

Haym Salomon, a “Son of Liberty”  
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Haym (or Hayim) Salomon was born in 1743 in the town of Lezno located in the northeast of Poland.<sup>1</sup> The history of Jews in Poland goes back over 1000 years, to the 10<sup>th</sup> century. Jews originally came in flight from Crusades, persecutions, and discriminatory social and legal restrictions that they experienced in Western Europe. Haym Salomon’s ancestors came to Poland seeking refuge from the Inquisition after the expulsions of Jews from Spain and Portugal in 1492 and 1497. Under the Polish kings, the Jews enjoyed many political rights and flourished materially and intellectually.

During the 1700s new ideas of Reason and Enlightenment were circulating throughout Europe, awakening new dreams of freedom and reform. But the Polish kingdom was beset by political turbulence, along with invasions and eventual conquest by Prussia, Austria, and Russia. Most Jews, including Salomon’s parents remained. But Haym Salomon left and embarked on a search for a new life. He went through a series of wanderings, during which he learned German, French, Dutch, and English. Knowledge of these languages would prove to be useful for Salomon as we shall see. In 1764 we find him living in New York; his signature appears on a voucher recorded in the receipt book of Judah and Moses M. Mays. The Mays brothers, who were established merchants in New York City, were extending credit to Haym Salomon in order to help him to pursue his own, independent business activities as a broker and sometime merchant in New York.

Credit was important in the economy of colonial times. While there was specie, i.e., hard currency in the form of coins of gold, silver, and copper, the supply of specie currency was limited and always insufficient. The English crown restricted the export of coinage, which was needed at home in Britain. The coins that were available came from many countries. There was in fact as much circulation of Spanish gold and silver as of English sterling. So the colonists, especially farmers, often relied on barter of commodities; workmen and craftsmen did likewise with their labor and products. But credit was needed for wider ranging transactions and trade. The remedy was recourse to paper money. During the colonial period, the thirteen state governments began to issue paper money, based on future tax receipts that they had to collect for the British crown and for expenses of state governance. After 1776, the states issued their notes in support of the Continental Congress and the Revolution. State notes were sold or discounted to local brokers and merchants, who in turn issued smaller denomination bills or notes based on these future state tax receipts or the personal credit of the broker or merchant.

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<sup>1</sup> His Jewish marriage certificate or *Ketubah*, written for his wife Rachel Franks, survives and gives his age as 37 in 1777.

There were also other strategies. For example, in Virginia, a major producer of tobacco, the state required all sale tobacco to be stored in state warehouses; the warehouses would then issue book credits to buy foreign imports or written credit notes that could be used as paper money at home. South Carolina employed a similar strategy for commodities like rice and cotton.

Brokers and local merchants, taking commissions of varying amounts, also issued private notes or bills of credit in smaller denominations, drawing upon state and private mercantile houses, as well as upon credits held in overseas banks. These smaller denomination bills or notes circulated as currency, and were used for *local* trade and commerce. Some notes were redeemed but most just circulated and were used and reused as paper money. From time to time there were failures and breakdowns in these credit transactions; but commerce required trust and thus paper money was generally accepted as reliable as a matter of necessity.

Being a broker in colonial America therefore required skills and involved risks. One had to be able to assess the values of the various coins in circulation, the prices of commodities, the comparative values of the paper monies in circulation, including the relative values of state bills, which were issued using differing units of account and not automatically convertible to one another. And, finally, the broker had to assess the creditworthiness of the person or firm backing a bill of exchange as well as the the reliability of the customer with whom he was dealing in a given transaction.

In 1773, an “Association of the Sons of Liberty” was formed in New York City; and among its members was Haym Salomon. The “Sons of Liberty” were protest groups that began in Boston in 1765 and spread throughout the colonies. These groups expressed a rising discontent over British trade restrictions and unfair taxation, aggravated by the lack of colonial representation or voice in London. Their discussions of colonial rights also articulated bold, new political ideals: the dignity and rights of every citizen, whatever their station or origin, having a government that answered to its citizens, freedom of speech and religion. Salomon embraced these ideas.

In June of 1776, even before the formal Declaration of Independence was signed, we see Salomon contracting to supply provisions to American revolutionary soldiers. He was recommended as trustworthy by his friend, Colonel Leonard Gansevoort, writing to Major-General Philip Schuyler, who with General Arthur St. Clair, were in command of revolutionary troops holding Fort Ticonderoga in upstate New York. Gansevoort vouched for Salomon as a supporter of the Revolution, who was “warmly attached to America.” In other words, Salomon was not one of the Tories, who gave support to the monarchy of Great Britain over colonial concerns. Shortly after Salomon returned from his trip upstate to New York City, areas around the city were taken over by the British army and the American forces retreated. Many New Yorkers fled the city but Salomon stayed on.

Salomon was a patriot but there seems to have been one additional reason for him to stay in New York. The following year, in July, 1777, Salomon married Rachel Franks, daughter of Moses Franks. The Franks family also supported the Revolution. Rachel's brother, Isaac, was serving in the new Continental Army; and in September 1776 he was captured at the battle of Kip's bay when the British invaded lower Manhattan. Washington and his soldiers withdrew to outside of the city, northward. The captured Isaac Franks was put into a British prison; but he later managed to escape and fight again. Salomon, too, was put into prison by the British, who claimed that he was a spy. Salomon, however, was paroled from prison because of his knowledge of foreign languages. Salomon was handed over to the Commander of Hessian soldiers fighting for the British. Salomon was assigned to assist a Tory merchant put in charge of supplying provisions for the Hessian troops. The Hessians, who were German, did not speak any English.

In 1778, Rachel Salomon gave birth to their first child, a son Ezekiel. Shortly thereafter fires broke out, consuming buildings on the docks and exploding a powder magazine on a British warship anchored in the Harbor. The British commander of forces in New York (Major General Jones) offered a 100 guineas reward for information on those who may have set these fires; and in his "crack-down" looked suspiciously all around the city for anyone who was sympathetic to the Revolution. Salomon was already suspected of having persuaded a number of Hessian soldiers to desert the British forces. There was in fact an ongoing appeal being made to the Hessians and eventually 3000 deserted and remained in America. Salomon was able to flee occupied New York for Revolutionary Philadelphia, but had to leave his wife and child behind. He also was forced to abandon his house and his financial assets. He arrived penniless in Philadelphia.

Needing to start over and bring his family to join him, Salomon wrote to the Continental Congress to see if he could somehow be of service. Salomon was appointed broker to the French consulate and to the office of the French army paymaster general. He worked at a minimal commission and during the following years handled over 4 million dollars of French payments, creating paper currency that went to support the French army and navy fighting alongside of Gen. Washington. Salomon also sold bills of exchange issued by Pennsylvania and other colonies in support of the war and the Continental Congress. In 1780 he was able to bring his wife and son to live with him in Philadelphia, where in 1781, Salomon and his wife became parents to another child, a daughter, Deborah.

The French forces fighting with Washington were supported by reliable currency backed by specie. But financial support for the American colonial soldiers was a continuing worry. A federal, continental currency was authorized by the Continental Congress, which, beginning in 1775, ultimately issued \$241M of paper currency, denominated in dollars roughly convertible to a Spanish "piece of eight" coin. These Continental dollars were needed to support the war; but the Continental dollars were not respected nor fully trusted. The dollars could not be redeemed for specie; their ultimate redemption was deferred until after the war. It became a

popular expression to say: “not worth a Continental.” During the war, the British further exacerbated the situation by flooding New York— and via NY— other states with counterfeit Continentals! By 1778, the Continental currency depreciated to 1/7 of its face value; George Washington is reported to have said: “a wagonload of currency will hardly purchase a wagonload of provisions.” By 1780, the Continental currency had depreciated to 1/40 of its face value. On May 31, 1781 this Continental currency ceased to circulate as money.

A remedy to this major financial problem was needed. The Continental Congress appointed Robert Morris as “Superintendent of the Finance of the United States.” Morris, who had been one of the signers of the Declaration of Independence, was a leading merchant in Philadelphia. In June of 1781, Robert Morris established the first chartered financial institution in the U.S., “ The Bank of North America” in Philadelphia. This bank was a private bank, funded in part by substantial specie loaned by France. The rest came from private American subscribers (among them Salomon) who were to deposit gold or silver into the new bank for a total capital of \$400K. There were pressing needs in 1781. Washington had written to Morris telling him that his soldiers had not been paid anything at all for a long time past. Washington felt that if he could pay them one month’s pay in actual specie it would lift the troops’ spirits in advance of what we now know was soon to shape up as the major battle of Yorktown in Virginia. In response to this plea, the Bank, backed by a new loan from France, issued bills of exchange, which were to be attractively discounted, in exchange for specie in payment. Morris then approached Salomon to sell these bills in order to raise specie needed by Washington to pay his soldiers.

Aided by the French army and a French navy blockade, the colonists happily won a strategic victory at Yorktown in October 1781. The French navy also brought with them 500,000 silver pesos from Cuba, supplied by Spain, an ally to France. These funds were received by Morris and used to help support the Continental soldiers, because even after victory at Yorktown, there were still thousands of British troops remaining in the colonies. The British were not going to win, but the war was not yet over. The British army continued, for example, to occupy New York City until after a formal peace treaty was signed in 1783.

In 1781, Morris had used the reserves held by the new Bank of North America to support a new issue of Continental dollars, backed by Congress. This new issue of Continental paper money—initially 14M—was more successful than the first issue. Morris insisted that this new issue must be seen as reliable currency. States were allowed to exchange their older Continentals at a 40 to 1 discount; but Continental dollars held by individuals could not yet be redeemed. The Bank of North America still faced problems. There were recurring shortages of capital to pay for military and federal expenses. Morris loaned the bank some of his own money and appealed to other subscribers and merchants for additional loans. Between 1782–1785, Haym Salomon is known to have personally advanced to Robert Morris some \$211,678 as well as another \$93K to Michael Hillegas, the Continental

Treasurer— all in specie. Both federal and state governments were struggling financially and needed specie to support their paper money.

In 1784, after the peace treaty, Congress authorized Alexander Hamilton with a group of merchants to found an additional bank, the Bank of New York in now liberated New York City; and the following year, another group of merchants founded the Bank of Massachusetts in Boston. Federal financial dealings were carried on through these state banks. Only in 1792, after the ratification of the Constitution, was Alexander Hamilton, now the first Secretary of the Treasury, finally able to establish a true federal bank, “The First Bank of the United States.” This new bank was authorized as the sole issuer of U.S. gold, silver, and copper coinage. The Constitution forbade individual states to use anything other than “gold and silver as legal tender in payment of debts.”<sup>2</sup> Henceforth, only the federal government could borrow on credit.

Using the new bank, the federal government now redeemed the second issue Continentals at 100% in exchange for new treasury bonds paying 6% interest. Congress did the same for any outstanding wartime debt held by the 13 states. It was important to begin with a new slate. But Congress did not do as well for the remaining first issue of Continentals held by individual citizens; the federal government would only agree to take them back at 1% of their face value in exchange for treasury bonds. In a report to Congress as late as 1843, it was estimated that some 73.5M of the old Continentals remained unaccounted for and unredeemed.

Salomon did not live to see any of these new improvements. He took ill from tuberculosis in 1785 and died after a short illness. His wife Rachel gave birth to another son, two weeks before he died. This son was named after him (Haym M. Salomon). Salomon, the father, left personal debts totaling \$45,732. Against this he had various household items, a house, and some \$353K in paper notes consisting of Continental dollars, loans payable by the Continental Congress, and outstanding notes from sundry State loan offices. Salomon only had a bank balance of \$135. To satisfy the debts, his wife Rachel had to sell these promissory notes at huge discounts. Continental paper money in the amount of 200K could only fetch 5K; 58 Loan Office certificates for the Continental Congress in the amount of 110K could be liquidated for 6K, and similarly for the other promissory notes from Virginia and the Treasury. After the sales of the paper notes and all physical assets, Rachel Salomon and her children were left with only \$1426.

Haym M. Salomon, his son and namesake, eventually grew up and became a successful merchant. And some years later, after discovering a collection of his father’s old documents in a desk, young Salomon began a project to recover his father’s story and document his acts of patriotism on behalf of the Republic. He wrote to persons still living who were named in those documents, like James

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<sup>2</sup> *Constitution*, Art1,sec 10.

Madison. Searches were made in the US Treasury archives and eventually a Congressional Committee reviewed a packet of documents and letters pertaining to Salomon' activities. The old ledger accounts revealed that, in addition to money advanced to Morris and Hillegas, Salomon, in 1782 and 1783, had also made personal loans to individual members of the Continental Congress who were short of funds to support their attendance at the Congress; also to a number of senior military officers who needed to pay for supplies, salaries, or other pressing needs that were not being paid in timely fashion by the Continental Congress. The names in surviving ledger pages included then Congressmen James Madison, James Wilson, Edmund Randolph, Joseph Jones; and Generals Kosciusko, von Steuben, St. Clair, and Mercer. The archives even unearthed a letter written in 1783 by the ambassador of the Spanish king to the Continental Congress; Spain was supporting the Revolution alongside of France, albeit in a less public fashion. The letter thanked Salomon for having advanced \$10,000 to the ambassador.

Many records in the U.S. Treasury were lost, having been burnt by the British during the War of 1812. The Congressional Committee was therefore never able to determine whether any of the personal funds advanced by Salomon were in fact repaid. Nor could they determine how much Federal and State debt he had maintained over the years in order to support the Revolution. All that could now be done was to remember him and his patriotism. There were some proposals for a medal to be struck and a statue to be erected in New York. None of these came to fruition. But finally, in 1941, a group of private citizens in Chicago, to celebrate the 150<sup>th</sup> anniversary of the Bill of Rights in a world clouded by Fascist and Communist dictators, erected a statue of George Washington flanked by Robert Morris and Haym Salomon. Another statue of Salomon was erected in Los Angeles in 1946. Finally, in 1975, the US Postal Service issued 3 stamps in honor of the financier Salomon along with Generals Tadeusz Kosciusko and Casimir Pulaski.<sup>3</sup> These three, all from Poland, are thus remembered as passionate patriots fighting for our country and the establishment of our liberty.

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<sup>3</sup> A stamp was also issued for Pulaski in 1931 and one for Von Steuben in 1930.