

Victorian Gold Mining and the Recovery of the Baillieu Fortune in the 1890s.

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William Lawrence Baillieu was the founder of one of Australia's great family fortunes.¹ Born in 1859, the third of sixteen children of a Queenscliff boatman and his child bride, Baillieu had an imposing physique, a sharp brain and a gift for leadership. He left school at the age of 14 to work for the Bank of Victoria and had his first encounter with the mining industry when he was transferred to the bank's branch in the gold town of Maryborough in 1881. It was not long, however, before he was drawn to the land boom of marvellous Melbourne.

Setting up as a real estate agent in partnership with Donald Munro, the son of prominent land boomer and politician, James Munro, Baillieu rapidly rose to become Melbourne's leading auctioneer in the boom years of 1885-88. He became a rich man, and in 1887 he married his childhood sweetheart, Bertha Latham. Bertha's father, Edward Latham, had made a fortune from the Carlton Brewery and built 'Raheen' in Kew (now the home of the Pratt family) with the proceeds.

The bigger the boom, the bigger the crash, and the crash in Melbourne in the early 1890s was of epic proportions. Money circulating in the economy fell by over 50 per cent between 1889 and 1894; Australia's gross domestic product fell a terrifying 30 per cent between 1891 and 1895 and in Victoria the fall was even greater, leading to massive unemployment and widespread distress. Recovery was slow and real income per head did not pass its pre-depression peak until about 1909.²

With the crash, Baillieu's fortune disappeared as quickly as it had grown. In common with many Melbournians he had borrowed heavily to speculate in suburban subdivisions and the sharp fall in property prices left him with what today is called 'negative equity' on a grand scale. In July 1892 he was forced to make a composition with his creditors, declaring debts of nearly £50,000 on which he paid sixpence in the pound.³

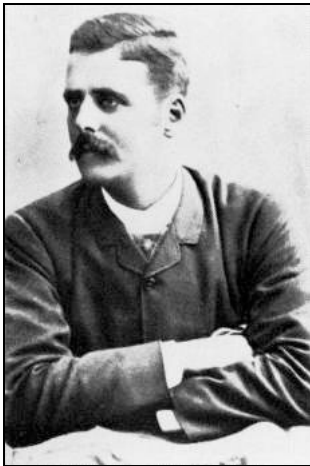
The 1890s was a decade of gloom and depression in Melbourne. Some ruined land boomers committed suicide, others fled to the goldfields of Western Australia or South Africa; most of the remainder lived quiet lives of genteel poverty. Baillieu was a rarity in fighting back from insolvency to build a new and lasting fortune.⁴ By 1900 he was again a wealthy man. How he achieved this so quickly and in such adverse circumstances has always been a mystery. However, although many details are still unclear, it is possible to piece much of the story together, thanks largely to the opening of a major collection of Baillieu family papers in the University of Melbourne Archives, together with access to a substantial collection of family records that is still privately held.⁵

A variety of activities

The papers show that the new and lasting Baillieu fortune arose from a wide array of business ventures. W.L. Baillieu (henceforth WL as he was widely known) described his multifarious business activities during the 1890s as ‘a variety business’, and this was an accurate description as he operated with great success as a real estate agent, auctioneer, company liquidator, company promoter, stockbroker, and asset stripper.⁶ However, the single most important source of his financial recovery in the 1890s was mining, and particularly gold mining in Victoria. WL, through a mixture of judgement and luck, made large profits from promoting and operating gold mining companies, trading in their shares, and selling some of the companies to English investors.

From the early 1890s WL began to work closely with his younger brothers Edward (‘Prince’), Arthur, and Clive (‘Joe’). Late in 1892 WL began a new real estate company, W.L. Baillieu & Co., and Arthur gradually took over the day-to-day management as WL’s other interests took more of his time. As Baillieu Allard & Co. it remained the vehicle for many of WL’s property investments for many years. Prince had become a member of the Melbourne Stock Exchange in 1889 while working for W.J. Malpas & Co. When Malpas failed in the crash, WL took over the shell of the firm and, with Prince and Joe, established E.L. & C. Baillieu, still one of Melbourne’s leading stockbrokers. E.L. & C. Baillieu became a successful broking firm in its own right, but its primary purpose was to manage WL’s share market operations and, later, to raise capital for his major industrial ventures, most notably the Electrolytic Zinc Company’s smelter at Risdon in Tasmania.

W.L. Baillieu



Arthur Baillieu



Prince Baillieu



Source: The author – courtesy of the Baillieu family.

It was not surprising that WL became involved in mining as he searched energetically for ways to rebuild his fortunes. In the gloom of the depression of the 1890s, when almost every industry was struggling to survive, mining and dairying were the only major industries to grow strongly.

Mining received several strong boosts in the 1890s. Gold mining has always been a counter-cyclical industry, and this was especially true under the gold standard,

which was the basis of British currency from the early 19th century until 1914. Under the gold standard, the value of the pound was defined as 0.258 ounces (7.32 grams) of fine gold. The existence of the gold standard meant that there was always a strong demand for gold as an export commodity and a universally acceptable means of payment and this became even greater in periods of deflation such as the 1890s because the purchasing power of gold grew as prices fell. Australian gold mining had appeared to be in terminal decline in the 1880s, but the discovery of rich new mines at Mt Morgan and in Western Australia and the revitalisation of Victorian mining, led to a great increase in production. In Victoria during the 1890s the value of gold production rose by 25 per cent and numbers employed in gold mining rose by about 30 per cent.⁷

Other branches of mining also flourished in the 1890s. The great silver-lead-zinc mines at Broken Hill stumbled at the end of the 1880s with the bursting of the stock market bubble and a sharp fall in the price of silver, but they gradually recovered during the 1890s as overseas demand rose and the first steps were made towards resolving the technical problems of treating sulphide ores.⁸ High hopes were also held for new mines on Tasmania's west coast, with large sums being invested in the Zeehan-Dundas silver-lead-zinc field and the famous Mt Lyell mine and its numerous but worthless 'weaner' companies.

Having been badly burnt by the disaster of the land boom and bust, British investors were understandably wary of investing in Australian banks or property and even their appetite for gold and silver was temporarily dampened. However, the undoubted richness of Mt Morgan, Broken Hill and the Golden Mile at Kalgoorlie (and the eloquent spruiking of Horatio Bottomley) soon tempted investors to try their luck again and throughout the 1890s mining was the only area of Australian industry to attract significant British investment.⁹

Mining, therefore, was almost alone among Australian industries in offering many money-making possibilities in the 1890s. In 1896 the *Bulletin's* brilliant business gossip columnist 'Wildcat' reported 'One historic Southern boomster hasn't completely paid the microscopic composition in his huge liability, yet his silver and W.A. specs last year regilded him'.¹⁰ It is unclear who this refers to, but it shows that fortunes could be made in mining even in the worst years of the depression.

Mining investment

WL had come into contact with mining during his time in Maryborough and many of his land-boom associates such as Benjamin Fink, Frank Stuart and John McCulloch had strong mining interests. WL first began to invest in mining companies soon after the bursting of the land boom bubble in late 1888 and at the time of his secret composition he owned shares in several mining companies, notably the Broken Hill & Argenton Smelting Co Ltd, Central Broken Hill, the Grand Duke Gold Mining Co., North Duke Gold Mining Co., and Bell's Reward Silver Mining Co. In 1892 many of these shares were worthless and some were a liability due to outstanding calls. Creditors had first claim on the few with value, such as the North Duke, Grand Duke and Central Broken Hill. WL had no known further connection with the Central Broken Hill mine for many

years, so it is probable that these shares were forfeited, but the Duke mines were central to the rebuilding of his fortune, and it was possible that he was able to retain or regain his shares in these mines.

WL's first known involvement in Victorian gold mining was with the Duke mines at Timor, the richest deep alluvial mines in the Maryborough district, although vast quantities of underground water made them expensive to work. The first Duke mines opened in the 1860s and by the 1880s they were run down and in need of capital to provide the machinery and equipment needed to work them effectively. In 1882 Benjamin Fink attempted to begin this process by taking over the Duke Consols mine, but the mine remained unprofitable.¹¹ In 1886 all the contractors left and the directors contracted with a group of Chinese to run the mine. Fink then turned his attention to the main Duke mine and in 1890 he formed a syndicate, of which WL was a member, to take over the mine. The Grand Duke Co. NL was registered in December 1890 with capital of £50,000, and, after spending large sums refurbishing the mine the company began paying dividends in the first half of 1892.¹²

Also in 1890 another local Maryborough syndicate established the North Duke Co. to operate a mine about a mile north of the Grand Duke mine. The mine had early difficulties because 'the ground driven through ... was excessively hard' and by 1891 Benjamin Fink had gained control of the company – presumably WL bought shares at this time – and the office was moved to Melbourne. Late in 1892, when his financial situation was at its worst, WL became the North Duke Co.'s legal manager and the company's registered office moved to the office of W.L. Baillieu & Co. at 243 Collins Street.

As legal manager WL was responsible for such tasks as maintaining the share register, keeping the accounts and organising company meetings and reports. For this he was paid £4 per week, with W.L. Baillieu & Co. receiving £2 per month for providing clerical assistance to the company – small amounts, but any cash was handy in 1892 and 1893. In addition, WL was able to put his brother Joe on the company's payroll at £4 a month.¹³

After slow beginnings, the North Duke's career was more successful. From 1890 to 1893 the company made regular calls on shareholders while the mine was being developed, but the June 1893 report claimed:

The Mine is opening up exceedingly well. The Manager reports good payable wash in four different faces, and hopes to be able shortly to operate on same, and thus somewhat relieve shareholders. ... We congratulate the shareholders on possessing a first-class property ... [The company has installed a large new pump] capable of coping with any difficulty that may be met with in this mine.¹⁴

In that year the expenditure on the mine was £5,915 and receipts from calls and forfeited shares came to about £4000. The following year, however, while further calls were made of £6,992, the first gold sales were made, bringing in £4,684, and in the second half of 1894 the mine was enormously profitable, with gold sales for six months of £22,883 and a net profit of almost £10,000.

The success of the North Duke mine inspired the formation of more Duke companies such as the Duke of York, Royal Duke, Duke Extended and Duke United companies. WL does not appear to have been the promoter of any of these companies, but he speculated heavily in the shares, particularly of the Duke United, in which he became a large shareholder.

In 1895 water problems threatened to shut down the Duke mines. ‘Wildcat’ reported in the *Bulletin*:

Some talk at Maryborough (Vic.) of shutting down the Grand Duke’s big pump, which has averaged 1000 gals a minute for the last 22 years. Such happening would be serious the Duke for the adjoining North Dukes, the only div. payer among group – for its machinery couldn’t wrestle with the increased water volume. Grand is a hopeless concern – close on £50,000 sunk in it – turning out from 80 to 108 oz a week, insufficient to meet exps.¹⁵ ...

When the Grand Duke closed in 1896, North Duke shares fell from 13s to 5s due to fear of flooding. The North Duke mine struggled for several years as large capital expenditure was needed to buy and install larger pumps and shareholders were reluctant to pay the required calls on their shares. North Duke’s gold sales in the first half of 1896 fell to £17,470 and the dividend was cut to £1250.

The good years of the North Duke showed that Victorian gold mines could be highly profitable. However, it was a risky business and in 1896 and 1897 the primary focus of the Baillieu brothers moved from promoting mining ventures to profiting from the British appetite for Australian mining shares by taking over mining companies and selling or floating them in Britain. During the 1890s many fortunes were made floating ‘Westralian’ gold mines in London and it was natural that those with interests in Victorian gold mines should look at following the same path.

In one of his first ventures of the sort, WL, together with Melbourne stockbroker John McWhae, developed a plan to sell the Duke United in London.¹⁶ In July 1896 his agent in London, James Cram, wrote to him:

I understand that about 50,000 [of a total of 80,000] of the contributing shares are already pooled, or what is as good, controlled by you & Mr McWhae, and you would no doubt be able to take along with you the bulk of the Shareholders in the Duke United in any scheme that you might enter into for their advantage.¹⁷

A friend from land boom days in Melbourne, Cram was a nervous young man, and WL soon realised that he lacked the bravado required to sell colonial mines in London. Nonetheless, he did much to teach WL about the ways of the City.¹⁸ In early 1896, when WL was becoming frustrated with the difficulties of trying to sell the Duke United, Cram wrote:

Of course you say, what the devil is the use of a market in London if we are to be kept out of it? Well the only way is to pool all the shares & hand the profits divided pro rata among all. Brokers here are not going to undertake to make a market for say 60,000 shares & then to find they have the depressing burden of a hundred & fifty to carry. There are strong financial companies here who undertake business of this kind but it must be on well defined lines. Take the case

of the Duke United. I apprehend what would be requisite would be that the whole of the shares on the register be put into the name of some nominee of theirs under an agreement & then they proceed to business in conjunction with the friendly Brokers & Jobbers. You can afford to bid a good price & buy plenty of them when the shares are your own and a firm and the rising market brings in the public who absorb what is desired of them. It is in these days looked upon as a legitimate kind of business.

WL's impatience and Cram's inhibitions meant that the attempt to sell the Duke United was a dismal failure. Soon, however, the Baillieus were pleased to have been left with the mine. With the luck that attended many of WL's business ventures after 1892, the Duke United began to win large quantities of gold and pay handsome dividends.¹⁹

Links to the City

Learning from the Duke United episode, WL and his brothers set out to gain firmer control of the share registers of companies before attempting to sell them in London. Further, WL himself made his first visit to England in 1897, to learn the ways of the City at first hand. While he was in England, his brothers Prince and Arthur succeeded in taking control of the North Duke and Duke United mines, making them available for WL to tout in London. Fortunately, Prince and Arthur wrote regularly to WL telling him of their activities, although WL's replies appear not to have survived.

The drama began in March 1897 when the North Duke was still struggling to deal with its water problem. Arthur told WL,

I am afraid this company will have to throw up the sponge. The calls are not being paid and the bank won't go over £700. Prince & I will deal with it from your point of view & the question as to how it will suit the Duke United.²⁰

The brothers were planning to call a meeting to wind up the North Duke company, but had the dexterity to take advantage of a surprising turn of events. Prince explained:

The old North [Duke] took a bad turn last week, very nearly pegged out. Harvey [Thomas Harvey, a close associate of the Baillieus on several mining ventures] and I decided after careful consideration that as the calls were not coming in we would wind her up, so before calling a special meeting for the purpose I advertised the shares for sale on Saturday last. You can imagine my surprise when I came into the office on Saturday morning to get the enclosed letter from Tom. On the strength of this I fixed up a crowd & bought the whole of the shares 14,500 for the call, our interest being about 3000. They are worth today about 1/1. This is only another evidence of what is possible in mining. Now if Tom had been out of town on Friday evening we would not have got the letter and not a share would have sold and it would have been the last of the old North – no-one except Harvey and ourselves would have lent the mine a penny and they were drawn to their limit with the Bank.²¹

Harvey's letter, which has not survived, showed Prince that he would be able to buy large numbers of North Duke shares well below the market price. He 'fixed up a crowd' presumably so that it would not be obvious that he was the real buyer.

At the same time as the brothers consolidated their hold on the North Duke mine, Prince told WL that the family's holding in the Duke United was 'too big an interest to hold in any call making Company' as a large call on the shares would stretch their finances.²² A common feature of mining companies (as with many other companies of the era) was that they had a high nominal capital but a low paid-up capital, meaning that their shares were only partly paid. Development work on a new mine would be paid for by calling up part or all of the unpaid capital. For example, if a company had £1 shares, perhaps only five shillings might be 'paid-up' leaving shareholders liable to pay the remaining 15 shillings if and when the company required more capital. Failure to pay calls resulted in forfeiture of the shares for no liability mining companies, while calls for limited liability companies were legally enforceable and even if a company was wound up, shareholders could be pursued by the liquidator for the unpaid capital on their shares.²³

The problem with the Duke United company was compounded because in May 1897 the mine shaft had hit troublesome ground and partially collapsed. Arthur thought he might be able to 'tap the Government for a thousand or two' to repair the shaft, as the Victorian government was keen to support the gold mining industry. If repairing the damage proved too expensive they could liquidate the company or get the banks to foreclose, but they also suggested that WL might be able to sell the mine in London before the problem was widely known. For Arthur and Prince the main issue was 'to get back the money we have already put into it,' and they thought the most likely way to achieve this was to form a new company to work the mine.²⁴

Two weeks later Arthur reported to WL that:

Prince, Mackinnon,²⁵ Stuart & Harvey have met concerning the Duke United and it has been decided to get Wren [Ezra B. Wren, the bank manager] to issue a writ against the Coy, obtain judgement & sell the property which will be repurchased if obtainable at a reasonable sum. Prince and Mackinnon agree that if somebody comes along & runs the property up at auction to a price that they consider too high it will be better to lose it.²⁶

The hope was that the bank would foreclose so that the Baillieus and their associates could buy back the mine at a cheap price. Prince wrote to WL that 'a bold bid must be made if we hope to get our money back from this show'. He suggestion was 'for the purchaser (who of course will be somebody right out of our circle and not apparently connected with us) to offer it back to the old shareholders in 'proportion' to their present holding'.²⁷

The pace of events then quickened. Prince wrote a detailed letter to WL on 19 June:

On Tuesday last the half yearly meeting [of the Duke United Co.] took place and the paid up shareholders took possession of the show selecting Arthur Robb, John Champion & Mr Croyey Directors. We had not paid the calls on our shares and consequently had no voting power. This would have only resulted in our loosing

[sic] two seats – viz Leslie Stuart and Close – but McWhae (whom I think has practically no interest and could see very little chance of making any money out of the concern) resigned in disgust and gave them another seat to fill. A great deal of personal feeling was exhibited at the meeting through statements said to have been made by our Directors about the old Directors when they interviewed the Minister of Mines asking for assistance. ...

As things are looking anything but promising at the North Duke I cabled you stating that there were 35,000 shares (including our own & clients) on which calls of 6d were owing & which were to be sold today by auction and that I was not going to pay the calls on these shares unless you could make some deal for the balance. I have since received your cable stating that you can place 26,000 at 1/- and in reply have cabled you that I will endeavour to buy them.

Of this 35,000 some 15,000 are held by our clients - & I considered it my duty to let them know what I was doing and that is that I would pay my own calls and they could please themselves what they did in respect of their own. Of course nobody but Mackinnon knows that you are doing business with the balance in London. If all goes well and these shares are bought I am satisfied we will get control as the Maryborough people will come with me as long as we are prepared to go on with the shaft. The company has made application to the Government for £6000 and my idea is to get RB [Stamp] on the track to try and bring this about. If successful the shaft could be got through without further calls. Arthur Robb's idea is (in fact his brother told Mackinnon) to get all the forfeited shares back into the Company's hands and work the Government for the money.

A few days later he wrote:

I have seen Wren today & unless the new Directors will give an approved guarantee he will issue a writ at the end of this week. This I hope will have the effect of bringing in a lot of shares which I will secure. ... the market for the stock is nominally 6d and I am keeping it at that.²⁸

At the same time Prince was secretly buying large parcels of Duke United shares for up to one shilling per share from shareholders who had not paid their calls, with the intention of paying the calls to redeem the shares and thereby give the family a dominant shareholding. On 6 July 1897 he reported that 'the last parcel, 5000, I got was B.J. Fink's, whose representative decided not to pay the call'. By 20 July he controlled a majority of the company's shares and congratulated himself on the success of the operation to that stage:

I have had to work very quietly and slowly with the result that I have succeeded in gaining my objects, and I trust the show will turn out to be a good speculation. Up to the present time I am retaining our original interest, viz, 8500 shares. Needless to say no one, except Mackinnon and ourselves, has the slightest idea of my hand. It is also quite important that it should not be known that a parcel of these shares has gone to London.

On 27 July Prince told WL that he would call an extraordinary meeting of the company to appoint three new directors – thus gaining control of the board – and begin lobbying the Government to obtain a loan of £6500 to help refurbish the mine. To help

gain Government support he also asked Alfred Outtrim, the MLA for Maryborough, to join the board.

The following week Prince wrote jubilantly:

I am pleased to report that all negotiations are going on swimmingly. I saw Outtrim on Wednesday last, and he has promised to join the Board. He also tells me that the matter of the loan of £6500 by the Government is practically assured, the Minister and the Department having sanctioned it. It is only a matter for the Treasurer to acquiesce in. As I advised last week the extraordinary meeting will be held on Monday next and Outtrim is going to try and put the loan through before the meeting takes place. At this meeting three directors will be appointed who will have power to elect two more. My intention is to elect Harvey, Leslie Stuart and myself, and as Outtrim has been mixed up with the other side [the previous board] he will be invited (with a Maryborough man) to join the Board later ... I am not going on the Board for preference and do not propose to remain there longer than I can help. When I get everything running on our own lines, I will of course vacate the seat and have some one whom I can rely on elected.²⁹

The success of the takeover of the Duke United mine also boosted North Duke shares. Prince wrote:

There is a fair enquiry for North Dukes the last few days, although nothing new has happened at the claim. I have bought 1000 shares the last few days for a bit of a flutter, as I feel that with the paying up of the calls on the United shares and getting that show under weigh [sic] will give quite a new life to the district.³⁰

By 1898 the North Duke was again highly profitable. It was worked until 1904, by which time it had paid out £32,250 in dividends.

During late 1897 the Baillieus sold a considerable number of Duke United shares, which had cost an average of 6½d in Melbourne, for an average of one shilling in London, but they kept sufficient shares to maintain control of the company. In 1901 they converted the Duke United from a no liability to a limited liability company, as this was more palatable to English investors, and successfully sold the shares London, making a profit of at least £20,000.³¹ By the time the mine closed in 1908 it had produced 55,000 ounces of gold and paid £45,000 in dividends.

The Baillieu brothers were involved in similar deals with several other Victorian gold mines, notably some of the Chalks mines at Maryborough and the South German at Maldon. With some of these mines the Baillieus floated the mine themselves and then tried to sell the shares in London, while with others they appear to have been acting as agents for other principals.³²

A most successful venture

By far the most successful of WL's Victorian gold ventures was the Jubilee mine at Scarsdale. The mine had been started in 1887 as a co-operative venture and paid healthy dividends of £21,303 over the next twelve years, but by 1899 the mine was becoming run down and was in need of new equipment. WL, always on the lookout for good mines, asked Thomas Harvey and Herbert Daly³³ to look at the mine and Harvey

reported that it was ‘a first class going concern which has paid dividends for the last 12 years to a cooperative party of miners’. Following this report WL went ahead and bought the mine, writing soon after to David Ham, MLC, a Ballarat stockbroker (and Arthur’s father-in-law):

Re Jubilee Mine

As you are aware this matter has now been completed and the Vendors have received the purchase money, viz:- £12,000.

It is intended to put the property into a No Liability Company of 32,000 shares of £1 each, fully paid and provide a nett working capital of £5,000. This sum it is estimated will be ample to do what is required at the mine to put it in first class order and in a position to pay regular dividends.

The work contemplated is: to cut down the present shaft to a larger size and sink it another 150 or 200 feet, get rid of present 10 head battery, which is useless and replace it with a new or good second hand 15 or 20 head (tenders for which have been called), and erect a cyanide plant capable of treating 300 tons a week.

The tailing heap is estimated to contain about 18,000 tons and to carry 4 dwts. The heap has been carefully sampled.

The winding engine at the mine is a good one and capable of hauling to 2000 feet so I am advised.

A new Boiler may be necessary and I think may be counted as a certainty.

It is proposed to make provision for 5 Directors and appoint Mr. Harvey, yourself and myself to begin with.

I have put you down for £500 as arranged and this will carry 900 shares. Please forward cheque.

I feel this is a real good business and trust it will prove profitable to all of us as prospects indicate.

On Mr. Daly’s return from Tasmania I will get out a prospectus for private information, as it is not intended to offer any shares publicly.³⁴

WL kept half the shares in the new Jubilee Company, with the other half being distributed among his friends and associates, including David Ham, Thomas Harvey, P.K. McCaughan, L.K.S. Mackinnon, Theodore Fink, Herbert Daly and James Riley.³⁵ WL was chairman with Thomas Harvey and David Ham making up the board. The share sales covered the costs of £16,231 involved in setting up the company and re-equipping the mine, and the shareholders then enjoyed over a decade of extraordinary returns before the mine closed in 1913. Gold output between 1901 and 1913 was 124,178 ounces worth £502,958, with total dividends and bonuses paid of £145,800.³⁶

Conclusion

To modern eyes, some aspects of the commercial morality of the Baillieu brothers’ operations appear dubious, such as the use of private information to the disadvantage of ‘outside’ investors. In the lax regulatory framework of the time, such activities were not illegal and, indeed, were commonplace. In fact, compared to the widespread frauds in Western Australian gold mining shares, the Victorian mining market was open, transparent and honest! The best indication that WL did not cross the accepted boundaries of the period is that he retained the trust of investors, who were increasingly

keen to tie their fortunes to his. WL's reputation never fully recovered from his secret composition in 1892, but it did not suffer further from his gold mining activities.

Not all WL's gold mining ventures were successful and thousands of pounds were invested in mines that never paid a dividend. However, the losses on these ventures were dwarfed by the tens of thousands he made from the North Duke, Duke United and Jubilee mines. The records have not survived to make a full analysis of the growth of WL's second fortune, but it appears likely that he was worth about £150,000 by 1900.³⁷ Comparing money values over time is a task fraught with difficulty, but an Australian Bureau of Statistics price deflator suggests that £150,000 in 1900 would be worth at least \$25 million at 2011 prices. The income derived from Victorian gold mining was the largest contributor to his new wealth. Perhaps £15,000 came from dividends from the North Duke and Duke United mines, £35,000 from share operations in these companies and over £70,000 from the Jubilee mine. From the mid-1890s WL's business operations as estate agent, company liquidator and the rest produced a reasonably steady income stream, sufficient to make him comfortable. It was the super profits from gold that made him rich.

Endnotes

¹ The most complete published account of the life of W.L. Baillieu is J.R. Poynter, 'Baillieu, William Lawrence', in *Australian Dictionary of Biography*, vol. 7, Melbourne University Press, Melbourne, 1979, pp. 138-145. The present author's biography of Baillieu will be published by Hardie Grant in 2012.

² E.A. Boehm, *Prosperity and Depression in Australia, 1887-1997*, Oxford University Press, Oxford, 1971, ch. 10.

³ Michael Cannon, *The Land Boomers: the complete illustrated history*, Melbourne University Press, Melbourne, 1995, ch. 35. The *Land Boomers* was first published in 1966; the 1995 edition is considerably expanded.

⁴ Apart from W.L. Baillieu, the only men who made secret compositions in 1892 and 1893 and are known to have fully recovered their fortunes were Theodore Fink, WL's friend and solicitor, and Charles Plumley Derham and his sons, whose family was able to maintain control of Swallow & Ariell, the leading biscuit manufacturers.

⁵ The surviving family records are in three collections: the Baillieu Allard Papers (BAP), primarily the records of the family's real estate business, but with much material on WL's other ventures in the years before 1914; the Clive Latham Baillieu Papers (CLBP), being the records of WL's oldest son, who became the first Lord Baillieu; and the Baillieu Family Papers (BFP), which are still privately held. The Baillieu Allard Papers and the Clive Latham Baillieu Papers are both held by the University of Melbourne Archives (UMA).

⁶ James Cram to WL, 7 May 1896, BAP 5/53, UMA.

⁷ Figures from W.A. Sinclair, *Economic Recovery in Victoria, 1894-99*, ANU Press, Canberra, 1956, pp. 18, 78.

⁸ Geoffrey Blainey, *The Rise of Broken Hill*, Macmillan, Melbourne, 1968, ch. 3.

⁹ Geoffrey Blainey, *The Rush that Never Ended: a History of Australian Mining*, Melbourne University Press, Melbourne, 2nd ed., 1969, p. 250. For the story of Horatio Bottomley and his West Australian gold mine scams, see Alan Hyman, *The Rise and Fall of Horatio Bottomley*, Cassell, London, 1972.

¹⁰ 'Wildcat', *Bulletin*, 1 Feb 1896.

¹¹ Mining company files, Duke Consols NL, VPRS 567, P0000, unit 172, item 2542, Public Record Office of Victoria (PROV).

¹² Mining company files, Grand Duke Company NL, VPRS 567, P0000, unit 415, item 4455, PROV.

¹³ Munro & Baillieu Ledger, Baillieu Family Papers (BFP), North Duke Company Commission Account, p. 201. PROV.

¹⁴ Mining company files, VPRS 567, P0000, unit 413, item 4441, PROV.

¹⁵ *Bulletin*, 7 December 1895.

¹⁶ John McWhae (1858-1927), son of a successful gold miner of the 1850s, was a leading stockbroker and company promoter in Ballarat and Melbourne. Going into politics late in life, he was knighted in 1924.

¹⁷ Cram to W.L. Baillieu, 17 July 1896, BAP, 5/53, PROV.

¹⁸ *Ibid.*, 10 July 1896.

¹⁹ For about ten years from 1897 the Duke United produced about £50,000 worth of gold per annum and paid dividends of up to £25,000 per annum.

²⁰ Arthur Baillieu to W.L. Baillieu, 16 March 1897, BAP, 5/62, PROV.

²¹ *Ibid.*, 23 March 1897.

²² *Ibid.*, 30 March 1897.

²³ Observers of the share market in 2008-9 saw a similar effect with shares in a Brisbane toll road, where liability for calls caused great angst among people who had bought 'bargain' shares without being aware that the shares were not fully paid up. No Liability companies were an Australian innovation in company law, introduced in Victoria in 1871. While they had great advantages for financing mining ventures, they were regarded with disfavor by English investors and it was extremely difficult to sell their shares in London. See A.R. Hall, *The Stock Exchange of Melbourne and the Victorian Economy*, ANU Press, Canberra, 1968, pp. 75-7; Phillip Lipton, 'A History of Company Law in Colonial Australia: Economic Development and Legal Evolution', *Melbourne University Law Review*, vol. 31, no. 3, 2007, pp. 818-822.

²⁴ Arthur Baillieu to W.L. Baillieu, 18 May 1897, BAP, 5/62, PROV.

²⁵ L.K.S. Mackinnon (1861-1935) arrived in Melbourne from the Isle of Skye in 1884. He became a partner in the law firm Blake & Riggall and was one of WL's preferred solicitors (with Theodore Fink and Arthur Robinson). Mackinnon is best remembered for his horse racing interests.

²⁶ Arthur Baillieu to W.L. Baillieu, 1 June 1897, BAP, 5/62, PROV. Frank Stuart was a manufacturer and land boomer who was associated with WL in several enterprises, Harvey was a leading mining investor and partner of WL in several ventures and Wren was a manager with the ES&A Bank and should not be confused with the famous John Wren. For Frank Stuart see: Francis Stuart, *Frank Stuart: a Merchant in Marvellous Melbourne*, S.N. Stuart, Melbourne, 2002.

²⁷ Prince Baillieu to W.L. Baillieu, 8 June 1897, BAP, 5/62, PROV.

²⁸ *Ibid.*, 21 June 1897.

²⁹ *Ibid.*, 3 August 1897.

³⁰ *Ibid.*

³¹ Mining company files, Duke United Mines Ltd, VPRS 567, P0000, unit 647, item 7917, PROV. Under the agreement setting up the company Prince Baillieu was entitled to buy 16,000 shares for 12/- per share and 20,000 shares for 17/6d per share. The financial report for August 1901 shows that he exercised these rights and sold the shares for about 25/-, the prevailing London price. In addition WL received £1,335 commission for reconstructing the company.

³² For details of the Talisman mine, see mining company files, VPRS 567, P0000, unit 552, item 5876, PROV.

³³ Herbert Daly was a well-known figure in mining circles as a mine manager and assessor of mining properties. In 1905 Daly was involved with W.L. Baillieu, Herbert Hoover and W.S. Robinson in the foundation of the Zinc Corporation, but fell out with them soon after.

³⁴ WLB to Hon D. Ham MLC, 5 Oct 1899, BAP, 5/58, PROV.

³⁵ A list of the share distribution in WL's handwriting is in BAP, 5/58, PROV.

³⁶ Mining company files, Jubilee Gold Mining Company NL, VPRS P0000, unit 628, item 6775, PROV.

³⁷ The first surviving statement of the corpus of the second Baillieu fortune was made in a letter from WL to Prince in 1909 outlining his proposed division of capital among the family. At this time the family's total wealth was over £500,000. It is likely that the greater part of this amount had been accumulated since 1900 as economic conditions improved and WL consummated some of his most successful deals, including the formation of Carlton & United Breweries, the move into Broken Hill in 1905 and the establishment of Amalgamated Zinc. WL to Prince, 12 May 1909, BFP, PROV.