

Immortal Memory 24 January 2009

Mr. Croupier, Honoured Guests and Fellow Members.

Some 50 years have passed since a Banker was last the President of this the oldest constituted Burns Club in the world. Tonight, despite lacking the eloquence and erudition of many of my predecessors and as one who spent 40 years as a banker, some 15 years actively involved in the governance of various Further Education Colleges and a member of the Presbytery of Ayr to boot, on preparing this Immortal Memory I considered that I had three choices when endeavouring to invoke the tradition of linking what I would say to my occupation or interests. I decided in view of the eminent educationalists who are here tonight to avoid education and similarly the Church and I intend, as we celebrate the 250<sup>th</sup> anniversary of the birth of Robert Burns, to focus my attention on a few of the Banks and Bankers who came into contact with him and those who knew him. In addition I shall also consider how the actions of the son of a washer woman from Ayr impacted on the life of Burns.

In the 1750s there was significant resentment in Glasgow and the west of Scotland to the near monopoly of the two great chartered banks in Edinburgh - the Bank of Scotland and the Royal Bank of Scotland.

In Glasgow several merchants began to set up their own note issuing banks - the Ship Bank; the Arms Bank; the Thistle Bank and the Merchant Bank to name but a few. Three decades later here in Paisley, the town was expanding rapidly and rivalling Glasgow in some respects in terms of trading. The population had risen from 4000 in 1738 to 25000 by 1786, the town being central to the manufacture of textiles with silk, gauze and muslin being the main products. In 1783 the Paisley Banking Company was founded and established branches in the Trongate in Glasgow; Dundee; Stranraer and Irvine. Five years later in 1788 the Paisley Union Bank was formed. There were ten partners initially, two lairds George Houston of Johnstone whose businesses included cotton spinning and coal mining; John Semple of Earnock and four Paisley merchants John Cochran, Robert Hunter, Robert Orr and John Christie and four others from outwith the area. Cochran, Hunter, Orr and Christie are remembered to this day with streets named after them in the town.

They began a vigorous expansion programme, opening branches as far apart as Brechin; Oban; Newton Stewart; Dumfries where Burns was a customer, Kirkcudbright and Berwick. This bank even had the temerity to open branches in Carlisle, Penrith and Wigton in Cumbria, albeit, the English branches did not produce the anticipated level of business and were closed within a few years. Within ten years following a change of partners most of the remaining branches were rapidly closed. Both institutions continued to exist and the former was acquired by the British Linen Bank in 1837, the British Linen Bank itself being acquired by the Bank of Scotland in 1969, and the latter in 1838 by the Glasgow Union Banking Company later renamed the Union Bank of Scotland which in time was also acquired by the Bank of Scotland. Some 20 years before the formation of the Paisley Banking Company, in Ayr in 1763, the Bank of John McAdam & Co opened its doors for the first time - incidentally the son of one of the co-founders was John Loudon McAdam of road building fame. This Bank was acquired in 1771 by Douglas, Heron & Company which had been established in Ayr in 1769 with a Capital of £150,000 and traded as the Ayr Bank.

Branches were opened in Edinburgh & Dumfries and agencies established in Glasgow; Inverness; Kelso; Montrose; Inveraray and Campbeltown. The branches operated separately under their own Boards.

However and importantly there were no bankers on any of the Boards.

The original shareholders included The Duke of Queensberry; the Duke of Buccleuch; the Earl of Dumfries; The Earl of March; Sir Adam Fergusson of Kilkerran; Patrick Heron to whom I shall refer later and the Honourable Archibald Douglas.

Earlier I referred to the resentment expressed by many in the west of Scotland to the near monopoly of the Edinburgh based Bank of Scotland and the Royal Bank of Scotland - the two chartered banks and this resentment was shared by the Dukes of Buccleuch and Queensberry hence their willingness to become shareholders in the Ayr Bank. From the beginning excessive loans were given to privileged clients often landowners who spent considerable amounts on land improvement. Smuggling of tobacco, brandy and rum on a major scale was also rife along the Ayrshire coast at this time. Burns became aware of this illegal trade when he was sent, for a commercial education, to Kirkoswald in the summer of 1775.

He later recalled *“I made a greater progress in the knowledge of mankind. The contraband trade was at that time very successful and it sometimes happened to me to fall in with those who carried it on. Scenes of swaggering riot and roaring dissipation were till this time new to me; but I was no enemy to social life”*.

A major player in this activity was John Christian who until the formation of the Ayr Bank resided on the Isle of Man. However he moved to Ayr, became the fourth largest shareholder and Cashier or Chief Executive of the Bank while retaining his many interests in smuggling and the slave trade. Others involved in smuggling became shareholders in the Ayr Bank. The rise of this contraband activity was helped by the proximity of the Isle of Man, which enjoyed fiscal immunity and pursued a policy of low nominal duties and led to a scale of activities which provided a significant income for the owner of the island the Duke of Atholl. Eventually the British Government bought the financial privileges from him and the smuggling trade from the Isle of Man was extinguished. However the smugglers moved their operational base to Guernsey, their activity continued, John Christian continued to be involved and the Ayr Bank provided credit facilities to the traders in contraband. Other loans were given to insolvent businessmen and when repayments could not be made the Ayr Bank simply printed Bank Notes -in other words- they created or made money. Today our Prime Minister would refer to such a course of action as “quantitative easing”.

In August 1772 only three years after commencing business the Ayr Bank with liabilities to the public of £1,120,000 and to the shareholders £104,000 of paid-up capital, went into voluntary liquidation leaving as official reports from that time state “an amount of destitution in their wake such as Scotland had not experienced since the wreck of the Darien expedition”. At that time, the east coast propaganda against it represented it as an amalgam of obscure west coast lawyers and smugglers and while this misrepresented the realities in many ways it reflected the animosity between east and west Scotland in the years in which the economic centre of Scottish business shifted from east to west. There is however no doubt in my mind that the shareholdings of John Christian and his fellow smugglers were responsible for this view being expressed by the Bank’s enemies The comments by Adam Smith on the Ayr Bank in the “Wealth of Nations” while condemnatory, are more perceptive than the hard verdicts emanating from Edinburgh.

All of the public creditors were paid in full, however, many of the shareholders faced financial ruin and a large proportion of the land in the County of Ayr changed hands as a consequence. To put it in perspective, at that time, male servants earned about £7 per year, female servants earned less than half of this amount and labourers were paid about 7 shillings per week and the liabilities of this Ayr Bank were £1,120,000.

The ambition of the directors was not matched by their knowledge of banking principles and the failure proved a useful lesson to the Scottish banking community. History of course often tends to repeat itself and in recent times a similar lack of knowledge and adherence to sound banking principles caused the near collapse of the Royal Bank of Scotland, the resignation of the chief executive of that once proud institution and the rescue by acquisition of the Bank of Scotland.

by Lloyds Bank

Burns in a letter to his cousin James Burness in Montrose wrote *“A couple of our Ayrshire Noblemen, and the major part of our Knights and squires, are all insolvent. A miserable job of a Douglas, Heron & Co.’s bank, which no doubt you have heard of, has undone numbers of them.”*

Many landowners had borrowed money and out of 226 shareholders only 112 remained solvent. The people who made most from the crisis were lawyers who handled the 50 years of litigation which followed the demise of the Bank. In addition many of the lawyers bought land which came onto the market as a result of bankruptcies. Sir John Whitefoord of Ballochmyle was one landowner who as a shareholder in Douglas, Heron & Company suffered as a result of the bank’s failure. Whitefoord, master of St. James’s Masonic Lodge in Tarbolton incurred heavy losses and was forced to sell the Ballochmyle estate to the Alexander family in 1785 and Burns who was Depute Master of the Lodge penned the lines of the *Braes o’ Ballochmyle* :-

*“The Catrine woods were yellow seen,  
The flowers decay’d on Catrine lea,  
Nae lav’rock sang on hillock green,  
Bur nature sicken’d on the e’e.  
Thro faded groves Maria sang,  
Hersel in beauty’s bloom the while,  
And aye the wild-wood echoes rang:-  
Fareweel the braes o’ Ballochmyle.”*

Another friend of Burns who suffered greatly at this time was John Lapraik who became a victim of speculation created by the lavish lending of the Bank. He not only borrowed himself but guaranteed others for large amounts; and when the "villainous bubble burst" he found himself involved beyond extrication. He was forced to sell his farm of Dalfram and was jailed at Ayr for debt. While in prison he turned to poetry and subsequently published his own works at Kilmarnock in 1788. Yet another who along with her family suffered as a result of ill fated involvement with Douglas, Heron & Co was Mrs. Frances Dunlop. The estate of Craigie which had been in the family's possession since the Middle Ages had to be sold to pay off debts incurred by her son and as a result of this and the subsequent death of her husband she suffered a long and severe illness.

John Syme, who accompanied Burns on his summer tours of Galloway in 1793 & 1794 and after the death of the Bard helped to organise his funeral was a teenager when his father had to sell the family estate of Barncaillie in Kirkcudbrightshire as a consequence of heavy losses incurred due to the failure of the Ayr bank.

In 1773 yet another bank Hunter & Company was established in Ayr with four partners. The most prominent partner was James Hunter who had been cashier of John McAdam & Company until its amalgamation with Douglas, Heron & Company. He died in 1776 and was replaced by John Ballantyne one of the early friends and a patron of Burns. In 1786 Burns wrote *The Brigs of Ayr* which he inscribed to Ballantyne:-

*"When Ballantyne befriends his humble name,  
And hands the rustic stranger up to fame,  
With heartfelt throes his grateful bosom swells:  
The godlike bliss, to give, excels."*

This bank prospered and almost one hundred years later was acquired by the Union Bank of Scotland.

A relatively near neighbour of Burns at Mossgiel was Sir Thomas Miller, who later became Lord Justice Clerk with the title Lord Barskimming. In January 1788 he succeeded Sir Robert Dundas as Lord President of the Court of Session and became a Baronet taking the title of Lord Glenlee. He owned the Barskimming estate and in *The Vision* the Bard described a scene in Barskimming:-

*“Thro’ many a wild, romantic grove,  
Near many a hermit-fancied cove,  
Fit haunts for friendship or for love,  
In musing mood.  
An aged Judge, I saw him rove  
Dispensing good.”*

It was not however Thomas Miller but his younger brother Patrick who had a considerable impact on the life of Burns.

Patrick Miller of Dalswinton, became a director of the Bank of Scotland in 1767 and succeeded Henry Dundas, without doubt the most powerful man in Scotland at that time, who later became Viscount Melville, as Deputy Governor in 1790.

Dundas or “King Harry the Ninth” as he was known controlled a vast network of patronage and appointments and many years later Henry Cockburn wrote of him as “the absolute dictator of Scotland” who “had the means of rewarding submission and of suppressing opposition beyond what were ever exercised in modern times by one person in any portion of the empire”.

Interestingly Patrick Miller who was responsible for the issue of the one guinea bank note by the Bank of Scotland was also a partner in a private banking company in Edinburgh and in addition a partner and subsequently a director of the British Linen Bank. It would appear that in those days corporate governance and declarations of interest were not taken quite as seriously as they are today. His interests were however wider than banking. As an associate of the Carron Company, which helped to revolutionize agricultural technology, and whose factory Burns in 1787 compared to Hell, he advised the Bank of Scotland on the credit needs of the iron works. As an inventor his record stands up to scrutiny; he invented the drill plough; could claim some part in the development of the ship’s gun known as the carronade and apart from his place among the fathers of steam navigation, he was active as an agricultural improver, experimenting with drainage, stock breeding, the Spanish merino sheep, new grasses and root crops.

Burns encountered financial embarrassment with the Bank of Scotland in Dumfries in 1791 and in a letter written to the Accountant, James Gracie he asked for seven days to regularize his debt. Gracie was a prominent citizen of Dumfries, a magistrate of the town, sometime Dean of Guild and Captain of the Royal Dumfries Volunteers.

In another letter to Gracie written only a week before he died Burns wrote:

*“Gracie, thou art a man of worth,  
O, be thou Dean for ever!  
May he be damn’d to Hell henceforth,  
Who faults thy weight or measure!”*

Gracie left the Bank of Scotland in 1804 and along with his son he founded the Dumfries Commercial Bank but this Bank failed in 1808 with a deficiency of ten shillings in the pound and Gracie died a bankrupt in 1814.

The Agent of the Bank of Scotland’s Dumfries branch David Staig, a prominent local figure, was Provost of the town for a total of twenty years and also Collector for Customs responsible for the transmission of revenue funds from Dumfries. He was powerful both politically and economically and involved in the purchase of the Dalswinton Estate for Miller who reputedly had not seen the property before acquisition. In the history of the Bank of Scotland entitled “A Very Singular Institution” published by the Bank in 1995 it is suggested that Patrick Miller’s offer of the farm of Ellisland to Burns and his employment as an excise man under David Staig was, if not an attempt to bribe the Bard, at least an encouragement to him to modify his criticism of Scotland’s rulers. Staig became a close friend of Burns who referred to him as “*Redoubted Staig who set at nought the wildest savage Tory*”. There was no farmhouse at Ellisland and its erection which took some time caused Burns many a headache. Ellisland was in poor heart and in a letter to Mrs. Frances Dunlop the Bard wrote in 1789 –

*“My master, Mr. Miller, out of real tho’ mistaken benevolence, sought me industriously out, to set me this farm, as he said to give me a lease that would make me comfortable & easy.*

*I was a stranger to the country, the farm and the soil, and so ventured on a bargain, that instead of being comfortable, is and will be a very, very hard bargain, if at all practicable.*

*I am sorry to tell you this Madam, but it is a damning truth; though I beg, as the world think that I have got a pennyworth of a farm, you will not undeceive them.”*

During the Club's summer outing last year Ellisland was one of the places visited and those members who attended will recall that the soil is to this day full of stones and almost unworkable.

In a letter to Staig written in January 1793 Burns suggests a review of the local beer tax. His suggestion was adopted and as a result the income of the Burgh of Dumfries was increased. A further letter to him, this time in his capacity of Provost of the town, written in March of the same year finds Burns as a Honorary Burgess requesting for his children the free education which was a privilege enjoyed by Burgesses of the burgh.

Patrick Heron, one of the founders of the ill fated bank in Ayr, eventually recovered from that event and after marrying his second wife Elizabeth Cochrane daughter of the 8th Earl of Dundonald was able to purchase the estate of Kirroughtree which is near Newton Stewart. From 1794 to 1803 he was a Whig Member of Parliament for Kirkcudbright Stewartry.

Burns met Patrick Heron during his second Galloway Tour and subsequently Heron enlisted the help of the Bard with his campaign as a parliamentary candidate. Burns was apprehensive about nailing his political colours to the mast but, Heron was well connected and indicated that he would take an interest in the advancement of Robert's career in the Excise.

As a result he wrote three Election Ballads which helped to some extent to secure Heron's election to Parliament.

In the second ballad he refers to him-

*"An there'll be trusty Kerroughtree,  
Wha's honour was ever his law;  
If the virtues were pack'd in a parcel,  
His worth might be a sample for a!"*

Earlier I mentioned the son of a washer woman from Ayr.

James Macrae was born in 1670 in the village of Ochiltree near Ayr and by the time he was 5 years old he with his mother who was a widow moved to Ayr to be near his mother's only remaining relative a niece named Bel Mcguire and her carpenter husband Hugh. James Macrae and his mother lived in dire poverty in a thatched cottage. He was an intelligent boy but he spent several nights in Ayr Tolbooth for stealing a Magistrate's apple.



Shortly after his release he joined the crew of a boat in Ayr harbour and went to sea. He progressed through the ranks to become an officer in India, for the English East India Company, where he made his name and a great fortune hunting the pirates who plagued his employers' ships. His most famous encounter with pirates occurred near Madagascar when he was engaged in a battle lasting several hours and his vessel was grounded, however, he escaped ashore. The journal of this particular incident was read by Robert Louis Stevenson who it is claimed shortly afterwards wrote "Treasure Island".

Macrae had a keen mind for commerce and was appointed Governor of Fort St. George on the south east coast of India and in January 1725 he was appointed Governor of Madras which was one of the most coveted posts in all of the lands under British rule. He resigned from this position in 1730 and sailed for Scotland with an astonishing hoard of diamonds the source of which has never been identified. He returned as an extremely wealthy man and in 1734 he presented to Glasgow an equestrian statue of King William which stood in Argyle Street near Glasgow Cross for many years and is I believe now in Cathedral Square. An unusual feature of the statue is that the tail of the horse hangs from a ball and socket which allows the tail to swing in the wind. His mother had in her old age lived with the Mcguires and on his arrival back in Ayrshire and having no family of his own and being aware of the kindness shown by Hugh and Bel Mcguire to his mother he lavished his fortune on them and their family.

He purchased for them a small estate in Ayrshire; for their son James he purchased Finlaystone estate here in Renfrewshire on condition that he changed his name to James Mcguire Macrae.

James acceded to this condition and later married the daughter of the Swedish ambassador. The Mcguire's had a daughter Elizabeth who worked as a farm servant. Macrae had her educated and sent her to a "finishing school" and in 1744 arranged her marriage to William Cunningham, the impoverished 13<sup>th</sup> Earl of Glencairn. Glencairn as incumbent of one of Ayrshire's oldest earldoms was not impressed with Macrae's suggestion that he should marry a commoner especially one of such lowly rank.

However he changed his mind when he learned that Elizabeth's dowry amounted to diamonds worth £45000 and the estate of Ochiltree which Macrae acquired for £25000.

Countess Elizabeth of Glencairn became a much respected member of Scottish society and along with her son James, the fourteenth Earl they became patrons of Robert Burns and indeed their money, which of course originated from the pirate hunting son of an Ayr washer woman, was influential in introducing the Bard to Edinburgh society. When Glencairn died in 1791 Burns wrote one of his most poignant laments which included the lines:

*"But I'll remember thee Glencairn  
And a' that thou has done for me!"*

Burns further honoured his friend by naming his fourth son James Glencairn Burns. The Mcguire's had another daughter whom they named Macrae Mcguire in honour of James Macrae. She became his favourite and when he died in 1746 he left her £100000 and his Orangefield Estate on the site of which today stands Prestwick airport. He is buried in an unmarked grave in Monkton. However, nearby there stands the James Macrae Monument, which is visible from the A 77 road near Prestwick Airport.

In 1750 Macrae Mcguire married Charles Dalrymple, a local land owner and Sheriff Clerk of Ayrshire who owned Mount Charles estate in Alloway.

Their son James Dalrymple was also a good friend and patron of the Bard and in a letter to Gavin Hamilton written

from Edinburgh in December 1786 Burns wrote:

*"I have met in Mr Dalrymple of Orangefield what Solomon emphatically calls "a Friend that sticketh close than a Brother" - the warmth with which he interests himself in my affairs is of the same enthusiastic kind which you, Mr. Aiken, and a few Patrons that took notice of my earlier poetic days, showed for the poor, unlucky devil of a Poet."*

Gentlemen, as you are aware, a number of historic events took place during the lifetime of Burns. The American Declaration of Independence and the French Revolution to name but two and the actions of many individuals influenced him. I trust I have persuaded you however that the actions of Banks, Bankers and the son of an Ayr washer woman impacted considerably on him and those who knew him and I invite you to charge your glasses, be upstanding, and as requested by William McLaren, at the first meeting of this venerable Club in 1805, to toast The Memory of our Immortal Bard Robert Burns.