



## Stephen Girard: Globalist & Navalist

– by John Lehman –  
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Stephen Girard is largely unknown today. His great philanthropy, Girard College in Philadelphia, put the name back in the news when in 1968 the U.S. Supreme Court modified his will providing for the education of “poor male white orphan children” to include nonwhites. In 1984, girls were also admitted by court order. Yet long before the college came into existence in 1848, Girard had given the United States of America a great gift.

Girard believed strongly that America could prosper only if open to the rest of the world’s trade, qualifying him as an early “globalist,” to use today’s trendy word. And a policy of globalism in commerce, he argued, could only be sustained by a strong Navy capable of protecting that commerce. Girard was not alone in these positions, but he was called upon uniquely to put his money where his mouth had taken him. Fortunately for the American people, he did so.

Girard was born in Bordeaux, France, on May 20, 1750. Solidly built, of medium height at 5 feet 6 1/2 inches, his face was disfigured by a sightless left eye. His family were shipowners, and at the age of 14 he too went to sea as a pilotes, a sort of business agent who accompanied family-owned cargoes and ships, making sure that accounts were kept, risks minimized and profitable opportunities exploited.

After earning a captain’s license in October 1773, Girard borrowed money to finance a cargo on a ship named *Julie*; he acted as supercargo and first-mate. Trading in furs, sugar, firearms and tools, primarily with Haiti, Girard had

by 1776 made enough to buy half-ownership in a schooner, *Jeune Ba-be*. On May 14, in command of the ship, he stood out from Cap-Francais (later Cap-Hatien), bound for New York. With the American colonies in rebellion and the Royal Navy beginning a blockade, he could not list that destination. On June 1, after taking on much needed water at Lewes, Delaware, Girard made the fateful decision not to try to run the British blockade up the New Jersey coast. Instead, he hired a pilot to take him up the Delaware and landed in Philadelphia on June 6, 1776.



It was the beginning of a great career. Revolutionary Philadelphia did not daunt Girard. His optimistic nature and gift for business made him a superb contrarian: he always did well in a complex, adverse market. He was able to sell his cargo at a handsome profit and decided to stay.

Already Girard was a full-blown expert at the tricks of international trade. The British sanctions against the colonists were piled atop the great risks of doing business without banks, limited supplies of specie and widespread piracy and privateering. He reinvested his profits in privateers, but thereafter he stayed ashore. He soon became a vigorous patriot, and when the British occupied Philadelphia in 1777, he had to flee to Mt. Holly, New Jersey, where he hid out until they evacuated in June 1778.

Girard was to acquire a vast knowledge of international commerce and with it an extensive de facto intelligence network around the world. He almost always bought low

and sold higher, never risked all in one stroke and accepted losses of ships and men as inevitable and part of the price.

He was an eccentric, but sensible in that the mere accumulation of wealth was never his goal. The richest man in America preferred plain, Quaker-style clothes, a solid but unostentatious house next to the wharf and counting house, a one-horse two-wheel gig (with neither carriage nor footman), the company of singing canaries and powerful watchdogs. His routine was resolutely 18th century in style and 20th century workaholic in practice: A modest breakfast early; a large mid-afternoon meal, usually followed, as his employee and first biographer Stephen Simpson put it, by “the free indulgence of lubricity” with his wife or, later, a mistress; a late, light supper. Before, after and in-between these fixed points, with perhaps a visit to his model farm a few miles away in between, came work, work, work. He trained his own captains and apprentices, giving amazingly precise instructions and thought nothing of sending out talented 18-year-old boys with a quarter-million-dollar ship cargo and orders to return in two years with a profit. And usually they did.

This is the classic description of an immigrant making good. But Girard did more than make good. He became one of the first American millionaires and a major influence on American and international trade. Girard knew all of the Founders but he played no real part in civil affairs until the terrible yellow-fever epidemic of 1793, when he set a standard of courage, freely risking his life to care for the sick.

By that time, Girard was already deeply interested in public health. His first wife, the beautiful and beloved (if impoverished) Mary Lump had gone insane two years into the marriage. She was to spend much of the rest of her life in Pennsylvania Hospital, an institution largely supported by Girard himself (and which because of his largesse acquired a reputation for humane care of the mentally impaired). He never remarried, taking instead several mistresses who served him for long periods as the de facto head of his household.

His civil interest awakened, Girard became an advocate of an American Navy to protect oceangoing trade, including his own. The U.S. Congress sat in Philadelphia, for a decade the young nation’s capital, and Girard organized more than one public demonstration to demand action against pirates

and the hated British. (At one point in 1794 they held all five of Girard’s ships.) He was instrumental in moving Congress to establish a Navy for the new republic in that year.

From 1801-1805, Girard was also active in advocating that the new U.S. Navy attack the Barbary pirates rather than pay the customary ransom. The Napoleonic wars were also once again making U.S. commerce vulnerable to the hated British practice of impounding cargoes, requisitioning ships and impressing U.S. sailors. A wealthy man like Girard could mount cannon on his merchant ships which would frighten off the pirates and privateers but were hardly a match for a British man-of-war.

In the run-up to the War of 1812, Girard’s actions bespoke a man who wanted a war against British oppression on the high seas, feared the U.S. was unprepared and acted to protect his own assets. This produced one of the more incredible episodes in American history, when arguably Stephen Girard alone saved the independence of the United States while the United States simultaneously sued him.

The legal trouble preceded the War of 1812. Girard, foreseeing war with Britain, spent the better part of 1811 liquidating assets around the world. He brought back his Baltic trading ships through the British blockade of the continent. As he agitated for U.S. entry into the war against Britain, he knew that his ships would be the Royal Navy’s first target.

From 1806 onwards the U.S. sought to pressure Britain to change its high-handed ways through economic sanctions. These laws forbade the import into the U.S. of British goods. But Girard and other traders still purchased such goods, either selling them for other commodities before importation or storing them in expectation of a change in the laws, which had become highly unpopular as they badly damaged the American economy, especially in New England. One of his ships, *Good Friends*, containing just such a British cargo, had been moored at Amelia Island, near the Georgia coast. The island belonged to Spain, then still in control of Florida, but in mid-March 1812, it was seized in a bloodless coup by U.S. forces.

Girard’s ships’ cargo was now contraband. But the Philadelphian got General Mathews, who captured the island, to issue a letter exempting the vessel from such a

status. *Good Friends* sailed for Philadelphia, but on April 20, 1812, it was impounded at Wilmington, Delaware. The collector of customs, supplier of most of the federal government's revenue, sought triple value of the cargo, amounting to nearly a million dollars. Girard was able to secure the release of the cargo in May on court appeal, only to be sued by the Treasury Department on June 11, 1812, the day before the War of 1812 began.

In the face of the war, Girard, like other Philadelphians, outfitted a number of his fast merchantmen as privateers and, with Letters of Marque, sent them out to build his fortune further, at the expense of the British.

At first the war went well, but by February 1813, the U.S. government was without funds to support the struggle. Treasury Secretary Albert Gallatin developed a scheme to raise \$16 million by public subscription. Extended twice, the subscription remained \$10 million short in early April. Another month would find the U.S. bankrupt and the war lost, with catastrophic consequences.

Desperate last-minute fundraising still left the young nation's treasury \$7 million in need, and on April 5 Gallatin went to Stephen Girard. Girard was greatly annoyed, not only by the lawsuit over *Good Friends*, but also by the obstacles that had been placed before his new bank, begun the year before as a buyout of the expired First National Bank of the United States. Beset by state-chartered competitors whose political influence denied him a charter, Girard had not been able to attract federal deposits.

Seven million dollars was more than Girard's net worth. Yet he knew that his future and America's were inseparable. He had agitated for years for the Navy to back up international trade. Now that America was doing it, he would not hesitate to put his money behind his vision. He agreed to provide the \$7 million, insisting only that part of the money be deposited in his bank.

With the money in the treasury, America's fortunes began to improve. By 1815 it was clear that American

strength on land and sea was increasing. A peace was achieved that avoided any loss to American interests, and Napoleon's defeat had largely ended the need for impressment of American sailors by the British, a major cause of the war. As Girard was quoted by a contemporary, Stephen Simpson, "There could be no victory, no war, without money. Soldiers and generals he considered of secondary importance, observing that they could be created by money, and by money only."

Girard may very well have bought a victory, but his travail with *Good Friends* was not over. He never mentioned *Good Friends* in his negotiation with Gallatin, no doubt because he did not want to be accused of tampering with the law. It took until 1819 and an act of Congress to settle the lawsuit, largely on Girard's terms. Meanwhile, *Good Friends* had been captured by the British, who imprisoned the sailors and sold the vessel in 1812 to Baring Brothers, Girard's London agents, for only \$8,500. Offered the chance to reclaim the ship, Girard refused. *Good Friends* was bad luck.

Girard lived until 1831, becoming an early financier of railroads and coalmines, and never losing either French accent or his well-developed eccentricities. He died at age 81, the richest man in America, with a net worth of over \$7 million in a day when presidents of banks were paid \$2,000 a year. (Today, the fortune, despite the huge costs for Girard College, exceeds \$300 million.) His will, an epistle of 10,000 words, made him America's greatest philanthropist, much to the disappointment of his relatives. His nieces and nephews hired Daniel Webster to argue that Girard's will was invalid, which Webster did before the Supreme Court in 1844. Fortunately for the alumni of Girard, the relatives lost.

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**About the author.** John Lehman was appointed Secretary of the Navy by Ronald Regan. He is founding partner of J. F. Lehman & Company and the Chairman of the Princess Grace Foundation. Lehman currently serves on the National Security Advisory Council for the Center for Security Policy (CSP), and on the board of trustees for the think tank Foreign Policy Research Institute (FPRI). Lehman is also a member of the National Commission on Terrorist Attacks