy. From then on they enjoyed enormous popularity, with Lalor's reflecting onto Donald, and all roads were open for them.

We have said that Peter Lalor rose to the leadership of the Lower Chamber in his state. Let us now look at the path taken by Donald MacGillroe.

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As an intelligent and above all, ambitious man, as a canny and practical Scot (which by the way is a frightful pleonasm), Donald came to feel that the satisfaction of having done his duty was not enough for him; that glory, a very fine thing in itself, does not weigh much in one's pocket, and that his civic virtues and still verdant laurels should be convertible into good fine pounds sterling! He thought deeply about it, looked around him, and this is what he saw.

There was then at Ballaarat a little bi-weekly paper which depended more on advertisements than subscriptions and had virtually no influence in the world of Victorian politics. In conjunction with his friend Lalor, Donald MacGillroe bought it and changed it completely. All his savings were put into it: more than £500 sterling. Lalor contributed his name, which is to say an untainted banner and enormous popularity, which were certainly worth as much. That did not prevent the articles of association from stipulating that all profits from the enterprise would go to the financial backer.

And prosper it did! From a bi-weekly, the *Ballaarat Democratic Advertiser* became a daily and doubled its size, so that the working population of the colony made it its vade-mecum. In politics, the *Ballaarat Democratic Advertiser* was the ardent champion of the most advanced democratic principles, whilst in politics it preached protectionism: "That ingenious system which pushes up wages without increasing the cost price of manufactured goods." "In fact", said Donald MacGillroe, "protection encourages capitalists to establish many industries in our country. These naturally compete to keep producing more efficiently and cheaply, and this wholesome competition prevents any noticeable rise in the cost price of goods, while for its part the protective tariff keeps the workers' wages well above the average by preventing the 'unfair' (sic) competition of foreign goods."<sup>5</sup>

This ingenious paradox was taken as the expression of a profound truth by the simple readers of the *Ballaarat Democratic Advertiser*, who were only asking to be converted to an economic doctrine of such pleasant application. It was thus that in a few years the Colony of Victoria was to go from free trade to a protectionism which was hidden and moderate at first, then soon became prohibitive and absolutely intransigent. Then were founded those industries, protected by a more and more restrictive customs tariff, which have done more than a little to ruin a country whose natural resources, if developed in a natural and progressive way, would have guaranteed prosperity.

Thanks to the moral support of Lalor and his economic programme, Donald MacGillroe soon had all the democrats and urban workers on his side, while his loudly proclaimed religious opinions and his carrying the flag for principles to do with temperance, or to put it better, abstinence, won him the votes of the Presbyterians and the “teetotallers”, or water drinkers, of the colony.

Meanwhile, Donald MacGillroe had married. That was a mistake because he made a bad marriage; and his old comrade Peter Lalor had been elected to Parliament: that put a great trump card in Donald’s hand, as everybody recognized Lalor’s uprightness and integrity. *The Ballaarat Democratic Advertiser’s* prosperity increased still further. Donald never wrote in his paper. His rudimentary education, albeit later extended by reading and observation, went against it; but it was known that once Lalor had entered Parliament, Donald was its sole owner if not its only inspiration.

As an orator Donald was wordy, like all Anglo-Saxons, incidentally, their natural gift of the gab enabling them to speak for hours at a time on a subject that a Frenchman would cover in ten minutes. The speeches which Donald had to make as president of several religious, benefit and temperance societies, and as administrator of various financial institutions were generally long and rambling. The only images to relieve their monotony were drawn from the Bible, our hero’s knowledge of history and literature being, as we have seen, extremely limited. Nevertheless, his addresses had an earthiness about them which pleased his compatriots, as he always exploited their racial and religious prejudices.

Donald MacGillroe had just founded a bank, which was the second goal he had set himself in his march to wealth and honours. According to its founder, the main aim of the Merchants and Artisans Bank was to help workers and small investors by enabling them to become property owners. In return for a sum of .... payable in monthly or weekly instalments, the M. and A. Bank advanced you the funds needed to buy a block of land and build a house for which it handed over the title deeds once you had completely repaid the advance, "principal and interest".

The M. and A. Bank, or the MacGillroe Bank as it was more familiarly called, did a lot of other business in real estate mortgages, and as this required considerable working capital, it attracted available funds by offering huge fixed-term interest rates. From the day it was founded the M. and A. Bank was regarded as being absolutely safe by Presbyterians and members of temperance societies, co-operatives and trade unions: "as safe as the Bank of England" was the standard saying for it. In fact Donald had been able to establish his reputation as a philanthropist and model Christian as solidly as the one he had as a radical protectionist.

At the elections of 186- MacGillroe became a candidate for Ballaarat and was elected with a huge majority. After all, he had going for him his newspaper, his shareholders, his clients the protectionists, the Presbyterians, the teetotallers and the trade unionists. He could have stood for six electorates at the same time if Victorian law had allowed it.

In Parliament the Honourable<sup>6</sup> D. MacGillroe did not provoke much comment at first. He began by studying this, for him, new field and the men around him. This did not take much time or effort and Donald soon had a clear idea of the individual merit and moral value of the majority of his colleagues. Certainly among these "Honourables" there was a good number of capable and honest men who looked first to the general interest of the state, with the particular interests of their constituents coming next and their own personal ones last. A close look would even have revealed two or three men whose knowledge, talents and virtues would have played an honourable part in the greatest parliaments of Europe. But for one capable person were to be found ten nonentities, and for each principled, serious and honest person, a good dozen untrustworthy ones. Alas! Are not all the parliaments in the world very much alike in this respect?

The analysis which our crafty Scot engaged in reassured him completely: he soon felt up to taking an important place among the country's representatives. When an unexpected dissolution brought forward the date of new general elections, MacGillroe stood for one of the big working-class areas of Melbourne: he was elected unopposed. This assured a spot for him in the next line-up of ministers.

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Third stage! We find the former humble clerk of MacCulloch and Co., the former rebel miner of Ballaarat, in turn as Minister of Agriculture, Minister of Mines (an important position in Victoria), then as Leader of the Opposition, and finally, in 188-, as Minister of Finance and Leader of the Assembly, or "Premier", as the local expression has it.

Victoria then seemed to have reached the height of its prosperity; it could be said that everybody in the colony was minting money, as so much of it was so wantonly being thrown out the window. Industries subsidized directly or indirectly by the state momentarily enjoyed a completely artificial activity, which into the bargain did not prevent imports from increasing in phenomenal proportions which far outstripped exports. Everywhere people engaged in frantic speculation in industrial shares, gold mines and money, and above all in land, which increased in value twice, three times, five times, ten times for no reason but the speculators' gambling fever and keen thirst for profits. It was the time of the famous "Land Boom".

Princely houses, real palaces in fact, were being built everywhere. Melbourne was being covered with buildings of seven, eight, ten stories, with double lifts and grandiose offices. The vacant lots, market gardens and productive orchards of its many suburbs were handed over to surveyors and architects and turned into rows of cottages, villas and "mansions" hastily built at fabulous expense.

During this time the "Honourables" of Parliament, most of them also deeply involved in the dangerous speculations of the day, outdid one another in mutual self-help by voting for new railways which cost millions and went through empty waste land to link a few unknown little towns with each other or the metropolis. - After all, didn't they have to increase the price of their building blocks and satisfy country voters who were loudly claiming their share of the cake?

And why shouldn't they have had it? Industrialists got theirs in the form of premiums, the workers theirs through exorbitant wages for a minimum of work, and greedy financiers of all types through the profits of speculation and jobbery. And to crown it all, official documents presented the economic situation of Victoria in the most flattering light. A way was found of converting a real deficit on paper into an extraordinary surplus, such that John Bull himself, John Bull so prosaic and practical, and, thanks to his cold nature and unflinching deep respect for his personal interests, so little inclined to become excited, in short John Bull, who said of himself that he could pardon insults and blows but would never allow an assault on his purse, John Bull let himself be imposed upon at long distance by all that crazy false showiness.

"But what about the press", the reader will ask, "the press, which is there to inform us ...?"

One of the most humiliating circumstances of the financial scandals of Melbourne has been the tone adopted by the majority of the daily papers. Not only have they passed over the illegalities and tricks by which the public has been choused out of the money it had to invest, but they have resolutely pronounced themselves against any investigation and have tried by every means in their power to make the public believe that the crisis of May 1893 was due to the selfishness of foreign banks.<sup>7</sup>

John Bull was forgetting that all those marvellous public works he was being dazzled by were the fruit of his savings, and that being far too expensive, it would be a long time before they could start paying interest on the crazy sums they had soaked up. And in his blindness, the excellent John found nothing better to do than put his savings at the disposal of the Government or the banks of Victoria. Damn it all! The thing was that down there in the Antipodes he was being offered 8, 10 and 12% for his money. He certainly couldn't make it bear like that in London. John Bull didn't reflect that, to pay him such fine interest, his debtors found themselves obliged to keep borrowing, as the money lent was returning infinitesimal yields.

One can imagine the business MacGillroe's M. and A. Bank handled in that period of general madness. It was the peak of glory and wealth for our hero and for a time it so turned his head that he forgot his usual prudence and restraint. He ostentatiously contributed to charity, so forgetting himself one day as to give a cheque for several hundred pounds sterling to his church.

He made a trip to England to be presented to the Queen and was given a knighthood by the Colonial Office. From the simple "Mr" that he left with,

he came back as Sir Donald MacGillroe, decorated with the Order of Saint Michael and Saint George, the favourite bauble of politicians in the British colonies.

“Honest Peter Lalor” had meanwhile died; otherwise Donald would not have dared so openly deny the old democratic principles and “don the imperial livery”.<sup>8</sup> From that day on, the *Bulletin*, the only really independent and impartial newspaper in Australia, flayed Sir Donald mercilessly, classing him among the “fat men”, or to put it clearly, the exploiters.

In Parliament the hero of this sketch tried to pass himself off as eloquent. He launched into quotations, to the delight of his enemies and his colleagues who were jealous of him. He it was who once declared, in the course of a flowery passage about the “real people”, that he had never read anything as fine as the wish that a king of France expressed on his death-bed to his successor, that the peasant could always put a fowl in his pot on Sunday.<sup>9</sup> Again it was he, in reply to a Leader of the Opposition threatening him with a censure motion like a sword of Damocles, who jokingly asked to be introduced to the lady!

There would be no end to it if one tried to tell of all the verbal blunders committed by the Right Honourable Sir Donald, who was born muddleheaded. One day - we were at the sitting - a member of the Opposition well known for his learning, formerly a professor in one of the great British colleges, and author of the book *National Life and Character* which was very much in the news, namely Dr Pearson, allowed himself a modest Latin quotation within everyone’s reach, the *Sic vos, non vobis* of Virgil. Sir Donald, who hated Pearson and felt affronted by his political honesty and great learning, leapt to his feet when he heard him: “No French here, do you hear, Professor”, he shouted in fury. “Speak Scots, Welsh, Irish or Latin if you like, but we want nothing to do with your French quotations in a British Parliament!”<sup>10</sup> You perhaps think that at this staggering reprimand the Chamber collapsed in uncontrollable laughter. Not at all! A bare few “Honourables” even noticed the blunder committed by the Premier, while it went over the heads of the majority and a few even applauded!

We have said that our hero married, and married badly; the poor chap had wed a wealthy ex-cook, a hopeless person who acted, dressed and spoke like a cook.

When she was in London the lady left no stone unturned to get admitted to the Queen's levée; but the Lord Chamberlain, who had been charitably warned, refused point blank and probably averted an unprecedented scandal.<sup>11</sup>

In Melbourne, they had initially succeeded in keeping Mrs MacGillroe out of Government House, but they could hardly not invite Lady MacGillroe, the Premier's wife. Governors of the Australian colonies sometimes have some really bitter pills to swallow. For the formal dinner which she was attending for the first time, Lady MacGillroe, having been coached by her husband, only rarely put her knife in her mouth and avoided becoming involved in conversation about subjects which were a closed book for her.

However at one particular moment she just had to abandon her prudent silence. - "Lady MacGillroe, where did you live before you built your superb home in Brighton?", the Governor's wife asked her. "Oh, Your Ladyship", replied the ex-cook, who this time at least thought she could speak safely, "we *was* at D\*\*\*!" And His Excellency's wife, mercilessly: "Oh, *was you*, really?"

One of the aides-de-camp present at the scene later told us he thought he would choke trying to keep a straight face. Sir Donald himself was furious; his wife never again set foot in Government House.

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We are reaching the end of our story: the catastrophe, the great Victorian crash which engulfed Sir Donald's fortune along with the colony's, that unparalleled débâcle which is still going on as we write these lines.

Most Victorian banks had followed the example of MacGillroe's and had their safes pretty well bulging with title deeds to properties lodged as securities by speculators who had been advanced funds, when the reaction began to show with a pause in the rise of real estate values. Panic began immediately; prices tumbled as fast as they had risen. A block of land or a building quoted one day at £10 000 sterling would not have found a buyer at £3000 a day later, nor at £2000 the day after that. The rush to sell out at any price played no small part in accelerating the depreciation of shares of all sorts which, "by one of time's revenges", soon fell way below their normal price.

From the very start, creditors of the banks had taken fright. Everybody withdrew deposits on call and everything pointed to the same thing

happening to fixed term deposits when they matured. Confidence had disappeared and the most alarming rumours were circulating; every day dozens of bankruptcies were being registered of the sort to be seen only in English countries, such as with us in Europe would stand as pretty well fraudulent. A speculator “worth”, as the local expression goes, £500 000 one day, didn’t have a penny the next, which in many cases came down to saying: “The beggar is back to his hedge again.”

From the public the panic spread to the banks themselves. They tried to form a syndicate but the project fell through and the ones under most threat began to totter. To gain a temporary respite they demanded that second rank credit institutions refund the capital advanced to them, thus killing them outright. This collapse of the Building Societies spread ruin among the working class which made up most of their clients. The débâcle got worse. The safest banks were seriously affected. The government thought to help them by decreeing a five-day “moratorium”, which only added fuel to the fire and precipitated the crisis.

The M. and A. Bank, MacGillroe’s, was one of the first to go; everybody knew it was up to the hilt in building block deals. When the matter was looked into, the falsity of the quarterly balance sheets was noted, these being compulsorily published under the responsibility of the board of management and the auditors. It was discovered that all the members of the MacGillroe family, right down to babes in arms, were nominal shareholders for large amounts which had never been paid into registered capital; that on several occasions the bank had had its own shares bought by dummies to push up the price; that fictional transactions had enabled it to put to its credit large sums that it had not seen a penny of; and finally that influential members of the board of management and almost the whole MacGillroe clan had received large advances against absolutely derisory securities.

The fictional transactions mentioned above often consisted of bogus sales of buildings on which the M. and A. Bank had unrealisable mortgages. These so-called sales generally took place through the agency of credit institutions which were more or less shady building societies founded by MacGillroe himself and which have been very well described as simply tentacles of the mother-house.

One may judge how disastrous the winding-up of the M. and A. Bank was. The discovery that Sir Donald had had all his properties registered in his wife’s name within the legal time-limits before his bank failed, proved to the most credulous that the sly old rascal had not acted blindly in the whole

matter. Public reprobation and indignation were so marked in a society with a nevertheless most elastic commercial morality, especially at this time, that Sir Donald found himself obliged to resign in turn as minister, then as member of Parliament, and finally to disappear from the scene of his exploits.

He is said to have gone to London where the only too famous Jabez Balfour, a good judge of men, managed to attract him. We don't know what has become of him since the flight of this king of the knights of industry to Argentina.<sup>12</sup>

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We repeat, Donald MacGillroe is not a portrait, he's a type of the dishonest financier at the time of the deplorable boom which brought Victoria to within a hair's breadth of ruin.

*Paul le Franc*

#### NOTES

1. [It is not clear whether this sentence is Maistre's own or an authoritative quotation. It seems very much like the sort of dictum that Hippolyte. Taine or Emile Zola could have made, but has not been found where one might expect in either man's works.]
2. This feature of Scots customs has been personally witnessed by the author.
3. [This was the accepted spelling of Ballarat at the time.]
4. [The government was so determined to ensure a finding of guilty on the capital charge of high treason, without the option of a verdict on a lesser one, that it engaged in some manipulation of the jury system and the legal process. However, given widespread disapproval of the unpopular Governor Hotham's handling of the matter and some justifiable sympathy for the miners' case, the strategy was counterproductive: no jury was willing to expose any of the accused to the death penalty (See John Molony, *Eureka*, Ringwood, Vic., Viking/Penguin Books, 1984, Ch. 14 "High Treason").]

5. At the Antipodes, things are turned upside down in many cases: thus the democrats are protectionists, and the conservatives free-traders.
6. This is the title to which all members of Australian Parliaments have an *automatic* right.
7. That is, the *Union* and the *Australasia*, with head offices in London, because of their refusal to try to cover the “corrupt deals” (sic) of the Federal Bank (*Table Talk*, 18 May 1894). [As early as 1887, an editorial in *Table Talk* warned of the inevitable crash of some Melbourne building societies, given the inflated rates of interest they were paying on deposits (See 27 May 1887, p. 1).]
8. [Lalor died on 9 February 1889.]
9. [The garbling of this well-known anecdote about Henri IV would have been very obvious to any person with a French education. His wish was not expressed on his death-bed, as he was stabbed to death in his carriage by a Catholic fanatic.]
10. [Charles Henry Pearson, who had been a professor of modern history at King’s College, London, made two abortive attempts to establish himself as a farmer in South Australia before taking up a lectureship in history and political economy at the University of Melbourne. He had already noted some features of emergent Australian democracy which he felt held lessons for conservative England, and in due course was to exert an enormous influence upon social and political thinking in Australia through the various stages of his career as educator, royal commissioner and politician, which were accompanied by constant contributions to serious journalism in the *Age*. The political liberalism which that paper espoused was at the time so linked to protectionism, as Maistre wryly remarks in Note 5, that Pearson, a free-trader, had to give some sort of lip-service to it.

As headmaster of Presbyterian Ladies’ College he aimed to make it the academic equivalent of the corresponding boys’ colleges. While his growing interest in social questions and politics, deemed so egalitarian and liberal as to be inconsistent with his post, forced his resignation, it so attracted the then premier, Thomas Bent, that he appointed him as a one-man royal commission to report on state education in Victoria and suggest ways of establishing a continuity between it and the university. About nine months after a thorough investigation of schools at every level, he recommended a great expansion of secondary and tertiary education, with more modern curricula, so that Victoria might have a skilled work-force essential to its prosperity, together with educated politicians and public servants to enable the proper functioning of democracy. He also proposed

that a teachers' college be established close to a more democratic university. Bent's government did not show much enthusiasm for his plans, which nevertheless stimulated more general interest, so that in subsequent years many parts of them were implemented, in particular the establishment of a highly centralized education system. After winning the seat of Castlemaine at a by-election in 1878, Pearson became active with others in promoting reform of the Victorian constitution to avoid deadlocks between the two houses. Although this effort was ultimately unsuccessful, one of its guiding principles was to emerge in the Australian Constitution as the provision for referenda.

In the Berry government of 1880-81 he was an unsalaried minister without portfolio, then in 1883 while in opposition transferred to an electorate in suburban Melbourne, still largely dependent on journalism to make ends meet. From 1886 to 1890, as education minister in a coalition government, he was able to accelerate the pursuit of educational goals, which had been manifested in his membership of the University Council (1875-80). While he was on this, he and other reformers had established new scientific and technical chairs and secured the admission of women to the university. He was also instrumental in having the State Museum and Gallery opened on Sunday afternoons for a time until Sabbatarians prevailed again, while in the matter of religious instruction in state schools, he argued that the unacceptability of a common syllabus and the potential for sectarian rivalry meant that the secular system should remain secular: "Since religion was voluntary, morality had to be imparted by other means." (Stuart Macintyre, *A Colonial Liberalism: The Lost World of Three Victorian Visionaries*, Melbourne, Oxford University Press, 1991, p. 167)

Pearson's anti-Sabbatarianism, his secularism and his concept of a democratic state run by a meritocracy would naturally have appealed to the republican Maistre, not to mention the suggestion in his royal commission report as to "... the superiority of French as the basis of language studies in the high school" (ibid. p.156). Above all, though, the impact upon Maistre of *National Life and Character: A Forecast*, published in 1893, would have been more marked than that of Pearson the politician, whose activities virtually ended with the fall of the Gillies-Deakin coalition government in November 1890, when he began to prepare his book.

This wide-ranging work is really an extended piece of futurology which hindsight shows to be remarkably prescient on some issues and badly off the mark on others, especially where Pearson too readily absolutizes his own world-view. Thus, refuting the idea that the "higher races" are bound to become increasingly dominant, he points to their lower birth rates and inability to live in certain climates to suggest that some parts of the world will inevitably be swamped by the "black and yellow races" thanks to their

lower expectations and industrial progress, which means that China in particular will rapidly become a significant power. Meanwhile, the Englishman's "vigorous originality" underpinning a private enterprise system will decline into a dependence on State Socialism, which on balance may not be such a bad thing if income can be distributed and order maintained, but significant and possibly debilitating problems will remain through the necessity of large armies, increased urbanization and growing national debt. Patriotism or national feeling, social justice and even morality have on balance benefited from the supplanting of the Church by the State, which therefore now deserves the reverence and love once devoted to the former. Less clear-cut is the balance of benefit and drawback produced by the supplanting of the "religion of the family" by the "religion of the State", but what is certain is that in many fields, there will be a diminution of vital energy, with science having already done its greatest work, most literary genres being exhausted and the airing of great issues giving way to mere debate and ephemeral journalism. What advances have been achieved do not vindicate faith in progress, which is wrongly based on the belief in a divine purpose in creation, but rather enable us to accept the old age of humanity with dignity.

Whether or not Pearson's mixture of gentle *fin de siècle* pessimism and triumphant certainty of what had been achieved hitherto struck a chord in Maistre, he would certainly have responded to the notion of the strong and provident nation-state assuming more effectively and equitably the functions of the Church and patriarchal family, and to the manner of its expression, with frequent references to history and literature in which France figured prominently.]

11. [This is a barely disguised version of what befell the wife of Sir Graham Berry: he had already been premier of Victoria and then in 1886 came to London as its agent-general and was appointed K.C.M.G. for his activities to do with the Colonial and Indian Exhibition. However, when Queen Victoria held a reception for those involved with the exhibition and their spouses, an invitation was issued to him alone (See "Slighted by the Queen", *Table Talk*, 27 August 1886, p. 9).]
12. [The reference to Jabez Balfour both rounds off the story neatly and supports Maistre's contention that the sort of bankruptcy involved, preceded by fraudulence, is not merely a Victorian phenomenon but is only too frequently encountered in British commercial practice.

Jabez Spencer Balfour was MP for the seat of Burnley and leader of the Liberator group of enterprises which included the Liberator Building Society and a number of companies owning and developing real estate. After a serious run on funds, a meeting of the directors early in September 1892 decided to suspend payments, and by the middle of the month they

met at the offices of the Society's solicitor with some of the chief shareholders, depositors and members' agents to draft a reconstruction scheme and arrange for a check of all figures by chartered accountants. At another meeting a week later, which the directors declined to attend, the Society's problems were attributed to overcommitment of funds and lack of timely decisive action; the directors were suspended, while it was still hoped that a rescue scheme could be launched, but then it emerged that fraudulence had been taking place at several different levels. Wright, the Society's solicitor and Hobbs, its builder, were charged with organising a movement between them of bogus cheques and invoices, while Hobbs had been overdrawing on wages for his workers in connivance with a clerk. By October, the stoppage by the London and General Bank of all accounts meant that the Society had to be compulsorily liquidated. By December Balfour had to apply for the Chiltern Hundreds, the quaint sinecure which enabled MPs who were bankrupt, and therefore obliged to quit their seats, to do so by technically accepting an office of profit under the Crown. He received the Chiltern Hundreds early in January 1893, whereupon two of his business colleagues were arrested, while he hurriedly abandoned his lavish estate in Burcote, Oxfordshire, came to London to execute power of attorney and left the country with an estimated £15 000 in banknotes before either the liquidators or Scotland Yard were able to interview him.

At the end of March, banknotes worth £400 endorsed by him in Montevideo were returned to the Bank of England and identified as having been paid to the Liberator Building Society, while early in April he himself was identified as being in Argentina and living under an alias. He was eventually found in the town of Salta, having meanwhile bought a brewery nearby and again become involved in underhand dealings. The British government requested his extradition, but in the absence of an extradition treaty between the two countries, a long period of negotiation ensued while one was arranged. Although arrested by the Argentinian federal authorities in January 1894, Balfour engaged in various blocking manoeuvres, first in the provincial court at Salta and then in the Supreme Court, and at one stage managed to be temporarily freed from gaol on health grounds. The provincial court's claim that hearing of actions against Balfour at Salta had precedence over the extradition order was eventually quashed, but then even after he was taken aboard a British steamer, prevented from leaving harbour by the low tide, the provincial government sent two agents to try to bring him back to Salta. He was eventually landed at Southampton on 7 May 1895, so it must be presumed that Maistre had completed and dispatched his text without knowing of the latest developments.

Punishment when it came for Balfour was far more exemplary than anything meted out in Victoria. When he was brought to trial with Wright and three other colleagues late in October 1895, the prosecutor outlined a

whole sequence of frauds: false accounts issued to attract investors; payment of large dividends and inflated directors' allowances dependent upon a constant inflow of cash; circulation of round robin cheques between different companies; overvaluation of properties and suppression of more authentic valuations; alteration and back-dating of figures; creation of bogus profits and immediate entry of profits not realizable for 40 years; signature of documents by directors not attending the relevant meetings and the dropping by Balfour of a director who was asking awkward questions. It took the jury less than two hours to find him and all but one of his colleagues guilty on all counts. Balfour then had to answer other charges alone, mostly concerning his fraudulent addition to the purchase price of a property of £20 000 which he shared with Wright after transferring it through a dummy. This time the jury took only 30 minutes to find him guilty. He was sentenced to seven years in all on the charges of the first indictment, to be followed by seven years on those of the second.

At a subsequent hearing in December before the Recorder, it was decided not to proceed further in the matter of the £400 in banknotes negotiated in South America. No record has been found of how long he actually served.

Meanwhile, the result of the liquidation of the Balfour group by the Official Receiver was that creditors received no cash payment, but pound for pound shares in the United Realization Co. Ltd., formed to dispose of the group's assets. Preference shareholders received shares ranging in face value from about 6% to 24% of their investment depending on the company involved. Ordinary shareholders and depositors, many of them people in modest circumstances who had invested their life savings to provide for their old age in a time before old-age pensions, were to receive nothing. This left many in such utter destitution that an Anglican clergyman was moved to establish a fund which was eventually able to pay a few shillings in the pound to deserving cases. Needless to say the destitution in Victoria was far more widespread, given the collapse not only of so many building societies but of several banks, and the sudden slump in the building trade and other sections of the economy, while there was nothing like the clergyman's fund by way of relief from any source. The big difference between Balfour and the Victorian land boomers was that his defalcations did not take place in the context of a boom and a crash. His seem to have been calculated frauds from the start, not assisted to any comparable extent by his holding of public office, and with effects not as widespread though just as tragic for some.