So Fast To Ruin

The personal element in the collapse of Douglas, Heron and Company

The affairs of this Banking Company having fallen so fast to ruin, ... it has become a matter of very deep concern ... to inquire into the causes which have produced so violent and so rapid a fall.

Precipitation and Fall, 1778

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The 'precipitation and fall' of Douglas, Heron and Co. (the Ayr Bank) was the most spectacular Scottish banking failure of the 18th century and a major economic disaster. In his *Wealth of Nations*, Adam Smith provides an explanation, still unsurpassed, of the theoretical bases for its failure, but across the gap created by the Industrial Revolution we can see more clearly than contemporaries that its disregard for the principle of specialization, or expertise, doomed it from the start. In the changeover from mercantilism to capitalism, Douglas, Heron and Co. — capitalism by generalists — presents an awful object lesson.¹

The motives behind the Company's founding combined self-interest with generous public spirit in a gratifying way. Scotland in the 1760s was, or thought itself, an underdeveloped nation: its agricultural improvements, its growing manufactures, its prosperous commerce, all lagged behind their potential because credit was tight and capital investment lacking. The English were in part the villains; they invested heavily in Scottish enterprises, but in a speculative and unreliable fashion.² To increase the supply of credit, a group of wealthy amateurs led by the Dukes of Queensberry and Buccleuch, the Earls of Dumfries and March, Douglas of Douglas, and 131 eager partners opened Douglas, Heron and Co. in November 1769 with an impressive paid-up capital of £96,000. Each partner held from one to four shares, at £500 apiece.

To its clients it was the miracle of the loaves and the fishes. Operating under a troika arrangement with three equal but uncoordinated branches in Ayr, Dumfries, and Edinburgh, the Company let no one depart empty-handed, especially their own directors and their entrepreneurial friends, each going security for the other.³ Within six months, the directors


3. The Ayr branch was especially guilty of such loans at the beginning. By the time of the crash, loans to the partners, mostly to those few actively engaged in the management, amounted to £400,000. £180,000 worth of loans were later dishonoured, a large proportion of which involved partners (*Precipitation*, pp. 21-9, 85-6).
discovered that a good deal of money had flowed out and very little had been taken in. This led them to push the circulation of their own promissory notes but an ungrateful people, they complained, promptly returned them for specie or bills of longer established banks. (As Adam Smith was to explain, the supply of paper currency was greater than could be absorbed and so returned for conversion into sounder currencies. Yet the directors had part of a point, since it was customary in Scotland to let such notes circulate without demanding payment.)\(^1\) They remained undaunted, however, as they demonstrated by absorbing a private bank in Ayr and another in Dumfries to the great benefit of the banks' owners, such men as Lord Elibank, John Macadam of Craigengillan, and James Murray of Broughton, and of no benefit at all to Douglas, Heron.\(^2\) Finally the directors resorted to the ruinous expedient of a 'chain of bills', which in its simplest form worked in this manner: A in Edinburgh draws a bill on B in London, promising payment of £100 plus interest and commission in two months' time. By the time B returns the bill for payment, A has drawn another bill, say for £103, on B, paying the first bill, plus interest and commission. And so the fictitious circulation expands. Its own loans paid Douglas, Heron 5% while the draft of bills on London were costing it 8% or more a year.\(^3\) This 8% was clear profit to the banking houses in London as long as Douglas, Heron's credit held up, but the obvious risks involved led most London firms to withdraw from the trade and a crisis resulted in March 1771. Messrs. Alexander Wight, Andrew Crosbie, James Inglis, and Alexander Fergusson of Craigdarroch (all advocates except Inglis, who was a merchant) were despatched to London, however, and they succeeded in making new credit arrangements. Emboldened, the directors in May declared a dividend on profits to the paid-up original partners, though the profits no one could discover. When the crisis recurred in May 1772 new arrangements were made, especially with two Scottish


banking houses in London, Charles Fergusson and Co. and Fordyce, Grant and Co.\(^1\)

The unsparing conclusion arrived when the London firm of Neale, James, Fordyce, and Down stopped payment on 10 June 1772. The principal partner, Alexander Fordyce, an ambitious, unscrupulous, and persuasive speculator, had overplayed his hand in East India stock and decamped for France.\(^2\) Since Fordyce owed a large amount, said to be £40,000 apiece, to Charles Fergusson and Fordyce, Grant, both these houses stopped payment the same day, and in the chain reaction several prominent London banking houses failed. Douglas, Heron was immediately in deep trouble. According to an indignant Scottish account, when the Dukes of Queensberry and Buccleuch and Douglas of Douglas appealed to the Bank of England for support, its directors had the effrontery to demand the extent of Douglas, Heron's outstanding paper. The figure, £100,000, floated out of the air to appall the questioners, since they held more than half of that paper themselves. Reluctantly they offered help on such difficult terms, e.g. security on lands in England worth £10,000 p.a., that the offer was declined, and the Bank a few weeks later filed suit against the two dukes and the Earl of Dumfries for £300,000. On 25 June, Douglas, Heron temporarily closed its doors.\(^3\)

The panic was on, and the looting began. Up to the very end the directors of Douglas, Heron had acted with a recklessness that amounted to criminal negligence. To cite one notorious instance: the news of Alexander Fordyce's failure reached Edinburgh on 12 June, in the remarkable time of

1. *Precipitation*, pp. 30-3, 122-3; app., pp. 53-67. Wight and Fergusson, pp. 4-5; George Fergusson, *Answers for Mess. Charles Fergusson and Company, and for Mess. Fordyce, Grant, and Company* (1778), pp. 3-5. The identification of Inglis is uncertain, but James Inglis was one of the original directors in Edinburgh (*Scots Mag.*, 31 (1769), 669). Even the Lords of Session provided a loan from their capital 'stock' (*Precipitation*, app., p. 70).

2. *Daily Advertiser*, 11 June 1772; *Scots Mag.*, 34 (1772), 311; Forbes, pp. 40-1. For Alexander Fordyce, see *Gentleman's Mag.*, 42 (1772), 310-11; *Weekly Mag.*, 17 (1772), 252-3; and *D.N.B*. His remarkable family is described in William Anderson, *The Scottish Nation* (1872), ii. 244-8.

3. *Considerations on the Present State of Credit* (London, 23 June 1772), quoted in *Scots Mag.*, 34 (1772), 314-8; *Weekly Mag.*, 17 (1772), 125; *Grenville Papers*, ed. W. J. Smith (1853), lv. 539-43; *Mrs Montagu*, ed. Reginald Blunt (1923), i. 259-60; John Clapham, *The Bank of England* (1944), i. 246. Douglas, Heron also appealed to the Bank of Scotland and the Royal Bank of Scotland, claiming that they owed only £22,000 to the bankrupt London houses and asking each bank for a loan of £20,000 and backing for another £10,000 of their notes (Munro, pp. 135-6). Actually the Company owed £600,000 in London bills alone, but its financial situation defied clarification for some time (*Precipitation*, pp. 86-7, 95).
43 hours; on 13 and 15 June the Edinburgh directors permitted one of their number, David Campbell, W. S., to exchange £11,000 or £12,000 of his bills for the Company's, £8,000 of his bills being later dishonoured.\(^1\) Now faced with bankruptcy the Company again sent four of its members to London to see what could be done. Apparently the leading spirit was Fergusson of Craigdarroch, who was accompanied by Sir Adam Fergusson of Kilkerran, advocate; John Campbell, M. D., of Wellwood; and John Bushby of Kempleton, writer in Dumfries.\(^2\) One difficulty was hanging over the representatives on arrival. According to the arrangement reached in May, Douglas, Heron had deposited £6,000 with Fordyce, Grant, which was to be secured by a bond from John Grant, Baron of the Scottish Exchequer, brother of the firm's partner, Andrew Grant. John Fordyce, the other partner, got a letter of guarantee from Baron Grant, but for some reason it was never delivered to Douglas, Heron. Twenty years later the Company was still trying to collect the £6,000 from Grant’s heirs without success.\(^3\)

The lambs (for the most part) had descended on the den of wolves and, in the words of the later Committee of Inquiry, it was a 'busy and disastrous period'.\(^4\) The only way the representatives could find to raise money was to sell annuities at the exorbitant rate of seven years' purchase for one life or eight years' for two. In this way over £350,000 was raised, at 15% interest, all of it supposedly to be applied to the Company's debts.\(^5\) But the representatives could not resist trying to maintain the Company's credit by supporting certain banking firms in difficult situations. There was William Alexander and Sons, for example, which in June had owed Douglas, Heron £6,000 or £7,000, and who finally came to owe it almost £60,000, £10,000 of which they had acquired through mere oversight. True enough, William Alexander had tried to stem the rush on Douglas, Heron before the Company

1. *Scots Mag.*, 31 (1769), 669; *Precipitation*, pp. 64, 81; for other dubious transactions in which Campbell was involved, see *Precipitation*, pp. 66 n., 113; Wight and Fergusson, p. 24. Campbell resigned his commission as W. S. in March 1776 (A History of the Society of Writers to Her Majesty's Signet (1890), p. 32).
5. Kerr correctly summarises the facts, which can be traced in the primary sources. It eventually cost over £450,000 to redeem the £350,000 raised in annuities (p. 90).
stopped payment; equally true the Bank of England had granted William Alexander an £160,000 loan on the security of its estates in Grenada. But the Committee of Inquiry concluded, with apparently a good deal of reason, that the Company had been ‘most undoubtedly deceived and bit’ in its transactions with these ‘dark and dangerous projectors’. Nor were the arrangements made with Mayne and Needham, the Company’s London bankers, any more attractive. After advancing £10,000 to this firm, the representatives learned that Mayne and Needham had applied £46,500 of the Company’s funds to its own purposes. The representatives meekly made up this deficit by the sale of further annuities, while Mayne and Needham continued to exact their usual high commission for discounting the Company’s bills.

Later the Committee of Inquiry openly accused the London representatives of having protected their own pockets and those of some other partners through the ruinous annuity scheme at the expense of partners less heavily indebted to the Company. It is certainly true that to have gone into bankruptcy in June 1772 would have cost the partners far less than they were to pay eventually; even Craigdarroch admitted that the purchase of annuities resulted in great loss. Still it was argued that Douglas, Heron might have been saved if bankruptcy could have been averted, and immediate bankruptcy ensured immediate widespread distress. Craigdarroch later pleaded ignorance, good faith, and honour as about equal causes for the Company’s disaster, but certain transactions seem very dubious. In September, for example, the representatives, now consisting of Bushby, David Campbell, and John Murray, were quick to recommend that the Edinburgh directors accept the compositions offered by Charles Ferguson (5/- in the pound) and Fordyce, Grant (6/6 in the pound). Of course it may have been coincidental that Charles Ferguson was Sir Adam’s brother, and John Fordyce was Charles’s brother-in-law, but Sir Adam felt the delicacy of the connexion sufficiently to retire from the general


2. *Precipitation*, pp. 139, 143. £10,000 was recovered by the sale of the Adelphi in London, part of William Alexander’s security (ibid., p. 143).


6. Possibly John Murray of Murraythwaite, one of the original directors at Dumfries (*Scots Mag.* , 31 (1769), 669.)
meeting of directors at which these compositions were accepted. John Fordyce also persuaded the directors to advance him £29,000 to pay his composition. Again, it was thought possible to justify such actions. The Answers for Charles Fergusson and Fordyce, Grant, drawn by George Fergusson, another of Sir Adam’s brothers, to the Committee of Inquiry’s report argues that the failure of Charles Fergusson cost the Company only £6,000 (the Committee said £11,000), that the creditors would never have recovered any more money in any case (also disputed), and that the loan to Fordyce had been to the Company’s advantage, a point invisible to everyone else.¹

Other happenings in London remain quite mysterious, such as the £9,000 in the cashier’s accounts and the £6,220 raised by annuity that simply disappeared. The only explanation Craigdarroch could offer for the missing sums was that he did not have the £9,000 and that the £6,220 was being litigated.² The little matter of the money owing to Bushby was more clearly attended to. Bushby held £2,500 in Baron Grant’s dishonoured bills, which the representatives redeemed from the money they raised. In effect, as the Committee of Inquiry remarked, ‘Mr Bushby was in one hour raising money upon annuities, in name of the Company, at the King’s Arms tavern, and the next hour was carrying the proceeds to Jermyn-street, and applying them in payment of his own engagements’. As to that, Craigdarroch said the honour of the Company required them to repay Bushby, though why he was preferred to the Company’s other creditors was left unstated.³ Equally preferential was the directors’ payment in October 1772 of £11,000 to John Lidderdale of Castlemilk, an old debt of that Dumfries bank which the Company had absorbed. Again honour was at stake or, as Craigdarroch phrased it this time, the Company was bound, by ‘every tie, of law, justice, and equity, to enter into this transaction’.


Assembled now with equal truth we find,
That all our schemes are air, and words are wind;
Adam stood forth to vindicate the Ten,
And thought them even now to be — The first of Men.
But the vain cup by Bushby’s hand was dash’d,
Who, like his English name-sake, freely lash’d
Those whom he thought deserv’d it, without fear,
The offic’d bawler, or the titl’d Peer.
Honour to recall Falstaff, might not set an arm or a leg, but it paid off to the right people.\footnote{1}

As good a face as possible was put on the annuity transaction at the next general meeting of the Company on 2 November 1772, and the partners assumed the obligations incurred by the London representatives. As the Committee of Inquiry was to stress, however, 'there were a few trilling transactions, such as the misapplications of annuity money — the compositions with bankrupt-houses — the loans to Mr Alexander — the loans to Mr Fordyce, and some others, which were kept, like state-secrets, from the knowledge of that meeting'. To which the answer was that any partner even remotely acquainted with the Company's affairs know what had happened or, alternatively, any partner could have found out what had happened if he had known enough to ask the right questions. None of the unsuspecting did.\footnote{2} New directors were appointed for the branches as well as five Extraordinary Directors — Buccleuch, Sir Adam, Craigdarroch, Ilay Campbell, and Henry Dundas — and the Bank, whose offices had reopened late in September, laboured on.

The struggle ended in August 1773, when a committee of 15 was appointed to liquidate the Company. It has been said that by August 1775 only 112 of the 226 partners, holding 156 of 317 shares, remained solvent; liquidation proceeded with such slowness that a Committee of Inquiry, referred to earlier, was appointed in July 1776.\footnote{3} A year later it delivered a report so explosive, according to its authors, that it first met 'with a degree of inattention which approached to contempt' and then, at a general meeting of the partners in January 1778, with efforts to 'stir up unreasonable prejudice and clamour'.\footnote{4} Despite animadversions and remonstrances, the report was approved by a general meeting of the partners in November 1778, and following its strong suggestion that

1. Precipitation, pp. 149-53; Wight and Fergusson, pp. 30-2. For Castlemilk's identity, see P. H. M'Kerlie, History of the Lands and their Owners in Galloway (1878), iv. 182. The Bankrupt Act for Scotland, given the Royal assent the day before Fordyce's failure (12 Geo. Ill, cap. 72), provided that all creditors were to be ranked equally; previously it had been first come, first paid, which seems to have been the spirit in which the directors acted.


3. The formation of the Committee must have been stimulated by a call for £300 per share on each partner in 1776-77. Scots Mag., 34 (1772), 636; 35 (1773), 443, 668-9; 36 (1774), 196-9. Precipitation, preface. C. W. Boase, A Century of Banking in Dundee (1867), pp. 104-5; Kerr, pp. 90-93; R. S. Rait, History of the Union Bank of Scotland (1930), p. 167. Kerr says the Company had 241 partners just before the crisis.

the partners sue the directors for mismanagement, 9 actions were raised against 61 directors and others for the recovery of close to £850,000. Since the partners’ claims were moral rather than legal, it is unlikely that these suits were successful. But Douglas, Heron itself kept up a barrage of suits against its debtors until at least 1800.1

The liquidation of the Company dragged on and on, and it was not until 31 March 1804 that some kind of settlement seems to have been reached. The partners had paid in an extra £250,000 to the 'stock account', and had 'contributed' a further £420,000. These figures indicate that each partner had lost about 4.4 times the value of each share held, the final loss to the partners being £663,396/18/6.2 The rest is rumour. Robert Chambers asserted that the accounts of some families were not settled until after the passage of the Reform Bill, and another authority tells us that £750,000 worth of property changed hands in consequence of the Company’s failure.3

'There has not since the year of the South Sea', Dr Johnson wrote in August 1772, 'been such extensive distress or so frightful an alarm'.4 Naturally in this situation there was considerable interest in Alexander Fordyce's version of affairs and, after being threatened with extradition, he returned to face the Commissioners of Bankruptcy in two dramatic scenes on 12 and 19 September.5 A full account of the first session appears in the Weekly Magazine, or Edinburgh Amusement, which was all sympathy: 'Among the immense crowd of people that had assembled to see him ... [Fordyce] discovered in his looks as much anguish of mind as the highest sensibility could occasion a mortal to suffer, but in a few minutes he became quite composed'. On being asked what money or property he had absconded with, Fordyce pointed

2. Robert Somers, The Scotch Banks (1873), p. 103. This estimate seems confirmed by figures supplied by Sir James Ferguson (letter, 2 Dec. 1953): in 1788, Sir Adam Ferguson, holding two shares, had paid £3,577/19/8 and owed £822/0/4. His brother George, holding one share, had paid £1,798/0/1 and owed £401/19/0. At the same date, however, the Duke of Buccleuch owed some £15,000, and the new Duke of Queensberry ('"Old Q"') almost £45,000. Presumably the two Dukes had taken on extra obligations. James Paterson states that in 1789 there was a new call on the solvent partners for £1,400 per share, and that the final loss was about £2,600 per share (History of the Counties of Ayr and Wigton (1863-66), i. l. 41).
to a bag on the table and declared, 'I wish and hope to pay every shilling for which I stand indebted'. The Weekly's reporter continues:

Here nature burst forth, and a few tears eased the anguish of an aching heart, while every one of his creditors heartily sympathised with him in his sorrows.

The course of examination revealed that Fordyce before his departure had been careful to provide his sister and brother, the well-known Rev. James Fordyce, D. D., with small amounts of money; more ominously, he had transmitted 'various sums' (the Scots Magazine said 'large sums') to a Mr Atkinson, which he accounted for neatly by saying that 'Atkinson had often accommodated him with money, but that he never served Atkinson so much as once'. His wife Lady Margaret, a daughter of the Earl of Balcarres, surrendered her jewels (worth less than £1,000), while the creditors wrangled about what to do with them, and Fordyce his own assets down to his watch and four shillings. 'In short', concluded the Weekly's reporter,

I did not know which to admire the most on this remarkable event, the polite, yet strict justice of the commissioners, the sympathising lenity of the creditors, or the manly candour of Mr Fordyce.

Still, there did seem to be about £75,000 unaccounted for, and the second session, as reported in the Scots and Gentleman's magazines, provided a change in tone. Fordyce, says the Gentleman's Magazine,

was asked by counsel on behalf of the creditors, Whether the raising money on the credit of the house, and placing the same to his own separate use, was with the knowledge or consent of the rest of the partners? Tho' this was a very plain and simple question, it was stated in various ways, before Mr Fordyce could be brought to give a satisfactory answer to it.

1. Presumably Richard Atkinson, goldsmith, government contractor, London alderman, director of the East India Co., and M. P. (Burke's Landed Gentry (1855), sub Atkinson of Rampsbeck Lodge and Moreland; A. B. Beaven, Alderman of the City of London (1908-13), i. 203; Sir Lewis Namier and John Brooke, The House of Commons 1754-1790 (1964), ii. 32). He had profited from supplying specie to Douglas, Heron (Precipitation, app., pp. 55, 61-2). Out of 'platonic admiration for Lady Anne Lindsay he left her £35,000, as well as a 'great Annuity' to her sister, Lady Margaret Fordyce (Sir Alexander Dick to James Boswell, 15 Aug. 1785—Boswell Papers (C 998), Yale University; Scots Mag., 47 (1785), 311). Lady Margaret's marriage to Fordyce in 1770, when she was 17 and he about 41, is supposed to have inspired her sister's ballad, "Auld Robin Gray" (Scots Peerage, ix. 31). Lady Margaret's faithful and affecting letter to her husband on his downfall appears in Lord Lindsay, Lives of the Lindsays (1858), ii. 336 n 1.

2. Weekly Mag., 17 (1772), 413-5.

Fordyce asserted, 'Mr James was often with me, crying like a child about the situation of the house, for many weeks before that fatal event, and saying, "He saw we must stop payment". Yet James, he admitted, had no idea of the full extent of their indebtedness. Eventually it emerged that Fordyce owed his unfortunate partners £60,000, part of which had gone to cover bills and part to his relative, John Fordyce, Receiver-General of the Land Tax of Scotland (the Fordyce of Fordyce, Grant), in discharge of a debt of £60,000. He was then asked, Did not Hunter, M’Intosh, H[arme]y, and M[uir] and Atkinson, borrow large sums of the house, to lend back again to you, for your accommodation, and did not that kind of traffic make the house poor?

Fordyce replied, I take the blame, Sir, to myself — My mind accuses me; and I feel more for those that have been hurt by me than I ever shall for myself. Soft words did not satisfy the creditors. One asked whether a newspaper advertisement in which Fordyce’s partners disclaimed any knowledge or part in his speculations was true or false. Fordyce did not answer, and the commissioners had to remind the creditors not to ask him any questions which could lead to criminal self-impeachment. Another creditor came to the brutal point:

The words sentiment and honour often fall from his lips; I would ask you, Sir, whether it would not be more honourable to have committed an act of bankruptcy in time, to have saved more of our money, as we had lodged good hard money in your hands, than to have made use of it in the gambling strain; there is no hard money lent for that; if you meant to have acted fair and honest, why did not you commit an act of bankruptcy before? It would have saved large sums of money that ought to have been applied for the use of the house.

Fordyce was declared bankrupt for £100,000, and the session’s end remained in harsh character. One of the commissioners warned against any attempt to arrest Fordyce for debt as he left the Guildhall, since a bankrupt was immune to arrest when appearing before the Commission, and Fordyce seconded the plea for his wife’s sake.

A Creditor. I am sorry, Mr Fordyce, you had no more feeling for us; we also have wives and children.

Another Creditor. Let every man clap his hand to his heart, and then see how we have been treated. Mr Fordyce had no feeling for us.

1. Scots Mag., 34 (1772), 479-80.
2. Gentleman’s Mag., 42 (1772), 436; names filled in from Scots Mag., 34 (1772), 480.
A gentleman in court. Now what end does it answer to attack, in that manner, a gentleman under misfortunes? The same Creditor. Are you under misfortunes, Sir? Gentleman. No, Sir.

Same Creditor. Then, Sir, you cannot feel for us; and so mind your own affairs.¹

The Scots, said Horace Walpole of Fordyce, 'cried up his behaviour to the skies, and this extravagant villain, for a little plausible demeanour and address, and from national partiality, was almost celebrated as a martyr'.²

Although Fordyce somehow escaped imprisonment and even the issue of a commission of bankruptcy, disaster spread from him in waves. According to Thomas Toller, the Rev. James Fordyce's sometime assistant and later enemy, Alexander's failure killed one of his brothers and drove another insane.³ He was forced to sell his splendid estate at Roehampton in 1774, and the world was censorious. Mrs Thrale wrote about him and his wife after his downfall:

They however were luckily Scotch people, so had a Pension settled upon them on which they now live, and face the World with a Degree of Confidence which no other Country could produce. (July-August 1778).

Possibly this confidence was reinforced by a £30,000 coup Fordyce was supposed to have engineered through stock-jobbing in 1777, based on a false rumour that Howe had defeated Washington.⁴ In any case, he had recovered sufficiently by 1780 to stand for Colchester, which he had contested in 1768. He had a good deal of backing but when he asked his supporters to vote also for Robert Mayne (of Mayne and Needham), they rebelled and elected a gentleman from the neighbourhood who happened to be passing through town in his carriage.⁵ A final non-glimpse of Fordyce appears in a letter from Betsy Sheridan to her sister (1 Oct. 1785), reporting the gossip of Tunbridge Wells:

1. Scots Mag., 34 (1772), 529, 531, 534-5. The Weekly Magazine, omitting all the testimony of the second session, merely summarised it as 'extremely tedious' and declared that Fordyce had answered questions with 'the greatest precision, openness and candour' (18 (1772), 29-30). I cannot find the source for the D.N.B.'s remark that Fordyce was threatened by a mob when he left the Guildhall, but it sounds likely.

2. The Last Journals of Horace Walpole, ed. A. Francis Steuart (1910), i. 129.

3. A sermon (1775) by the Rev. Thomas Toller, quoted in Anderson, i. 247. Toller's testimony was malevolent, but he would hardly have risked outright falsehood. Dr. Johnson reports that Fordyce also involved one of his brothers-in-law in his ruin (Letters, i. 339).


5. Fordyce had spent £14,000 in losing the 1768 election, but tried to secure his interest further by building a hospital and establishing other charities (Namier and Brooke, i. 277, iii. 456).
Lady Margaret Fordyce . . . and Lady Anne drive about in a carriage with both their Cyphers on it, so that poor Fordyce seems quite out of the question, I have not been able to learn even where he is.

Presumably this was the consequence of the platonic Atkinson's bequest. Fordyce died in 1789.1

His partners fared worse than he did. At first their creditors were inclined to leave them small annuities but this charitable impulse was soon nullified, even though the lot of William James in particular was represented very pathetically by 'A Sympathetic Creditor' in the Scots Magazine. Eventually one partner killed himself. They declared a dividend of four shillings in the pound in 1772, and their affairs no doubt dragged through the courts. In 1795, the creditors of Neale, James, Fordyce, and Down received a final dividend of one shilling in the pound.2

Robert Mayne, M. P. and government contractor, committed suicide in 1782 after his reshuffled firm had again gone into bankruptcy 'attended with circumstances of uncommon villainy'.3 William and Alexander John, the surviving sons of William Alexander and Sons, were more ingenious.4 When the firm became bankrupt in 1775, the Bank of England sued to take possession of their Grenada estates and litigation went on for four years. Meanwhile the French seized Grenada, which prompted the Alexanders to escape to France where they claimed the estates on the basis of being French subjects. In that polite age even war did not keep one of their creditors from crossing to Paris and obtaining a judgment from the French government in 1781 in favour of the Bank of England and other creditors. Two years later William Alexander emigrated to the United States where he died in Kentucky in 1819. His eldest son became Lord Chief Baron of the Exchequer in England.1

3. One villainous act had been making away with a diamond ring entrusted to him, probably by 'Ossian' Macpherson (Namier and Brooke, iii. 124).
4. The oldest of the sons, Robert, died in 1774 (*Scots Mag.*, 36 (1774), 603).
Of the major Scottish figures deeply concerned with Douglas, Heron and Company, Andrew Croosbie and Sir Adam Fergusson had widely divergent and well-known careers. Sir Adam’s brother Charles, who had never been much of a businessman, survived uneventfully until 1804, and is remembered mainly for a notable line of descendants. Dr Campbell of Wellwood eventually was forced to sell his various properties. Murray of Broughton, at the time of the crash M.P. for Kirkcudbright, remained a power in the Stewartry until he abandoned politics for love: he deserted his wife and eloped with the sister of his ally, Peter Johnston. As might have been anticipated from his previous display of enterprise, Bushby of Kempletown flourished exceedingly. Burns may allude to his earlier career in his Ballad Third: John Bushby’s Lamentation, on Patrick Heron’s election triumph (this was the Heron of Douglas, Heron) in Kirkcudbright in 1795:

The Douglas and the Heron’s name,
We set nought to their score;
The Douglas and the Heron’s name
Had felt our weight before.

Elsewhere Burns summarized Bushby’s character with succinctness:

Here lies John Bushby — honest man!
Cheat him, Devil — if you can!

Burns calls Craigdarroch, the most deeply implicated figure in Douglas, Heron, ‘famous for wit, worth, and law’, but he is remembered, if at all, as the convivial winner of the drinking contest described in Burns’s The Whistle.

The character and career of John Fordyce provide full illustration of how easily and disastrously public business and

1. W. M. Acres, i. 202-3; H. S. Vade-Walpole, ‘Notes on the Walpoles, Genealogical Mag., 2 (1899), 393-6; Charles Rogers, Memorials of the Earl of Stirling (1877), ii. 34-6.
3. Ayrshire at the Time of Burns, p. 276, 316.
4. Namier and Brooke, i. 487-8, iii. 184-5.
5. According to Allan Cunningham, Bushby was ‘a man of great natural talents, keen, acute, fertile in expedients, and full of resources in all pressing emergencies. The peasantry, who hate all stirring attorneys, regarded him with much mancidence’ (Works of Robert Burns (1834), iii. 268, 316). See also Robert Fitzhugh, Robert Burns, His Associates and Contemporaries (1943), pp. 75-6. Bushby’s reputation for grasping the main chance appears in View of the Political State of Scotland, ed. Sir Charles Elphinstone Adam (1887), pp. 40, 102, 209.
6. Craigdarroch’s circumstances may have been embarrassed, since his estate was sold but bought in for his son (Adam, p. 101). The same source indicates that Heron’s fortune was ‘much diminished’ (p. 199).
personal social connections could be interwoven. His grand-
father was a minister; his father, an Edinburgh writer and
factor for the York Buildings Company, acquired the estate of
Aytin in Berwickshire. Born about 1738, John Fordye be-
came a merchant and for a short period a director of the
Royal Bank of Scotland. He moved in the best circles being,
for example, one of the directors of the 'Society for Encourag-
ing the Study of Elocution and the English Language' in
Edinburgh. And in 1761 he showed Parliamentary longings.
Five years later he succeeded Allan Whitefoord as Receiver-
General of the Land Tax, a post which paid £650 p. a. But
Murray of Broughton actually enjoyed the salary, while the
Receiver-General made ends meet by manipulating the
balances at his disposal, a minimum of £30,000 always being
kept on hand. The next year Fordye married Catharine
Maxwell, of the Maxwells of Monreith, and acquired a great
relation when a few months later Catharine's sister married
the Duke of Gordon, first at Aytin and then at Fordye's
house in Argyll Square, Edinburgh. It was a connexion that
the Duke must have regretted, since Fordye's failure was
said to have cost him £16,000. As Receiver-General, Fordye
remitted his funds through his distant relative, Alexander
Fordye, who after his bankruptcy was accused by the govern-
ment of having £20,000 of the Scottish land tax in his firm's
possession. Certainly the arrangements between Fordye and
Fordye (would Jardnyce seem a more appropriate name?)

1. Scottish Notes & Queries, 2d ser., 3 (1902), 188-9; Munro, p. 400.
2. Universal Scots Almanack for 1763, p. 61. Unlikely as it seems, Lord
Auchinleck was one of his co-directors.
3. John Fordye, To the Honourable the Magistrates and Town Council
of the City of Edinburgh (offering himself as Candidate for the
Entry taken from BM Catalogue.
4. Edinburgh Almanack for 1767, p. 74; 8th Report from the Select
Committee on Finance (1797), app., p. 70; W. R. Ward, 'The Land
Tax in Scotland, 1707-98,' Bulletin of the John Rylands Library, 37
(1954), 304-6. Broughton was displaced by his brother-in-law,
Keith Stewart in 1773, but momentarily regained the salary in 1783.
Stewart became Receiver-General with salary in 1784 (Namier and
Brooke, iii. 185, 483).
The Receiver-General derived his salary from his commission as
Receiver of Crown Rents and Casualties, and Paymaster of the Civil
Establishment for Scotland. Also he collected twopence poundage
on the assessed taxes (on windows, houses, male servants, etc.),
which in 1797 amounted to nearly £700 p.a. Fordye may have
kept much more than £30,000 on hand (8th Report, p. 12; app., pp.
26-7, 50).
5. Burke's Peerage (1953), p. 1420; Scots Peerage, iv. 556; The Lyon in
Mourning, iii. 273. The Duke was one of the creditors of Fordye,
Malcolm and Co., the Edinburgh counterpart of Fordye, Grant.
6. Gentleman's Mag., 42 (1772), 339, 340; Weekly Mag., 16 (1772),
413. For the relationship between the Fordyes, see A. D. Fordye,
Family Record of the Name of Dingwall-Fordye (1885), p. 101.
may arouse suspicion since Alexander, as mentioned earlier, even in tempore abscondito was careful to return £60,000 to John. And even John Fordyce’s friends were dubious about his handling of the public funds, as George Dempster’s contemporary Ode to Ruin reveals:

For see our honest Charles [?]has failed; [Fergusson]
And Ayton with him headlong trailed;
The public cash with Ayton flown;
And you his surety quite undone. [Dempster]
Oh! would to God that this were all,
The good Sir Adam too must fall . . .

Although Fordyce is said to have failed for the immense sum of £243,000, he landed on his feet. As already mentioned, he persuaded Douglas, Heron to pay his composition, partly through pledging his property and partly for the following consideration:

Mr Fordyce will keep part of the funds of his office with Douglas, Heron, and Company, from this time forward; though, as the amount of the money in the office fluctuates, he cannot stipulate a positive sum: That he will never draw it entirely out; and from motives of gratitude, he will endeavour to make the amount as valuable to Mess. Douglas, Heron, and Company, as he can, without great disadvantage to himself. Since it is hard to imagine even a child putting faith in such a stipulation, it is wonderful that grown lawyers should. First, while it was literally true that the amount of money in the Receiver-General’s hands fluctuated, the minimum balance he retained must have been common knowledge. Nothing prevented Douglas, Heron from demanding that a fixed percentage of this balance be entrusted to them except for the awkward fact that by agreement with the Treasury, the Royal Bank of Scotland held the Receiver-General’s balances, paying him a varying amount of interest. Second, Fordyce actually pledged himself to do nothing except what he wanted to do and what would be to his advantage. It is true that in a later stipulation he guaranteed to deposit as much money with Douglas, Heron as would cover any of his subsequent obligations, but in fact the Company later found itself ‘generally . . . in advance £6,000, £7,000, or £8,000, upon this transaction’.

Third, there was the marked haste with which the arrangements with Fordyce, as well as with Charles Fergusson, were concluded. The Company’s London agents at this point were,

1. Letters of George Dempster, p. 302. Dempster later rejoiced that neither he nor Sir Adam lost a penny by standing surety for Fordyce (ibid., p. 303).
2. The Lyon in Mourning, iii, 273.
as previously mentioned, Bushby, Campbell, and Murray. Bushby carrying on the actual negotiations. After a meeting on 6 September 1772, the agents transmitted Fordyce's and Fergusson's proposals for composition with a favourable recommendation, and a quorum of directors met at Ayr on 18 September to consider them. Momentarily they hesitated: they had only hearsay knowledge of Fergusson's state of affairs and something was 'not . . . sufficiently explained' in Fordyce's. So they referred this matter to a meeting of any two or more Edinburgh directors. In the end it was Dr. John Campbell and Archibald Cockburn of Cockpen, sheriff of Midlothian and closely connected to the Dundases of Arniston, who made the decision, though they tried to shift responsibility back to the London agents; they wrote to Campbell and Murray in London (24 September):

We are perfectly convinced, that there is something at the bottom, both of the affairs of Charles Fergusson and Company, and of Fordyce, Grant, and Company. But we cannot make matters better by standing out; so, out of necessity, we must concur. But if you think it more for the interest of the Company to let the worst come to the worst, don't accede, notwithstanding our power of attorney to you for that purpose, and the contents of our sederunt of this day's date.1

The Committee of Inquiry was to remark that other creditors of these houses had not acceded, and that Douglas, Heron could hardly have suffered more if they too had held out.2

Fordyce carried on, though not to unmixed approval, and here Boswell provides our point of view. In earlier years Boswell had thought him 'a man of estate . . . good parts and a good heart';3 after Fordyce's failure Boswell never had a kind word for him. Calling on an old friend in London, Boswell was unpleasantly surprised to find 'John Fordyce, the Bankrupt, who, though his Creditors are not above a fourth paid, lives in luxury' (18 March 1778). A year or so later Boswell encountered Fordyce at Sinclair of Freswick's:

I took no manner of notice of [Fordyce], as I have all along thought that his living in plenty while numbers have been reduced to indigence by him, is (without going deeper) such dishonesty that he ought not to receive any countenance. Besides, his manners are forward and assuming, and he is a fellow of low

1. Precipitation, app., pp. 116-21 (quotations on pp. 118, 121 — the last italicised in original).
extraction. It was unpleasant to sit in his company. It kept me from being gay and convivial.¹

But Boswell’s disapproval of Fordyce was far from general. He remained intimate with Dempster and Sir Adam Ferguson, and Boswell was disgusted both to see Lord Eglinton treat him as a friend and to discover he was a fellow guest at Melville, Henry Dundas’s estate.²

Time was to show the importance of the Dundas connection. Meanwhile Fordyce was in financial difficulties as Receiver-General. Two sets of his agents defaulted, owing large sums, and when a third agent failed, the Treasury removed Fordyce in 1783. He was then over £90,000 in arrears.³ As Sir Alexander Dick wrote to Boswell (6 September 1783):

A Report goes that John Fordyce is deep Ninety thousand pounds to Government, which will ruin both him and his Cautioners; what insolence and infatuation some people are capable of!⁴

Fordyce’s friends came to his rescue. Though he was forced to convey all his property to trustees, he was allowed to retain its management, and he was promised a government place. In 1786 he was appointed to a commission inquiring into the state of the Woods and Forests and Crown Lands, and a year later made a Commissioner of the Land Revenues, a post he held until 1793, but he was still unpaid for his exertions in 1797. He does not seem to have suffered: Ward states that in 1787 Fordyce calculated his assets at £86,400 and his debts to the Crown at £56,000, and also that he was trying to reorganize the Crown lands to the benefit of himself and his son. In 1794, succeeding George Selwyn, he became Surveyor-General of the Crown Lands, a post worth a little under £700 p. a. which he held until his death.⁵ Undoubtedly through Dundas’s support he sat for New Romney in 1796-1802, a seat controlled by Sir Edward Dering.

1. Journal, 18 March 1778, 19 June 1779 (Boswell Papers, xiii. 109, 259-60).
3. Ward, pp. 304-5. Fordyce’s successor, Keith Stewart, was £75,000 in arrears at his death in 1795. But Stewart’s executors made arrangements to pay his arrears, while Fordyce could claim to have paid in no more than £3,000 between 1783 and 1797 (8th Report, p. 10; app., pp. 42, 65-8); the Exchequer accounts, however, credit him with a payment of only £600 (ibid., app., p. 41). For Stewart’s use of his balances, see J. R. Hume and J. Butt, ‘Muirkirk, 1786-1802,’ Scottish Historical Review, 45 (1966), pp. 163-4.
According to Oldfield, ‘the number of places in the possession of Sir Edward’s friends, and their relations, render the return of treasury candidates an indispensable [sic] duty’.1 And in 1797 he was still promising payment on his debts as Receiver-General, though Ward says that his account for 1780 was not cleared until 1818.2

When Pitt and Dundas left office in 1801, Fordyce stood for Parliament on his home grounds: he was returned for Berwick-on-Tweed the next year, but the return was contested on petition. He was charged with bribery and corruption (entertainment and promises), and more seriously with lacking the required estate of £300 p. a. He took oath to his qualifications — what would he not have sworn to? — but was unseated.3 Still he survived. ‘Who would ever have dreamt’, wrote Dempster to Sir Adam in 1807, ‘that Ayton whom we saw drowned in the river would, as the alderman in the play says of his son Jacky, come up again in a bag wig and a sword at his side?’4 He died in 1809 ‘at his house in Whitehall’. The obituary pointed to one significant fact: ‘He was married to a sister of the Duchess of Gordon’.5

At the moment the Company crashed in 1772, the anonymous author of Considerations on the Present State of Credit accurately characterized its leadership:

Having only among them two or three young people, of merit indeed, but little experience in commercial affairs, the direction was composed almost totally of young gentlemen of the law, men, many of them of genius and spirit, but not conversant in matters of trade.6

A gentle epitaph, especially when we consider the Company’s subsequent history. Those young gentlemen learned expensively but quickly: those who could take care of themselves did so, and the rest went to the wall.7

1. (T. H. B. Oldfield), History of the Boroughs (1794), ii. 325.

2. Fordyce’s connection with Dundas could be assumed, but details corroboration it, such as being present with Dundas at a small dinner party given by the Prince of Wales in 1798 (Diaries of Sylvester Douglas, ed. Francis Bickley (1928), i. 342). Fordyce had been one of the Commissioners for liquidating the Price’s debts (8th Report, app., p. 66). And see Ward, p. 304 n. 9.


5. Gentleman’s Mag., 79 (1809), ii. 685.
