

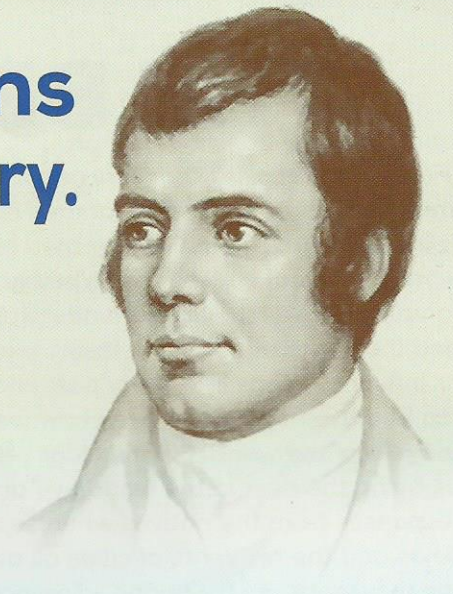
My name's Rabbie Burns ... and I want to tell you a story. It is a true story.

This is a true story. It all took place while I was alive and living in Scotland. It is about how Banks went bust and caused poverty and hardship. (Maybe it has lessons for you in your time.)

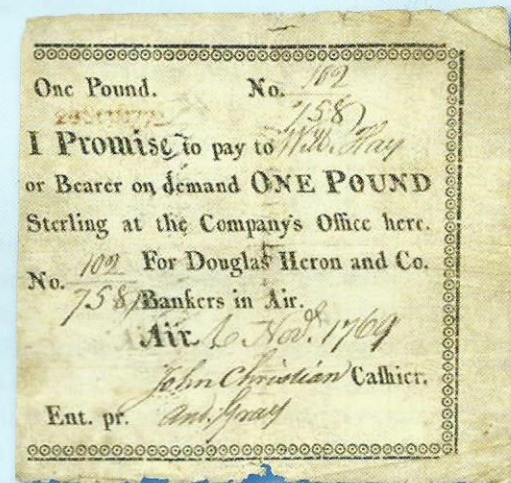
My story begins in November 1769, when a Bank was started under the name Douglas, Heron & Co. Among its shareholders were some of the wealthiest men and the largest landowners in Scotland. One of its main branches was in Ayr, near where I lived, and we called it the Ayr Bank. In only 3 years, by June of 1772, the Bank had issued £1.2 million in loans. That was huge in my day. You should know this, it is important, it issued its own banknotes. It made promises to honour the banknotes it issued. People trusted those promises. Very quickly those banknotes amounted to around two thirds of the currency in Scotland. It meant nearly all of the money in Scotland was based on the promises on those banknotes. (Do you still have Banks that issue their own banknotes, and make promises, that they may or may not keep?)

In three short years the Ayr Bank became a major success, but how could it become even more successful? It didn't have enough resources of its own, so it started to borrow from other Banks, one in London was its favourite. It could now expand rapidly, who knew the limits of its success, and the vast riches in store for its owners? (Do you have Banks that expand rapidly, and pay very handsome rewards to those in the Bank?)

Now for something you maybe don't know. You probably haven't heard of the crash of 1772, it's a long time ago for you, but put simply a lot of Banks went bust, the favourite Bank in London was one of those that went bust. (Have you ever experienced a Bank crash – in your time?) The Bank crash of 1772 meant the Ayr Bank found it had a very very serious problem – it didn't have enough resources to honour all the promises it had made on its banknotes. It's not good when you make promises you can't keep! What to do? It asked the Bank of England for help, but the terms were too severe. So it turned to other Banks, and every bank it turned to refused to help. So, in August 1773, 3 years after it started the Ayr Bank closed. It went Bust! History records that the main reasons for the Bank going bust were: trading beyond their means; forcing the circulation of their notes; giving credit too easily; ignorance of the principles of business; and the carelessness or iniquity of its officers. (Have you ever witnessed anything similar in your time?) Many families in Ayrshire were made penniless by the collapse of Douglas, Heron & Co, the Ayr Bank, my own family included.



But that's hundreds of years ago, it is ancient history, you will have all learned the lessons from my story, surely? You wouldn't let it happen again – would you? You haven't, have you? You wouldn't just sit and watch while Banks borrow and lend money as if there were no tomorrow – would you? You wouldn't let Banks issue all your currency in Scotland – would you? You wouldn't let your Banks make promises on what are nothing more than bits of coloured paper they call "banknotes" – based on promises you don't know whether they can keep or not – would you? You won't have inequality, with some of the very rich increasingly in charge, and getting richer, and the rest struggling to get by. You won't have anyone in desperate need of a place to live, or in need of clothes. You won't have children going without food. Children living in poverty – you won't let that happen – will you? You won't have anyone forced to look for work on the lowest of wages – at the whim of an employer – will you?



This was my story, it is a true story, from my time in Scotland – you will have learned all of the lessons from my time – you will have changed how the system works – you will never let it happen again – you won't let Banks issue all your currency, and make promises they may not keep, will you?

Your time, your history, your story, will be so so completely different. It is, isn't it?

Mike Fenwick