



Rather than a rebellious spirit, Robert Morris possessed a sharp financial mind, which proved to be equally important for the Revolutionary cause. Although he was “one of the most important Founding Fathers,” according to biographer Charles Rappleye, Morris has been long forgotten by American history. Before Rappleye’s book, *Robert Morris: Financier of the American Revolution* (Simon & Schuster, 2010), was released last year, the most recent biography of Morris was published in 1903.

“The more I learned about Morris, the more I saw [his absence from history books] as an oversight,” Rappleye says. “He is a central figure in the Revolution.”

Born in Liverpool, England, in 1734, Morris left England at the age of 13 to join his father, a tobacco exporter, in

#### Funding the Revolution

At times during the Revolutionary War, the Colonial army lacked the funding to feed and clothe soldiers and buy the ammunition needed to pursue the British. Morris was the one who always came through. “Morris was considered the richest man on the continent,” Rappleye says. “Whether that was true or not, he was certainly the most successful and celebrated merchant and was engaged in international trade. He had lots of connections and was always able to raise capital. He supplied [General George] Washington with funding at several critical junctures during the war, such as just before the battles at Trenton and Yorktown. The Revolution would not have been successful without him.”

Working closely with Washington, he coaxed the states to donate money and supplies when they were needed, borrowed money from France and other foreign allies, as

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—ROBERT WRIGHT

Maryland. After limited schooling, Morris joined a large banking and importing firm in Philadelphia, and at the age of 20, he became a partner in the firm. He joined those opposing the Stamp Act in 1765, but it wasn’t until 10 years later, when war broke out, that he fully committed himself and his fortune to the Revolutionary cause.

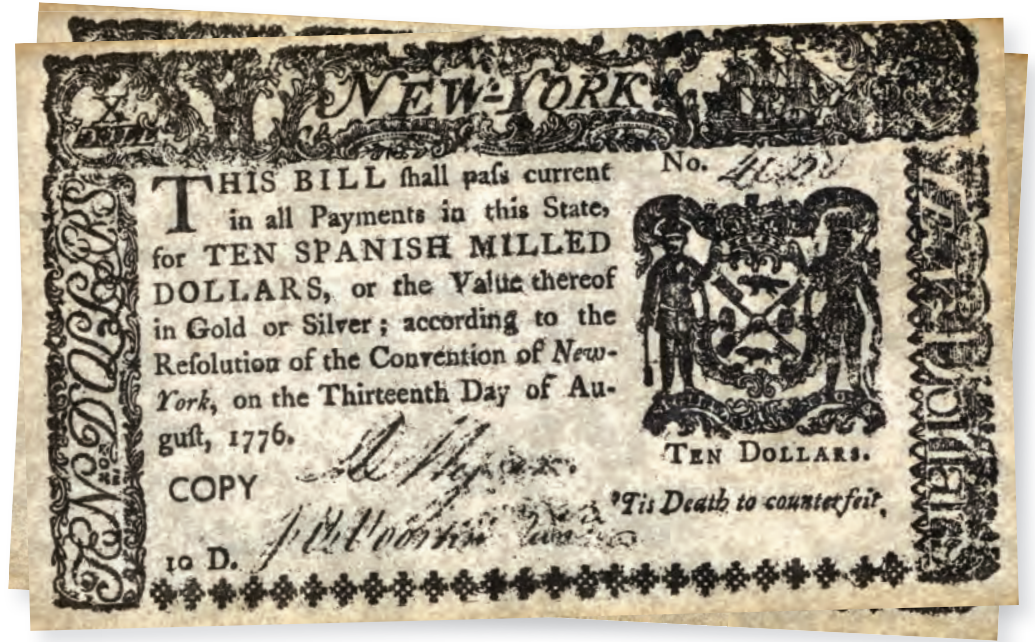
On March 2, 1769, the 35-year-old Morris married 20-year-old Mary White, who came from a prominent family in Maryland. Mary’s brother was the well-known Bishop William White, and Morris worshipped at his church, St. Peter’s in Philadelphia, until Morris’ death. Together, Morris and his wife had five sons and two daughters.

In 1775, the Continental Congress contracted with Morris’ company to import arms and ammunition, and he was elected to serve on various committees, as well as in the Pennsylvania legislature from 1776–1778 and the Continental Congress from 1775–1778.

well as his own friends, and even took out personal loans to finance the Revolution. His ability to deliver capital to finance the war of a fledgling nation is admired by historians. “Morris managed to finance the successful conclusion of the Revolutionary War even though the new nation’s people were exhausted, its physical resources were strained, and its credit was nearly nonexistent,” says Robert Wright, professor of political economy and director of the Thomas Willing Institute for the Study of Financial Markets, Institutions and Regulations at Augustana College in Sioux Falls, S.D.

#### Conceiving the American Future

After the war was over, Morris continued to play an important role in America’s development. He served as a delegate from Philadelphia at the Second Continental Congress and signed the Declaration of Independence. He was also the dominant figure in the political



Above left: Front and back views of a 1793 Colonial penny. Above right: A \$10 bill from the state of New York dated August 13, 1776.

faction now known as the Nationalists, a group that included Hamilton, Washington and Madison.

After the war ended in 1782, the states basically governed themselves, and by 1787, “things were falling apart,” Rappleye says. That’s why Morris and others in the Nationalist party convened the Constitutional Convention in 1787, to draft a document that would create an active central government.

While there was a movement to oppose federal taxes, Morris was a convincing advocate of a broad central government and federal taxes for all Americans. “Without a central government, you couldn’t manage your debt,” Rappleye says, and America had run up significant debts to France and other countries during the war.

Morris also served as the new nation’s superintendent of finance from 1781 to 1784. It was in this capacity that Morris’ brilliant business mind laid the groundwork for the American economy.

“Morris introduced to Americans the idea of debt financing for the government,” Rappleye says. “That doesn’t look like a blessing today, but it depends on how it’s applied. He knew that if you owed \$100, you could either raise \$100 and pay it today, or with 6 percent interest, you could raise \$6 and pay it today. For early America, raising \$6 was the best they could do.”

With connections all over the world, Morris was also “a global capitalist at the very dawn of global capitalism,” Rappleye says. “He had a real respect for the free markets

and an understanding that price controls don’t work because the market will always correct them. His credo was, ‘commerce should be as free as the air.’”

In 1782, Morris opened the Bank of North America in Philadelphia. It was the first financial institution chartered by the United States. Washington offered Morris a Cabinet post as secretary of the treasury, but Morris refused it. Instead, he recommended his friend Alexander Hamilton, who became the nation’s first secretary of the treasury and the nation’s “financial architect,” Wright says.

“Thanks to financial Founding Fathers like Morris, his partner Thomas Willing and Hamilton, within just a few years of the ratification of the Constitution, America developed a modern financial system. This included a stable unit of account (the U.S. dollar defined in terms

of gold and silver); a national bank; securities markets for U.S., state, and corporate bonds and corporate shares; networks of banks and insurers; and entrepreneurs who could form full-fledged, joint-stock business corporations,” he continues.

#### A Failure That Lasts

Unfortunately, Morris’ success didn’t last. At the end of his career, he lost everything in land speculation in New York state, which may be one reason he has been often overlooked. Morris invested in the District of Columbia

Morris’ brilliant business mind laid the groundwork for the American economy.

and purchased more than 6 million acres in the rural South. And although he owned more land than perhaps any other American at the time, the land market crashed after the Napoleonic Wars broke out, and the Panic of 1797 ruined the American, English and Caribbean financial markets. Morris' company collapsed.

With plenty of land but no cash to pay his creditors, Morris "ended up broke, and his reputation was tarnished," Rappleye says. He declared bankruptcy in 1798, spent three years in debtors' prison and died in poverty in 1806.

The bankruptcy of someone known for his financial skills surely must have raised concerns for early Americans. "There was a notion that Morris, like others who did well for themselves financially, somehow looted the public purse or took advantage of consumers," Wright says. "Such claims are misunderstandings. The U.S. economy was just beginning to grow, so many Americans still held the old-fashioned view that the rich must have gotten so at the expense of others.

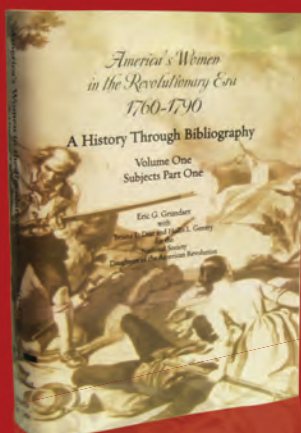
"Today," Wright adds, "we realize that Morris created new wealth, until he went bankrupt, of course. I think his long-term incarceration for debt, although tragic, helped to show that the America of the 1790s was not an aristocracy but rather a meritocracy subject to the rule of law."

Aside from his financial failure, Morris' memory may have also faded because he didn't fit the quintessential image of a rugged Patriot. "Even though it is the richest country in the world, Americans still don't like to think of themselves as a moneyed people," Rappleye says. "The idea of a rotund, [rich] founder is not one that Americans [are drawn] to; we're more interested in generals and rebels, and he was neither. He doesn't really fit the idea of the early American revolutionary."

Morris may not have been a typical Patriot, but his sharp financial mind helped win the war and shape an American economy that would become the world's largest and strongest. And that's something worth remembering. 🌀

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