Chapter One

Introduction

In 1890, Wilford Woodruff, president, prophet, seer, and revelator of the Church of Jesus Christ of Latter-day Saints (LDS), also known as the Mormons, gathered members of the Quorum of the Twelve Apostles around him. Along with the First Presidency, consisting of Woodruff and his two counselors, the apostles constituted the governing body of the church, responsible for the spiritual welfare of its members. Yet on this day, Woodruff had temporal matters on his mind. He had called the apostles together to send some of them on missions to raise money for the Utah Sugar Company, a fledgling enterprise that had approached the church for financial help. LDS authorities, including Heber J. Grant and Joseph F. Smith, accepted Woodruff's call and spent the next several weeks approaching Utah businessmen for money, raising a considerable sum. In addition to these funds, Woodruff pledged LDS resources to the company. Why was the prophet so intent on involving the church in this business? As he later related, "The inspiration of the Lord to me is to build this factory. Every time I think of abandoning it, there is darkness; and every time I think of building it, there is light."[1]

Although some might question the veracity of a claim to divine revelation on behalf of sugar beets, Woodruff's actions

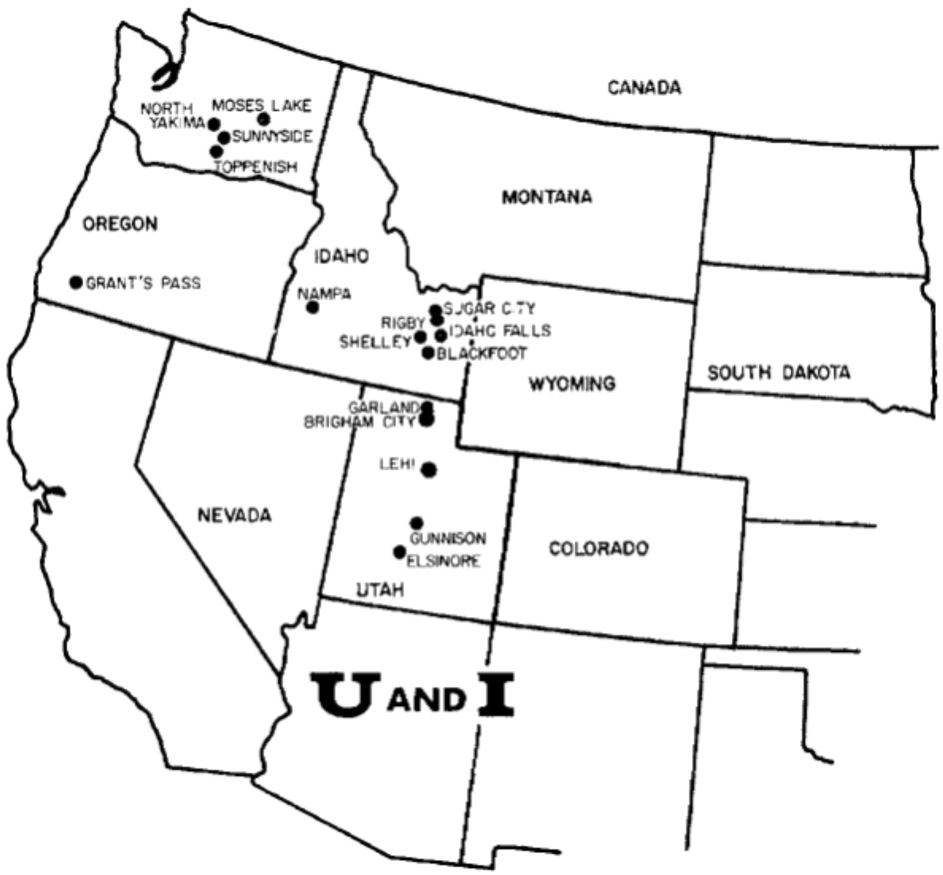
1. As cited by Heber J. Grant in *Eighty-Ninth Annual Conference of the Church of Jesus Christ of Latter-day Saints* (Salt Lake City, Utah, 1919), 8–9.

were not surprising. Since the early 1850s, Latter-day Saints, including Brigham Young and John Taylor, Woodruff's predecessors as presidents of the church, had attempted to manufacture sugar, albeit unsuccessfully. Neither Young nor Taylor had ever evidenced a divine commission to establish the sugar industry, however, which perhaps was the reason for their failure. Now that Woodruff insisted that the Lord had revealed his will in the matter, success was all but assured. With the help of God and the financial backing of the church, Woodruff would triumph where Young and Taylor had not.

Nearly twenty years later, church-supported sugar companies dotted Utah and Idaho. In 1907, three of the largest—the Western, the Idaho, and the Utah sugar companies—merged to form a $13 million corporation known as the Utah-Idaho Sugar Company. For the next seven decades, this corporation, together with the Amalgamated Sugar Company, another church-supported firm, dominated the sugar industry in the Intermountain West. So engrained did beets become in Utah that high schools even used names such as "Beetdiggers" for their mascots. The production of beet sugar was a large-scale enterprise in twentieth-century Utah, generating millions of dollars for investors and providing high cash returns for farmers, who, for many years, generally drew their main source of cash income from sugar beets. In the second decade of the twentieth century, nearly one-third of Utah farmers grew sugar beets. By 1920, 93,603 acres of sugar beets were growing in the state and factories there produced $28 million worth of beet sugar, making the crop "the securest portion of the agricultural picture" for Utah's farmers.[2]

During those years, the LDS church retained a firm interest in the Utah-Idaho Sugar Company. Church presidents served simultaneously as presidents of Utah-Idaho Sugar, and members of the First Presidency, Quorum of the Twelve Apostles,

2. Quotation in Thomas G. Alexander, "The Burgeoning of Utah's Economy: 1910–18," in *A Dependent Commonwealth: Utah's Economy from Statehood to the Great Depression*, Dean L. May, ed., Charles Redd Monographs in Western History No. 4 (Provo, Utah, 1974), 37–39; see also Leonard J. Arrington, *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle: University of Washington Press, 1966), 201.



Map of cities containing Utah-Idaho Sugar Company factories in the first half of the twentieth century.

Adapted from Leonard J. Arrington, Beet Sugar in the West*, 181.*

and Presiding Bishopric (the leadership entity responsible for the church's temporal affairs) sat on the corporation's board of directors. Apparently, God, in his determination to see the beet sugar industry succeed, wanted his spiritual leaders to oversee the business.

But in 1890, few could have foreseen the economic impact that beet sugar would have on the Intermountain West. Indeed, for the first thirty years of its existence, the Utah Sugar Company and its offspring, Utah-Idaho, faced a rocky path to success. These years—roughly 1890 to 1920—corresponded to a social, political, and economic transitional period in Utah history. Because of increased pressure from the federal government, and in an effort to gain statehood for Utah Territory, Latter-day Saints were forced to abandon polygamy, a main tenet of their religion, in 1890. At the same time, church leaders asked them to split their allegiance between the Republican and Democratic parties instead of voting as a religious bloc.

Having met these conditions, Congress granted Utah statehood in 1896. This event precipitated a transformation of Utah's economy, where it became not only more commercialized than in the past, but also more national in scope and in market. This occurred not just because of statehood, but also because of a growing migration to Utah of non-Mormons and an increasing urbanization of northern Utah settlements.[3] Facing these realities, and understanding that the United States at large did not regard church influence in economic affairs as conducive to democracy and freedom, LDS leaders sought, at least in some ways, to reduce the religion's role in economic activities in order to ensure that all Utahns, Mormon or non-Mormon, had the same economic opportunities. But these changes did not come easy. "For men and women with identities so tightly entwined with their faith, this was more than politics," historian Elliott West noted. "Changing the orientation of the Church required them to shift the very sense of who they were."[4]

Numerous scholars have explored the church's abandonment of polygamy and the political pluralization of Utah; this book does not attempt to address those issues. Instead, this study examines a field less thoroughly explored, at least in its specifics—that of economic change between 1896 and 1930. Historians have generally divided Utah's economic history up to the Second World War into three different periods. The first, lasting until 1869, was characterized by isolation and self-sufficiency, and consisted of economic affairs largely promoted by the LDS church. The second—from 1869 to 1896 (beginning with the coming of the transcontinental railroad to Utah and ending with statehood)—saw the growth of two

3. Ethan R. Yorgason, *Transformation of the Mormon Culture Region* (Urbana, Ill., 2003), 82–83.
4. Elliott West, "Becoming Mormon," *Journal of Mormon History* 28 (Spring 2002): 50.

different economies, one consisting of Mormon cooperative endeavors and the other of non-Mormon mining and speculation.[5] The third, lasting from 1896 to the beginning of the Second World War, saw the end of Mormon cooperation and dominance, the merging of Mormon and non-Mormon efforts, and the integration of the state's economic practices into the national economy.[6] Historians, most notably Leonard Arrington, have exhaustively studied the first two periods of Mormon economic history, although recent examinations indicate that new schools of thought have much to offer to our financial understanding of those years.[7] Yet scholars have largely ignored the third period, which, in some ways, is the most pivotal one of all, as it deals with how an economy largely regional in nature became more national in scope.[8]

The founding of the Utah Sugar Company in 1889 coincided with the fading of cooperation and self-sufficiency from the LDS economy, two activities that had dominated Mormon economics almost since the arrival of the Latter-day Saints in the Great Basin in 1847, and arguably even before. Joseph Smith, founder of the church, preached that the ultimate divine society would live the Law of Consecration, whereby members would relinquish all of their property and goods to the church and receive a stewardship in return, eliminating classes and disparities of wealth. Members attempted to live this law for a time in the 1830s, but abandoned it after only a few years. Brigham Young, Smith's successor who led the Saints to Utah, advocated a more practical form of the Law of Consecration. First, he counseled Saints to boycott non-Mormon

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5. For more information about cooperatives and the United Order, see Leonard J. Arrington, Feramorz Y. Fox, and Dean L. May, *Building the City of God: Community and Cooperation Among the Mormons* (Salt Lake City, Utah, 1976).
6. See Leonard J. Arrington, "The Commercialization of Utah's Economy: Trends and Developments from Statehood to 1910," in *A Dependent Commonwealth*, 3–4.
7. See, for example, Christopher J. Garrett, "The Defense of Deseret: An Examination of LDS Church Trade Politics and Development Efforts in the American West," *Utah Historical Quarterly* 73 (Fall 2005): 365–86.
8. Exceptions to this are the works of Thomas G. Alexander, especially *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), and Yorgason's *Transformation of the Mormon Culture Region*, although this work focuses more on the cultural changes of the economic transition, rather than its effects on business itself.

merchants and traders. Second, he advocated the creation of cooperatives in LDS communities, where members would pool their means to produce a product that would replace goods sold by non-Mormons or imported from the eastern United States. These, in turn, would promote the region's self-sufficiency. In some instances, cooperatives morphed into the communalist United Order, communities of Saints in which property was centralized and members labored according to their talents for the prosperity of all. All of these endeavors had one thing in common: they interposed the church as the central organization of economic activity.

When Young died in 1877, many of his economic ideas died with him. John Taylor, the next Mormon president, was more liberal in his beliefs. Taylor abandoned cooperatives and the United Order in favor of boards of trade, organizations that maintained the church's dominant economic position while also allowing for more expansion of the regional economy. The boards of trade consisted of a central organization—Zion's Central Board of Trade—as well as community organizations centered in Mormon stakes. Prominent Mormon businessmen and ecclesiastical leaders governed these boards, which functioned to establish uniform prices for products and to market goods outside of the Wasatch Front. Essentially, Taylor foresaw the boards as a way to expand private production and employment and to regulate competition in Utah's economy. Yet these boards lasted only until 1884, when they abruptly died out, leading to several years where the church did not play as large a role in the economy.[9] The abandonment of the boards of trade and the resulting de-emphasis on church economic control came at least partly from necessity; during Taylor's presidency, the federal government attempted to eradicate polygamy from Utah by confiscating church property and resources and by attempting to arrest prominent Latter-day Saints. Such actions forced leaders such as Taylor underground to avoid arrest. In that environment, the church did not have the means to act as the central economic authority.

9. Arrington, Fox, and May, *Building the City of God*, 311–35.

By the time Wilford Woodruff assumed the presidency in 1889, the fight over polygamy, including government confiscation of church properties and resources, had intensified. Woodruff eliminated much of the contention by issuing the Manifesto in 1890, declaring that the LDS church would no longer practice polygamy. This was a significant step in order for Utah Territory to achieve statehood (which occurred in 1896), and it enabled the church to begin to regain some of its property. Yet the LDS church still faced a huge indebtedness in the late 1800s and early 1900s because of the polygamy fight and the nationwide Panic of 1893, leaving it helpless to do much on the economic front. Woodruff invested in several enterprises, including sugar, in order to get these industries off the ground, but the church's influence was not as pronounced during the 1890s as it had been in the 1860s and 1870s, especially since many of these businesses had to turn to outside capital for help. Indeed, the church would not be able to lift itself out of debt until Lorenzo Snow, who succeeded Woodruff, emphasized in 1899 the importance of church members paying a tithe of 10 percent of their incomes. Even then, it took several years for the LDS church to pay off its obligations and become financially sound.[10] Mormons no longer had as many qualms about patronizing non-Mormon businesses, at least in Salt Lake City, and by the mid-1910s, observers were noting that non-Mormons controlled a majority of banks and department stores in Salt Lake City. In those industries where the church retained a presence, LDS leaders sometimes took pains to ensure that the enterprises did not unduly restrain competition.[11]

But in the sugar industry, the LDS role remained strong throughout the 1900s; Mormon leaders were not afraid to exercise influence on the industry's behalf. Although the Utah-Idaho Sugar Company turned to eastern interests for

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10. Leonard J. Arrington, *Great Basin Kingdom: An Economic History of the Latter-day Saints, 1830–1900* (Cambridge, Mass., 1958; reprint, Salt Lake City, Utah, 1993), 386 [references are to the reprint edition]; E. Jay Bell, "The Windows of Heaven Revisited: President Lorenzo Snow's Revelation in St. George and the 1899 Tithing Reformation," 2–7, copy in the possession of the author.
11. Alexander, *Mormonism in Transition*, 75–76.

financial support in the early 1900s, the LDS church bought out those investors in 1914 and cemented its control of the enterprise. High church authorities sat on the governing board of the Utah-Idaho Sugar Company throughout this period; members of the church's First Presidency, Quorum of the Twelve Apostles, and Presiding Bishopric still made public requests for financial support; and lower leaders, such as stake presidents (who governed local Mormon organizations that corresponded roughly to dioceses) and bishops (which led the wards, or congregations, that composed the stakes) made similar pronouncements. Accordingly, members took the advice (or were they commandments?) of their spiritual guides by purchasing beet sugar and growing beets solely for Utah-Idaho Sugar.

Given these circumstances, this book seeks to answer several questions revolving around the Utah-Idaho Sugar Company and its operations from 1890 to 1920. First, why did LDS church leaders use ecclesiastical influence in behalf of sugar at a time when they were trying to maintain competition in other industries, and what forms did this influence take? Second, what ramifications did this have for the church and for Utah-Idaho Sugar? Third, how did the integration of Utah's economy into the national scene affect Utah-Idaho Sugar, and how did the LDS influence either help or hinder that assimilation?

It is important to note that sugar was not the only industry in which the LDS church retained a presence during this time. Salt, insurance, and entertainment industries also benefited from continued church involvement, as did Zion's Cooperative Mercantile Institute (ZCMI), a merchandising firm originally begun as part of the cooperative movement in the nineteenth century.[12] But there are several reasons why answering questions about LDS influence in the sugar beet industry is both important and necessary. For one thing, beet sugar—through the Utah-Idaho Sugar Company and its sister corporation, Amalgamated Sugar—was one of the most

12. See Alexander, *Mormonism in Transition*, 74–92; Arrington, *Great Basin Kingdom*, 386–409.

significant, if not *the* most significant agricultural industry in the Intermountain West in this time period, when agriculture still dominated that region's economy. It represented the increasing industrialization of agriculture in the area, as factories sprang up across the Intermountain West to extract sugar from beets. It also embodied the commercialization of Utah's economy in the years following statehood: Utah-Idaho Sugar relied on eastern capital for funding, marketed its product outside of the Intermountain West, and focused on profitability rather than self-sufficiency. In addition, it showed how agriculture in the American West could be a "big business," just as the notorious Standard Oil Company or U.S. Steel, and how such businesses could take advantage of national trends in their policies.

On a national level, Utah-Idaho Sugar was part of an industry that, to many Americans between 1890 and 1920, seemed to personify the evils of capitalism and the corporate world. Many sugar concerns combined themselves horizontally into trusts that monopolized business and prevented competition. The Sugar Trust, for example, had formed in the 1880s through a combination of eastern sugar corporations, but had been abolished by the federal government as an illegal trust under the Sherman Antitrust Act. The corporation merely reformed as the American Sugar Refining Company in 1891 and continued the same practices, leading to further indictments under the Sherman Act of 1890.[13] In so doing, American Sugar prevented others from gaining a foot in the industry and forced consumers to accept prices and wages that it dictated, not those based on competition.

But the lust for sugar was an ancient thing. A Hindu legend explained that sugar cane had first entered the world as part of an earthly paradise created by deity for an Indian prince. Whatever its origins, it first became popular as a luxury item for royalty and the rich in the Middle East, and by the 1300s, it had invaded Europe. When Europeans first began exploring the North and South American continents, they brought

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13. Alfred S. Eichner, *The Emergence of Oligopoly: Sugar Refining as a Case Study* (Baltimore, Md., 1969), 179–87, 300–304.

sugar cultivation with them. At this time, crop production was based on slave labor, something that continued as plantations became established in the Caribbean. Indeed, the sugar industry became noted for its exploitation of workers, even as it became more popular among lower classes in North America. By the time of the Civil War, it was grown in Louisiana and other locations in the United States, making it more readily available to average consumers.[14]

With the passage of the Thirteenth Amendment, slavery was outlawed in the United States, but Louisiana cane growers continued to use African Americans in conditions that, in many ways, were no different from slavery.[15] Likewise, by the 1910s, Japanese and Mexican laborers were largely performing the arduous tasks of planting and harvesting sugar beets in the United States, although many Mormon families relied on their own toil and sweat, rather than that of others. Regardless, even communities in Idaho and Utah saw increasing use of Japanese and Mexicans workers by the late 1910s, and, as with other sugar-growing operations, these laborers suffered from low pay and poor working conditions.[16]

Moreover, some charged that the sugar industry—especially beet sugar—acted as a parasite on the national economy, existing only because of federal support in the form of subsidies and tariffs. There was much truth to this view. The United States first placed a tariff on sugar in 1789 under the presidency of George Washington. Until 1890, this duty, typically two cents a pound, acted more as a revenue-raiser for

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14. See Fred G. Taylor, *A Saga of Sugar: Being a Story of the Romance and Development of Beet Sugar in the Rocky Mountain West* (Salt Lake City, 1944), 1–22.
15. For an excellent discussion of the transformation of labor on Louisiana sugar plantations in the late 1800s and early 1900s, see Richard Follett and Rick Halpern, "From Slavery to Freedom in Louisiana's Sugar Country: Changing Labor Systems and Workers' Power, 1861–1913," in *Sugar, Slavery, and Society: Perspectives on the Caribbean, India, the Mascarenes, and the United States*, Bernard Moitt, ed. (Gainesville, Fla., 2004), 135–56. For a more general discussion of how the western sugar industry was built on the foundation of slavery and exploitation, see Stuart B. Schwartz, "Introduction," in *Tropical Babylons: Sugar and the Making of the Atlantic World, 1450–1680*, Stuart B. Schwartz, ed. (Chapel Hill, N.C., 2004), 6.
16. See Paul S. Taylor, "Hand Laborers in the Western Sugar Beet Industry," *Agricultural History* 41 (Winter 1967): 23.

the federal government rather than as a protector of American sugar. It generated nearly $50 million a year by 1890. Not until the late 1800s was there any kind of real domestic industry to protect; although Louisiana had manufactured cane sugar for a number of years, most United States sugar was imported. Yet Louisiana producers still benefited from the sugar tariff throughout the 1800s, as it granted some protection to the industry by preventing the importation of cheaper cane sugar. After the United States entered a reciprocal trade treaty with Hawaii in 1876, Hawaiian sugar also received tariff protection.[17]

Conditions changed in 1890 under the Republican administration of Benjamin Harrison. That year, Republicans, aware of the "overflowing Federal Treasury" that "minimized the need for revenue," decided to eliminate the sugar tariff. To compensate Louisiana sugar producers and an increasing number of beet growers, Congress voted to pay producers a bounty of two cents for every pound of sugar manufactured in the United States. This bounty meant that "the sugar industry, previously taxed for revenue, became the recipient of a direct subsidy." After imported sugar flooded the United States, Congress replaced the bounty with another tariff in 1894, this time imposing a 40 percent duty on imported sugars.[18]

From the 1890s forward, sugar producers regarded bounties and duties as essential to the protection of the industry from cheaper foreign sugars from Cuba and Indonesia. Sugar advocates claimed that because of less favorable physical conditions in Louisiana, the cost of labor in beet sugar, and the infancy of the industry in America, it could not survive without the tariff. But domestic producers were not the only ones who benefited from the tariff; refiners such as the American

17. John E. Dalton, *Sugar: A Case Study of Government Control* (New York, 1937), 20–21; F. W. Taussig, *Some Aspects of the Tariff Question*, 2nd ed. (Cambridge, Mass., 1915), 53–55; F. W. Taussig, *The Tariff History of the United States*, 5th ed. (New York, 1910), 14–15.

18. Quotations in Dalton, *Sugar*, 22–23; see also Andrew Schmitz and Douglas Christian, "The Economics and Politics of U.S. Sugar Policy," in *The Economics and Politics of World Sugar Policies*, Stephen V. Marks and Keith E. Maskus, eds. (Ann Arbor, Mich., 1993), 50.

Sugar Refining Company also profited. Although they paid a tariff on raw sugar entering the United States, refiners were protected by the tariff differential, whereby imported refined sugar was subject to a duty of one cent a pound. Therefore, it was unprofitable for most foreign countries to export any refined sugar to the United States, and domestic refiners had a virtual monopoly over the production of refined cane sugar.[19] These conditions led Henry W. Havemeyer of American Sugar to declare in 1899 that the tariff—and not his company—was "the mother of all trusts" because it prevented any outside competition.[20] They also made the sugar industry "arguably the most criticized of all U.S. farm programs."[21]

Between 1890 and 1920, the United States saw a growing movement in favor of federal regulation of big business and the corporate world, including the sugar industry, for the good of consumers and industry players alike. In this "Progressive Era,"[22] many citizens held the view that any kind of unfair business practice was both illegal and morally wrong. Industrialization had created a "distended society" where corporations eradicated the rights and freedoms of average Americans, creating confusion and disorder. In an effort to bring order to this world, and to the entities that had upset

19. Taussig, *Some Aspects of the Tariff Question*, 101–4.
20. As cited in Eichner, *The Emergence of Oligopoly*, 95–96.
21. Schmitz and Christian, "The Economics and Politics of U.S. Sugar Policy," 49.
22. Scholars have traditionally called the period between 1890 and 1920 the "Progressive Era," but they have also vigorously debated whether or not this term and the label "Progressivism" are really appropriate to describe these years. One of the biggest problems is determining whether or not there was a cohesive "Progressive" movement. Peter Filene, for example, argued that a movement consists of people combining and acting together in deliberate, self-conscious ways, and claimed that the Progressive Era saw no such cohesive organization. Instead, reformers came from all classes and had disparate goals. "An Obituary for 'The Progressive Movement,'" *American Quarterly* 22 (Spring 1970): 20–22. Other scholars believed that Filene defined Progressivism too narrowly. Daniel Rodgers agreed that different Progressives desired different reforms, but he declared that Progressives as a whole *were* united around a central belief: the effectiveness of weak-party, issue-focused politics, something that Arthur S. Link and Richard L. McCormick also argued. Rodgers, "In Search of Progressivism," *Reviews in American History* 10 (December 1982): 114–15; Link and McCormick, *Progressivism* (Arlington Heights, Ill., 1983), 55–56. Other historians believe that using the term "Progressivism" implies that progress occurred during the era, but disagree that race or gender relations

the balance, middle-class America looked to the federal government for help.[23]

Accordingly, in the late 1800s, Congress began passing laws geared towards keeping big business in check. In 1890, for example, it enacted the Sherman Antitrust Act, the first law that specifically attempted to regulate commerce and eliminate trusts in the United States. When Theodore Roosevelt became president of the United States in 1901, the move for antitrust measures became more pronounced, as Roosevelt pledged to rid the nation of those big businesses that were harming its economy. The president oversaw the creation of the Bureau of Corporations in 1903, an agency that had the authority to investigate and publicize unfair business practices but could not enforce regulatory laws. Because of Roosevelt's efforts, and because of a growing belief that business was exerting undue influence on politicians, "the regulatory revolution" exploded during Roosevelt's presidency.[24]

President Woodrow Wilson, elected in 1912, extended this revolution. Strongly believing in the necessity of regulating

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during the early twentieth century were ever advanced. Link and McCormick, *Progressivism*, 2–3. Still other scholars recognize that the arguments against the use of "Progressivism" have some validity, but still use the term "because historians routinely use this label and readers recognize it more readily than any other." Steven J. Diner, *A Very Different Age: Americans of the Progressive Era* (New York, 1998), 13. I will follow the example of this latter group. For a full argument about the debate over Progressivism, see Richard L. McCormick, *The Party Period and Public Policy: American Politics from the Age of Jackson to the Progressive Era* (New York, 1986), 263–88.

23. Robert H. Wiebe, *The Search for Order, 1877–1920* (New York, 1967), 42–43, 181; see also Steven J. Diner, *A Very Different Age: Americans of the Progressive Era* (New York, 1998), 12, 46. Scholars have produced many reasons for the rise of regulation during the Progressive Era. Arthur Link and Richard L. McCormick held that most of the reasons fall into three distinct categories: "the 'public interest' interpretation, the 'capture' thesis, and the 'pluralist' model." The public interest interpretation declared that reformers advocated change out of an interest in preserving the rights and freedoms of Americans. The capture thesis held that "the regulated businesses themselves were the main beneficiaries of government regulation" and were thus behind the push for federal control. The pluralist model, meanwhile, took the middle ground and asserted that "diverse competing interests . . . all had a hand in shaping the details of regulation." Link and McCormick, *Progressivism* (Arlington Heights, Ill., 1983), 63–66.

24. Richard L. McCormick, *The Party Period and Public Policy: American Politics from the Age of Jackson to the Progressive Era* (New York, 1986), 319; Lewis L. Gould,

businesses that hurt the American people, Wilson oversaw the passage of the Clayton Antitrust Act of 1914, which gave teeth to the Sherman Act by prohibiting business practices such as price discrimination and combinations and established actual penalties for these practices. Wilson also helped promote the Federal Trade Commission Act of 1914, which established the Federal Trade Commission as a more powerful replacement of Roosevelt's Bureau of Corporations.[25]

Between 1907 and 1921, the Utah-Idaho Sugar Company, with its LDS leaders, collided with these federal regulatory forces at a frequent rate, a consequence both of its participation in the national economy and of continued church involvement in the industry. This, in essence, is the core significance of this study—the examination of how both LDS involvement and national integration pushed Utah-Idaho Sugar into positions where, in the name of profitability, it attempted to destroy competitors and to enact policies that would keep it afloat in the cutthroat world of sugar. Because one of the central doctrines of the Church of Jesus Christ of Latter-day Saints is honesty and integrity in human interactions, the fact that between 1907 and 1920, the corporation—still dominated by LDS authorities—was investigated by the House of Representatives, the U.S. Department of Labor, the U.S. Department of Justice, and the Federal Trade Commission for unfair trade practices, seems surprising, if not illogical.[26]

Yet, as this study will show, it is precisely *because* of LDS involvement, and not *in spite* of it, that Utah-Idaho Sugar faced so many legal difficulties. Had Wilford Woodruff never

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Reform and Regulation: American Politics from Roosevelt to Wilson, 2nd ed. (New York, 1986), 172.

25. Diner, *A Very Different Age*, 224; Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge, Mass., 1962), 137, 147–48; Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York, 1955), 249–50.

26. One of the church's "Articles of Faith," for example (written by Joseph Smith), states, "We believe in being honest, true, chaste, benevolent, virtuous, and in doing good to all men," while ecclesiastical leaders ask Mormon members specifically about honesty in their dealings to help determine whether someone is worthy to enter LDS temples (the most sacred places for Latter-day Saints).

pledged church support to the Utah Sugar Company in 1889, or had the church downplayed its influence in the industry in the early 1900s, as it did with other endeavors, it is unlikely that so many investigations would have occurred. The Utah-Idaho Sugar Company would not have had the tremendous ecclesiastical influence that enabled it to promote its interests above all others, nor would it have had the means to become a national player. Certainly, Utah-Idaho Sugar leaders could have found other investors, but it is unlikely that the industry would have achieved the peculiar dominance that it asserted between 1890 and 1920 without church involvement. Likewise, because church leaders and the church itself made great financial sacrifices in the industry's early years, Mormon leaders made profitability a high priority. In doing so, it placed Utah-Idaho Sugar on a path that inevitably led to clashes with federal regulation.

When Wilford Woodruff sent high-ranking LDS leaders to collect money for the Utah Sugar Company in 1889, he could not have foreseen the consequences that would follow. Woodruff claimed that the industry would provide employment for the LDS people and a cash crop for Mormon farmers. Nowhere did he state that beet sugar would enrich the LDS church and its leaders. But as Utah's economy changed between 1896 and 1920, and as Mormon participation continued, that is precisely what happened. The following chapters detail the interesting story of how and why the LDS church helped to start the Utah-Idaho Sugar Company, how that corporation's integration into the national economy affected its business policies, why Mormon leaders continued their heavy involvement when other businesses saw less direct church participation, and how these features ultimately resulted in regulatory investigations by the federal government. In doing so, this book provides a glimpse into how a regional concern in the American West became affected by national market forces in the early 1900s and offers insights into the role that the LDS church played in economic affairs in the Intermountain West during the early twentieth century.

Chapter Seven

Conclusion

When the Federal Trade Commission ceased taking testimony in its trial of the Utah-Idaho Sugar Company in February 1921, the corporation's problems with government investigations largely ended. The FTC issued its findings against the company in 1923, and in 1927, the Eighth Circuit Court of Appeals overturned the agency's decision, but no other government inquiries followed the FTC's trial. Instead, Utah-Idaho Sugar spent most of the 1920s working with the federal government in order to preserve the corporation's economic solvency.

In 1921, federal loans helped revive the Utah-Idaho Sugar Company from the worldwide crash in sugar prices. Nonetheless, the corporation faced continued financial difficulties for much of the next decade. In 1924, curly top, a beet-withering disease spread by the white fly, created serious problems for farmers throughout Utah, Idaho, and Washington. That year, agriculturists planted over eighty-three thousand acres of beets for Utah-Idaho Sugar, but the white fly affected so many different areas that only sixty-four thousand acres were harvested and only four hundred twenty-four thousand tons of sugar were produced, a decline of almost one million bags. Because of the extent of the disease, Utah-Idaho was forced to close down processing plants in Lehi and Delta, Utah; Rigby, Idaho; and Toppenish, Washington. The next few years brought more curly top problems, and by 1929, three more factories in Elsinore, Payson, and Moroni, Utah, closed, as well. Although Utah-Idaho Sugar relocated many of these plants to other areas, it lost hundreds of thousands of dollars from idle factories.[1]

The continued instability in sugar production and prices throughout the 1920s compounded these losses. Prices rebounded in 1922 and 1923, but they fell to 2.5 cents per pound in 1924 and 1925. The main reason for this decrease was overproduction. Cane growers in Cuba, Puerto Rico, and the Philippines increased their total output in the 1920s, as did Hawaii and Europe. Because of the unusually large supply of sugar, the commodity dropped to two cents per pound in 1929, and after the onset of the Great Depression, it fell to one cent. Facing substantial losses, Utah-Idaho Sugar took out loans from bankers in Salt Lake City and New York City and enacted strict fiscal policies that reduced costs of production and postponed dividend payments.[2]

At the same time, Utah-Idaho officials worked closely with the federal government to mitigate the financial destruction and the disease problems. The U.S. Department of Agriculture labored throughout the 1920s to find a solution to curly top, which by 1926 had forced twenty-two beet sugar factories in the American West to shut down. Researchers investigated the possibility of developing a breed of sugar beets that could resist the disease, and the government appointed Dr. George H. Coons, a specialist in beet diseases at Michigan Agricultural College in Lansing, Michigan, to work on the problem. Congress appropriated $400,000 to support his efforts in 1928, and shortly thereafter Coons and his researchers produced the first strain of curly-top resistant beets. By the mid-1930s, the newly developed seed, known as "U.S. No. 1," had significantly benefited Utah-Idaho Sugar by helping to increase the beet production of its farmers.[3]

The government also addressed the problem of low prices by passing the Sugar Act of 1934. This law established a quota

1. Leonard J. Arrington, *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company,* 1891–1966 (Seattle, 1966), 101–6.
2. Arrington, *Beet Sugar in the West,* 123–24.
3. Arrington, *Beet Sugar in the West,* 110–18.

system for American sugar and divided the country's market between beets, domestic cane production, and sugar from Hawaii, Puerto Rico, the Philippines, and Cuba. If manufacturers met specific qualifications, such as planting a certain amount of acreage and providing good wages to their employees, companies became eligible for a federal cash benefit payment of $2.60 per ton of beets. This act, coupled with the Department of Agriculture's work to produce curly-top-resistant beets, had provided increased security and stability to the sugar industry by the mid-1930s. In addition, when the United States became involved in the Second World War in 1941, prices rose and sugar producers prospered once again. The government regulated the production and sale of sugar during the war, and, as with the First World War, many sugar companies readily submitted to increased government control.[4]

One of the biggest factors in Utah-Idaho's ability to ride out the economic storms of the 1920s and 1930s, however, was the continued involvement of the LDS church. Heber J. Grant remained president of the corporation, and, except for a two-year stint as vice president and chairman of the board, he labored in that position until his death in 1945. Meanwhile, after resigning as general manager, Charles Nibley was appointed vice president and worked in that capacity until he died in 1931. Other church authorities also held key positions: George Albert Smith, an apostle in the church, was vice president from 1922 to 1931 and then became president of the corporation when he was appointed head of the LDS church in 1945. In 1951, David O. McKay succeeded Smith as president of both the church and Utah-Idaho Sugar, while Senator Reed Smoot concluded a four-year term as vice president from 1937 to 1941.[5]

The LDS church also maintained its financial support of the company. After the stock market crash of 1929, the church loaned the corporation $750,000 and also underwrote bank loans. In October 1935, Utah-Idaho Sugar decided to exploit

4. Arrington, *Beet Sugar in the West,* 129–32; Fred G. Taylor, *A Saga of Sugar: Being A Story of the Romance and Development of Beet Sugar in the Rocky Mountain West* (Salt Lake City, 1944), 183–84.
5. Arrington, *Beet Sugar in the West,* 178–79.

low interest rates by issuing new bonds totaling $3.5 million, thereby financing the payment of accumulated dividends on preferred stock. The church agreed to buy $2 million of the new bond release, and it also accepted $500,000 more in bonds as payment against the 1929 loan. The church's holdings in Utah-Idaho Sugar increased substantially, and the Mormon organization continued its financial and administrative interest in the corporation until the 1980s.[6]

In many ways, the story of the early history of the Utah-Idaho Sugar Company is fascinating just because of the legal, political, and economic turmoil it faced. But this history also holds several layers of significance for historians. For one thing, it illustrates how several regulatory mechanisms functioned in the United States in the early twentieth century, such as the Federal Trade Commission. Although Woodrow Wilson and other reformers envisioned the FTC as restoring competition to American business, it had little power in its early years, especially because its decisions were subject to judicial review. In 1927, the Eighth Circuit Court of Appeals could overturn the FTC's findings that Utah-Idaho Sugar had used unfair business practices against its competitors by insisting that the manufacturing of sugar was not interstate commerce, thereby nullifying the agency's jurisdiction over the case. Such overrulings were not confined to the FTC, however, as evidenced by the Supreme Court's dismissal of the Lever Act as unconstitutional, quashing the profiteering indictments against Utah-Idaho directors. In both instances, earnest efforts by government agencies to protect consumers and ensure competition in American business were destroyed by judicial decisions. Historians have acknowledged that federal courts were impediments to reform; the battles between Utah-Idaho Sugar and the government in 1920 and 1921

6. Arrington, *Beet Sugar in the West*, 124–27, 135. In 1979, Utah-Idaho Sugar decided to abandon the sugar business because "sugar prices had fallen, the company's sugar operations were not profitable, and the future did not seem promising." The corporation subsequently moved its headquarters to Kennewick, Washington, where it focused on potato processing. In the mid-1980s, the LDS church sold the company, and it was renamed AgraWest. Rowland M. Cannon to Matthew Godfrey, June 22, 1999, letter in possession of the author. Rowland Cannon was president of Utah-Idaho Sugar from 1969 to 1981.

emphasize this point.[7] Yet other agencies were more successful in their endeavors. The Food Administration, for example, operated throughout the First World War to prevent shortages and high prices in consumer goods, and the Sugar Equalization Board had comparable success in the sugar arena.

Utah-Idaho Sugar's history also indicates, somewhat surprisingly, that congressional allies of big corporations sometimes tried to get their friends to toe the line. When Utah-Idaho's directors first decided to raise sugar prices in 1920, for example, they contacted Smoot to see what the Department of Justice would think. Smoot presented Utah-Idaho's case to the DOJ, but after it told him that a price hike would result in an investigation, the senator counseled Utah-Idaho Sugar to abide by the regulations and keep its rates low. Although Smoot believed that the Justice Department's inquiry was ultimately based on political intrigue, he did not think that Utah-Idaho Sugar was justified in raising its prices. In a similar way, Smoot acted as an emissary between the corporation and Herbert Hoover during the First World War. Smoot frequently presented Nibley's proposals about sugar prices to Hoover, but when the food administrator rejected these suggestions, Smoot encouraged Nibley to trust Hoover's decisions. Nibley and other Utah-Idaho directors did not always follow Smoot's recommendations, but it is significant that Smoot, perhaps sensing his duty to the government, advised the corporation from time to time to obey government regulations rather than reject them outright.

Neither Smoot nor any other member of Congress prevented beet sugar from becoming politicized, in large part because of its importance to the economic well-being of the American West. For the first half of the twentieth century, beet sugar production was vital to the agricultural economies of several states, including Utah, Idaho, Colorado, and California. At its height, as one publication attested, beet sugar was "an integral part of the economy of twenty-two states," the vast majority of which were in the trans- Mississippi West. For

7. See, for example, Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York, 1955), 309.

farmers in these states, beet sugar served as "a major source of income and purchasing power" by providing them with a reliable cash crop.[8] As one of the major players in the beet sugar industry, Utah-Idaho Sugar became embroiled in the politics that accompanied such power. Indeed, both Republicans and Democrats used the corporation's troubles with the federal government to their benefit: the Democrats to show the need for economic regulation in the state and the Republicans to charge Democrats with needlessly harassing a corporation for political gains. This same partisanship extended to the national arena, in large part because of the extent to which the beet sugar industry relied on the federal government. Many beet sugar companies argued that they could not survive without the tariff, while the federal government enabled corporations such as Utah-Idaho to continue operations in the agricultural depression of the early 1920s. In addition, through the farm bureau and county agent system of the U.S. Department of Agriculture, beet farmers were able to lobby Utah-Idaho Sugar for better prices. Federal entanglements, although beneficial in several ways to beet sugar, furthered its politicization.

Along with federal efforts, the most significant force supporting the Utah-Idaho Sugar Company, as explained above, continued to be the LDS church. This brings us back to the central questions of this book: why the LDS church became involved in sugar, why it maintained that involvement and even used it to its advantage, and what repercussions this had on both the church and the corporation. As this study has demonstrated, the answers are many and convoluted. Brigham Young and John Taylor originally attempted to produce sugar in Utah Territory so that Utahns would not have to pay exorbitant amounts to import the product from the East. Wilford Woodruff had similar ideas, but was also motivated by his conviction that God wanted the beet sugar industry established in Utah. He and other church leaders gave several reasons why the Lord might have such a desire, such

8. United States Beet Sugar Association, *The Beet Sugar Story*, 3rd ed. (Washington, D.C., 1959), 18.

as the hope that the sugar industry would create jobs in factories for recently arrived migrants who had no access to land or the provision of a dependable cash crop to farmers. Looking out for the welfare of their members and drawing on a tradition of the LDS church as the central economic authority in Utah, Woodruff and other church officials believed that these possibilities warranted extensive church involvement, both financially and through the exertion of ecclesiastical influence on behalf of the company.

But Utah's economy was changing, evolving into a more national and less regional force, and the church itself faced financial difficulties in the late 1800s and early 1900s that precluded extensive LDS aid. Thus, as the directors of the Utah Sugar Company eyed expansion, it had to turn to outside forces, namely the American Sugar Refining Company, for financial aid. The purchase of 50 percent of the Utah Sugar Company's stock by Henry Havemeyer and American Sugar paved the way for Utah Sugar to extend into Idaho, but it also aligned the corporation with the Sugar Trust, a force that many Americans regarded as a prime example of corporate malfeasance. Instead of refuting American Sugar's practices of forcing competitors out of business or absorbing them, Utah-Idaho leaders embraced such policies and used the influence of the church to Utah-Idaho's advantage. Big business was just as much alive in the American West in the early 1900s as it was in the East.

Today, and even to many contemporary observers, the actions of the Utah-Idaho Sugar Company, well documented by the Hardwick Committee, the U.S. Department of Justice, and the Federal Trade Commission, seem puzzling, given the involvement of Mormon officials such as Joseph F. Smith, Heber J. Grant, and Charles W. Nibley in its affairs. Why did religious leaders permit such conduct to occur, and, in some instances, actively encourage it? Several reasons exist. For one thing, the national sugar market engulfed Utah-Idaho Sugar, making the company subject to its economic forces. This situation had two effects: first, it meant that the corporation had little control over how sugar prices and beet rates were set. Generally, unless the company wanted to start a price war with other interests, it had to follow either market forces or,

Year	Net Company Profit
1912	1,727,031
1913	—
1914	1,786,495
1915	2,323,495
1916	4,631,076
1917	10,031,859
1918	1,373,825
1919	1,052,985
1920	968,275
1921	1,064,463

Table 2: Utah-Idaho Sugar Company Net Profit, 1912–1921. "Net Profit Before Income," Leonard J. Arrington Papers, Series 12, MSS 1, box 10, folder 10, Special Collections and Archives, Utah State University.

during the First World War, the federal government in the setting of prices. Second, because it became more of a national player, Utah-Idaho had to look out for its own interests in the cutthroat world of sugar. High sugar prices caused by the outbreak of the First World War led to the rise of new beet sugar concerns, all anxious to take advantage of the situation. If Utah-Idaho wanted to survive in these conditions, it had to do whatever it took to maintain its hold in the Intermountain West. If that involved using the church's influence to drive competitors out of business, so be it.

But these were conscious decisions that Utah-Idaho leaders made, and ones that seemed to fly in the face of their responsibilities to members of the LDS church. Why did they then make them? The easy answer, and one that many observers considered to be most obvious, was merely greed. The LDS church and several of its leaders held considerable amounts of stock in the company, and when it did well, they received dividends. Because of the policies of the corporation (coupled with trends in the national market), Utah-Idaho Sugar made a considerable amount of money in the 1910s, and the church and its officials were rewarded accordingly (see Table 2). In 1916, for example, the church reported that it had obtained "a net gain of $1,416,500 on its Utah-Idaho stock" just between 1914 and 1916.[9]

9. "Statement of Church Sugar Stock Purchases, July 1, 1916," Scott G. Kenney Collection, MSS 587, box 12, folder 22, Special Collections and Archives, J. Willard Marriott Library, University of Utah, Salt Lake City, Utah.

Yet greed was not the only motivation. As Nibley's situation showed, unflinching loyalty to the Mormon church played a role as well. The church had made a large sacrifice to support the Utah Sugar Company in the 1890s, as had many of its leaders. Was it not appropriate for those who had forfeited so much both in time and money to receive a reward, no matter how they obtained it? Should not good LDS members prove their loyalty to the church by supporting Utah-Idaho Sugar in every way, even if it meant sacrificing their own interests? Officials such as Nibley answered yes to both questions, even though it seemed to confirm what many muckrakers, members of Congress, and even LDS members such as Charles Patterson feared: that the LDS church's requirement of strict loyalty to its leaders extended into temporal affairs. As Richard T. Ely, a social and economic observer in the Progressive Era, related, much of the church's economic strength came from "the authority which percolates downward from the First President [*sic*] through the hierarchical priesthood."[10]

Compounding this authority was the fact that many Mormons in the 1910s had been raised on the economic principle of cooperation, making LDS officials less reluctant to use ecclesiastical influence for a business's benefit and making members more susceptible to that mode of persuasion. Church leaders might regard claims that the LDS church dominated Utah's economy as nonsense, but there was at least a subtle and indirect influence that exerted itself in church-supported enterprises. In the sugar industry, it was even more pronounced. In fact, as late as 1919, Grant reinforced the notion that good Latter-day Saints needed to support Utah-Idaho Sugar. In the church's general conference, he related once again to church members Woodruff's declaration that God wanted the Utah Sugar Company established. "I can bear witness that Wilford Woodruff was in very deed . . . a true Prophet of God," Grant proclaimed. "Under the inspiration of the Lord, . . . he was blessed . . . with wisdom that was superior to all the wisdom of the bright financial minds in

10. Richard T. Ely, "Economic Aspects of Mormonism," *Harper's Monthly Magazine* 56 (April 1903): 667.

the Church."[11] Coming on the eve of two investigations into Utah-Idaho's business practices, these pronouncements had even more significance for LDS followers.

Even though federal inquiries in the 1910s did not convince Grant to end the church's support of business, they did have some effect. For one thing, Grant began counseling Mormons to cease working against non-Mormon industries. As historian Thomas G. Alexander has shown, Grant and his fellow leaders "became so sensitive about potential competition with private business" in the 1920s and 1930s "that they adopted practices that hurt their own enterprises."[12] Certainly some of that reluctance stemmed from Utah-Idaho Sugar's troubles.

A look into the early history of the Utah-Idaho Sugar Company, then, indicates that, for Mormons in the early 1900s, business and religion were not a good mix, a lesson that the church would not really grasp until the latter part of the twentieth century when it began to require its high-ranking officials to divest themselves of active business connections. Although the church was able to keep the beet sugar business afloat with its aid, the use of its influence led to federal investigations that ultimately resulted in embarrassment for the church and hard feelings among some of its members. In many ways, church involvement in beet sugar meant that Utah-Idaho Sugar was an anomaly in the integration of American West enterprises into the national economy. Yet, at the same time, the corporation's history, with or without the Mormons, still highlights the turbulence that followed such integration, while also indicating that even small western enterprises could enact business policies that seemed very similar to those of eastern big businesses such as Standard Oil and U.S. Steel.

In the end, the LDS influence in Utah's sugar industry, drawing on the long past of church involvement in beet sugar, continued to be pronounced, although exerted in more

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11. *Eighty-Ninth Annual Conference of the Church of Jesus Christ of Latter-day Saints* (Salt Lake City, 1919), 8.
12. Thomas G. Alexander, *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), 75.

subtle ways. God wanted the beet sugar industry established, Wilford Woodruff had proclaimed in the 1890s, and Mormon leadership was eager to carry out God's will. Whether God also wanted his leaders to use their influence to drive competitors out of business, to compel members to support Utah-Idaho Sugar, and to plead the innocence of company officials indicted for profiteering and antitrust violations is unclear. But that was a major result of the LDS influence in beet sugar: it allowed the industry to flourish and dominate in the Intermountain West, while also bringing the Utah-Idaho Sugar Company into direct conflict with the federal government. "We were put to endless trouble and expense and held up to ridicule and scorn for simply doing that which practically everybody else in the sugar business was doing," Charles Nibley had protested in the aftermath of the company's 1920 price hike, yet there were few other companies using the backing of a church that demanded unquestioning allegiance to further their pursuits.[13] This was the real cause of the "endless trouble" that befell Utah-Idaho Sugar in the 1910s. Ultimately, it was also the result of the path of LDS influence that Wilford Woodruff had blazed.

13. Charles Nibley, *Reminiscences* (Salt Lake City, 1934), 141–42.