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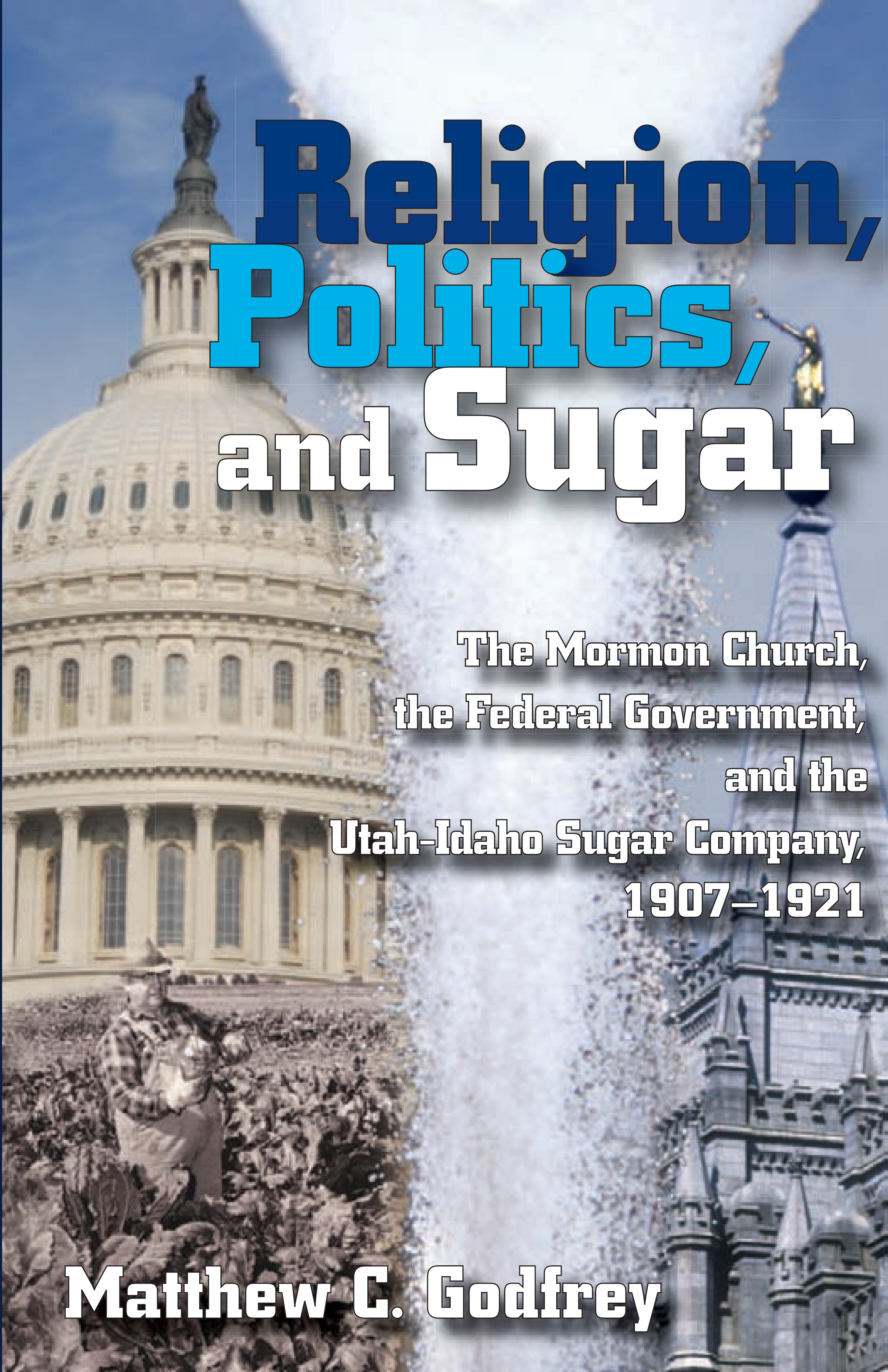
Religion, Politics, and Sugar: The Mormon Church, the Federal Government, and the Utah-Idaho Sugar Company, 1907 to 1921

Matthew C. Godfrey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Contents

Illustrations

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

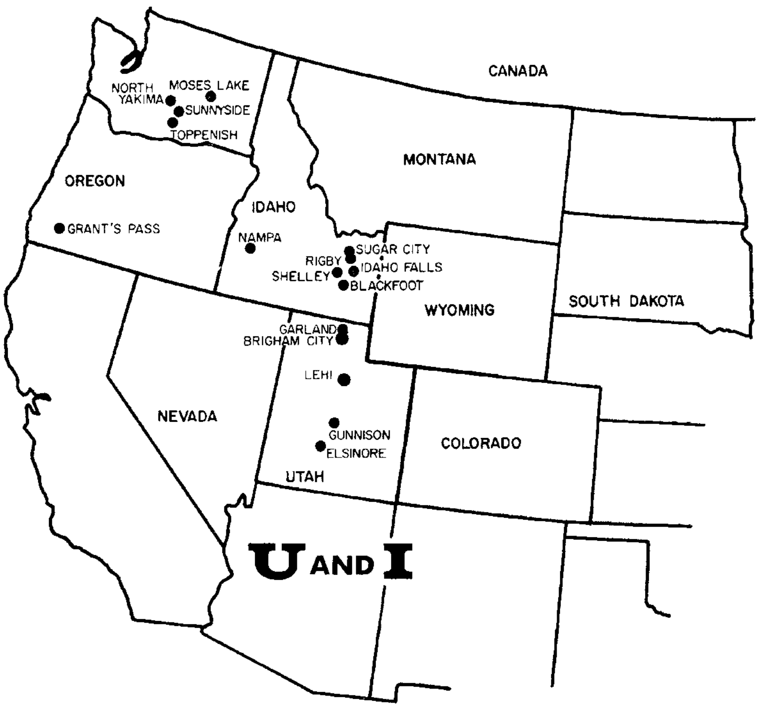
1. As cited by Heber J. Grant in *Eighty-Ninth Annual Conference of the Church of Jesus Christ of Latter-day Saints* (Salt Lake City, Utah, 1919), 8–9.

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

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

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

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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 Two

The Establishment of the Sugar Industry in Utah and Idaho, 1851–1907

"[N]ow 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. We will build the factory if it bursts the Church."

—Wilford Woodruff, 1891

"But for the inspiration of the Lord to Wilford Woodruff I doubt if we would have any sugar business in this state or in Idaho, today, that would amount to very much."

—Heber J. Grant, 1919

In 1889, the Utah Sugar Company—a predecessor to the Utah-Idaho Sugar Company—incorporated in Utah, becoming one of the first successful beet sugar manufacturers in the United States. The organization of Utah Sugar was the culmination of several years of trial and error by Utah entrepreneurs, including Brigham Young and John Taylor, prominent Mormon leaders. Beginning with Young's efforts to produce sugar in the 1850s and ending with Wilford

Woodruff pronouncing that God himself wanted Mormons to produce beet sugar, LDS leaders were key players in the industry's growth. Birthed in this LDS cradle, church authorities took it upon themselves to ensure that the Utah Sugar Company was a success. Church capital could only go so far, however, and in 1902, the corporation sold 50 percent of its stock to the American Sugar Refining Company, an eastern concern known as the Sugar Trust. With the capital that this provided, the company expanded into Idaho, eventually merging several different corporations into the Utah-Idaho Sugar Company in 1907. This formative period of the corporation—which influenced both the way that the nation at large perceived the company and future corporation policies—highlighted why the church became involved in the industry and what Woodruff and other leaders hoped to accomplish with the business.

North Americans had produced sugar as early as colonial times. The first sugar refinery was established on Manhattan Island in 1730, and others were developed in Boston, Philadelphia, and Providence, Rhode Island. Most of these factories refined raw cane sugar imported from the West Indies. Reliance on cane sugar continued throughout the nineteenth century; entrepreneurs such as Robert L. and Alexander Stuart advanced the industry by developing new manufacturing techniques such as using steam to refine the product. In the 1850s, the number of cane refineries increased substantially, in part because burgeoning railroad networks in America allowed manufacturers to sell their product across wider markets. However, the industry encountered problems in the 1860s with the outbreak of the Civil War. Because of the conflict, the supply of Louisiana cane sugar disappeared and eastern refineries were forced to rely on imports from Cuba. In addition, the Union Congress doubled the tariff on raw sugar to three cents a pound in order to raise money.[1] When the war

1. A revenue-producing tariff had existed on sugar since the 1790s and had increased to thirteen cents a pound by 1816. However, thereafter it decreased considerably until the Civil War forced it upwards again. Alfred S. Eichner, *The Emergence of Oligopoly: Sugar Refining as a Case Study* (Baltimore, Md., 1969), 95–96.

ended, the industry thrived once again, and numerous sugar refineries dotted the eastern United States by the 1870s.[2]

Competition between corporations meant that the price of sugar depended on whoever was willing to sell their supply the cheapest. The lowest rates were usually established by "marginal enterprises seeking to retain their foothold in the industry." Thus, in 1880, several sugar firms decided to enter into agreements with each other to limit production and control prices. This established the base for further cooperation, and in 1887, these eastern refineries, led by John Searles, "duplicate[d] in sugar refining what John D. Rockefeller had so recently accomplished in the petroleum industry" by creating a trust. Although some of the larger corporations, such as Havemeyer and Elder, were wary of yielding control of their firms to the trust, Searles soon persuaded most of the eastern companies to unite. By October 1887, the trust had formed, thereby enabling sugar producers to sell their commodity at set prices and to manipulate the distribution of their product in order to raise rates. This was a true monopoly, as it supplied approximately 84 percent of the nation's refined sugar from the eastern shores to the Rocky Mountains.[3]

After the passage of the Sherman Antitrust Act in 1890 and a decision by the New York Supreme Court that the combination was illegal, the Sugar Trust realized that it had to change its organization in order to continue its operations. In 1891, it followed the lead of the American Cotton Oil Company and reconstituted itself under the liberal corporation laws of New Jersey. According to historian Alfred Eichner, these laws stated that "a company chartered under the state's general laws" could "hold stock in another corporation" and even "purchase property outside the state with stock specially issued for that purpose." On January 10, 1891, the Sugar Trust became the American Sugar Refining Company under a charter received from New Jersey. "Except for its new legal form," Eichner explained, "the combination of sugar

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2. Eichner, *The Emergence of Oligopoly*, 26–43.
3. Eichner, *The Emergence of Oligopoly*, 63, 70, 84.

refineries remained unchanged" and eastern corporations, which mainly processed imported cane sugar, continued to control most of America's sugar market.[4]

At the same time, several individuals, mostly in the American West, were working on manufacturing sugar from beets instead of cane, a technique common in several European nations, including France and Prussia. German chemist Andreas Maggraf successfully demonstrated that sucrose stored in the beet root could be extracted in 1747, but it was not until the 1780s that his student Franz Karl Achard planted beets extensively and obtained large amounts of sugar from them. Recognizing this success, Frederick William II, King of Prussia, funded the world's first beet sugar factory in 1802, located at Cunern, Silesia. The French corresponded with Achard and on March 25, 1811, Napoleon Bonaparte issued a decree setting aside beet farmland, establishing schools to teach beet cultivation, and providing bounties for beet growers. This effectively established the world's beet sugar industry.[5] Although the French enterprise collapsed after Napoleon was defeated, government controls and encouragement reestablished it later. By the 1850s, both Prussia and France exported large amounts of beet sugar to the world.[6]

But the process of converting beets into sugar was a complicated, enigmatic, thirty-six-hour procedure. As one factory worker reminisced, "The whole process of beet sugar making was considered a mystery. Each operator was instructed only in the part he was to do."[7] The beets were first

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4. Eichner, *The Emergence of Oligopoly*, 149–51.
5. Leonard J. Arrington, "Science, Government, and Enterprise in Economic Development: The Western Beet Sugar Industry," *Agricultural History* 41 (Winter 1967): 1–2.
6. United States Beet Sugar Association [USBSA], *The Beet Sugar Story*, 3 ed. (Washington, D.C., 1959), 8–13 (this book was originally published by the Association in 1936 under the title *The Silver Wedge*). See also 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), 19–21.
7. "Walter L. Webb's Memoirs," 16, copy in Leonard J. Arrington Papers, Manuscript Series [MSS] 1, Series 12: The Writings of Leonard J. Arrington, box 8, folder 3, The Leonard J. Arrington Historical Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah (hereafter cited as Arrington Papers).

transported into a factory by a wooden flume full of warm water. They were then conveyed into a washer by a large beet wheel. After being washed, the beets were transported to a cutter where they were sliced into long slivers, known as "cossettes." A revolving chute dropped the cossettes into several diffusers that used hot water to cook the sliced beets in order to extract the sugar. As historian Leonard Arrington described it, "This was a continuous process of filling the cells [with water] and pumping out the sugar-exhausted pulp." After the diffusers had extracted all of the raw beet juice containing the sugar, the liquid was pumped to carbonators where milk of lime and carbon dioxide filtered out impurities. The juice then arrived at an evaporator that extricated any excess water, leaving a type of molasses behind. Sulphur gas clarified the molasses and the substance entered a huge vacuum pan where centrifuges separated the molasses from the crystals. The molasses was boiled further to create brown sugar, while the crystals were packed into hand-sewn bags and prepared for shipment.[8]

In the early 1800s, many American entrepreneurs spent considerable time in France and Germany observing these operations, and some decided to try their hand at the industry in the United States. James Ronaldson undertook the first significant effort in Philadelphia in 1830. Serving as the first president of the Franklin Institute, Ronaldson organized the Beet Sugar Society with some acquaintances and sent James Pedders to Europe to study the industry. Pedders reported that America was well suited for the growing of beets, but the crop the society planted failed to produce any sugar.[9] Edward

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8. Quotation in Leonard J. Arrington, *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle, 1966), 28–31; see also Richard S. Van Wagoner, "The Lehi Sugar Factory—100 Years in Retrospect," *Utah Historical Quarterly* 59 (Spring 1991): 197–199; Charles L. Schmalz, "The Failure of Utah's First Sugar Factory," *Utah Historical Quarterly* 56 (Winter 1988): 50–52; "Walter L. Webb's Memoirs," 17. Arrington stated that a vacuum pan was necessary for crystallization because "if syrup is boiled in the open air it will burn, rather than produce sugar. . . . When placed in a vacuum, the syrup can be boiled at a low temperature until it is heavy enough for crystals to form."
9. USBSA, *The Beet Sugar Story*, 15; George M. Rolph, *Something About Sugar: Its History, Growth, Manufacture and Distribution* (San Francisco, 1917), 148.

Church and David Lee Child of Northampton, Massachusetts, made the next attempt. Church and Child, both of whom had studied at beet sugar factories in France for a year and a half, produced 1,300 pounds of sugar in 1838, but a dearth of skill doomed their attempt.[10]

Undaunted by these failures, Brigham Young, president of the Mormon church, decided in the 1850s that the church needed to establish a beet sugar enterprise in the Great Basin in order to make his people more self-sufficient. Mormons had moved into the region that became Utah Territory in 1847 after being driven out of other locations in New York, Ohio, Missouri, and Illinois. In order to maintain necessary food supplies in this remote location, the organization encouraged its people to grow or produce foodstuffs and resources. The only way the community could get sugar was by importing it from the Missouri River Valley by team, an operation that cost Utah consumers between forty cents and a dollar a pound. Such prices convinced Young that Mormons must develop their own sweeteners, and he began asking prospective emigrants to Salt Lake City to bring sugar beet seed with them.[11]

In December 1850, Young contacted John Taylor, one of the church's governing Twelve Apostles who was serving a mission in France, and told him to find enterprises in Europe that could be exported to Utah. Taylor subsequently journeyed to Arras, France, accompanied by Philip De LaMare, a blacksmith and builder who had recently converted to Mormonism, to study France's beet sugar industry. After consulting with experts in

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10. USBSA, *The Beet Sugar Story*, 15; Rolph, *Something About Sugar*, 148; "The Beet Sugar Industry and the Church: Excerpts from the 51st Anniversary Report of the Utah-Idaho Sugar Company," copy in Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 8, folder 1.
11. Schmalz, "The Failure of Utah's First Sugar Factory," 36–37; Fred G. Taylor, "Notes on the Development of the Beet Sugar Industry in Utah," in *Utah: A Centennial History*, ed. Wain Sutton (New York, 1949), 2:917; "Testimony of Mr. Joseph F. Smith," June 27, 1911, House Special Committee on the Investigation of the American Sugar Refining Co. and Others, *Hearings Held Before the Special Committee on the Investigation of the American Sugar Refining Co. and Others*, 62 Cong., 1st sess., 1911, 1071 (hereafter referred to as American Sugar Refining Company Hearings); Mary Jane Woodger, "Bittersweet: John Taylor's Introduction of the Sugar Beet Industry in Deseret," *Utah Historical Quarterly* 69 (Summer 2001): 248.

Arras, Taylor and De LaMare decided that Utah was an ideal location for the growing of sugar beets, and they organized the Deseret Manufacturing Company (DMC) to establish the beet sugar industry in Utah. With financing from the company, Taylor and De LaMare, assisted by Elias Morris, a mechanic from England, ordered equipment and seed and shipped it back to Utah. Along the way, they encountered several problems. First, when the equipment landed at New Orleans, Morris was informed that he owed a $4,056 duty on it. Not having the money personally, he had to use church funds for the payment. Second, when De LaMare and Joseph Russell, the majority stockholder in the DMC, loaded the machinery onto fifty-two wagons to transport it from Fort Leavenworth, Kansas, to Salt Lake City, they discovered that the transports were not sturdy enough to convey the equipment, forcing them to buy forty Santa Fe prairie schooners. In addition, since the expedition did not leave Fort Leavenworth until July 1852, it got caught in heavy snows near the Sweetwater River, two hundred miles east of Salt Lake. When the group finally began moving again, it had to abandon some of the heavier pieces of equipment, such as the vacuum pan, near the Bear River because they could not be transported over the mountains. After finally reaching the Salt Lake Valley and proceeding with the establishment of the factory, the DMC had no more money. Such tribulations convinced some that DMC must stand for "Damn Miserable Company."[12]

Because of such difficulties, Brigham Young decided to take over the enterprise himself on behalf of the church. Part of the problem, he declared, was that Taylor was not much of a businessman; the apostle was "as wild in [his] calculations as a man can be" and "knew nothing about transacting business." Although Young admitted that he had no knowledge of the sugar industry himself, he decided that his own business acumen, initiative, hard work, and faith in God would enable

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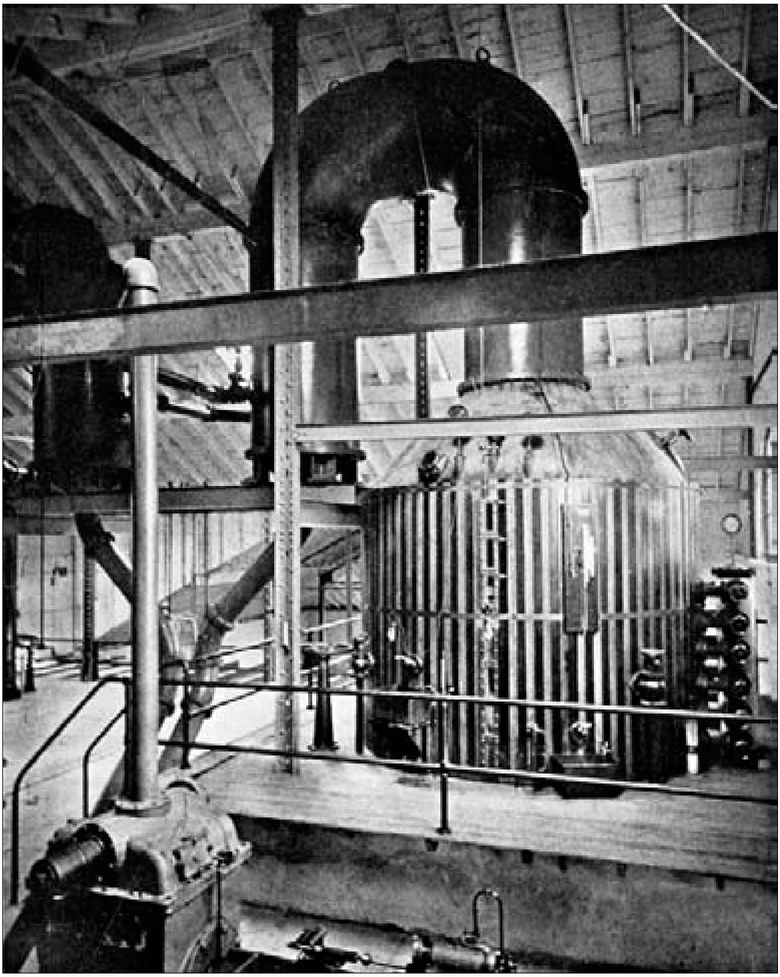
12. Woodger, "Bittersweet," 249–55; Leonard J. Arrington, *Great Basin Kingdom: An Economic History of the Latter-day Saints, 1830–1900* (Cambridge, Mass., 1958; reprint, Salt Lake City, 1993), 116–18 (page references are to the reprint edition); Schmalz, "The Failure of Utah's First Sugar Factory," 37–40; Taylor, "Notes on the Development of the Beet Sugar Industry in Utah," 2:920–24.



Vacuum strike pan, used in the making of beet sugar

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

him to succeed where Taylor had not.[13] Unfortunately, his predictions were premature, and several obstacles arose which prevented the production of beet sugar at this time.

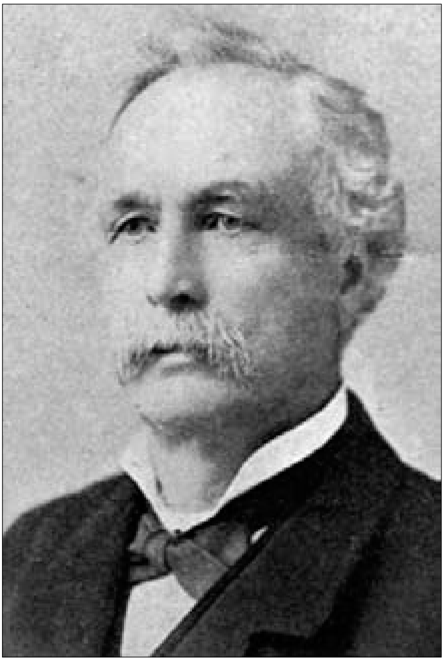
13. Quotations in "Meeting of the Sugar Co. in the Lower Room of the Council House, March 17, 1853, 10 A.M.," Arrington Papers, Series 9: Mormon History Topics, box 12, folder 7; see also Woodger, "Bittersweet," 256–58.

One problem was the Mormons' complete lack of knowledge about sugar making and the construction of sugar factories; another was the fact that the vacuum pan, a necessary piece of equipment, was still by the Bear River. When the church finally retrieved the pan in 1854, its employees were unable to get it to work properly.[14] Because of this, according to Thomas R. Cutler, a later player in the establishment of Utah's beet sugar industry, the church could only produce an inedible "mascuite" which "would take the end of your tongue off."[15] So the Mormons abandoned their efforts at producing beet sugar for the next thirty years.

Other Americans continued to try to perfect the commodity. According to one account, entrepreneurs constructed fourteen beet sugar factories in the United States between 1838 and 1879, but all fourteen, scattered throughout Maine, Massachusetts, Delaware, Michigan, New Jersey, Pennsylvania, Illinois, Wisconsin, and California, failed, mostly because of a lack of technical knowledge.[16] A breakthrough finally came in 1879 when E. H. Dyer, operating under the auspices of the Standard Sugar Refining Company, took over a factory at Alvarado, California. After making an intensive study of the industry in France and Germany, Dyer and his son, Edward F., installed new equipment in the factory and subsequently produced 1,574,233 pounds of sugar in 1880. More importantly, with the exception of one year, the company continued its production for the next thirty-five years, making it "the first solid demonstration in the United States that sugar could be extracted from beets successfully and profitably."[17]

Two other endeavors were equally as important in the history of the industry before 1890. Claus Spreckels, a

14. Schmalz, "The Failure of Utah's First Sugar Factory," 41.
15. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 767. See also Schmalz, "The Failure of Utah's First Sugar Factory," 52; Arrington, *Great Basin Kingdom*, 118; Taylor, "Notes on the Development of the Beet Sugar Industry in Utah," 925–27.
16. USBSA, *The Beet Sugar Story*, 16; Rolph, *Something About Sugar*, 149–50; Arrington, "Science, Government, and Enterprise in Economic Development," 3.
17. Quotation in USBSA, *The Beet Sugar Story*, 16–17; see also Arrington, "Science, Government, and Enterprise in Economic Development," 4; Rolph, *Something About Sugar*, 150–52.



E. H. Dyer, one of the pioneers of the beet sugar industry in the United States

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

German immigrant who had been involved in Hawaiian sugar refining since 1863, decided that beet sugar had a great future in California after he witnessed the success of the Dyers' Alvarado factory. In 1888, Spreckels constructed a $400,000 factory at Watsonville, California, which became America's second prosperous beet sugar factory. In 1898, Spreckels built another huge plant at Salinas, fifteen miles from Watsonville, and continued his sugar operations there.[18]

Meanwhile, the Oxnard brothers—Robert, Benjamin, Henry T., and James G.—who had previously operated cane sugar refineries in New York and Louisiana for the Sugar Trust, decided to enter the beet sugar trade, in part because

18. Arrington, "Science, Government, and Enterprise in Economic Development," 5–6; Rolph, *Something About Sugar*, 154; USBSA, *The Beet Sugar Story*, 17.

they believed "it was both a profitable and patriotic thing" to do. "I saw that every year [America] was sending away a lot of money to buy something which we could just as well produce at home," Henry Oxnard later recollected.[19] Henry traveled to France, from where his family had immigrated, to consult with producers, purchase machinery, and induce laborers to work in America. He and his brothers then organized the Oxnard Beet Sugar Company and established factories at Grand Island and Norfolk, Nebraska, and at Chino, California. In the years that followed, the three factories acted as manufacturing schools for those who were interested in the beet trade. By the 1900s, according to one scholar, "there was hardly a beet sugar factory in America that did not employ operators who had been trained in the 'Oxnard school.'"[20]

By 1890, then, a few beet sugar fabrications were operating successfully in the American West. Although Utah had failed in its initial beet sugar attempt, the quest to develop edible sweeteners had continued in the territory. Arthur Stayner, a Utah horticulturist from England, made several attempts in the 1870s and 1880s to produce sugar from sorghum cane, sugar cane, and beets. In 1887, Utah's territorial legislature even granted him a $5,000 bounty, payable upon the production of 7,000 pounds of marketable sugar. Stayner realized, however, that he did not have sufficient funding to carry out the necessary research or to buy the essential equipment, so he approached leaders of the LDS church and asked for their financial help.[21]

To Stayner's good fortune, Wilford Woodruff, who succeeded John Taylor as president of the church, quickly

19. "Testimony of Henry Oxnard," June 16, 1911, American Sugar Refining Company Hearings, 382.

20. Arrington, "Science, Government, and Enterprise in Economic Development," 6–7; USBSA, *The Beet Sugar Story,* 17; Rolph, *Something About Sugar,* 154–56.

21. Leonard J. Arrington, "Utah's Pioneer Beet Sugar Plant: The Lehi Factory of the Utah Sugar Company," *Utah Historical Quarterly* 34 (Spring 1966): 96. See also Arrington, *Beet Sugar in the West,* 6; Arrington, *Great Basin Kingdom,* 386–87; Arrington, "Science, Government, and Enterprise in Economic Development," 7; Jesse Robinson Smith, *Thomas Robinson Cutler: Pioneer Sugarman Churchman* (Washington, D.C., 1985), 88–89; Van Wagoner, "The Lehi Sugar Factory," 190; Hamilton Gardner, *History of Lehi Including a Biographical Section* (Salt Lake City, 1913), 260.

became convinced that beet sugar was an important industry for Utah and the Latter-day Saints. Woodruff, who was born in 1807 in Connecticut, had joined the church in 1832 and had become an apostle in 1838. He was noted for his success in bringing people into the church, and had also served in Utah's territorial legislature.[22] Stayner had originally approached Woodruff about financing in 1887, but the church's poor financial condition at that time, coupled with a negative report on the industry from a committee of businessmen affiliated with Zion's Cooperative Mercantile Institute, a church-run enterprise, made him reluctant to grant financial aid. In 1888 and 1889, however, Woodruff seemed to reconsider, allowing Stayner and Elias Morris, one of the original participants in the DMC, to speak at priesthood meetings about the establishment of the beet sugar industry. According to several of his close associates, including Heber J. Grant, one of the Twelve Apostles who would later become president of the church, the change of heart came after Woodruff obtained a revelation from God telling him to establish the beet sugar industry in Utah. As Grant related, Woodruff told church leaders "that the Lord would like the great business of manufacturing sugar established in our midst." He therefore reconsidered his earlier reluctance, discounting the opinion of Mormon businessmen and the negative attitudes of Francis M. Lyman, John Henry Smith, and Moses Thatcher, members of the Quorum of the Twelve Apostles, in the process. "Never mind the report[s]," Woodruff told Grant. "The inspiration to me is to establish the sugar industry."[23]

Upon Woodruff's insistence, the First Presidency and Quorum of the Twelve Apostles published a circular in the spring of 1889 announcing the "feasibility and practicability of establishing the industry of making sugar in this Territory" and calling on Mormon businessmen to support the enterprise. If

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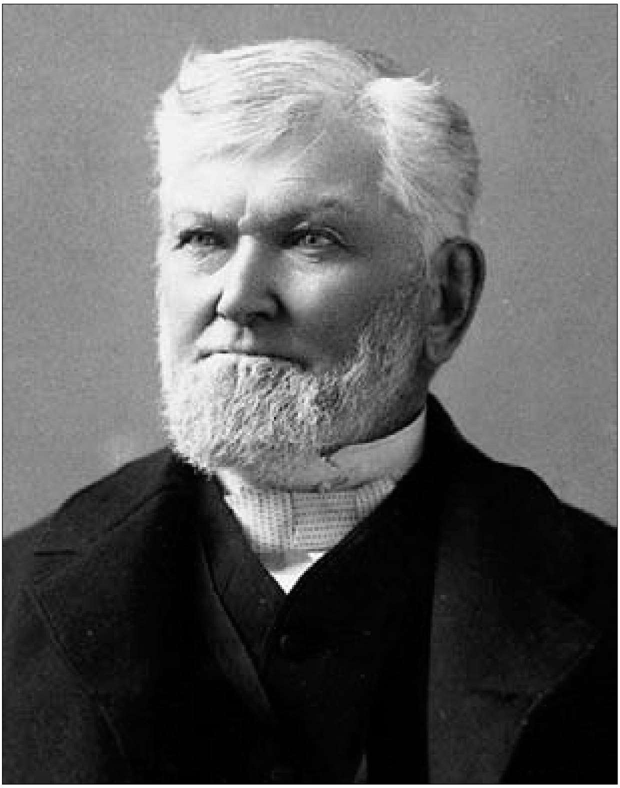
22. For more information about Woodruff, see Thomas G. Alexander, *Things in Heaven and Earth: The Life and Times of Wilford Woodruff, a Mormon Prophet* (Salt Lake City, Utah: Signature Books, 1991).
23. As quoted by Grant in *Eighty-Ninth Annual Conference of the Church of Jesus Christ of Latter-day Saints* (Salt Lake City: Deseret News, 1919), 8; see also Alexander, *Things in Heaven and Earth*, 284.

the industry could be made viable, the circular stated, church members could stop paying high prices for imported sugar and could become more independent and self-sufficient. The First Presidency and Twelve Apostles also foresaw the industry as supplying jobs for incoming immigrants to Utah, especially since the territory was running out of land for these newcomers.[24]

At this time, the LDS people were just emerging from a period of over twenty years when church authorities had preached the importance of cooperation among themselves in order to increase self-sufficiency and to maintain money supplies in Utah. This move to cooperation had begun in the late 1850s and early 1860s when Brigham Young began disparaging non-Mormon merchants as trying to gouge the LDS people. In 1866, he even counseled church members to boycott "gentile" businesses. As the transcontinental railroad edged closer to Utah in the late 1860s, Young took this boycott a step further and advocated the establishment of community cooperatives in Utah, as well as a central cooperative in Salt Lake City—known as Zion's Cooperative Mercantile Institution (ZCMI)—which would sell goods to the Mormons at reasonable prices. For the next several years, Latter-day Saints pooled together their resources to produce needed manufactured goods, be it lumber or textiles, rather than purchasing those items. In the 1870s, some of these cooperatives morphed into full-fledged communes known as the United Order, again at the encouragement of Young, who was applying his interpretation of the Law of Consecration advocated as a heavenly doctrine by Joseph Smith in the 1830s. As Apostle George A. Smith counseled one congregation, "I advise the Saints to form cooperative societies and associations all over the Territory, . . . and not to pay their money to men who use it to buy bayonets to slay them with, and to stir up the indignation of our fellow men against us."[25]

24. As cited in Arrington, *Great Basin Kingdom*, 387; see also Leonard J. Arrington, "Development of Manufacturing: Sugar," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 8, folder 2.

25. Leonard J. Arrington, Feramorz Y. Fox, and Dean L. May, *Building the City of God: Community & Cooperation Among the Mormons* (Salt Lake City, Utah: Deseret Book Company, 1976), 79–110 (George A. Smith quotation on p. 90).



Wilford Woodruff

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After Young died in 1877, John Taylor assumed the presidency. Taylor was not as enthusiastic about cooperatives and the United Order, but he still believed that Latter-day Saints needed to support each other in their economic endeavors. He gradually moved Latter-day Saints away from cooperatives through means of boards of trade, organized in each Mormon stake to centralize the marketing of LDS goods, with Zion's Central Board of Trade in Salt Lake City serving as the governing entity. Those who ran the boards of trade, Taylor explained, deserved LDS support as they were Mormon business leaders who "acted honorably in their dealing, paid their tithing and donations, were willing to be counseled and advised, and had at heart the interest of the work of God."[26]

When the federal government heightened its efforts to prosecute Mormon polygamists in 1884, however, Taylor and other LDS leaders were forced underground and the boards of trade died out. After the passage of the Edmunds Act in 1887, the federal government had the power to confiscate church property, leaving the church without a financial base and hindering the organization from acting as the central economic authority in Utah. Yet the church was still enmeshed financially in numerous industries by the time Wilford Woodruff assumed the presidency in 1889, including ZCMI, Zion's Saving Bank and Trust Company, Consolidated Wagon and Machine, the Templeton Hotel, the Bullion, Beck, and Champion Mining Company, and several newspapers such as the *Deseret News,* the *Salt Lake Herald,* and the *Salt Lake Times.* Under Woodruff's presidency, the church would aid several other endeavors as well, including the Inland Crystal Salt Company, the Saltair Beach Company, the Salt Lake & Los Angeles Railway Company, and the Union Light & Power Company. In many ways the church's justification for its involvement in these industries was no different from its reasoning to begin cooperatives in the 1860s and 1870s: to provide more economic opportunities and employment to its members and to reduce the price of goods to Utah consumers. This was especially important because Utah's land base was slowly shrinking as more and more people immigrated to the area, and the territory was undergoing increased urbanization. Although agriculture would continue to dominate Utah's economy, fewer people could gain the land necessary to begin such enterprises, meaning that other economic avenues were necessary.[27]

Such reasons probably helped convince Woodruff that God wanted Mormons to grow sugar beets. Because Woodruff believed that it was a directive from the Lord, it is not surprising that the First Presidency and the Quorum of the

26. As cited in Arrington, Fox, and May, *Building the City of God,* 104–5.
27. See Arrington, *Great Basin Kingdom,* 386, 391–400; Alexander, *Things in Heaven and Earth,* 285.

Twelve Apostles asked for financial support for the beet sugar industry and framed these requests as a type of ecclesiastical responsibility. Because of Woodruff and other church leaders' efforts, Stayner and his fledgling company obtained $15,000 in capital stock, enough to incorporate itself on September 4, 1889, as the Utah Sugar Company. Elias Morris was elected president and Stayner was appointed secretary and general manager. Woodruff and George Q. Cannon, one of Woodruff's counselors in the First Presidency, purchased significant amounts of stock in the company, although the church itself took no actual stock at that time.[28]

When the Utah Sugar Company was formed, its stockholders believed it would be more profitable to produce sugar from sorghum cane than from beets. The subscribers established a committee, consisting of Morris, Stayner, Francis Armstrong, Amos Howe, and George W. Thatcher, to investigate the manufacture of sugar from sorghum cane at Fort Scott, Kansas. In Kansas, the committee members discovered that the sorghum factory was failing because of several factors, including adverse weather, convincing them that beets would work better than sorghum for sugar production.[29]

The Utah Sugar Company's board of directors accepted the committee's findings and decided to focus completely on the production of sugar from beets. Therefore, in 1890, it issued a call for bids to build a factory. On November 5, 1890, the board awarded a contract to E. H. Dyer and Company, a corporation operating out of Cleveland, Ohio, which had submitted a proposal of $400,000. In order to obtain the money, the company increased its capital stock to $1 million and placed an issue of $400,000 on the market. Although the company failed to sell the issue, a group of investors in Lehi, Utah, a small community approximately thirty miles south of Salt Lake City, provided a substantial amount of

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28. Arrington, *Great Basin Kingdom,* 387; Arrington, *Beet Sugar in the West,* 6–7; Arrington, "Utah's Pioneer Beet Sugar Plant," 96–97.
29. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 768. According to Arrington, Stayner had previously visited the Fort Scott factory before advocating the establishment of the company. Arrington, *Beet Sugar in the West,* 6.

The Utah Sugar Company factory in Lehi, Utah, 1895

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

funding. This, coupled with the fact that the Lehi community offered a bounty of $7,000 to the corporation to construct the factory there, convinced the Utah Sugar Company to establish its enterprise in Lehi. On December 26, 1890, Wilford Woodruff dedicated the cornerstone of the factory before two thousand people.[30]

Soon after, the enterprise encountered financial difficulty, paving the way for the LDS church to become more directly involved in the corporation. Several $50,000 payments to the Dyer Company became due, but Utah Sugar did not have enough money to pay the installments. According to Thomas Cutler, who had taken over as general manager of the corporation after Arthur Stayner resigned to take a position elsewhere, many of the stockholders had run into monetary problems of their own and were unable to make their stock

30. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 768; Arrington, *Beet Sugar in the West*, 9–10; Gardner, *History of Lehi Including a Biographical Section*, 261; Taylor, "Notes on the Development of the Beet Sugar Industry in Utah," 2:930.

payments. In order to keep the corporation afloat, seventeen Utah businessmen, Cutler included, formed an unlimited liability company to back up Utah Sugar. Unfortunately, eight of the seventeen went bankrupt soon after, forcing the others to sell their securities at half of their value. Just when Utah Sugar seemed in danger of going under, Cutler appealed to Wilford Woodruff.[31]

Enthusiastic about the jobs and economic benefits that Utah Sugar could provide to Utah's citizens, Woodruff took several measures.[32] First, he and his two counselors in the First Presidency—Cannon and Joseph F. Smith—sent a letter to all stake presidents and bishops in Utah, asking them to support the Utah Sugar Company and explaining that the sugar industry would be "a great benefit to our Territory." The letter noted that "we are very desirous to have this enterprise meet with the success which it deserves," and the First Presidency expressed "no doubt" that its appeal "will be met by a cordial response from yourselves and the people."[33] In addition, Woodruff told Smith, Grant, and other high-ranking church leaders to encourage members to provide their support when they visited stakes and wards throughout Utah. Following this counsel, apostle Francis M. Lyman told a congregation in Salt Lake City that the Utah Sugar Company was "the greatest material enterprise ever undertaken . . . and will be the means whereby a vast amount of money will be saved annually to

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31. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 768–69; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1031.
32. Joseph F. Smith, one of the LDS church's Twelve Apostles who would later become president of both the religion and the Utah-Idaho Sugar Company, stated in 1893 that one of the reasons the church became involved in the sugar industry was "because when we came to reflect about it we saw that we had reached a point in our history where there was not a single enterprise of a public character that was calculated to give employment to our people. . . . We began to feel that there was a responsibility resting upon us which required something to be done, in a small way at least, in the direction of giving employment to our people." Smith, "True Economy," *Deseret Evening News*, December 16, 1893. See also "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1068–69.
33. Wilford Woodruff, George A. Cannon, and Joseph F. Smith to the Presidency of the several Stakes and the Bishops and Counselors of the different Wards, November 14, 1890, in Taylor, *A Saga of Sugar*, 78–79.

Thomas R. Cutler

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

the people of this Territory." Likewise, Marriner W. Merrill, another apostle, was instructed to travel throughout Cache Valley in northern Utah on behalf of the corporation.[34]

Woodruff also told Utah Sugar's directors that the church would underwrite the first $50,000 payment to the Dyer Company. According to one of Cutler's sons, Woodruff then sent Cutler to New York City in order to secure the necessary bank note. Several days later, Cutler telegrammed Woodruff, stating he was leaving for Utah on the next train. Woodruff was mystified as to what was going on, for he had received no draft of the note and had no idea whether Cutler had been

34. Arrington, "Development of Manufacturing: Sugar."

successful in the endeavor. When Woodruff and a couple of other church leaders met Cutler at the train station, however, Cutler informed them that he had the money in his traveling case. Dumbfounded, they

> all went to the station rest room, put a chair against the door and [John Henry Smith] sat on the chair while they dumped [Cutler's] traveling bag in the middle of the floor and counted the money. . . . President Woodruff asked, 'What were you thinking of, coming from Chicago in these perilous times with this money in your bag?' [Cutler] answered, 'What good would a draft have been? If I had sent it, we couldn't have cashed it in all the banks in Utah, and we need the money.'[35]

After Cutler presented the money, Woodruff informed him that the church would call apostle Heber J. Grant on a mission as a financial agent to raise additional funds. Grant, along with Cutler, subsequently contacted banks and businessmen in Salt Lake City, Chicago, New York, and Boston, and finally obtained $200,000 from Utah citizens and $150,000 from Salt Lake City banks (on an endorsement from the church), to go along with an additional $180,000 provided by the church.[36]

Yet in order to pay all of the bills, an additional $100,000 was needed. Grant thus contacted Wells, Fargo and Company in San Francisco, but was told "that it would be impossible to lend money, a thousand miles away, on local security." Grant, who had managed the Wells-Fargo Salt Lake City branch earlier in his life, told the head of the bank that if

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35. "Life Sketch of Joseph Albert Cutler as Told to R. Dilworth Rust," 2–3, copy in Arrington Papers, Series 9: Mormon History Topics, box 87, folder 10. See also Jesse R. Smith to Dr. Leonard Arrington, July 31, 1979, ibid. Because this story has no corroboration, it is difficult to determine whether or not it is true.

36. Arrington, "Utah's Pioneer Beet Sugar Plant," 101–2; Arrington, *Great Basin Kingdom*, 390; Van Wagoner, "The Lehi Sugar Factory," 192. Joseph F. Smith also claimed that he had been sent out by Woodruff to try and get Mormons "to subscribe their money to the building of [the Lehi] factory." "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1057.

the manager would write down the names of twenty-five of the strongest Mormon businessmen in Utah, Grant would get twenty of them to guarantee the church's promissory notes. Not believing him, the manager wrote down thirty names, and Grant returned to Salt Lake City where he successfully obtained twenty-five signatures, including that of David Eccles, a Mormon lumberman and banker, who told him that "it would be a pleasure to endorse the Church's notes." With such backing, the loan was secured and construction of the factory continued.[37] As Cutler later declared, the church had "rescued" the Utah Sugar Company.[38]

To many, these fundraising efforts constituted divine intervention, further proof that God really was behind the formation of the Utah Sugar Company. George Q. Cannon, for example, relayed to church members that a mysterious man approached him one day, asking him if he needed any money. The man then gave Cannon $25,000, which was exactly the amount that the Utah Sugar Company needed to keep it afloat. Certainly, Cannon concluded, God's hand was in the sugar works.[39]

In October 1891, the outlook for Utah Sugar improved further. Having completed the erection of the factory, the time had come to discover whether the company could really manufacture sugar successfully, something that neither Brigham Young nor John Taylor had been able to do. A crowd gathered in Lehi on October 15, 1891, to observe the initial efforts. When the amazed onlookers saw the first batch of beets transform into white sugar, they shouted out "hurrahs" and "hosannahs." By the next morning, twenty thousand pounds of beet sugar lay in a railroad car and forty years of effort had finally paid off.[40]

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37. Quotations in Heber J. Grant, *The Strength of the Mormon Church* (Salt Lake City, 1921), 16–20; see also "The Beet Sugar Industry and the Church: Excerpts from the 51st Anniversary Report of the Utah-Idaho Sugar Company"; Arrington, *Beet Sugar in the West*, 11–12; Arrington, *Great Basin Kingdom*, 388.
38. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 769.
39. Arrington, "Development of Manufacturing: Sugar."
40. Arrington, *Beet Sugar in the West*, 13; Smith, *Thomas Robinson Cutler*, 96; Van Wagoner, "The Lehi Sugar Factory," 193.

Indeed, it was no small thing that the factory had succeeded, for raising beets in the arid land of Utah was still a shaky proposition. Although farmers could use irrigation to compensate for the lack of natural water in the Great Basin region, as they did with most of their crops, it was unclear whether irrigated lands could produce healthy sugar beets. In California, the only place where beets had successfully been grown for a number of years before 1890, irrigation was not necessary. According to this "California method," beets needed less water at the beginning of the growing season to ensure the development of a sufficiently long taproot. Farmers should also use less water at the end of the season, the California method stated, in order to secure a high sugar content in the beet. Utah farmers, however, had been raised on the counsel that frequent irrigation of *all* crops was a necessity and thus "did not give too much heed" to the California method. Although many observers predicted disaster, Utah agriculturists soon proved that its method not only worked, but in many ways bettered the California approach.[41] As a U.S. Department of Agriculture report later declared, "methods of cultivation, irrigation, drainage, and fertilization were superior" in Utah "to those prevailing in ordinary farm districts in other parts of the country," and Utah eventually became "the ideal beet-sugar state."[42]

But, as farmers soon discovered, raising beets required a great deal of intensive labor. First, seeds had to be planted in rows twenty inches apart. Because the seeds were multigerm, and because beets would not mature if they were too close together, farmers had to thin out the plants once they sprouted until only one remained in each seed area. In order to do this, Utah agriculturists typically employed "beet gangs" consisting of two groups of young males. The first group, usually young men over the age of fifteen known

41. Walter L. Webb, untitled manuscript, 2–3, in Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 8, folder 3. Webb was the editor of the *Lehi Banner* when the Lehi beet sugar enterprise started and later became an agriculturist with the Utah-Idaho Sugar Company.

42. U. S. Department of Agriculture [USDA], *Progress of the Beet-Sugar Industry in the United States in 1909* (Washington, D.C., 1910), 37.

as "thinners," would block the beets off, and the second, consisting of younger boys known as "crawlers," would thin each block into one plant. As one observer recalled, every crawler dreamed about becoming a thinner because "the hoers [*sic*] job is more dignified." Most of the thinning took place over a ten-hour day, and the boys typically received fifty cents per day for their work.[43]

After thinning, the most arduous job was harvesting the plant, something that typically occurred in late September or early October. A plow first loosened the beets and then a worker would "top" the beets by lifting them out of the soil and "clipping off the crown and leaves with a long knife." The beets were then thrown into piles and transported to the factory by wagon. Harvesters and elevators significantly reduced the amount of labor used in the harvest, but not until the turn of the century.[44] Because of the intensity of the labor requirements, most sugar beet growers in the American West used hired help, mainly from Mexico or Japan, since few white workers would accept that type of employment. But in Utah, "the members of farm and village families capable of working in the fields were more numerous," and families or the aforementioned groups of young men performed most of the labor, at least until the 1910s and 1920s.[45]

After the beets arrived at the factory, they were stored in sheds to prevent freezing. Then the complicated procedure of converting the vegetable into sugar began. When all of these processes finally produced sugar in October 1891, it is no wonder that those present shouted for joy. As the amount of beet sugar it produced increased, the Utah Sugar Company slowly began to work its way out of debt, largely because of the financial backing of the LDS church, the state government (which provided a one-cent per pound bounty for sugar production), and the federal government (which

43. Webb, untitled manuscript, 3.
44. USDA, *Progress of the Beet-Sugar Industry in the United States in 1909*, 14.
45. Quotation in Paul S. Taylor, "Hand Laborers in the Western Sugar Beet Industry," *Agricultural History* 41 (Winter 1967): 23; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1054; Arrington, *Beet Sugar in the West*, 23.

gave a two-cent per pound bounty under the 1890 Dingley Tariff). However, financial difficulties continued to plague the corporation throughout the 1890s.

In 1893, an economic depression hit the United States, adversely affecting businesses across the country, including the Utah Sugar Company. Because the depression made it expensive for the corporation to renew its many loans, Utah Sugar tried to fund its debt through the issuance of $400,000 in first mortgage bonds. When these bonds failed to sell, the LDS church—despite its own financial problems stemming from the 1893 panic—decided to purchase and resell them at a discounted price to Joseph Banigan, a Rhode Island businessman who had liked the "integrity, industry, and thrift" that he saw in the Mormon people. The church took a loss on the deal, but the Utah Sugar Company benefited greatly from it. Finally out of debt, the corporation was able to pay its first cash dividend in January 1896. Reeling from its own financial problems, the LDS church continued to make it a priority to support Utah Sugar, as Woodruff directed the organization to purchase 8,520 shares of stock, an investment totaling $85,200.[46]

In addition, church leaders continued to brainstorm for the Utah Sugar Company. Aware that many Mormons themselves faced financial setbacks from the Panic of 1893, church leaders still emphasized the necessity of supporting Utah Sugar. Several talks in the church's October 1893 general conference, for example, addressed the sugar industry, with President George Q. Cannon relating that the First Presidency and the Quorum of the Twelve Apostles had assumed "very heavy burdens in order to carry this project out." The only reason why they subjected themselves to such loads, Cannon continued, was because of "the manifestations of the Spirit of God through our President and to each one of us" that the Lord wanted the sugar industry established.[47] Cannon elaborated at another LDS gathering, telling members that "some of the Twelve

46. Arrington, *Great Basin Kingdom*, 390–91; Van Wagoner, "The Lehi Sugar Factory," 196. Banigan was apparently the only individual the church could find who would purchase the bonds.

47. *Deseret Evening News*, October 21, 1893.

were doubtful about" the industry's success, until they "met together, . . . prayed and sought to know the mind of the Lord about it." According to Cannon, "the Lord revealed in great plainness that it was our duty to say to the Latter-day Saints, 'Go to work and build up a sugar factory, and seek to produce sugar in the land.'"[48] Woodruff was no less effusive, telling the church that he was willing to stand before God after he died "to bear my part of the responsibility" for establishing the beet sugar industry because "if there is anything on earth that I was ever moved upon by the Spirit to do it was to unite in that enterprise with my brethren."[49]

Joseph F. Smith even went further. He criticized Latter-day Saints for not supporting Utah Sugar, stating that members frequently purchased imported sugar above "Lehi sugar" because importers "cut down the price, in order to undersell the home product." Smith shamed any Latter-day Saint that did not buy Lehi sugar, saying that whoever refused the product might be a Mormon, but was not a Latter-day Saint. "We ask the people to patronize home industries—patronize the Lehi sugar factory . . . [in] a spirit of patriotism, a spirit of home interest, and of wisdom," he concluded. Accordingly, after Smith's address, leaders of wards in Utah had their members pass resolutions stating that they would "sustain the Utah sugar factory by demanding Utah sugar as long as the supply lasted."[50]

As the 1890s came to a close, then, the Utah Sugar Company found itself on firmer financial ground and blessed by church authorities who continually informed members that the industry was in divine hands and deserved their support. With this financial and ecclesiastical backing, the Lehi factory processed more and more beets, going through 36,000 tons in 1899. Because of the increased production and because it now had the money to do so, the Utah Sugar Company expanded the Lehi factory in 1899 and 1900, enabling it to process a thousand tons of beets per day.[51]

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48. *Deseret Evening News,* August 26, 1893.
49. *Millennial Star* 61 (1894): 227.
50. All citations in Arrington, "Development of Manufacturing: Sugar."
51. Van Wagoner, "The Lehi Sugar Factory," 200.

With the success of the Lehi plant, farmers across Utah began petitioning the Utah Sugar Company to build factories in other areas.[52] At the same time, sugar company officials tried to convince farmers of the benefits of growing beets, and Thomas Cutler even served as a "sugar beet missionary" to various parts of Utah for that purpose. On a request from George Q. Cannon, Cutler, carrying a blackboard, showed "the farmers how to raise beets, and what profits there would be in them."[53] Since the cultivation of sugar beets required so much work, Cutler had to convince farmers of the value of growing beets in order to ensure that agriculturists would continue to raise the product. Cutler thus focused on the numerous benefits that beet cultivation provided, following the example of the United States Beet Sugar Association. One of this organization's publications, for example, stated that if farmers grew sugar beets, they would discover that the product promoted "soil fertility and sound farming practices." Because the beet's root system extended six or seven feet below the ground, it was a good plant to use in a crop rotation system, as it could reach nutrients that other crops could not. In addition, after the beet had been harvested, most of the root system remained in the ground where it served as "green manure" and increased the fertility of the soil.[54]

Beet sugar companies claimed that the beet was "literally two crops in one." Not only did it produce sugar for human consumption, but its byproducts, such as the tops, pulp, and molasses, were "highly nutritious feeds for livestock, and thus provide[d] additional food and fiber for human beings as meat, milk and wool." Combined with grain and alfalfa hay, the beet's byproducts could "produce beef and mutton or lamb at lower cost than any other ration available in the United States." Farmers could not only grow beets for sale to a factory, but could also use them to feed their livestock. However, according to most beet sugar publications, the greatest reason for farmers

52. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 773.
53. "Testimony of Mr. Thomas R. Cutler," June 23,1911, American Sugar Refining Company Hearings, 829.
54. USBSA, *The Beet Sugar Story*, 22–24.

to grow beets was that it was "a dependable and highly valuable cash crop." Companies could contract with farmers before every growing season as to the amount of money they would receive for each ton of beets, giving agriculturists "an assured market . . . even before the seed [was] in the ground." Whatever income farmers gained from their beets could then be used "as a basis for the financial planning of [their] operations." As one publication concluded, "The banker looks with favor upon the farmer who grows beets."[55]

The information provided by Cutler convinced many Utah agriculturists to grow beets. At the same time, the Utah Sugar Company's directors were increasingly convinced that the Intermountain West was an ideal place for beet sugar production. The soil was rich, the growing season had warm days and cool nights, and sunshine and water (from irrigation) abounded. Moreover, Mormon families, instilled with a strong work ethic, provided a sufficient labor force for the crop.[56] Therefore, the Utah Sugar Company, with the encouragement of Mormon church leaders, gradually began to expand its operations from Lehi into other territories.[57] This corresponded to a general trend in Utah's economy, whereby enterprises enlarged their vision from local markets to larger territories.[58]

But funding was necessary for such expansions, and by 1900, the LDS church was not in a position to provide it. When Lorenzo Snow assumed the presidency from Wilford Woodruff in 1898, he established a financial committee to investigate the church's economic affairs. The report was disquieting. The church had faced a difficult time trying to regain its property and assets confiscated in the late 1880s

55. Quotations in USBSA, *The Beet Sugar Story,* 25, 30; see also "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1042.

56. Leonard J. Arrington, "Launching Idaho's Sugar Beet Industry," *Idaho Yesterdays* 9 (Fall 1965): 18.

57. Lorenzo Snow, the fifth president of the LDS church, became the first president to also serve as president of the Utah Sugar Company. After George Q. Cannon, one of his counselors who was president of the corporation from 1898 to 1901, died in 1901, Snow assumed leadership of the corporation. Snow himself died on October 10, 1901. Arrington, *Beet Sugar in the West,* 177.

58. Arrington, "The Commercialization of Utah's Economy," 6–7.

by the federal government, and Woodruff's investments in various enterprises, as well as in educational pursuits, had further drained church coffers, as had loans provided to high-ranking church leaders who suffered setbacks in the Panic of 1893. Because of this situation, the church was perilously close to bankruptcy in 1898. To correct the situation, Snow proclaimed the necessity of curbing church expenditures and of increasing church members' dedication to the principle of tithing (a donation of 10 percent of a person's annual increase). Clearly, the church had little means to support the industries in which it had invested.[59]

Therefore, in the early 1900s, many Utah corporations looked to outside capital for funding.[60] Sugar was no different; the Utah Sugar Company and its leaders turned to Henry O. Havemeyer, president of the American Sugar Refining Company, which, as we have seen, was an eastern cane sugar manufacturer known as the "Sugar Trust" for its monopolistic practices, for the capital necessary to enlarge its territory. Not all LDS authorities were comfortable with this development. Apostle Anthon H. Lund, who would become a member of the First Presidency in 1902, told Utah Sugar leaders that he considered it "so much better for us if we could continue as we are and build up this industry with home capital."[61] He was especially worried about giving up control of the corporation to outside interests. Regardless of Lund's reservations, Havemeyer purchased 50 percent of the Utah Sugar Company's stock in 1902. According to Cutler, the directors were willing to sell to Havemeyer because they "wanted capital," and Havemeyer promised that he would supply them "with one-half the capital that [they] required at any time."[62]

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59. E. Jay Bell, "The Windows of Heaven Revisited: President Lorenzo Snow's Revelation in St. George and the 1899 Tithing Reformation," 2–9, copy in possession of the author.
60. Arrington, "The Commercialization of Utah's Economy," 4, 7.
61. Anthon H. Lund Diary, November 22, 1901, excerpt in Kenney Collection, box 3, folder 6.
62. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 774. The following chapter will analyze more fully the reasons for American Sugar's interest in Utah-Idaho Sugar and the effects that this had on the company.

With Havemeyer's financial backing and leadership, the Utah Sugar Company enlarged its operations at the same time that the beet sugar industry was exploding throughout America. From 1898 to 1903, over forty new factories were built in the United States, representing an investment of about $80 million, and Utah Sugar rode this wave of expansion.[63] In 1903, for example, the corporation constructed a facility at Garland, Utah, a small town about ninety miles north of Lehi, with the capacity to process six hundred tons of beets per day.[64] That same year, members of the board of the Utah Sugar Company formed the Idaho Sugar Company in order to begin construction of factories in Idaho. According to Cutler, the Utah Sugar Company created a new corporation so that "the people [of both Utah and Idaho] could speculate a little on the stock." No one wanted stock in the Utah company, Cutler claimed, because it used "an old factory." Yet people were enthusiastic about climbing aboard a new enterprise, so the Idaho Sugar Company was formed on January 23, 1903. Havemeyer claimed half of the stock of the company and provided half of the capital for the building of the corporation's first factory at Lincoln, Idaho, which was near Idaho Falls, while the LDS church took 5,625 of the 75,000 shares.[65] Aside from the fact that the principal stockholders and officers were the same in the Utah Sugar Company and the Idaho Sugar Company, other similarities existed as well. For one thing, the Idaho Legislature passed a law on March 11, 1903, stating that it would provide a bounty of one cent on each pound of sugar manufactured in 1903.[66] Unfortunately, unlike Utah, the legislature never actually paid

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63. Arrington, "Science, Government, and Enterprise in Economic Development," 10.
64. Taylor, "Notes on the Development of the Beet Sugar Industry in Utah," 2:938.
65. Quotations in "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 771–72; see also Arrington, *Beet Sugar in the West*, 56–58.
66. "An Act to Provide for the Encouragement of the Manufacturing of Beet Sugar Within the State of Idaho," March 11, 1903, House Bill No. 117, copy in Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 9, folder 4.

the bounty because the law was ruled unconstitutional.[67] In addition, several Utah Sugar employees were transferred to the Idaho plants to ensure the success of the new enterprise. For example, Thomas Cutler sent Walter L. Webb, a chemist at the Lehi factory, to Idaho "to assist in building the factory and operating it." The Dyer Company also constructed the Idaho mill, as it had the Lehi facility.[68] Built under the auspices of the Idaho Sugar Company, the Idaho factory was really just an extension of the Utah Sugar Company.

Eight months after the formation of Idaho Sugar, its board of directors decided that a second factory was needed in Idaho. However, because the first plant had not yet succeeded financially, the company did not have the necessary capital for expansion. Therefore, the directors created a third corporation, the Fremont County Sugar Company. As with the other two firms, Fremont County had the same directors and management and also was capitalized with 75,000 shares of stock, of which Havemeyer owned half and LDS church authorities owned 18 percent. The company again employed E. H. Dyer and Company to construct a factory, located at Sugar City, roughly twenty miles north of Lincoln, and technical leaders from Lehi served as the main consultants for the initial sugar production. Because of the similarities between the Idaho and the Fremont companies, they merged in 1905 after the Fremont's first campaign, and the new company—The Idaho Sugar Company—increased its capital stock to $5 million.[69]

At the same time, Idaho Sugar bought out an independent enterprise, the Snake River Valley Sugar Company, which operated a factory in Blackfoot, Idaho. Later in the year, the Idaho Sugar Company discovered that representatives of W. D. Hoover, a Colorado businessman who had constructed a sugar mill at Eaton, Colorado, had contacted farmers in western Idaho and offered to build factories at Nampa and Payette.

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67. Federal Trade Commission, *Report on the Beet Sugar Industry in the United States* (Washington, D. C., 1917), x, 14; Arrington, "Launching Idaho's Sugar Beet Industry," 20–21.

68. "Walter L. Webb Memoirs," 5.

69. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 824.

Concerned about the arrival of another independent firm, Idaho Sugar's directors, upon approval of Henry Havemeyer, agreed to form yet another corporation, the Western Idaho Sugar Company, which would then construct facilities at both Nampa and Payette.[70] Western Idaho Sugar again had the same officers and leaders, but because it had to finance the construction of two factories, it was capitalized at $2 million and issued 200,000 shares of stock.[71] Havemeyer again took half, with Joseph F. Smith (who had become president of both the LDS church and the Utah Sugar Company in 1901) and Thomas Cutler also purchasing shares. Thus, by the close of 1905, the Utah Sugar Company dominated most of Utah's sugar industry, while the Idaho Sugar Company and the Western Idaho Sugar Company controlled Idaho's production. Because the same officers and virtually the same stockholders formed each company, Utah Sugar and its leaders, many of whom were high-ranking church authorities, essentially had a monopoly over both states' sugar production.[72]

In 1906, Cutler and other directors decided that because of the similarities between the three companies, amalgamating them might prove beneficial. For one thing, it would bring "greater economy in operation," as it would save on directors' fees and the salaries of the president and the general manager, who

70. Cutler later insisted before a House of Representatives committee that the only reason why the company was formed at this time was that after five years of investigation, the Idaho sugar men finally decided that the area could support the growing of sugar beets. However, because it prevented Hoover from operating his enterprise, it seems that Cutler was not as forthcoming as he pretended. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 780.

71. Because of unfavorable conditions, Western Idaho Sugar later decided to build only one factory, located at Nampa. It thus reduced its capitalization to $1 million. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 781.

72. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 777–80; Arrington, "Launching Idaho's Sugar Beet Industry," 24–26. In 1905, the Utah Sugar Company had some competition from two other beet sugar corporations, the Amalgamated Sugar Company, with factories in Ogden and Logan, and the Lewiston Sugar Company, which operated a factory in Lewiston, roughly twenty-five miles north of Logan. However, both of these companies had leaders of the LDS church on their boards of directors, assuring that little real competition existed between the three.

were all receiving three different wages from the three different corporations. In addition, a combination of the companies would lead to greater stock stability. Moreover, consolidating the corporations would make it easier to borrow money for sugar production. "The Utah Sugar Co. was known, but the other companies, having been organized of recent date, they did not have the credit that the original Utah Sugar Co. had," Cutler stated, "and I found it very difficult to borrow money in the financial world." In a similar way, consolidating the firms would increase their technical efficiency, as duplicate pieces of equipment could be stored at a general warehouse for later use. Finally, if the companies were combined, the board of directors would hear less criticism from stockholders in one corporation complaining that one firm was being promoted above their own. Armed with these reasons, Cutler approached Havemeyer about a combination. After "a great deal of argument," Havemeyer finally agreed to the merger in June 1907.[73]

Cutler then presented the proposal to the stockholders of the different corporations, as two-thirds had to offer approval before the merger could occur. Some were unenthusiastic about the combination, especially those holding stock in the Western Idaho Sugar Company. Western Idaho had experienced an excellent campaign in 1906, and its stockholders believed that their stock was worth more than Idaho Sugar or Utah Sugar shares. To alleviate these concerns, Cutler declared that holders of Western Idaho stock would receive a 25 percent premium on their new certificates, while holders of Idaho stock would only receive a 10 percent premium. This convinced the necessary proportion of stockholders, and on July 31, 1907, the Utah-Idaho Sugar Company was officially incorporated under the laws of Utah.[74]

73. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 782–84, 831–33.
74. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 782–84; "Minutes of the Utah Sugar Company, March 5, 1907, May 21, 1907, July 3, 1907, July 18, 1907," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1; Arrington, *Beet Sugar in the West*, 71–72.

Utah-Idaho's initial authorized capitalization was $13 million, with $10 million in preferred stock and $3 million in common stock, and it had control of six factories, two in Utah and four in Idaho. Although it did not approach the size of many eastern businesses, it was still a large beet sugar enterprise. The Great Western Sugar Company (located in Colorado) and the American Beet Sugar Company (formed by the Oxnard brothers), for example, were two of the biggest beet corporations in the United States, and their capitalization exceeded Utah-Idaho's only by $7 million.[75] Joseph F. Smith continued as president of the new corporation, with Thomas R. Cutler serving as vice president and general manager and Horace G. Whitney appointed as secretary and treasurer.[76] As with the other companies, Henry Havemeyer held half of the corporation's stock, and the LDS church, because of the consolidation of the stock held in the other firms, held 49,815 shares worth roughly $500,000, constituting one of the church's largest business investments.[77]

At the time of the consolidation, there was a sneaking suspicion among many observers that, despite its financial setbacks and the growing influence of non-Mormons in Salt Lake City's economy, the LDS church was still dominating Utah's economic affairs. When Reed Smoot, a Mormon apostle, was elected to the U.S. Senate in 1902, for example, hearings were held before that body to determine whether or not he was fit to serve as senator. The investigation was sometimes less about Smoot and more about the Mormon church, as the religion's teachings and practices came under intense scrutiny. Joseph F. Smith, president of the church, testified at the hearings, as did other leaders. One of the charges leveled against Smith was that the church maintained economic control over its members and forced them to support church-sanctioned enterprises. Smith's testimony of

75. Eichner, *The Emergence of Oligopoly*, 241, 244.
76. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 782; Arrington, *Beet Sugar in the West*, 71, 178.
77. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1032, 1039. Smith claimed that the dividends on this stock were used "for the interest of the church . . . in a religious way."

all the corporations in which he served either on the board or as president seemed to produce the necessary proof of this accusation.[78]

But church authorities contended that there was nothing unseemly in their involvement in Utah industries. Heber J. Grant told a Mr. Albert Wilson in 1905 that "while the Church is interested in its members and oftimes has used Church funds to aid their frontier settlements in establishing industries, never has it interfered with the individual." Grant admitted that the church had taken a large interest in the sugar industry, but he made no apologies for it. "I have no hesitancy in saying that this, the greatest of all the industrial businesses in Utah, would never have been established but for the financial aid of the Church," he related, "and the active labors of the leading Church Officials in soliciting subscriptions."[79]

Grant was probably correct in his assertions, but what he and other leaders failed to perceive was that church involvement in Utah-Idaho Sugar, a company whose whole purpose was to provide dividends to their stockholders and profits to their officers, would create problems for both the corporation and the church. In times when Utah was largely segregated economically from the rest of the nation, and when some central authority was essential to promote the developing economy, church economic domination was both accepted and necessary. Now that industries such as beet sugar were becoming more integrated into the larger national economy and capitalistic ideas had largely replaced those of cooperation and self-sufficiency, Mormon influence would not be tolerated.

Yet Smith, Grant, and others were reluctant to give up their control of the beet sugar industry. They and the church itself had provided financial support at great sacrifice in the 1890s, and had also invested time and energy into promoting

78. Kathleen Flake, *The Politics of American Religious Identity: The Seating of Senator Reed Smoot, Mormon Apostle* (Chapel Hill, N.C., 2004), 61–62; Milton R. Merrill, *Reed Smoot: Apostle in Politics* (Logan, Utah, 1990), 79–80, 96–97.

79. Heber J. Grant to Mr. Albert E. Wilson, n.d. [ca. October 1905], Kenney Collection, box 12, folder 22.

the industry. Now that the initial painful growing years had come to an end and Utah-Idaho Sugar was becoming profitable, they and the church could finally reap some benefits for their sacrifices. Besides, God had never told Smith that he was satisfied with the church's efforts, so the divine requirement to promote the industry still remained. Unfortunately for both the church and Utah-Idaho Sugar, a nation convinced that big business—and especially the sugar industry—was inherently evil and that LDS leaders exercised unfair ecclesiastical influence in Utah was watching. A clash seemed inevitable.

Chapter Three

Before the Hardwick Committee of the House of Representatives

Nibley and his friends are not the robbers but only their agents. Their souls are in pawn to the Havemeyers so that Utah sugar must go on in the sickening game of greed or go out of the sugar business. These benevolent gentlemen cannot stop the monstrous injustice; they can only fatten on it. They can only make a weak defense of it and hypocritical pretensions of love for us, its victims.

—*Kane County News* (Utah), July 8, 1916

My opinion was, and is now, that Mr. Havemeyer was the greatest friend to the beet-sugar industry that we ever had.

—Thomas R. Cutler to the Hardwick Committee, 1911

In 1911, the Democrat-dominated House of Representatives created a special committee to conduct hearings into the affairs of the American Sugar Refining Company, commonly known as the Sugar Trust, and to determine whether or not that corporation had violated the Sherman Antitrust Act of 1890. As part of the investigation, the committee examined the relationship between American Sugar and the Utah-Idaho Sugar Company. Joseph F. Smith, president of Utah-Idaho Sugar, and Thomas R. Cutler, Utah-Idaho's vice president and general manager, were called to testify at the hearings. Because the committee's purpose was to discover any improprieties in the alliance between the two corporations, the testimony focused on American Sugar's holding of nearly half the stock of Utah-Idaho Sugar. Yet a central part of the examination also focused on the LDS church's role in the industry, including unseemly conduct by Utah-Idaho leaders, such as stock watering, price hikes for Utah consumers, and actions to discourage independent sugar concerns. At the conclusion of the hearings, the committee declared American Sugar's relationship with Utah-Idaho to be improper, and they also castigated Utah-Idaho leaders for their business practices. This led the *Salt Lake Tribune* and other observers to rejoice that Utah-Idaho's vile ways had finally been unmasked.

When the House of Representatives decided to inquire into the affairs of the American Sugar Refining Company, that corporation was no stranger to government investigations. As we have already seen, American Sugar was formed in 1891 after the federal government had declared the Sugar Trust to be an illegal combination of sugar refiners. Because of permissive laws in New Jersey, where the new firm incorporated itself, American Sugar was basically the same entity as the defunct Sugar Trust. For the next two decades, the company engaged in several practices that made it the target of governmental inquiries. In 1892, the government filed a suit alleging that the corporation's absorption of four Pennsylvania refineries violated the Sherman Antitrust Act, but the Supreme Court dismissed the case, stating that the manufacture of sugar was not interstate commerce and therefore not under the purview of the Sherman Act. In July 1909, American Sugar's directors were indicted for trying to obtain control of the Pennsylvania Sugar Refining Company, and in 1911, that suit was still pending. Still pending, too, was a case that began in November 1910 when the government initiated litigation against American Sugar because its holdings in various corporations, including beet sugar factories, constituted "a conspiracy to monopolize interstate trade in violation of the Sherman law."[1]

Even though the government had investigated American Sugar a number of times, the company had never been punished for its actions and it still existed in 1911 in the same form as when it was incorporated in 1891. Many members of Congress were upset at the corporation's flagrant violations of the Sherman Act and the government's inability to penalize the company. At the same time, the American public was experiencing a rise in the cost of living and most Democratic politicians, muckraking journalists, and reformers believed that business practices were contributing to the increases. Likewise, they disparaged the sugar tariff as a direct subsidy for the sugar industry that elevated prices. Some citizens also believed that the Taft Administration was deliberately dragging its feet in carrying out lawsuits against various companies, including American Sugar. The Democrats, known at the time for their opposition to big business, had made appreciable gains in the House of Representatives in the November 1910 elections.[2]

All of these factors led Representative Thomas W. Hardwick from Georgia to propose an investigation of American Sugar. On May 9, 1911, the Committee on Rules presented House Resolution 157 to the House for debate. This resolution, authored by Hardwick, proposed the establishment of a nine-member committee to investigate the American Sugar Refining Company to discover "whether or not there have been violations of the antitrust act of July 2, 1890." The resolution

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1. House, *American Sugar Refining Co. and Others*, 62d Cong., 2d sess., 1912, H. Rept. 331, serial 6135, 2. See also *United States v. American Sugar Refining Co., et al.*, original petition, 118–28, copy in Leonard J. Arrington Papers, MSS 1, Series 12: The Writings of Leonard J. Arrington, box 10, folder 3, The Leonard J. Arrington Historical Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah (hereafter referred to as Arrington Papers); Alfred S. Eichner, *The Emergence of Oligopoly: Sugar Refining as a Case Study* (Baltimore, Md., 1969), 179–87, 300–304.
2. *Congressional Record*, 62d Cong., 1 sess., 1911, 47, pt. 1:881; Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge, Mass., 1962), 95, 121; Eichner, *The Emergence of Oligopoly*, 308; "Attack Made Upon Trusts of All Kinds," *Salt Lake Tribune*, May 4, 1911.

suggested that the committee have authorization to investigate any other sugar firm and its relations with American Sugar. In this way, the committee could ascertain whether or not American Sugar or other concerns had restricted competition "among manufacturers or refiners of sugar," increased the price of sugar for the consumer, or decreased the rate that farmers received for their sugar beets and cane.[3]

Before the committee was even selected, some Democrats had already formed conclusions as to what the inquiry would reveal. "Any intelligent committee that investigates this subject," Hardwick asserted, "is bound to discover . . . that this American Sugar Refining Co. and its associated and affiliated corporations, directly controls more than 50 per cent" of the sugar output of the United States. The investigation would also show that American Sugar, which hid "behind the protective-tariff wall," had "fastened [its] grip upon the throats of the American people," producing high sugar prices by destroying real competition. Although Hardwick claimed that nearly everyone knew of American Sugar's crooked ways, he argued that the investigation was still necessary to show the American people that the corporation was responsible for "this enormous increase in the cost of living."[4]

Some Republicans questioned Hardwick's motives in proposing the inquiry; many of them believed that his real intentions were "to prove that [the tariff] is wrong." They declared that unless committee members could set aside their personal prejudices against American Sugar and the tariff system, the investigation would have no benefit whatsoever.[5] These protests notwithstanding, most Republicans supported the investigation, believing that it would show the House whether or not additional laws were necessary to strengthen the Sherman Act, and the resolution easily passed by a vote of 92 to 28. A few days later, the Ways and Means Committee submitted the names of five Democrats

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3. *Congressional Record,* 62d Cong., 1 sess., 1911, 47, pt. 2:143.
4. *Congressional Record,* 62d Cong., 1 sess., 1911, 47, pt. 2:1144.
5. See, for example, *Congressional Record,* 62d Cong., 1 sess., 1911, 47, pt. 2:1145.

and four Republicans as the committee: Thomas W. Hardwick (D-Georgia); Finis James Garrett (D-Tennessee); William Sulzer (D-New Jersey); John E. Raker (D-California); Henderson Madison Jacoway, Jr. (D-Arkansas); George Roland Malby (R-New York); Joseph Warren Fordney (R-Michigan); Edward Haggard Madison (R-Kansas); and Asher Crosby Hinds (R-Maine). Hardwick would chair the investigation.[6] Seven of the nine were lawyers, Hinds was a journalist, and Fordney was a businessman. None of the delegates had any background in the sugar industry, although most came from states where sugar production, either cane or beet, was important. Significantly, Louisiana, Colorado, Utah, and Idaho, four states that thrived on sugar production, had no committee representation.[7]

After its formation, the committee faced a problem: the federal government was already prosecuting its 1910 suit against the American Sugar Refining Company in the United States Circuit Court for the Southern District of New York. Because of this trial, members of the House of Representatives became concerned that sugar leaders might not willingly appear before the committee unless they could claim immunity from prosecution, something Congress would not offer. As one newspaper reported, "It is no secret . . . that a majority of the committee—in fact, all of the Democrats—are convinced that no sugar trust official can legally claim immunity from civil or criminal prosecution . . . by reason of anything he may say before the committee."[8] In order to dissuade any sugar leader from spurning the investigation, the House declared that it had "ample authority under existing laws to prosecute for a misdemeanor any witness who refuses to appear" before the committee.[9] After the House issued its ultimatum, the *Salt Lake Tribune*, a firm opponent of the LDS church and Utah-Idaho Sugar, announced that it eagerly awaited the "exceedingly

6. *Congressional Record*, 62d Cong., 1 sess., 1911, 47, pt. 2:1254.
7. *Biographical Dictionary of the American Congress, 1774–1971* (Washington, D. C., 1971), 959, 988–89, 1068, 1122, 1180–81, 1325, 1330, 1581, 1775.
8. "Joseph F. Smith To Appear as Witness," *Salt Lake Tribune*, June 10, 1911.
9. *Congressional Record*, 62 Cong., 1 sess., 1911, 47, pt. 2:1147.

embarrassing questions" that the sugar authorities would have to answer.[10]

On June 12, 1911, the *Tribune* got its wish when the first witnesses were called before the Hardwick Committee. For the first few days, the group heard testimony from eastern men describing American Sugar's involvement in the cane sugar industry. Some of the testimony focused on the corporation's attempts to control the beet sugar industry, a subject that the committee wanted to explore in detail. Indeed, a main catalyst for the inquiry was a muckraking article written by Judson C. Welliver that appeared in *Hampton's Magazine* in January 1910 and alleged wrongdoing in the sugar industry. The major focus of the essay was the connection between American Sugar and the Mormon church, but the article also asserted that in the fall of 1901, Henry Havemeyer, president of American Sugar, had forced western beet sugar interests to sell out to his corporation by flooding the Missouri River market with cane sugar at the same time that beet sugar had appeared. According to Welliver, Havemeyer sold his sugar for a cent a pound less than the beet sugar, meaning that relatively few people actually purchased the beet commodity. Because of Havemeyer's actions, the beet sugar industry, unable to match the prices, crashed, forcing several firms into bankruptcy. Havemeyer then purchased majority interests in the failed companies. Since 1901, Welliver charged, "beet sugar has been the vassal, the slave, the tool, of the Sugar Trust."[11]

Welliver's accusations led the Hardwick Committee to explore how Havemeyer became interested in the beet sugar industry and just how extensive his holdings were, even though Havemeyer himself had died on November 28, 1907. It questioned several former American Sugar personnel about these issues, including Lowell M. Palmer, a director in the corporation from 1899 to 1905. According to Palmer, Havemeyer's foray into beet sugar was not as devious as Welliver had described, at least not in the case of the Utah Sugar Company. Palmer claimed that in October 1901, Wallace Willett,

10. "Joseph F. Smith To Appear as Witness," *Salt Lake Tribune*, June 10, 1911.
11. Judson C. Welliver, "The Mormon Church and the Sugar Trust," *Hampton's Magazine* 29 (January 1910): 88–90.

a sugar statistician, approached him and told him that beet sugar companies in the American West manufactured sugar at a lower cost than American Sugar believed. "[I]t would be a wise thing," Willett advised, "for [American Sugar] to have an investment in those companies." Acting upon Willett's advice, American Sugar's board of directors passed a resolution that a committee of four, including Havemeyer and Palmer, investigate how the company could best "acquire and manage the beet-sugar companies."[12]

This committee decided that the best regions for the company's initial involvement in beet sugar were in Michigan and Colorado. But Palmer argued that because Michigan farmers "could raise a diversity of crops," Michigan companies might have a difficult time convincing agriculturists to grow sugar beets. Instead, he counseled, American Sugar should approach the Mormons in Utah because "the Mormon Church, in a measure, controlled its people" and American Sugar "would be more liable to get beet sugars from that concern than from any other."[13]

The conception that the LDS church still exercised economic control in Utah in the twentieth century, notwithstanding the financial difficulties that the organization had undergone in the late 1800s, was a common view. The Smoot hearings, for example, largely dealt with the perception "that the Church hierarchy, of which Reed Smoot was a member, controlled and directed both temporal and religious matters."[14] Although Smoot was eventually allowed to retain his senate seat, allegations of the church's meddling in Utah politics and business had reached a national audience, and muckrakers in the 1910s quickly exploited those charges. In the same article that "uncovered" the plot of American Sugar against America's beet refiners, Welliver also asserted that "there is

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12. "Testimony of Lowell M. Palmer," June 15, 1911, House Special Committee on the Investigation of the American Sugar Refining Co. and Others, *Hearings Held Before the Special Committee on the Investigation of the American Sugar Refining Co. and Others,* 62d Cong., 1 sess., 1911, 328–29 (hereafter referred to as American Sugar Refining Company Hearings).
13. "Testimony of Lowell M. Palmer," June 15, 1911, American Sugar Refining Company Hearings, 329.
14. Milton R. Merrill, *Reed Smoot: Apostle in Politics* (Logan, Utah, 1990), 30.

no body of people in America so perfectly organized, so completely controlled politically and in business matters, as the Mormons. . . . They vote, they conduct their business, they make investments, as the church bosses direct."[15]

The problem, according to several essayists, was that the church preached strict, unquestioning obedience to the dictates of its leaders, implying that if an official told the membership to go into a certain business and to leave another alone, the people had to follow. Richard Barry, in an article for *Pearson's Magazine*, charged that because of the authority that Mormon officials exercised over their members, "it is difficult to find a Mormon who questions the financial integrity of his church leader."[16] Likewise, Charles G. Patterson, a Mormon himself who lived in Utah, scolded his fellow saints for not realizing that big businessmen regarded LDS leaders "as being exceedingly fortunate in presiding over a people who have been schooled in obedience."[17] Although church leaders such as Heber J. Grant denied such control, LDS involvement in the beet sugar industry proved different. As we have already seen, LDS leaders frequently told members that God wanted the industry established and that because of personal sacrifices that both the church and its authorities had made, good Mormons should support the Utah Sugar Company and its descendants. Although these actions were not as conniving and heartless as Welliver and others depicted, they still manifested a pattern of control that church leaders tried to maintain over Utah sugar.

To Lowell Palmer, LDS involvement in the Utah beet sugar industry made the Utah Sugar Company a desirable investment. He convinced Havemeyer, and Havemeyer accordingly entered into negotiations with Thomas R. Cutler to gain an interest in the Utah Sugar Company. Thereafter, Palmer declared, American Sugar concluded deals with Colorado and Michigan sugar interests, with the Oxnard brothers who

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15. Welliver, "The Mormon Church and the Sugar Trust," 86–87.
16. Richard Barry, "The *Mormon* Method in Business," *Pearson's Magazine* 15 (November 1910): 576.
17. C. G. Patterson, *Business, Politics and Religion in Utah*, 3rd ed. (Salt Lake City, 1916), 16.

headed the American Beet Sugar Company, and with Claus Spreckels, the sugar magnate of California. Palmer insisted that American Sugar did not conduct a price war against beet sugar interests, but instead acquired its holdings through mutually desirable business deals.[18]

With the background that Palmer and other former directors of American Sugar provided, the Hardwick Committee explored in detail the corporation's dealings with beet sugar firms in the American West. Because of Utah-Idaho Sugar's connections with American Sugar, and because Welliver's article and the 1910 government lawsuit both alleged that the Mormon church worked with American Sugar to restrain competition, the committee examined with great care the relationship between Havemeyer and Utah-Idaho. It called Thomas R. Cutler, Joseph F. Smith, president of both the LDS church and Utah-Idaho Sugar, and Charles W. Nibley, presiding bishop of the Mormons and a director in the sugar firm, before the committee.

Cutler and Nibley willingly appeared before the body, but the committee had to compel Smith to come. During the Smoot hearings in 1904, Smith had spent three days before the Senate's Committee on Privileges and Elections, answering questions about his family, the church's involvement in politics, and his role as leader of the LDS church.[19] That experience made Smith reluctant to face another grilling at the hands of Congress, especially since he regarded the

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18. "Testimony of Lowell M. Palmer," June 15, 1911, American Sugar Refining Company Hearings, 329–31. Alfred Eichner, an economic historian who wrote an excellent history of the American Sugar Refining Company, claimed that the price war to which Welliver referred occurred only after the American Beet Sugar Company, owned by the Oxnard brothers, began dumping its excess sugar in the Missouri River Valley, which to that point had been "an important market for the American Sugar Refining Company's own products." Enraged, Havemeyer placed his own refined sugar on the market in the late summer of 1901 and sold it for a cent less than the American Beet Sugar Company's product. According to Eichner, Havemeyer did not conduct the war to gain control of western beet sugar industries, but to exact revenge from a competitor. Eichner, *The Emergence of Oligopoly*, 244–46.

19. See Kathleen Flake, *The Politics of American Religious Identity: The Seating of Senator Reed Smoot, Mormon Apostle* (Chapel Hill, N.C., 2004), 56–81; Merrill, *Reed Smoot*, 47–48.

investigation as "a bit of political advertising and boasting before the next campaign, merely campaign thunder." He also insisted that his appointment as president of Utah-Idaho Sugar was nothing more than a title, and that he would not be able to offer any new insights. Cutler, who engaged in the day-to-day handling of the business, knew more about the sugar business than he did, Smith asserted. "[I] am not prepared to furnish [the committee] any information that they will not obtain from others who are more closely connected with the sugar business and understand the details," he told one acquaintance. Besides, Smith claimed, he was suffering from rheumatism, which a train ride to Washington would only aggravate.[20] Anthon H. Lund, one of Smith's counselors in the First Presidency, claimed that the health issue was the deciding factor, confiding in his journal that Smith had "sciatic rheumatism" and that his doctor had counseled him "not to risk going" unless he was subpoenaed.[21]

But the *Salt Lake Tribune* scoffed at Smith's explanations. In truth, the newspaper declared, he was probably too embarrassed to testify because of "the incongruity of the head of a great religious sect being mixed up with an unlawful trust." The *Tribune* insisted that Smith take the stand because he was "the head of this local trust [the Utah-Idaho], and therefore the link that connect[ed] the local trust with the big trust."[22]

Regardless of the *Tribune's* sneering, Smith had Cutler telegram Smoot to see if the senator could persuade Representative Hardwick to excuse the president from testifying. Smoot discussed it with Hardwick, but Hardwick told him that he opposed excusing Smith.[23] He hoped Smith would come willingly, without being subpoenaed. Smith, however, telegrammed Hardwick that he would not testify without "legal notice," and

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20. Quotations in Joseph F. Smith to Elder Preston D. Richards, June 15, 1911, Kenney Collection, box 6, folder 3; see also "Smith Must Be Witness," *Salt Lake Tribune*, June 17, 1911; Harvard S. Heath, ed. *In the World: The Diaries of Reed Smoot*, (Salt Lake City, 1997), 105; Jesse Robinson Smith, *Thomas Robinson Cutler: Pioneer Sugarman Churchman* (Washington, D. C., 1985), 150.
21. Anthon H. Lund Diary, June 17, 1911, Kenney Collection, box 3, folder 10.
22. "The Sugar Trust Inquiry," *Salt Lake Tribune*, June 18, 1911.
23. Heath, ed., *In the World: The Diaries of Reed Smoot*, 105; see also Anthon H. Lund Diary, June 19, 1911, Kenney Collection, box 3, folder 10.

Joseph F. Smith, president of the Utah-Idaho Sugar Company, 1907–1918

Special Collections and Archives, Utah State University

the committee was forced to issue a summons directing him to come to Washington. He made the trip reluctantly, remarking to Nibley and Lund that he felt Hardwick "had not answered him" and had "treated him disrespectfully."[24]

Cutler's, Smith's, and Nibley's testimony revolved around four basic issues: Henry Havemeyer's involvement in beet sugar, the formation of Utah-Idaho Sugar, where Utah-Idaho

24. Quotation in Anthon H. Lund Diary, June 20, 1911, Kenney Collection, box 3, folder 10; see also "Smith Must Be Witness," *Salt Lake Tribune*, June 17, 1911; "President Smith Must Make Trip," *Salt Lake Tribune*, June 18, 1911; "House to Hale Smith Before Investigators," *Salt Lake Tribune*, June 19, 1911; "Say President Smith Must Go To Washington," *Salt Lake Tribune*, June 21, 1911; "Colorado Man Explains Deal in That State," *Salt Lake Tribune*, June 25, 1911.

sold its sugar and how it set its prices, and why and how the LDS church entered the sugar business. The committee first explored Henry Havemeyer's acquisition of stock in the Utah Sugar Company. Cutler, who conducted most of the negotiations with Havemeyer, agreed with Palmer that Havemeyer's stock purchase did not come about because of a Missouri River price war in 1901; the Utah Sugar Company did not market any of its sugar in the region at that time. Instead, Cutler stated, Wallace Willett came to Utah in September 1901 at the request of Havemeyer to discuss an employment offer. Willett informed Cutler that Havemeyer wished to interview him in order to engage his "personal services to help build up the beet industry." Because Cutler was "a man who had had some experience" in beet sugar, Havemeyer wanted him to take a position with American Sugar as a consultant. Cutler told Willett that he had no desire to change his present employment. Willett then stated that if an arrangement could be made, Havemeyer and American Sugar wished "to purchase an amount of stock up to one half" of the Utah Sugar Company's holdings, which would make Havemeyer the largest stockholder in the corporation. Cutler replied that Willett could present the matter before Utah Sugar's board of directors to learn what its position was.[25]

Accordingly, in November 1901, Willett made a twenty-minute presentation to the board. Although a few directors were uneasy with the proposal, the majority gave their approval for Cutler to travel to New York to negotiate with Havemeyer. One who was reluctant to endorse the plan was Anthon H. Lund, counselor in the LDS First Presidency. He related in his journal that Willet had represented to the group that American Sugar could "control prices in the market," as well as manipulate the railroads, which would benefit Utah Sugar. Lund, however, believed that involving eastern interests in the venture would precipitate a loss of control for Utah Sugar leaders and the LDS church. "It would be so

25. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 788, 799–800, 819–21. See also "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings.

much better for us if we could continue as we are and build up this industry with home capital," he stated.[26]

Regardless of Lund's misgivings, Cutler traveled to New York and met with Havemeyer. At this conference, Havemeyer again extended an offer to work for the American Sugar Refining Company at a salary substantially higher than his earnings at Utah Sugar. "We have heard of you, Mr. Cutler," he declared, "and have heard, also, that you have been fairly successful in building up the beet-sugar industry in Utah, and I have sent for you to know if you would . . . help us establish the industry in any good location in the United States." Cutler again refused, stating that he was more than happy in his current position. However, he informed Havemeyer that

> I wanted capital, my company wanted capital, and if he would entertain a proposation [sic] to supply us with one-half the capital that we required at any time, I would then agree to act in concert with him, and we would provide one-half the capital—that is, the people of Utah and Idaho—and he should provide the other half, in any good locations that we could actually agree upon.[27]

Cutler was extremely interested in obtaining Havemeyer's financial assistance because in 1901 the Utah Sugar Company operated only one factory. Although individuals in both Utah and Idaho "were continually desiring [the corporation] to build factories," Utah Sugar did not have sufficient capital at the time to extend its operations. Cutler claimed that he had frequently traveled to New York to obtain additional capital, but had not been able to acquire a sufficient amount.

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26. Quotation in Anthon H. Lund Diary, November 22, 1901, Kenney Collection, box 3, folder 6; see also "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1058–59; Smith, *Thomas Robinson Cutler*, 115–16.
27. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 774; Eichner, *The Emergence of Oligopoly*, 235; Smith, *Thomas Robinson Cutler*, 116–17.

Because of the ready supply of money that Havemeyer could provide, Cutler considered his offer a godsend.[28]

Other Utah Sugar stockholders were less certain about Havemeyer's proposal. Barlow Ferguson, the company's attorney, agreed with Lund that Havemeyer only wanted to purchase stock in order to control the corporation, and a third of the stockholders shared Ferguson's apprehensions. To quell these fears, Cutler and Smith had Ferguson draw up an agreement for Havemeyer to sign, stating that the board of directors be elected for five years, that the Utah Sugar Company name three of the directors, that American Sugar name an additional three, and that the six should name the seventh together.[29] In a letter sent to Joseph F. Smith, who was then serving as president of Utah Sugar, Havemeyer agreed to these terms.[30] As an additional inducement to Utah Sugar, Havemeyer followed Cutler's recommendations for the directors, which meant that the entire board consisted of Utah businessmen.[31]

Yet Cutler did not relate to the committee an interesting fact about this board proposition. According to Heber J. Grant, who was named one of the seven directors after Havemeyer's purchase (along with Cutler, Smith, John R. Winder, John C. Cutler, John Henry Smith [all Mormons], and William S. McCornick [a non-Mormon Salt Lake City businessman]), three of these directors would resign "whenever the eastern

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28. Quotation in "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 773; see also "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 822; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1033; Eichner, *The Emergence of Oligopoly*, 234; Smith, *Thomas Robinson Cutler*, 111.
29. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 785; Smith, *Thomas Robinson Cutler*, 116–19. See also "Minutes of the Utah Sugar Company, November 23, 1901, December 16, 1901, December 17, 1901, February 3, 1902," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1.
30. Joseph F. Smith testified that he could not remember receiving such a letter, but Cutler was confident that Smith had. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1036–37.
31. Not all of the board was Mormon. William McCornick, a non-LDS Salt Lake City banker, for example, was one of the directors.

people shall require it." Although Grant did not explain how they would be replaced, it is clear that American Sugar interests exercised more control over the board than Cutler had admitted.[32]

Havemeyer also asked Cutler who he wanted to be president of the corporation. Cutler told him that Joseph F. Smith should continue as president "as a matter of influence" because "he has the welfare of the people at heart and is very much interested in beet sugar on account of the labor it gives to his people." Cutler insisted to the Hardwick Committee that Havemeyer had "never named or suggested to me one director."[33]

In addition to these concessions, Havemeyer offered to purchase the Utah Sugar Company's stock for $18 a share, which was eight dollars over its par value, an offer that the corporation could not refuse. Subsequently, Utah Sugar's board of directors and stockholders transferred half of the corporation's stock to Havemeyer, and on March 2, 1902, he became the owner of 74,000 shares in the Utah Sugar Company.[34] In order to mask his holdings, Havemeyer insisted that Utah Sugar issue the stock in the name of Charles R. Heike, his personal secretary, and Arthur Donner, another American Sugar employee, and he required that Cutler vote his stock in the stockholder meetings.[35]

In their testimony before the Hardwick Committee, both Cutler and Joseph F. Smith claimed that Havemeyer exerted

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32. Diary of Heber J. Grant, April 2, 1902, Kenney Collection, box 3, folder 2.
33. Quotation in "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 785; see also Smith, *Thomas Robinson Cutler*, 119.
34. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 774–76; Eichner, *The Emergence of Oligopoly*, 235; Smith, *Thomas Robinson Cutler*, 117. Historian Thomas G. Alexander asserted that the board of directors decided to negotiate with Havemeyer because he "threatened to open a competing company," but neither Cutler, Smith, nor Nibley ever mentioned any coercion in their testimony. *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), 79.
35. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 800; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1042–43. Even though Havemeyer had the stock issued to Heike and Donner, the public in general realized that the holdings were Havemeyer's. According to Cutler, soon after

little control over Utah Sugar. Although the board of directors always consulted Havemeyer before building a factory in a new area, Cutler carried on an infrequent correspondence with him and visited him only four times a year "to report personally on what [the company] was doing." No other discussions occurred, outside of technical conferences with an American Sugar representative who examined the factories and tested the quality of the beets.[36] Cutler insisted that he never asked Havemeyer about selling prices or markets. Even when Havemeyer's advice was sought, Cutler stated, he rarely followed it because "Mr. Havemeyer was more or less erratic" and was not well posted on the sugar market in the intermountain states. As an example, Cutler explained that he once wrote to Havemeyer and asked him "what he thought of the markets." The sugar magnate replied that because of a banner crop in Europe and Cuba, the price of sugar might be higher in America or it might be lower. "Now, what can you get out of a letter of that kind?" Cutler asked the Hardwick Committee. "Nothing," he answered, "absolutely nothing."[37]

But if Havemeyer did not take an active interest in the Utah Sugar Company and its subsidiaries—and the minutes of those corporations bear out that assertion—why did he provide so much money to the corporation? Cutler himself never answered this question, but Charles W. Nibley provided some insight. Nibley, who had formerly been a director in Utah's other beet sugar enterprise, the Amalgamated Sugar Company, had founded his own sugar works in Lewiston, Utah, in 1903. Before this factory was built, Nibley traveled to New York with Thomas Cutler, where he offered Havemey-

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Havemeyer's purchase of the stock, Salt Lake City newspapers carried reports that the sugar giant had bought a large amount of stock. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 822.

36. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1061.

37. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 824–826. After hearing Cutler's statement, Representative Madison wryly commented that "one of the decidedly remarkable features of this investigation has been the fact that everybody has conceded that Mr. Havemeyer was a masterful man, and yet nobody ever followed any of his dicta."

er half of the stock of the new enterprise. Havemeyer readily agreed and paid Nibley double the amount that the stock was worth. After Representative Hinds asked Nibley why he thought Havemeyer would pay that much of a bonus, Nibley replied,

> I do not know what was in Mr. Havemeyer's mind. He is dead now and I can not ask him; but I fancy that he thought that the beet-sugar industry was going to be very much more extensive than what it will ever prove to be.[38]

Havemeyer presumably believed that Utah's sugar enterprises would make a substantial profit. Yet a desire to control western beet sugar companies just as he governed most of the cane sugar refineries probably also influenced Havemeyer's purchase. Cutler, for example, testified that he assumed Havemeyer took half of the stock in the corporation because if "any man . . . held half [he] could soon get a control by buying one share."[39] If Havemeyer disliked the policy that the company was pursuing, he could merely purchase one additional share and assume control. In the meantime, the government could not charge him with improper involvement because he did not hold a majority

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38. Thomas G. Alexander argued that the American Sugar Refining Company was against the establishment of Nibley's factory because it considered it to be a competitor of the Logan, Utah, factory operated by the Amalgamated Sugar Company. Only after LDS church leaders persuaded Nibley to offer some of the new company's stock to American Sugar did the transaction take place. Nibley, however, contradicted this assessment in his testimony. He declared that he was the instigator of the stock sale, not because he wanted to placate American Sugar, but because he wanted to make money. "Testimony of Charles W. Nibley," June 27, 1911, American Sugar Refining Company Hearings, 1079–84; "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 850. In addition, the Utah Sugar Company's minutes show that some Utah Sugar and Amalgamated officials were concerned that American Sugar leaders *might* be upset about the factory, but there is no evidence to show that they were. "Minutes of the Utah Sugar Company, May 27, 1903, July 10, 1903," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1.
39. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 799.

of the stock and the board of directors consisted of only Utah businessmen.[40]

Whatever Havemeyer's reasoning for his interest in the Utah Sugar Company, he furnished it with a large amount of capital and enabled it to expand its production. Because of this, both Cutler and Joseph F. Smith regarded Havemeyer as a savior to the sugar industry. Cutler, for example, informed the Hardwick Committee that in uniting with the American Sugar Refining Company, Utah Sugar gained an element of security in the industry through "protection that one strong man can give to . . . a weaker one." Not only did Havemeyer provide instant capital for any expansion that Utah Sugar wanted to undertake, but his name and reputation helped the corporation obtain loans. In Cutler's opinion, "Mr. Havemeyer was the greatest friend to the beet-sugar industry that we ever had."[41]

Smith was just as magnanimous in his praise. After Representative Sulzer asked Smith if he thought that the acquisition of Utah stock by Havemeyer restrained trade, Smith, misunderstanding the intent of the question, replied that he believed that it had facilitated and extended trade. "It gave us the means of building half a dozen factories or less in Utah that we never could have built without it," he declared. Havemeyer's purchase thus "enhanced the value of farms to a very great extent in Utah and in Idaho," meaning that the business deal was "one of the greatest blessings and benefits to both the State of Utah and the State of Idaho." Instead of considering Havemeyer an "industrial pirate," both Smith and Cutler regarded him as a "benefactor."[42] The two were not alone in these opinions; even Henry Oxnard, who

40. "Testimony of Charles W. Nibley," June 27, 1911, American Sugar Refining Company Hearings, 1089.

41. Quotation in "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 783, 844, 852; see also Smith, *Thomas Robinson Cutler*, 119–20.

42. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1049, 1075. These statements seem at odds with Alexander's portrayal of LDS church leaders as convinced that Havemeyer's participation in Utah's beet sugar industry was detrimental to the community. Alexander, *Mormonism in Transition*, 79.

experienced a hostile takeover by Havemeyer in the early 1900s, told the Hardwick Committee that "if it had not been that the trust had gone into the beet sugar industry it would not be as prosperous an industry as it is to-day."[43]

Unable to extract any statements from Cutler or Smith about illegal actions on the part of Havemeyer and American Sugar, the Hardwick Committee turned to another matter: the Utah-Idaho Sugar Company itself. One of the main issues the committee explored was the creation of the corporation and whether or not its formation and its business policies violated the Sherman Act. Both Cutler and Smith testified that the Utah-Idaho Sugar Company was formed in 1907 after the stockholders of the Utah Sugar Company, the Idaho Sugar Company, and the Western Idaho Sugar Company agreed to merge. To some members of the Hardwick Committee, this amalgamation looked no different than the creation of the American Sugar Refining Company, which had absorbed numerous competing sugar refineries in the East. Cutler and Smith argued that there was one distinction: whereas the sugar companies amalgamated by American Sugar had been *competing* concerns, the corporations in Utah and Idaho were essentially just branches of the same company.

The Utah, the Idaho, and the Western Idaho sugar companies all had essentially the same board of directors and officers: Smith served as president of all three and Cutler operated as the vice president and general manager of each. Therefore, according to Smith and Cutler, the combination creating the Utah-Idaho Sugar Company occurred not to eliminate competition, but to provide greater efficiency and order to the region's sugar industry.[44] Cutler himself declared that there were five reasons why the amalgamation occurred: "first, greater economy in operation; second, the stock would have greater stability; third, we should be entitled to a low rate of interest on money we had to borrow to carry sugar."

43. "Testimony of Henry T. Oxnard," June 15, 1911, American Sugar Refining Company Hearings, 408.

44. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 782–84, 791, 810, 831–34; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1074.

Fourth, Cutler stated, combining the corporations would give better technical control to the company, as it would increase its efficiency in operations. Finally, an amalgamation would quiet criticism from stockholders of the different firms that the board of directors favored one corporation above another. As Cutler insisted, "It was always intended to amalgamate those factories when they got into shape to do it."[45]

Even if the formation of the Utah-Idaho was not illegal, some of the actions of the company and its predecessors in developing sugar factories appeared objectionable. According to the government's 1910 suit against the American Sugar Refining Company, for example, the Utah Sugar Company entered the sugar business in Idaho expressly for the purpose of "preventing the erection and operation of a proposed independent beet-sugar factory at Sugar City, Idaho, which . . . would have been . . . a competitor of The Utah Sugar Company."[46] The government asserted that the board of directors of the Utah Sugar Company created the Idaho Sugar Company in 1903 in order to stop Soren Hanson, a Garland, Utah, egg merchant, from establishing his own corporation. Because of this allegation, the Hardwick Committee questioned Cutler about the situation. Cutler answered that the government suit had confused some of the facts. For one thing, Hanson had not attempted to construct a factory in Sugar City, Idaho, but in Blackfoot, Idaho, located some fifty miles south of Sugar City. In addition, Cutler claimed, he had actually helped Hanson establish the factory. When Hanson first conceived the idea, he approached Cutler and asked him if he could study the production of beet sugar at the Utah Sugar Company's factory at Lehi. Cutler agreed, and Hanson spent the next few months in Lehi, where "he would stand by a piece of machinery sometimes for a whole day and watch it work." After his investigation, Hanson formed a corporation and contracted with Dyer and Company, a construction firm in Cleveland, Ohio, for the purchase of beet sugar machinery.

45. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 783–84, 832–33; "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 772.

46. *United States v. American Sugar Refining Co., et al.*, original petition, 121.

However, the fledgling corporation soon encountered financial difficulties, forcing Hanson to ask Cutler if he "would take that machinery off his hands." Cutler purchased the equipment and installed it in the Idaho Sugar Company's Idaho Falls plant, constructed in 1903.[47] He told the Hardwick Committee that he did not see any improprieties in his relationship with or his actions toward Hanson.

As with other matters, Cutler's testimony was technically correct. Joseph F. Smith informed Havemeyer in February 1903 that Cutler had aided Hanson in the establishment of the Blackfoot factory, but that Hanson had insisted that he, and not Cutler, "retain [its] control." When Hanson realized that a Mr. Boettcher was planning on constructing his own factory, he "weakened," and the Utah Sugar Company promptly sent Cutler into the area "to have matters reconciled."[48] Yet Cutler did not relate that the First Presidency of the church had sent letters to prospective farmers in the Rexburg area and to the stake presidency in Fremont County, telling them that they should only deal with Cutler in regard to sugar beet production.[49] Such declarations effectively ensured that Hanson or any other non-Utah Sugar interest would be unable to compete in the area since a majority of the farmers were Latter-day Saints, which, at least, violated the spirit of the Sherman Act.

The committee brought up other situations in which Cutler, Smith, and other directors in the Utah Sugar Company had allegedly engaged in unfair business practices. In 1905, Utah Sugar had formed the Western Idaho Sugar Company in order to construct factories at Nampa and Payette, Idaho. The government asserted that this development occurred only to prevent W. D. Hoover, a Colorado businessman, from establishing his own corporation in the area. Questioned by Representative Garrett about this situation, Cutler

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47. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 779–80.
48. Joseph F. Smith to H. O. Havemeyer, February 17, 1903, Kenney Collection, box 6, folder 1.
49. Quotation in First Presidency to Thomas E. Bassett, Rexburg, January 23, 1903, Kenney Collection, box 2, folder 8; see also First Presidency to Presidency of the Fremont Stake, January 23, 1903, ibid.

The sugar beet plant

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

admitted that a Payette man had informed the Utah Sugar Company that Hoover had been inspecting the area to assess its sugar beet potential. But Cutler insisted that "that is the only time I ever heard of anyone looking over the ground, and if they did, they were certainly discouraged and left." Instead, Cutler asserted that Colonel Ed Dewey, a Nampa man, had approached him in 1900 about establishing the industry. Dewey informed Cutler that Nampa "was ready for a beet-sugar factory, and he wanted my company to build it." Cutler sent some of his men to investigate the area and they reported that the region would not produce enough beets to warrant a factory. "For four consecutive years I sent our agricultural men down to investigate that country," Cutler declared, "before I decided . . . that it might be a proper locality."[50]

50. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 780–81.

However, evidence introduced in the government's suit against American Sugar disputed Cutler's version of the incident. A letter written by Cutler to Henry Havemeyer in April 1905 stated that after Cutler had discovered Hoover's intentions in Payette, he actively worked "to overcome [Hoover's] operations." "[He] went on to the vicinity of Nampa and tried to get in there," Cutler wrote, "but I forestalled [him]." Cutler expressed relief to Havemeyer that Hoover had been forced from the area "because these people were offering $5.00 for beets and it would have upset our entire Idaho operations."[51]

This letter showed that Cutler was more aware of Hoover than his testimony before the Hardwick Committee acknowledged. As one critic explained, it indicated that Cutler and Utah Sugar "not only desired to keep others out for the sake of preserving the market for themselves, but they were afraid another crowd would pay the farmer a fairer price for his beets."[52] Cutler's evasive answers before the Hardwick Committee heightened suspicions about the incident.

The committee also explored the Utah Sugar Company's March 1902 purchase of the Bear River Water Company, an irrigation enterprise located in Garland, Utah, as well as its acquisition of thirty thousand acres of land in the same area. The Bear River Water Company had its antecedent in several different organizations. In 1888, John R. Bothwell, Alexander Toponce, and John W. Kerr, all Utah businessmen, entered into an agreement to establish an irrigation endeavor in the Bear River Valley in northern Utah. To finance this operation, the three men, together with Samuel M. Jarvis and Roland R. Conklin, formed the Bear Lake and River Water Works and Irrigation Company in 1889. This corporation constructed a diversion dam on the Bear River and two canals to feed water to farmlands in both the northern and southern portions of the valley. Before construction was completed, the company ran out of money, and in 1893 it went bankrupt. In 1894, bondholders reorganized the firm, renaming it the

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51. Thomas R. Cutler to H. O. Havemeyer, Esq., April 11, 1905, copy in Patterson, *Business, Politics and Religion in Utah*, 10–11.

52. Patterson, *Business, Politics and Religion in Utah*, 10.

Bear River Irrigation and Ogden Water Works Company. This corporation was also unable to meet payments, and in 1894, parts of the canals were sold to David Evans of Salt Lake City and John E. Dooley of Ogden, who formed the Bear River Water Company, capitalized at $250,000.[53]

In 1901, Evans, who had grown up in Lehi, invited Cutler and some of Utah Sugar's technicians to examine the land in the Bear River Valley for its sugar beet potential. Cutler favorably reported on the land to Utah Sugar's board of directors, and on April 17, 1901, he received authorization to purchase the entire capital stock of the Bear River Water Company for $300,000 in order to stimulate sugar beet production in the region. Utah Sugar sold water rights and some of the property to the farmers, but it retained thirty thousand acres of land in case farmers ever refused to grow beets.[54]

The Hardwick Committee alleged that Utah Sugar had bought the corporation only after it had discovered that "other parties" were negotiating for its purchase. Cutler emphatically denied the assertion, stating that if Bear River was conferring with other investors at the time, he had "never heard of it."[55] However, Utah Sugar's minutes for April 30, 1901, indicate that when Cutler announced the purchase of the water works, the directors declared that "in case [the Utah Sugar Company] does not take up the proposition, foreign capital will purchase the same, and would be a very undesirable competitor." It is unclear whether this meant that others had actually offered to purchase the Bear River Water Company or whether Utah Sugar's directors merely feared that someone else would eventually buy it. In any case, the board declared that "we ought not to allow this water system to go into the hands of outside parties, because whoever has it, the

53. Leonard J. Arrington, *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle, 1966), 42–45.

54. "Minutes of the Utah Sugar Company, April 30, 1901," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1; Arrington, *Beet Sugar in the West*, 45–46; "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 796.

55. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 776.

settlers would be entirely at their mercy."[56] The Utah Sugar Company clearly wanted the area and the irrigation works for itself.

According to the Hardwick Committee, other peccadilloes were involved in the purchase. Because of Havemeyer's stock acquisitions in Utah Sugar, and because of the corporation's buyout of Bear River, Utah Sugar reorganized itself in December 1902, issuing a capital stock of $6 million. The Hardwick Committee failed to understand how the new corporation arrived at the $6 million figure. When Utah Sugar sold Havemeyer half of its stock, its total stock amount was roughly 160,000. Havemeyer purchased approximately 74,000 shares for $18 a share, equaling $1.33 million. The other 86,000 shares were worth $10 a share, or $860,000 collectively. Thus, at the time of the reorganization, the Utah Sugar Company's stock was worth around $2.19 million. The purchase of the Bear River, coupled with expenditures to repair and expand the irrigation works, totaled around $1.5 million. The Hardwick Committee claimed that the company had placed the value of the irrigation enterprise at approximately $3 million in order to capitalize the Utah Sugar Company at $6 million. Representatives Hardwick and Garrett declared this to be a blatant example of stock watering.[57]

At the time, stock watering was a fairly common practice in mergers, although illegal. Promoters often capitalized consolidations for much more than their separate worth. This was advantageous to the new corporation because it allowed it to offer shares at inflated prices, earning huge profits for stockholders.[58] Opponents of trusts, including the *Salt Lake Tribune*, abhorred the practice. The *Tribune* editorialized that

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56. "Minutes of the Utah Sugar Company, April 30, 1901," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1.
57. "Testimony of Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 776–77; "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1078. The American Beet Sugar Company, for example, had around $8 million worth of "water" in its stock, according to the Hardwick Committee. "Oxnard Tells Inside Facts of Sugar Deal," *Salt Lake Tribune*, June 17, 1911.
58. Glenn Porter, *The Rise of Big Business, 1860–1920*, 2nd ed. (Wheeling, Ill., 1992), 82–83.

Utah-Idaho stock paid a 7 percent dividend in 1911, "but this seven per cent . . . on the stock, as twice or thrice watered, . . . would be very much more on the original issue" held mostly by Cutler, Smith, and the other directors in the Utah-Idaho.[59] Cutler defended the valuation, claiming that the Bear River Water Company was worth more than $1.5 million because that corporation had originally paid $3.5 million to build the canals. Even though the Utah Sugar Company had not spent that amount, the irrigation works was still worth $3.5 million. "You could not construct it to-day for any less," Cutler insisted.[60]

Cutler's protests notwithstanding, the Hardwick Committee was convinced that Cutler, Havemeyer, and other directors had watered Utah-Idaho's stock, both at the time that Utah Sugar purchased Bear River and at the formation of the Utah-Idaho Sugar Company. In order to determine just how overvalued the stock was, the committee first inquired into how much it cost beet sugar companies to build factories. Cutler testified that constructing a factory that could process a thousand tons of sugar beets a day would take $1.2 million even if equipment to recycle waste molasses and refine it into sugar were omitted. If the machinery was included, the price increased to approximately $1.45 million.[61]

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59. "President Smith's Testimony," *Salt Lake Tribune*, June 29, 1911.
60. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 777.
61. Factories recycled molasses by using either the osmose process or the Steffen process. Before the late 1890s, most beet sugar companies had no way of turning this waste into sugar, and therefore they either discharged it into nearby creeks or "impregnated" it "with potash salts and . . . cinders . . . for use in hard-surfacing the roads running to the factory yard." Under the osmose process, the company could pass the molasses first through iron and steel presses and then through a special kind of parchment paper filter in order to eliminate its impurities, thereby turning the waste into a good grade of brown sugar. In 1905, Utah Sugar replaced the osmose process with a system invented by Carl Steffen of Vienna, Austria. Although more complicated than the osmose process, the Steffen method, which continued to be used by beet sugar companies through much of the twentieth century, was more efficient in reprocessing molasses into brown sugar. "Testimony of Mr. Thomas R. Cutler," June 22, 1911, American Sugar Refining Company Hearings, 770; see also Arrington, *Beet Sugar in the West*, 31–32.

Because not every factory processed a thousand tons of beets a day, Hardwick calculated that the total number of beets that the Utah-Idaho Sugar Company used per day was around 4,500 tons. Using the factory construction figures provided by Cutler, Hardwick then estimated that Utah-Idaho could not have spent more than $6 million to construct all of its factories. Yet Utah-Idaho's total capitalization at the time of its formation was about $11 million.[62] Cutler insisted that there was no discrepancy between expenses and capitalization. Although Utah-Idaho's factories should have a value of only $6 million, he explained that the company had more assets than just its factories. For example, the company had bought "warehouses, tanks to contain molasses, . . . cutting stations," and even homes for some of its Lehi employees. Aside from that, it had the irrigation system and lands in the Bear River Valley, which it listed in its 1907 incorporation as worth $2 million. Representative Hardwick asked how an asset on which the corporation only spent $1.5 million could be listed for $2 million. Cutler replied that regardless of how much the company paid for it, the irrigation works was worth $2 million. Apparently, Cutler had forgotten that he had earlier testified that the system could not be built for a figure less than $3.5 million.[63]

Representative Madison was unimpressed by Cutler's explanation and pursued the matter further with Joseph F. Smith. "We have learned somewhat here in the East that the consolidation of plants affords splendid opportunity for the injection of water into the capitalization," Madison declared. He then directly asked, "Was there any water in that capitalization [of the Utah-Idaho Sugar Company]?" Smith replied that he was not aware of any. Utah-Idaho, he claimed, had not been created to make money from overcapitalization, but

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62. At the time of Utah-Idaho Sugar's creation, its authorized capitalization was $13 million, with $10 million in preferred stock and $3 million in common. However, only $8.1 million of the preferred stock was issued, meaning that the company's actual capitalization was around $11 million. By 1911, the common stock had been retired. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 848; Arrington, *Beet Sugar in the West*, 71.

63. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 848–49.

merely to reduce the expenses of operating three different beet sugar corporations. "I think if there is [any water in the stock]," he concluded, "it is hardly enough to moisten it."[64]

Despite the declarations of Smith and Cutler, the Hardwick Committee, as well as several Utah citizens, remained convinced that the Utah-Idaho Sugar Company was overcapitalized, and the numbers produced by the corporation seem to justify that perception. Yet it is difficult to assess whether or not watering had occurred. At the time of the merger, minutes of the Utah-Idaho Sugar Company listed its assets at $16,189,572. This had dipped to $15,834,058 by 1912, a minimal loss. The problem, as the Hardwick Committee had noted, lay in determining whether or not the assets really had that value, or whether the corporation overvalued them. Because of a lack of availability of records, that type of reconstruction cannot be performed.[65]

Yet it is instructive that several observers, including the *Salt Lake Tribune*, were convinced that overcapitalization had occurred. The *Tribune* even insisted that the Hardwick Committee did not go far enough in its watering inquiry. "What the people here would like to know," the *Tribune's* editor stated, "is the number of times that the local sugar stock has been watered, the amount of that watering, the dividends on the original basis and on the watered basis, and things of that kind." The *Tribune* asserted that it was not Cutler's fault that such facts had not come out, for Cutler's testimony was "undoubtedly meant to be honest and straightforward." Instead, the blame lay with the Hardwick Committee because it was not "sufficiently conversant with the facts to bring out the inner details that would be of interest and importance."[66]

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64. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1074–75, 1078.
65. Figures for 1907 and 1912 are in "Minutes of the Utah-Idaho Sugar Company, August 13, 1907" and "Minutes of the Utah-Idaho Sugar Company, April 10, 1912," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2. The LDS Church Archives in Salt Lake City holds the papers of the Utah-Idaho Sugar Company. However, as of 2005, that collection remained unprocessed and unavailable to the public.
66. "Mr. Cutler's Testimony," *Salt Lake Tribune*, June 25, 1911. See also "President Smith's Testimony," *Salt Lake Tribune*, June 29, 1911.

The *Tribune* implied that, as with other matters, Cutler was not telling the whole story.

As the hearings continued, the Hardwick Committee continued to emphasize that Utah-Idaho Sugar was just like any other business in the United States, both in its alleged stock-watering and in its everyday practices. Such reiterations indicated how far the Utah-Idaho Sugar Company had become integrated into the national sugar economy. One of the key issues on which the committee focused, for example, was Utah-Idaho's sugar prices. Because the corporation sold its sugar in Utah at the same rates that it sold it in the Missouri River Valley, the Hardwick Committee declared that the company defrauded Utah citizens. Cutler explained that the cause of that condition was the integration of Utah-Idaho Sugar into national, rather than just regional, markets. He related that prior to Havemeyer's stock purchase, Utah Sugar was unable to market sugar outside of Utah. After Havemeyer became involved, and after the amalgamation of the three companies occurred, Utah-Idaho Sugar began producing more sugar than could be consumed in the intermountain area, leading it to sell the product in the Missouri River Valley. By 1911, Utah-Idaho sold the majority of its sugar in Nebraska, Iowa, and along the Missouri River from St. Paul, Minnesota, to Oklahoma, marketing only 20 percent in Utah, Idaho, Oregon, Wyoming, and Nevada, where California refineries sold a large amount of cane sugar. Since beet sugar was not yet equal in quality with cane, Utah-Idaho was forced by national practices to sell its product twenty cents per hundred pounds below the price of cane, adding a transportation charge to its prices in areas outside of the Intermountain West.[67]

Yet even though Utah-Idaho did not have to pay freight rates on sugar sold in Utah and Idaho, it, like other inland beet companies, charged intermountain buyers slightly

67. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 788, 791–93, 800, 830, 842. By storing some sugar in Utah warehouses, the corporation could market its sugar in Utah year-round, but it shipped its product to the Missouri River region directly after the sugar beet harvest in the fall.

Bags of Utah-Idaho Sugar Company sugar, ready for transportation to market

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University more than those in the Missouri River Valley. In 1911, for example, Utah-Idaho's sugar sold for 4.32 cents per pound near the Missouri River, while it sold for 5 cents in Utah. Since the corporation could manufacture sugar for 3.75 cents per pound, it made most of its profit in Utah and Idaho. This outraged some members of the Hardwick Committee, who stated that Utah-Idaho Sugar gouged its own citizens in order to increase profits. Cutler countered that the company had no control over sugar prices because it had to follow the rates set on the Pacific Coast. "Everything is based upon the list price, the prices made on the Pacific coast, plus the freight less the differential, wherever we go," Cutler claimed. "We can not help that." If the company did not follow this formula and severely undercut the price of cane sugar imported into the Intermountain West from California, it would spark tensions with the California corporations and possibly incite a price war that the beet sugar company could not withstand. If the Utah-Idaho Sugar Company did not produce sugar in Utah and Idaho, Cutler argued, California refineries, lacking any competition, would sell sugar at much higher rates.[68]

Representative Hardwick contended that Cutler was missing the point. "The people who are located right at a sugar factory door ought not to have the price put up on them as high as it is in San Francisco," he remarked.[69] Congressman Madison agreed. "In the very towns in which your factories are located," he accused, "you charge the same price that you charge for sugar 200 or 300 or 500 miles away. . . . You appropriate the freight rate to yourself, although as a matter of fact the sugar does not travel a mile."[70] Cutler conceded that this was the case, but defended the practice as legitimate because "without the higher prices in the interior it would be impossible, from my standpoint, to make money

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68. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 798, 805, 834–36.
69. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 834.
70. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 837.

at the business. . . . Everybody has to do it." Representative Hardwick countered that "that is a matter of opinion."[71]

Hardwick believed that since the Utah-Idaho Sugar Company had so many LDS church leaders on its board of directors, it should act in the best interests of the Mormon people. Since a religion was supposed to consider the welfare of its adherents, Hardwick could not understand why the corporation refused to do so. Could Cutler and the rest of the directors not see how their actions affected citizens of Utah? If so, why did they not take the freight rate off of the sugar they sold in the state? Again, Cutler declared that it would be impossible for the company to make any money if it did such a thing. In addition, if the corporation did not produce sugar, the product would cost much more in Utah than it currently did. Therefore, Cutler claimed, the Utah-Idaho had actually enabled Utahns to save money. Hardwick remained unconvinced. "If you were to shut up every one of your factories to-morrow, . . . there would not be any difference in price to the people right at your factory door in the sugar they consumed," he declared. Cutler could only respond that because the company supplied Utah citizens with labor, he believed that it "equalized" the additional freight expense.[72] Joseph F. Smith agreed: "the people are not complaining because they can get the sugar cheaper [than before 1890], and we feel pretty secure because we can produce it at home."[73]

Cutler and Smith had an important point. If the Utah-Idaho Sugar Company just manufactured sugar for Utah citizens, as the Utah Sugar Company had originally done, price issues would not be a problem. The main reason why

71. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 838. Whether or not everyone *had* to do it *was* debatable, but certainly, as Cutler stated, almost all sugar companies *did* add transportation rates to their sugar prices. According to historian Alfred S. Eichner, every beet sugar company determined its price by taking the price of refined cane sugar and adding to it the cost of transportation. Eichner, *The Emergence of Oligopoly*, 261.

72. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 839–40, 846.

73. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1056.

Brigham Young, Wilford Woodruff, and others wanted the sugar industry established was so that Utahns, and specifically Mormons, would not have to pay high prices for the commodity. As the company became more integrated into the national sugar market in the early 1900s, however, it became imperative that prices match what that market set. Utah-Idaho could not last in the larger context of American capitalism if it established its own rates in conflict with the greater market. Hardwick and other members of the committee (as well as Cutler and Smith) failed to understand that the nation's (and Congress's) insistence that the Mormons become broader in its economic focus had undercut the original intention of Utah's sugar industry and had led, in the long run, to higher sugar prices for Utah consumers. As Charles W. Nibley stated in support of Utah-Idaho's policy,

> They sell their sugar, and they would be foolish if they did not, as a farmer would sell his wheat. . . . [The farmer] does not say: 'If you were not there to buy my wheat I would have to sell it out here at the Missouri River, and therefore I will sell it to you just at the price I would sell it for at the river.' The farmer does not do that, and you would not do it. No sensible man would. He sells it for what he can get, just like you would a pair of shoes, or socks, or a cheese, or butter, or anything else.[74]

Still, the notion that Utah-Idaho Sugar added a freight cost in Utah and Idaho infuriated some consumers, who, like the Hardwick Committee, did not understand or refused to accept the larger forces at work. For example, five years after Cutler, Smith, and Nibley had presented their testimony, Charles Patterson, a Salt Lake City lawyer, produced a pamphlet excoriating the Utah-Idaho Sugar Company and its price policies. One of his chief complaints was that the corporation "wanted to see a high freight rate on sugar to and from Utah" so that it could "squeeze a bigger profit out of the people who had

74. "Testimony of Charles W. Nibley," June 27, 1911, American Sugar Refining Company Hearings, 1104.

set them up in business." How was this any different from a "burglar" or someone who "sticks a loaded revolver under your nose while he divests you of your valuables?" Patterson asked.[75] Clearly, the freight policy damaged the Utah-Idaho Sugar Company's reputation, but again, it was a price that Utahns had to pay for their economic integration.

The major problem, as Hardwick had stated, was the large role that the LDS church and its leaders still had in the Utah-Idaho Sugar Company. Such authorities were not supposed to be trying to squeeze profits out of their followers, no matter what national markets might dictate. In addition, the influence of the LDS church over Utah and Idaho's sugar business still loomed large. Indeed, several essayists around 1910 devoted whole articles to this phenomenon, insisting that the Mormon church still improperly influenced and controlled business in the Intermountain Region. They examined industries in which the church had holdings, such as salt, newspapers, railroads, and especially sugar as proof of their contentions. As one writer stated, his investigations showed that the Mormons were "fast controlling the beet sugar industry of the intermountain region."[76] Judson Welliver, another contributor, argued that the church not only governed Utah's and Idaho's beet sugar operations, but also, in collaboration with the American Sugar Refining Company, the entire beet sugar industry of America. "The Sugar Trust, individuals interested in the Sugar Trust, and the Mormon Church, these three groups working together, . . . absolutely dominates beet sugar," Welliver declared. "It [*sic*] makes the market prices of sugar, distributes the territory, and completely controls tariff legislation."[77]

Based on these allegations, the Hardwick Committee examined the LDS church's role in the sugar industry. Although the First Presidency had issued a statement in April 1911 denouncing muckraking articles as "utterly false and without foundation," "fictitious narratives," and "grotesque in their

75. Patterson, *Business, Politics and Religion in Utah*, 11, 14.
76. Barry, "The *Mormon* Method in Business," 574–76.
77. Welliver, "The Mormon Church and the Sugar Trust," 82. See also Alexander, *Mormonism in Transition*, 80.

palpable absurdities," the perception still remained that the church dominated the economic lives of its members.[78] Representative Hinds, in his interrogation of Cutler, was the first to raise the issue. "I would like to know," he asked, "if the question does not seem to you too impertinent, why the Mormon Church goes into the sugar business." Cutler was "perfectly willing and glad to answer that question." He stated that the church had become involved in sugar not out of a desire for profits, but because its leaders wished to encourage "anything that affects the welfare of the Mormon people financially," especially if it provided labor. "It is easier to look out for the spiritual welfare of employed people rather than unemployed people?" Hinds asked. "It is their duty, if they can, to help and assist their people financially by providing labor in any way, shape, or form," Cutler answered.[79]

Cutler was only echoing statements that church leaders such as Wilford Woodruff, George Q. Cannon, Heber J. Grant, and Joseph F. Smith had been making for years. In 1893, for example, Smith, addressing church members, declared that one of the main reasons the church had become involved in the Utah Sugar Company was because "there was not a single enterprise of a public character [in Utah] that was calculated to give employment to our people." The religion's leaders thus believed that they had a "responsibility" to provide support to the beet sugar industry and other home enterprises such as wool and salt in order to give Mormons employment opportunities.[80] Smith expanded these remarks in his own testimony before the Hardwick Committee. He explained that it was the policy of the church to help out any "home industry started by our own people" when such business struggled to succeed.[81] According to Charles W. Nibley, "nine out of ten of the interests that the church has helped .

78. "Magazine Slanders Confuted by The First Presidency of the Church," *Improvement Era* 14 (June 1911): 720. This statement was originally read at the annual general conference of the church in April 1911.
79. "Testimony of Mr. Thomas R. Cutler," June 23, 1911, American Sugar Refining Company Hearings, 813–14.
80. Joseph F. Smith, "True Economy," *Deseret Evening News*, December 16, 1893.
81. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1041.

. . are just in those extreme cases where people are down and out and they have got to have help."[82] Interestingly, however, neither Smith, Cutler, nor Nibley explained to the Hardwick Committee that Woodruff repeatedly stated the divine command to become involved in beet sugar; such an explanation would have merely fueled the charges of undue ecclesiastical influence.

Indeed, the committee dwelt on the accusation that the church, in concert with the American Sugar Refining Company, controlled the western beet sugar industry. In the minds of some members, Smith's dual role as president of the church and the corporation meant that Utah-Idaho Sugar operated to benefit the church and that the church used its influence to increase the profits of the sugar company. Others, such as Welliver, claimed that Smith used his power as Mormon president to set beet sugar prices and to ensure that western senators voted for tariffs that benefited Utah-Idaho Sugar.[83]

Smith, however, contended that he was no more than a figurehead as president of the company and that he had little real knowledge of how the sugar industry operated. He did not take an active interest in the day-to-day affairs of the corporation, leaving that instead to Cutler. "Are you acquainted with any of the details of the business management of this Utah-Idaho Sugar Co.?" Representative Hardwick queried. "Very little," Smith responded. He could not inform the committee about such things as the daily slicing capacity of Utah-Idaho's factories, the details behind Henry Havemeyer's investment in the Utah Sugar Company, or even how he, himself, had become president of Utah-Idaho Sugar.[84] Although some might claim that Smith was suffering from beneficial amnesia, the minutes of the Utah Sugar Company and the Utah-Idaho Sugar Company indicate that he really did not take a large role in business discussions, deferring instead to

82. "Testimony of Charles W. Nibley," June 27, 1911, American Sugar Refining Company Hearings, 1092.
83. Welliver, "The Mormon Church and the Sugar Trust," 86.
84. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1034, 1037–39.

Cutler and other directors.[85] Havemeyer too left most administrative matters to Cutler; his contact with Smith had been limited.[86]

As a staunch Republican and beet sugar man, however, Smith certainly advocated the maintenance of high tariffs to protect the industry. In response to inquiries by the Hardwick Committee, Smith declared that without a tariff "the great industry of beet raising and the manufacture of sugar in Utah and Idaho would, of course, cease." Because cane manufacturers would be able to produce sugar at a reduced rate, Smith believed that Utah-Idaho Sugar would not be able to compete and make a profit but for the tariff.[87] Yet it is questionable that Smith had the ability to influence western senators outside of Utah on the tariff question, regardless of contentions that Mormons controlled the tariff decisions of politicians in Utah, Idaho, Wyoming, Oregon, and Nevada. LDS populations existed in all of these states, but it is highly doubtful that the church exercised much political influence outside of Utah and perhaps southern Idaho. Indeed, well into the 1890s Mormons were not even allowed to vote or hold office in Idaho.[88] The situation improved after 1911, but if LDS leaders could not influence Idaho senators and representatives to allow Mormons to vote, it is doubtful that they could convince such politicians to support the sugar tariff solely for the sake of the LDS church.[89] If western senators voted for a tariff, it was probably because they wanted to protect their own home industries and not because they felt

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85. "Notes from the Utah Sugar Company Minutes, 1900–1907," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 1.
86. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1057, 1062–63.
87. "Testimony of Mr. Joseph F. Smith," June 27, 1911, 1076–77.
88. Merle H. Wells, "Origins of Anti-Mormonism in Idaho, 1872–1880," *Pacific Northwest Quarterly* 47 (October 1956): 116.
89. Even President Theodore Roosevelt disparaged the notion of Mormon political influence in areas such as Idaho and Wyoming. Responding to allegations that Smoot and other church leaders struck a bargain with Republicans to deliver electoral votes in Idaho and Wyoming during the 1908 presidential election, Roosevelt said, "Neither Senator Smoot nor any other citizen of Utah was, as far as I know, ever so much as consulted about the patronage in the States surrounding Utah." See "Mr. Roosevelt to the Mormons," *Collier's* (April 15, 1911): 28.

concern for the Utah-Idaho Sugar Company or the Mormons. As historian Thomas Alexander has argued, "That [Joseph F. Smith] controlled the votes of senators of six [western] states . . . was fantasy."[90]

Yet Smith did have a clear influence on the sugar industry resulting from his position as president of the LDS church. Members were aware that Smith also served as president of Utah-Idaho Sugar; for example, whenever Utah agriculturists had complaints about the way Utah-Idaho Sugar treated them, they did not go to the board of directors for relief, but to the church's First Presidency.[91] Smith had also served a fundraising mission for the Utah Sugar Company in the 1890s and had declared in general conference that those who did not support that corporation might be Mormons but were not Saints. He refused to concede that the church used its influence on behalf of Utah-Idaho Sugar, claiming that the company's business was completely separate from the church.[92]

The idea that his role as president of the church and the company did not influence Latter-day Saints to back the Utah-Idaho Sugar Company was simply not plausible. In addition, lower leaders in the church frequently told members to support the corporation. Attorney Charles Patterson, a former bishop in the church who had, according to Smith, become a "'Progressive' of Socialistic tendencies,"[93] for example, claimed that bishops and scoutmasters had preached in church meetings that it was necessary for farmers to plant beets solely for Utah-Idaho Sugar. "When Presidents of

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90. Alexander, *Mormonism in Transition*, 80. Reed Smoot, however, a Mormon apostle who also sat in the Senate, was decidedly pro-tariff. He had reached this position long before he became either an apostle or a senator, but he worked tirelessly in the Senate to maintain the sugar tariff. Merrill, *Reed Smoot*, 287. For a full discussion of Smoot's tariff policies, see James B. Allen, "The Great Protectionist, Sen. Reed Smoot of Utah," *Utah Historical Quarterly* 45 (Fall 1977): 325–45.
91. Alexander, *Mormonism in Transition*, 82.
92. "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1042, 1057.
93. Joseph F. Smith to Senator Reed Smoot, December 31, 1915, Reed Smoot Papers, MSS 1187, box 49, folder 8, L. Tom Perry Special Collections and Archives, Harold B. Lee Library, Brigham Young University, Provo, Utah.

Stakes, bishops, high councilmen and others approach you in the capacity of sugar company hired men," Patterson cautioned LDS members, "it will help some if you forget everything about them except that they are HIRED by the sugar company to boost for it."[94]

After hearing testimony from Smith, Cutler, and Nibley, most members of the Hardwick Committee remained convinced that Havemeyer, American Sugar, and Utah-Idaho Sugar had an inappropriate relationship and that their actions breached antitrust legislation. In a report issued in February 1912, Hardwick listed several transactions that violated the Sherman Antitrust Act. Among these was "the acquisition, by the American Sugar Refining Co., in 1901, 1902, and 1903, of one-half interest in 'The Utah-Idaho Sugar Co.'" In addition, the report charged that American Sugar's holdings in Utah-Idaho contradicted the corporation's claims that beet concerns were independent enterprises. Likewise, Hardwick condemned Utah-Idaho and other sugar corporations for stock watering. "The mania for overcapitalization seems to permeate the sugar industry in every direction," he claimed, asserting that all beet sugar companies combined were overcapitalized at around $40 million.[95]

Hardwick's findings were not adopted unanimously. A supplementary report written by Representative Malby from New York offered a slightly different perspective. Malby mostly agreed with Hardwick, but could not concur with his conclusions that the American Sugar Refining Company had an improper relationship with beet sugar corporations. "I am unable to find that the American Sugar Refining Co. has ever exercised or attempted to exercise any control over the management of the affairs of any such beet-sugar companies," Malby declared. Instead, the testimony showed that each firm had been "managed and controlled entirely independent of the American and in wholesome competition therewith." Because of this, Malby could not support the claim that beet

94. C. G. Patterson, *Cracking Nuts in Utah: Little Essays on Tender Subjects* (Salt Lake City: n.p., 1922), 11.

95. House, *American Sugar Refining Co. and Others*, 6, 25.

sugar factories and American Sugar had violated the Sherman Antitrust Act.[96]

Malby's contentions notwithstanding, the rest of the committee agreed with Hardwick's report. Hardwick, however, did not recommend any action against either American Sugar or the Utah-Idaho Sugar Company. The committee did not advocate breaking up American Sugar or issuing any penalties against it or any other corporation because most of the illegalities had taken place under the watch of Havemeyer, who was now dead. The current stockholders in American Sugar, numbering over eighteen thousand, had no way of informing themselves "definitely of the hazards into which he or she was buying," and therefore should not be punished. Hardwick did suggest that the Sherman Act be "supplemented by legislation that will make its provisions definite and certain, protect the consumer and investor from the evils of overcapitalization, and guarantee corporations from exploitation by their trusted officers and agents for their individual benefit and profit," but he made no other recommendations.[97] The committee was willing to let the government suit pending in New York handle any criminal charges against American Sugar.

The Hardwick Committee was mistaken in its belief that the government's litigation would dissolve the sugar interest. On January 2, 1912, the federal court in New York City began taking testimony relative to American Sugar's actions in the industry. Many of the issues explored were similar to questions asked by the Hardwick Committee, and many of the same people, including Thomas Cutler, testified. On April 3, 1915, the last of the pretrial depositions was taken, but the court postponed the actual trial until the U.S. Supreme Court had made a decision in an antitrust case against the International Harvester Company. Because of the outbreak of the First World War, the government settled its suit with International Harvester before the Supreme Court could

96. House, *American Sugar Refining Co. and Others: Supplementary Report*, 62d Cong., 2d sess., 1912, H. Rept. 331 Part 2, serial 6135, 1–2.

97. House, *American Sugar Refining Co. and Others*, 31—32. See also "Committee Finds Monopoly in Sugar," *Salt Lake Tribune*, February 18, 1912.

rule. It was not until May 9, 1922, that American Sugar's case was resolved. Under that settlement, the government issued a consent decree whereby the suit was dropped after American Sugar admitted past Sherman Act violations. Because American Sugar had sold off many of its holdings in other companies, including Utah-Idaho, by that time, no dissolution was recommended. As historian Alfred Eichner declared, the American Sugar Refining Company emerged from the 1910s "scarred but still intact."[98]

So did the Utah-Idaho Sugar Company. The House of Representatives had essentially accused the corporation of violating the Sherman Antitrust Act in its relations with American Sugar, of lining the pockets of its directors by overcapitalizing its stock, and of defrauding Utah and Idaho consumers by adding nonexistent freight rates to its sugar prices, but no penalties were levied. Yet to many observers, the hearings had provided congressional confirmation that Mormon involvement in business was still strong and that LDS leaders were guilty of unseemly actions in their roles as Utah-Idaho authorities. Charles Patterson even stated at the end of the hearings that "the history of Standard Oil, or any other monopoly, reveals nothing so hateful, detestable or loathsome as does the history of our Utah sugar monopoly." He continued, "when . . . the men . . . sustained [by Mormons] as leaders and in whom they have reposed confidence bordering on the Divine, deliberately plan to exploit them in a temporal way, it is certainly time to raise the alarm."[99]

In many ways, Utah-Idaho Sugar was the victim of national forces that it could not control. Rather than operating in a regional vacuum, the corporation now participated in national markets and had to follow national price trends and other practices. But its major problem, as both Patterson and

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98. Eichner, *The Emergence of Oligopoly*, 316–25; Jeremiah Jenks and Walter E. Clark, *The Trust Problem*, 5th ed. (Garden City, N.Y., 1929), 357; "Cutler Talks of Sugar Trust Suit," *Salt Lake Tribune*, December 14, 1911; "Sugar Trust Files Answer to Charges," *Salt Lake Tribune*, February 5, 1912. The 26 volumes of testimony relative to this suit are on file at the National Archives and Records Administration, Northeast Region, New York City, under the title *United States v. American Sugar Refining Company, et al.*, File Equity 7–8.

99. Patterson, *Business, Politics and Religion in Utah*, 15.

the Hardwick Committee implied, was that the LDS church and its leaders maintained their participation in a company focused on maintaining profitability for its investors. An ecclesiastical organization's involvement in a profit-making venture seemed disingenuous to many observers, especially since that organization exerted a large influence over the people to whom the enterprise marketed its product. Exacerbating the problem was that Utah-Idaho officials acted in collusion with the American Sugar Refining Company, a corporation considered by many to be one of the most egregious trusts in the United States. To many observers, these conditions proved that the LDS church was a snake in the sugar, ready, in the name of economic dominance, to bite anyone who intruded on its territory. LDS leaders insisted that there was no impropriety in their involvement in the sugar industry, but the evidence presented before the Hardwick Committee made that difficult to believe. Watever the case, it was clear that Utah-Idaho Sugar would face a stormy future as long as it appeared that Mormon officials were trying to profit at the expense of their followers.

Chapter Four

National Sugar Policies and the First World War

Senator [Henry Cabot] Lodge: As to the matter of prices, there…has been an effort made to take the price of sugar in different forms out of the operation of the natural laws of supply and demand. . . .

Mr. [Herbert] Hoover: Yes; I considered that, when there was a short supply [of sugar] and practically a famine situation, the law of supply and demand was practically suspended as an economic practice, anyway.

—*Shortage of Sugar, Senate hearings,* 1918

In this crisis, this great war…some of these great industrial corporations place dividends before service. Ensconsed [sic] behind their mahogany desks and breathing only air that is loaded with the incense of dollars unrighteously wrung from the hands of toilers, the men managing these great enterprises have pulled down the blinds against the sunshine of democracy . . . THE FARMERS ARE ORGANIZING TO WIN THE WAR AND AS THE LIGHT OF DEMOCRACY BREAKS OVER THE BANKS OF THE RHINE AND ACROSS THE BALKANS IN EUROPE SOME RAYS OF SUNSHINE ARE GOING TO PENETRATE BEHIND SOME MAHOGANY DESKS IN AMERICA.

—Intermountain Association of Sugar Beet Growers, 1918

The Hardwick Committee hearings in 1911 and 1912 indicated that the Utah-Idaho Sugar Company had become much more than a regional concern and now operated in the national sugar market. The outbreak of the First World War in 1914 and the subsequent economic turmoil that it caused solidified that perception. Utah-Idaho Sugar was drastically influenced by world and national trends in the sugar industry, and it also had to follow strict price control policies set by the federal government in order to forestall shortages and profiteering. At the same time, Charles Nibley, presiding bishop of the LDS church and a successful entrepreneur, bought out the American Sugar Refining Company's interest in Utah-Idaho Sugar and assumed the position of largest stockholder. Naturally, Nibley wanted to see a return on his investment, and he pushed a large-scale advancement of Utah-Idaho's territory while acting as an advisor to federal officials on beet sugar concerns. His actions ensured that Utah-Idaho would remain a national player, but it also caused some clashes with the federal government that would only increase after the war's end.

The 1914 outbreak of war in Europe at first presented increased economic opportunities to American business in general and the beet sugar industry in particular. Because of the war, several beet-producing countries, such as Germany, eliminated their sugar supply to the allies. Other nations, such as France, Belgium, and Italy, saw a marked decline in the number of beets produced because of wartime destruction. France's sugar yield, for example, decreased from 750,000 tons before the war to 210,000 tons during the conflict. Countries that had relied on European nations for sugar were forced to look elsewhere for the sweetener, and prices for the product began to rise. The greater demand for sugar by armies and civilians, combined with Europe's decline in production, advanced sugar rates from less than four cents a pound to seven-and-a-quarter cents by the end of 1914.[1]

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1. Leonard J. Arrington, *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle, 1966), 82; 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), 110–111; "Testimony of Herbert Hoover," January 2,

These higher prices significantly affected the value of the Utah-Idaho Sugar Company's stock. The same certificates that were worth $7 each in April 1914 jumped to $29 in November 1916.[2] The increase had an especially significant impact on Charles W. Nibley. Influenced by Hardwick's condemnation of American Sugar stockholding in beet sugar corporations, the First Presidency of the LDS church authorized Nibley to purchase—on behalf of the religion—all Utah-Idaho stock held by American Sugar in May 1914. The church allowed Nibley to hold the stock in his own name, making Nibley the largest stockholder in Utah-Idaho Sugar and giving firm control of the company to LDS interests.[3]

When the price of sugar advanced not long after Nibley made his purchase, he obtained a considerable amount of money. Indeed, Utah-Idaho stock dividends increased from 1.5 percent in the first quarter of 1914 to 7 percent for the rest of the year.[4] He later recalled with some exaggeration that "never in the history of the west . . . has such a large deal been turned and out of which so much money has been made by everybody concerned." Nibley attributed his good fortune to "the blessing of the Lord," and estimated that he

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1918, Senate Subcommittee of the Committee on Manufactures, *Shortage of Sugar: Hearings Before the Subcommittee of the Committee on Manufactures, United States Senate*, 65th Cong., 2d sess., 1918, 554–555 (hereafter referred to as Shortage of Sugar Hearings); William Clinton Mullendore, *History of the United States Food Administration, 1917–1919* (Stanford, 1941), 168; Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge, Mass., 1962), 145.

2. Arrington, *Beet Sugar in the West*, 83. See also Reed Smoot to Mr. N. B. Scott, May 5, 1916, Reed Smoot Papers, MSS 1187, box 49, folder 8, L. Tom Perry Special Collections Library, Harold B. Lee Library, Brigham Young University, Provo, Utah (hereafter cited as Smoot Papers).
3. Charles W. Nibley, "Facts Are Given About the Sugar Industry," *Salt Lake Tribune*, June 25, 1916; Charles W. Nibley, *Reminiscences* (Salt Lake City, 1934), 128; Arrington, *Beet Sugar in the West*, 80–81.
4. "Minutes of Utah-Idaho Sugar Company, March 10, 1914" and "Minutes of Utah-Idaho Sugar Company, April 10, 1915," Leonard J. Arrington Papers, Series 12: The Writings of Leonard J. Arrington, MSS 1, box 10, folder 2, The Leonard J. Arrington Historical Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah (hereafter referred to as Arrington Papers).

"cleaned up a large amount . . ., running up to several million dollars."[5]

But Nibley and other Utah-Idaho directors were not willing to sit on their profits. Instead, at Nibley's urging, the company began a period of unprecedented expansion, holding that it had a good opportunity to gain a larger share of America's beet sugar market. From 1914 to 1918, it established new factories in Spanish Fork, West Jordan, and Brigham City, Utah; Yakima, Toppenish, and Sunnyside, Washington; and Shelley, Idaho. In addition, it paid $100,000 for an interest in the Layton Sugar Company (an operation in northern Utah), and took over factories built by independent enterprises in Grants Pass, Oregon, and Fallon, Nevada.[6]

In the midst of such expansion, Joseph F. Smith gave a positive report of Utah-Idaho Sugar's financial status in 1915. Relating how dismal the sugar industry had appeared in early 1914 because of the passage of the Underwood-Simmons Tariff (an act which lowered the duty on sugar imported into the United States), Smith commented that "the sudden outbreak of the war last summer changed conditions almost instantaneously. The results have been that sugar prices advanced all over the world," enabling "the company . . . to pay the usual dividend of 7 per cent the past year."[7] As Nibley related, "is not the fact that the unlooked-for war turned what seemed a hazardous investment into a profitable enterprise?"[8]

But Utah-Idaho Sugar was not alone in trying to capitalize on the prices and strong markets created by the war. One

5. Nibley, *Reminiscences*, 128.
6. Arrington, *Beet Sugar in the West*, 83–86; Taylor, *A Saga of Sugar*, 110–11.
7. "Minutes of Utah-Idaho Sugar Company, April 10, 1915," Arrington Papers, box 10, folder 2. Some anti-Mormons accused Utah-Idaho Sugar of masterminding the high prices of sugar in order to kidnap young women into polygamy. "It must not be forgotten that it is out of the unjust profit extorted . . . from the general public," one publication declared, "that the Mormon prophet and his polygamous compeers support their harems and finance the emissaries of their system who have gone abroad to inveigle the women of war-stricken homes to come to this country to keep up the polygamous establishment of Mormonism." "Mormon Prophet Sugar Company," *Christian Statesman* 51 (May 1917): 228–29.
8. Nibley, "Facts Are Given About the Sugar Industry," *Salt Lake Tribune*, June 25, 1916.

executive reported that "the prospects of the industry looked sufficiently bright [during the war] to encourage independent companies to organize and establish factories in various parts of the territory served by the Utah-Idaho Sugar Company."[9] The People's Sugar Company, for example, organized in 1917 and built a plant at Moroni, Utah, while the Delta Beet Sugar Company constructed one at Delta, Utah. Likewise, the Springville-Mapleton Sugar Company established a plant at Springville, Utah, in 1918, while the Beet Growers Sugar Company built a factory at Rigby, Idaho.[10] Although directors in Utah-Idaho Sugar admitted that "this is a free country, and everyone is free to engage in any business that he may select," they believed that building factories in their territory was a "malignant waste" because Utah-Idaho already adequately served the needs of the population.[11]

In 1916, however, Utah-Idaho Sugar had few concerns with outside firms, as money was flowing into its coffers. The company decided to share some of its profits with its beet farmers, distributing $65,000 among growers "as a bonus over the contract prices agreed upon." Some farmers wanted the company to divide its profits by paying higher prices for beets rather than through bonuses, but Smith explained that such a raise would be hazardous to the corporation because the wartime prosperity might not last. In order to "protect itself at all points possible against a recurrence of adverse conditions," the corporation needed to "strengthen [its] reserves" and exercise "great care" in its monetary policies. "Should the time come when the industry can rely on a settled and definite policy on the part of the government," Smith concluded, "it will justify sugar companies in extending still further recognition to the beet producers."[12]

In the fall of 1916, heavy frosts destroyed much of the beet crop. Because of the cold temperatures, farmers for Utah-Idaho Sugar experienced disappointing results; those

9. Taylor, *A Saga of Sugar,* 110–11.
10. Arrington, *Beet Sugar in the West,* 86.
11. Nibley, "Facts Are Given About the Sugar Industry," *Salt Lake Tribune,* June 25, 1916.
12. "Minutes of Utah-Idaho Sugar Company, April 10, 1916," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

beets that were harvested had low sugar content. However, since sugar continued to sell at high prices, Utah-Idaho "aid[ed] those who suffered most severely through inability to harvest their crops." At the same time, due to continued agitation on the part of some farmers and high profits, the company raised its beet prices from $5 to $7 a ton, "the highest rate ever before paid beet growers."[13] In comparison, the previous largest price raise for beets had occurred in 1912, when the corporation elevated rates by twenty-five cents because of the "the most successful year in company history."[14]

When the United States entered the First World War in April 1917, sugar prices remained high because military demands for the product and for shipping led to shortages. In order to facilitate the production of sugar and to ensure that no corporation made exorbitant profits from these conditions, the federal government set up agencies to regulate the nation's sugar trade. Ideas stemming from the Progressive Movement validated government intervention in the economy, making it easier for authorities to establish such institutions, but some politicians, such as Senator Henry Cabot Lodge from Massachusetts, still voiced their concerns about government involvement in the economy, even in wartime.[15]

One of the most important organizations created to regulate the economy was the Food Administration. Congress authorized this agency on August 10, 1917, under the Lever Food and Fuel Act, although preparations for it had begun in May 1917.[16] Herbert Hoover, its director, stated that the department's purpose was "to organize the service and self-denial of

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13. "Minutes of Utah-Idaho Sugar Company, April 10, 1917," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.
14. "Minutes of Utah-Idaho Sugar Company, April 10, 1912," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.
15. David M. Kennedy, *Over Here: The First World War and American Society* (New York, 1980), 95, 97–98; Neil A. Wynn, *From Progressivism to Prosperity: World War I and American Society* (New York, 1986), 66; Roy G. Blakey, "Sugar Prices and Distribution Under Food Control," *Quarterly Journal of Economics* 32 (August 1918): 568; "Minutes of Utah-Idaho Sugar Company, April 10, 1918," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.
16. "An Act To Provide Further for the National Security and Defense by Encouraging the Production, Conserving the Supply, and Controlling the Distribution of Food Products and Fuel" (40 Stat. 276).

the American people so as to supply the Allies with foodstuffs during the war" and "to control, so far as its authority extended, the distribution of foodstuffs at home and to limit speculation in them."[17] Because of shortages and skyrocketing prices, sugar became one of the main concerns of the administration. In June, Hoover summoned George Rolph, the manager of the California and Hawaiian Sugar Refining Company, to lead the proposed sugar department of the Food Administration. Rolph's duties consisted of trying "to control the sugar situation, to eliminate speculation in sugar, to secure for the consumer a fair and equitable price, and at the same time a fair price for the producer that would stimulate production."[18]

Although Rolph's job seemed fairly straightforward, he experienced numerous problems. For one thing, in the late summer of 1917, the sugar shortage in the United States worsened because of increased consumption by American consumers. For another, Rolph soon discovered that he did not have any real means of controlling prices.[19] According to one economist, Rolph possessed the authority "to declare excessive profits extortionate," but because both politicians and businessmen were wary of government control of the economy, he could take little action. On Hoover's suggestion, Rolph decided to try to persuade sugar producers to enter into "voluntary [price] agreements" with the government instead of attempting "to cure the trouble after the event by penalties."[20]

To this end, Hoover and Rolph, realizing that the shortage might advance sugar prices to twenty cents a pound,

17. Quotation in Herbert Hoover, "Introduction," in Mullendore, *History of the Food Administration, 1917–1919*, 3; see also Blakey, "Sugar Prices and Distribution Under Food Control," 573–74; Kennedy, *Over Here*, 117; Wynn, *From Progressivism to Prosperity*, 70. Although Mullendore's book was not published until 1941, Hoover had written his introduction in 1920, soon after his duties as food administrator had ended.

18. "Testimony of Mr. George M. Rolph," December 20, 1917, Shortage of Sugar Hearings, 335; Blakey, "Sugar Prices and Distribution Under Food Control," 574.

19. Mullendore, *History of the United States Food Administration*, 169; "Sugar Famine Upon Country, Says Hoover," *Salt Lake Tribune*, October 21, 1917.

20. Quotation in Blakey, "Sugar Prices and Distribution Under Food Control," 574; see also Kennedy, *Over Here*, 118–20.

invited representatives from several beet companies to come to Washington, D.C., in August 1917 and help set a ceiling on rates. Most corporations sent delegates to the meeting, including Utah-Idaho Sugar, represented by Charles Nibley, who had recently replaced Thomas R. Cutler as general manager. Hoover and Rolph appealed to the patriotism of the manufacturers and asked them to pledge not to sell their sugar above what the two had determined to be a fair price: $6.75 per hundred pounds plus freight charges from seaboard points. Although some corporations could manufacture sugar for only four cents a pound, it cost others nearly seven cents, so $6.75 would mean a loss of money for some and a significant profit for others.[21]

Beet sugar representatives refused to accept the proposal, leading Rolph to suggest that they sell their sugar at $7 per hundred pounds or below. This, too, was rejected. Finally, after a month of negotiations, the manufacturers settled on $7.25 per hundred pounds plus freight charges from seaboard points. Senator Lodge and Senator James Reed from Missouri declared such action to be a deplorable form of price fixing, but both Rolph and Hoover insisted that it was merely a voluntary compact between the government and the beet sugar companies. Rather than an example of government control, they declared, the agreement indicated the patriotism of the beet sugar industry during a time of crisis.[22]

The beet corporations also agreed to the creation of a federal sugar distributing committee which would determine where their product would be sold, thereby ensuring that enough sugar would reach all areas of the United

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21. "Testimony of Mr. George M. Rolph," December 20, 1917, Shortage of Sugar Hearings, 338; "Beet Sugar People to Reduce Prices," *Salt Lake Tribune*, August 27, 1917; "Looks for Approval of Sugar Schedule," *Salt Lake Tribune*, August 31, 1917; Mullendore, *History of the United States Food Administration*, 171; Blakey, "Sugar Prices and Distribution Under Food Control," 575. Cutler resigned as vice president and general manager of Utah-Idaho Sugar on May 28, 1917. "Minutes of Utah-Idaho Sugar Company, May 28, 1917," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

22. "Testimony of Mr. George M. Rolph," December 20, 1917, Shortage of Sugar Hearings, 338–46, 373; "Testimony of Herbert Hoover," January 2, 1918, Shortage of Sugar Hearings, 590–96; "Looks for Approval of Sugar Schedule," *Salt Lake Tribune*, August 31, 1917; "Control of Sugar Starts October 1," *Salt*

States, not merely the trans-Mississippi West where most beet sugar was marketed. Representatives from a number of beet manufacturers, as well as several sugar brokers, composed this committee, including Stephen H. Love, sales agent for Utah-Idaho Sugar. According to economist Roy Blakey, the committee labored "to allot available sugar as fairly as possible to the dealers in the various localities" and to ensure that the product was "shipped from the factory [to areas] that will have the lowest freight rate to absorb."[23] Hoover hoped that the Sugar Distributing Committee would abolish the "inequality" of distribution in the United States and alleviate acute sugar shortages in some regions such as the Northeast.[24]

By October 1917, the Food Administration had made several efforts to ensure that American consumers had an adequate supply of sugar at a reasonable price. Because of its price "agreement" with the beet sugar corporations, it had guaranteed that most companies would continue to receive at least some profit from sugar. Because the Food Administration had not required corporations to increase the price of beets, however, farmers claimed that they gained nothing by the arrangement; only sugar manufacturers benefited. Hoover himself admitted that the Food Administration had done little for farmers, but argued that because companies contracted with beet producers a year before the crop was harvested, there was little the administration could do to increase the 1917 price of beets. In response, many farmers declared that they would not plant beets in 1918 until the companies paid them more money for their crop.[25] Nowhere was this

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Lake Tribune, September 12, 1917; "Sugar Producers to Decrease Prices," *Salt Lake Tribune*, September 21, 1917; Mullendore, *History of the United States Food Administration*, 171; Blakey, "Sugar Prices and Distribution Under Food Control," 575–76. For an example of the contract between the government and the companies, see "Exhibit No. 65: Agreement with United States Food Administration," Shortage of Sugar Hearings, 347.

23. Blakey, "Sugar Prices and Distribution Under Food Control," 576–77.

24. "Testimony of Herbert Hoover," January 2, 1918, Shortage of Sugar Hearings, 604.

25. "Testimony of Herbert Hoover," January 2, 1918, Shortage of Sugar Hearings, 590–91; "Testimony of C. G. Patterson," December 22, 1917, Shortage of Sugar Hearings, 523; "Beet Growers Will Seek Higher Prices," *Salt Lake*

Cultivating sugar beets

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

relationship between beet farmer and sugar manufacturer more tense than in Utah.

In August 1917, Charles Patterson, the Mormon Salt Lake City attorney and excoriator of Utah-Idaho Sugar, formed the Intermountain Association of Sugar Beet Growers (IASBG) with a few other Utah residents to help farmers get higher prices for their beets.[26] For several years prior to 1917, as we have seen, Patterson had actively worked to "expose" the business practices of the Utah-Idaho Sugar Company. Although Patterson's earliest political affiliations had been Republican, he had, according to Joseph F. Smith, become a "'Progressive' of Socialistic tendencies" in the early 1910s. After this transformation, he had become a bitter enemy of the Utah-Idaho Sugar Company, charging its leaders with monopolistic, illegal, and immoral conduct.[27] His formation of IASBG,

Tribune, January 6, 1918; "Beet Men Protest 1918 Price for Crop," *Salt Lake Tribune*, January 17, 1918.

26. "Beetgrowers Form Protective Society," *Salt Lake Tribune*, August 26, 1917.

27. Joseph F. Smith to Senator Reed Smoot, December 31, 1915, Smoot Papers, box 49, folder 8. Despite his depictions of Joseph F. Smith, Charles Nibley, and Reed Smoot, Patterson, by his own admission, remained a believing Mormon.

which worked to reveal the "plain, unvarnished truth" about the evil ways of Utah-Idaho Sugar, was consistent with his previous activities.[28]

When the IASBG was organized, its main complaint was that the Utah-Idaho Sugar Company did not pay its farmers fair prices for their beets. Indeed, Utah-Idaho had a reputation for paying as little as possible for the vegetable. During the Hardwick Committee's investigation, for example, Hardwick asked Joseph F. Smith if it was true that "the Utah-Idaho Sugar Co. pays less for its beets than almost any other beet-sugar company." Although Smith denied this assertion, statistics proved otherwise.[29] In 1916, for example, Utah-Idaho only paid an average of $5.73 per ton for beets, the lowest amount among manufacturers in the American West. In 1917, it increased its price to $7.04 per ton, but this was still less than any other company. Recognizing this, the IASBG asked farmers to join with it to provide "justice, contentment and stability in the beet sugar business."[30]

The IASBG believed it had an uphill battle to secure fair prices in Utah because, it claimed, the U.S. Department of Agriculture (USDA) worked for the benefit of the sugar companies rather than the farmers. According to the association, the Farm Bureau and the county agent system, two new programs associated with the USDA, were especially guilty of siding with sugar manufacturers. The county agent system did not appear in the United States until 1910, growing out of the extension services offered by state agricultural colleges. In the late 1800s, these colleges set up programs to teach farmers about proper agricultural methods. When a boll weevil epidemic struck Texas cotton fields

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28. See Intermountain Association of Sugar Beet Growers [IASBG], *Between the Millstones: The Arguments to the Jury in the Utah-Idaho Sugar Beet Case (The People are the Jury)* (Salt Lake City, 1918), v.
29. "Testimony of Mr. Joseph F. Smith," June 27, 1911, House Special Committee on the Investigation of the American Sugar Refining Co. and Others, *Hearings Held Before the Special Committee on the Investigation of the American Sugar Refining Co. and Others*, 62 Cong., 1st sess., 1911, 1042 (hereafter referred to as American Sugar Refining Company Hearings).
30. Quotation in IASBG, *Between the Millstones*, iii–iv; see also Mullendore, *History of the United States Food Administration*, 177.

in the early 1900s, Secretary of Agriculture James Wilson decided that extension programs were inadequate to solve the problem. He commissioned Dr. Seaman A. Knapp, one of his advisors, to find a solution to the epidemic and to teach farmers about it "by doing rather than by telling." When Knapp established a successful demonstration farm, Smith County, Texas, voted to provide "county funds to contribute toward the salary of a demonstrator." W. C. Stallings was appointed to that position, becoming the first county agent in the United States. Other areas followed the Smith County example, and in 1912, "the first federal funds definitely appropriated for county agent work in the North and West became available." By 1915, over one thousand county agents labored in the United States, assuming the responsibility of "going into a county, . . . to study its soils, crops, animals, men, women, children, [and] to . . . plan out better ways" of farming.[31]

In order to convey their messages more effectively, and in order to enable agriculturists to learn from each other, county agents developed ways to bring farmers together in associations known as farm bureaus. Some of these alliances levied one to ten dollar annual membership fees and used the funds to pay county agents for their services. Because of these dues, many bureaus became organizations for wealthy farmers. As the 1910s progressed, city governments and state legislatures saw the bureaus as a more conservative way of organizing farmers than the radical associations of the late 1800s, such as the Grange, the Farmers' Alliance, and the Populists. Several state legislatures subsequently enacted laws requiring the creation of a bureau before any state funding would be provided. In addition, the federal government passed the Smith-Lever Act in 1914, providing matching grants to states with farm bureaus supporting county agents. Thus, although farm bureaus were essentially independent organizations, they were approved by state and national governments and were inextricably connected with

31. Quotations in Orville Merton Kile, *The Farm Bureau Through Three Decades* (Baltimore, Md., 1948), 24–36; see also Robert P. Howard, *James P. Howard and the Farm Bureau* (Ames, Ia., 1983), 71–77.

the county agent system.[32] As one publication argued, "The Farm Bureau is the BOARD OF DIRECTORS, if you please, that limits and controls the activities of the county agent."[33]

The First World War saw an explosion of both farm bureaus and county agents. Because Congress hoped to enlist agents to increase crop production throughout America, it passed a law providing more funding to the county agent system. The number of county agents subsequently increased from 542 in July 1917 to 1,133 in June 1918, while the number of farm bureaus rose from 516 to 791.[34] Because agents had connections to these "partisan, private farm organization[s] that [were] competing with other farm organizations for members," they were sometimes condemned by agriculturists not associated with farm bureaus.[35] In Utah, for example, the IASBG disparaged the farm bureau and county agent system, charging it with working only on behalf of the wealthy. Although the Utah Farm Bureau had promised everything to the farmer "except salvation after death" since its organization in December 1916, the IASBG claimed that the bureau had done nothing since that time to elevate beet prices. Instead of *demanding* increases from Utah-Idaho Sugar for the 1917 beet crop, the bureau merely *asked* the company to raise its price. The IASBG declared that the bureau "approached the company as the heathen approaches his idol; with fear, dread and veneration." Although Utah-Idaho honored the request and began paying farmers $7 per ton, the IASBG was unwilling to give the bureau any credit for the increase.[36]

Part of the reason for the association's complaints was that the farm bureau was a competing organization that took members away from the IASBG. In addition, the IASBG did not believe that the bureau was radical enough in its demands, especially given the unique situation of the First World War. As America became more involved in the conflict, discontent

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32. Samuel R. Berger, *Dollar Harvest: The Story of the Farm Bureau* (Lexington, Mass., 1971), 91–93; Howard, *James P. Howard and the Farm Bureau*, 75–76; Kile, *The Farm Bureau Through Three Decades*, 36–41; Kennedy, *Over Here*, 121.
33. IASBG, *Between the Millstones*, 18 (emphasis in the original).
34. Kile, *The Farm Bureau Through Three Decades*, 42; Kennedy, *Over Here*, 122.
35. Berger, *Dollar Harvest*, 113.
36. IASBG, *Between the Millstones*, 103–4.

among farmers grew. Particularly galling to agriculturists was the Food Administration's price-setting agreement with beet manufacturers. Many farmers, including those in Utah, claimed the $7.25 price set by the Food Administration allowed companies enormous profits, yet the administration had not forced any firm to raise its beet prices.[37] Thus, in the fall of 1917, there was a general "insurrection . . . among the sugar beet growers of the West." Even though some corporations had offered substantially more for 1918 beets, "many of the growers," according to economist Roy Blakey, "claimed that they were insufficient [advances] and that they could not afford to plant the usual acreage, much less the increased acreage which was urged in the name of patriotism."[38]

In order to present their position on sugar prices, farmers arrived in Washington, D.C., in the winter of 1917 and 1918 and testified at hearings held before the Senate Committee on Manufactures on sugar shortages in the United States.[39] Charles Patterson appeared on behalf of the IASBG. Patterson, who admitted that he had never grown sugar beets, claimed that his organization represented "the sentiment of practically 90 per cent of the growers in Utah and Idaho."[40] He told the committee that Utah and Idaho farmers suffered from low beet prices because the two major sugar corporations in the region, Utah-Idaho Sugar and the Amalgamated Sugar Company (in which LDS leaders also held an interest),

37. "The Secrets of the Utah-Idaho Sugar Company—An Open Letter to the Beet Growers of the Intermountain Region," Exhibit No. 130B, Shortage of Sugar Hearings, 531.

38. Blakey, "Sugar Prices and Distribution Under Food Control," 584–85. See also "Salt Lake Growers of Beets Protest," *Salt Lake Tribune*, November 25, 1917; "Beet Growers Appeal from Sugar Prices," *Salt Lake Tribune*, December 13, 1917; "Higher Prices Sought for Beets," *Salt Lake Tribune*, January 19, 1918.

39. "Beet Sugar Growers to Appeal to Hoover," *Salt Lake Tribune*, December 18, 1917.

40. "Testimony of C. G. Patterson," December 22, 1917, Shortage of Sugar Hearings, 521. Patterson's claim might have been exaggerated. Utah-Idaho Sugar Company officials told Herbert Hoover that the Intermountain Association did not "represent [all] beet growers." Instead, it consisted of only a few "agitators." The "majority" of farmers, Utah-Idaho asserted, expressed no dissatisfaction with the company's payments. "Minutes of Utah-Idaho Sugar Company Jan. 3, 1917 to Jan. 3, 1920," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

worked in collusion to lower prices. The corporations had "divided" the beet-producing territory in Utah and Idaho between themselves, Patterson asserted, agreeing not to build competing factories in the same areas. Farmers had no recourse but to accept low prices for their beets.[41]

Patterson also declared that if Utah-Idaho and Amalgamated Sugar did not give farmers more for their 1918 beets, agriculturists would refuse to plant the crop because it was more profitable to produce other things. "They have been losing for many years in growing sugar beets, suffering actual loss," Patterson averred. Because the government had now set sugar prices at a level that would allow companies to reap large profits, beet farmers had decided to take a stand. "I have visited the farmers at their dumps, met them in meetings, and have spoken with them at their homes," Patterson stated. "I have talked to hundreds of them, and I know from personal knowledge just exactly how they feel." Patterson assured the Committee on Manufactures that Utah agriculturists were just as willing as any citizen to sacrifice for the good of the nation in wartime, "but they object positively to being called upon to make sacrifices for the benefit of those corporations there that have exploited them for years and years."[42]

The crux of Patterson's argument was that because Utah-Idaho manufactured sugar at a relatively cheap price, the $7.25 rate would allow it to make huge profits on every bag of sugar it sold. The company, however, contended that with

41. "Testimony of C. G. Patterson," December 22, 1917, Shortage of Sugar Hearings, 520–22. Patterson accurately assessed the situation in Utah and Idaho. The LDS church largely controlled both Utah-Idaho and Amalgamated Sugar; Joseph F. Smith served as president of Utah-Idaho Sugar while Anthon H. Lund, a counselor to Smith in the LDS First Presidency, was the president of Amalgamated. In December 1916, the boards of directors of the two corporations had met and "agreed to divide their territory." In addition, according to historian Thomas G. Alexander, "the companies agreed together at times on the setting of prices for beets and sugar." *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), 82. Because of this situation, the Intermountain Association asked Hoover in September 1917 to investigate the lack of competition between the concerns, but nothing ever came from the request. "Hoover Asked to Investigate Sugar," *Salt Lake Tribune*, September 30, 1917.

42. "Testimony of C. G. Patterson," December 22, 1917, Shortage of Sugar Hearings, 523–29.

the $7.25 price, it could only get $1 per hundred pound bag profit if it paid the farmers the agreed-upon $7 per ton price. It also insisted that at $7 per ton, farmers themselves made a profit of about $2.50 per ton. Patterson and the IASBG disputed that figure, insisting that it cost growers $9.59 to produce a ton of beets.[43]

These different profit figures were major reasons why the Food Administration had failed to act on behalf of beet growers. "I find an enormous conflict of evidence on all sides about [the cost of manufacturing sugar]," Herbert Hoover declared. After farmers had appeared before the Senate Committee on Manufacturing, Hoover and Rolph decided to establish commissions to investigate beet prices in California, Colorado, and Nebraska, and these inquiries determined that the figures used by farmers were more accurate than those employed by beet corporations. The reports of these investigations forced sugar companies in those three states to give farmers $10.00 per ton for the upcoming season.[44]

Inexplicably, no commission was appointed in Utah, outraging the IASBG, which claimed that Utah-Idaho Sugar controlled the state's Food Administration. The association alleged that at the urging of Utah-Idaho's directors, W. W. Armstrong, a Utah banker heading Utah's administration, insisted that no investigating commission was needed in Utah. Instead, he "urged the settlement of the differences between the beet grower and the sugar manufacturer" without outside interference. Armstrong even distributed several circulars admonishing

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43. C. W. Nibley to The Farmers and Beet Growers of the Utah-Idaho Sugar Company's Territory, August 15, 1917, Exhibit No. 130B, Shortage of Sugar Hearings, 532–33; "Sugar Profits Shared," *Salt Lake Tribune*, August 17, 1917; "Higher Prices Sought for Beets," *Salt Lake Tribune*, January 19, 1918. One of the reasons why Utah-Idaho Sugar was willing to share profits above $1 per bag was because of an excess-profits tax that Congress had enacted in March 1917 to raise more money for the war effort. Kennedy, *Over Here*, 107. Instead of having to pay taxes on profits above $1 per bag, Utah-Idaho officials proposed sharing their surplus with the farmer, thereby cementing their relationship with agriculturists while escaping some of the taxation levied by the federal government.

44. Quotation in "Testimony of Herbert Hoover," January 2, 1918, Shortage of Sugar Hearings, 590–91; see also Blakey, "Sugar Prices and Distribution Under Food Control," 584–86; Mullendore, *History of the United States Food Administration*, 175–76.

farmers that it was their patriotic duty to grow sugar beets regardless of the prices set by the companies.[45]

Further, the IASBG charged, J. A. Brock, head of the sugar division of the Food Administration in Utah, reiterated Armstrong's position in a farm bureau meeting held on February 10, 1918, telling the farmers in "a speech of a very excited character" that "you need not look for a commission." Although it was Armstrong's prerogative to decide whether a commission was needed in Utah, the IASBG believed that Utah-Idaho's directors had instructed him to oppose a federal investigation of prices and that he had readily acquiesced to this demand. Since Armstrong was a banker, the association argued, his interests naturally lay with any type of business. When Armstrong declared a commission unnecessary, the matter was settled for most Utah farmers because they believed the food administrator had their interests at heart. The association concluded that "the prestige of Mr. Armstrong's office was sought and used by [Utah-Idaho Sugar] to subjugate the beet growers to their [*sic*] own selfish ends and uses."[46] It is difficult to substantiate the Intermountain Association's charges because no records indicate any contact between Utah-Idaho's directors and Armstrong and Brock, but, given the influence of the LDS church in the sugar business, it is not unlikely that Armstrong was persuaded, either indirectly or directly, to take his stance.[47]

The IASBG also charged a conspiracy between Utah-Idaho Sugar and Utah's county agents to maintain low beet prices. It accused county agent leader R. J. Evans, who had grown up in Lehi "in the atmosphere of that sugar factory town," of

45. These circulars were prepared by the Food Administration and sent out under Hoover's signature. Mullendore, *History of the United States Food Administration*, 175.

46. IASBG, *Between the Millstones*, 49–56, 61–62.

47. Armstrong and Brock may have believed that because of the federal government's record of interference in Utah's affairs, such as the 1858 military expedition sent out by President James Buchanan to quell a nonexisting rebellion in Utah and the legislation passed in the late nineteenth century to rid the state of polygamy, it was better for Utahns to deal with matters themselves. Armstrong stated that "we had always settled our differences among ourselves and . . . we should do so in this case." IASBG, *Between the Millstones*, 55; "Plan To Increase Utah Beet Output," *Salt Lake Tribune*, January 27, 1918.

counseling his subordinates to side with Utah-Idaho in the price controversy. Evans attended the organizational meeting of the IASBG in August 1917 "at the suggestion of the officers of the sugar companies in Utah" and "was unsparing in his criticism of the movement to those with whom he talked." After the association had been incorporated, Evans discussed with Utah-Idaho directors "how best to combat the said Intermountain Association."[48]

The IASBG accused Evans and his subordinates of preventing it from securing higher prices for farmers by alleging that it consisted of radicals who wanted to help Germany more than American farmers. The association insisted that at farm bureau meetings, county agents had prevented Patterson and other representatives from issuing resolutions against Utah-Idaho Sugar, while also instructing farmers not to agitate for more money than the company was willing to give. Because of these actions, county agents and farm bureau representatives "nourishe[d] the vampire which has bled the people of Utah and Idaho to exhaustion."[49]

The IASBG's claims had kernels of truth. The agents and the bureau *did* actively work against the association, in part because they believed it was too extreme; wealthier farmers and businessmen generally formed farm bureaus "in reaction to the spread of more radical farmer movements." James Howard, the first president of the American Farm Bureau, even claimed that the bureau stood "as a rock against radicalism." As the Russian Revolution progressed in the late 1910s, representatives of different bureaus tried to get farmers to join "in order to 'stop bolshevism.'"[50] Because bureau members and county agents were largely "from the more progressive and more prosperous class," they were less inclined to rail harshly against businesses such as the Utah-Idaho.[51]

But, as with the charges against Armstrong, it is difficult to substantiate whether county agents intentionally

48. IASBG, *Between the Millstones*, 88–91.
49. IASBG, *Between the Millstones*, 126–47.
50. Berger, *Dollar Harvest*, 93.
51. Quotation in Howard, *James R. Howard and the Farm Bureau*, 76–77; see also Kennedy, *Over Here*, 121.

colluded with Utah-Idaho Sugar to maintain low beet prices. What evidence does exist indicates that, at the very least, the IASBG had exaggerated its point. Many county agents were members of the LDS church, meaning that the ability of Utah-Idaho leaders to influence them was great, but most county agents considered themselves on the forefront of the battle for higher prices and took credit when Utah-Idaho Sugar raised its rates. In a December 1920 report, for example, Joseph P. Welch, county agent for Utah County, claimed that because of "the unity of the local and County Farm Bureaus," Utah-Idaho Sugar was forced to raise beet prices $1.00 per ton.[52] Likewise, R. L. Wrigley, county agent for Cache County, reported in November 1918 that "the farm bureau takes credit for an increase in the price of beets from $7.00 to $10.00 per ton."[53] In addition, Robert H. Stewart, county agent for Box Elder County, argued in December 1918 that because the Box Elder Farm Bureau had compiled a "cost of production" sheet and represented the farmers in negotiations with Utah-Idaho, "the farmers were more justly treated on beet prices by the Sugar Companies than ever before in the history of the sugar beet industry."[54]

And there *were* increases. The price of sugar beets rose from $7 per ton to $9 per ton in 1918 and finally to $10 per ton in 1919. Whether this came because of the IASBG's work or that of county agents and the farm bureau is unclear, but both probably played a role. At a conference in Logan, Utah, in January 1918, for example, beet growers, both through the IASBG and the farm bureau, expressed their concern over beet prices and declared that "the farmers and [the company] should share equally" in any profits. Other gatherings were held and resolutions denouncing

52. Joseph P. Welch, "Annual Report of Agricultural Activities 1920, Utah County Farm Bureau, State of Utah," 8–9, University Extension Service, Record Group [RG] 19.1/1:47, box 74, folder 4, Utah State University Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah.
53. R. L. Wrigley, "Annual Report of Cache County Farm Bureau, November 30, 1918," 33, University Extension Service, RG 19.1/1:47, box 8, folder 2.
54. Robert H. Stewart, "Annual Report of County Agent, December 1, 1918," 11–12, University Extension Service, RG 19.1/1:47, box 3, folder 2.

low prices were sent to Utah-Idaho's directors who read and filed them.[55]

Perhaps the largest factor in the increases, however, was the workings of the Food Administration on behalf of the farmer, emphasizing once again that Utah-Idaho Sugar was more concerned with national forces than with regional ones. Using statistics from the United States Tariff Commission and the Federal Trade Commission to determine the cost of producing sugar, the Food Administration decided that most corporations could afford increases, even though some companies disagreed.[56] Charles Nibley and Senator Reed Smoot corresponded closely with Herbert Hoover during the early months of 1918 to resolve the price difficulties, but at the same time, both Nibley and Smoot believed that the price of sugar would have to be raised if beet prices increased. Nibley asked Smoot to inform Hoover that if the sugar tariff were increased fifty cents per one hundred pounds, it would allow Utah-Idaho Sugar to match the $10 per ton price of California, Colorado, and Nebraska manufacturers. "This, of course, would raise the price of sugar 50 cents," Nibley admitted, "but the government would get ¾ of it back in the duty on Cuban and other foreign sugar."[57] Hoover rejected this idea, but assured Smoot "that the price of sugar [will be] fixed high enough to allow a profit to the Sugar Companies . . . no matter what price they finally decide the beet-growers should receive." Smoot counseled Nibley to have faith that Hoover would look out for the manufacturer as well as the producer: "[Hoover] was at my home the other night and we spent a long time discussing this question."[58] Nibley took

55. Quotation in "Sugar Beet Prices Not Yet Determined," *Salt Lake Tribune*, January 22, 1918; see also "Beet Price of $9 Set At Conference," *Salt Lake Tribune*, January 25, 1918; "Utah-Idaho Board Approves $9 Beets," *Salt Lake Tribune*, January 30, 1918; "Minutes of Utah-Idaho Sugar Company Jan. 3, 1917 to Jan. 3, 1920," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

56. Mullendore, *History of the United States Food Administration*, 176–77.

57. C. W. Nibley to Senator Reed Smoot, December 21, 1917, Smoot Papers, box 41, folder 3. See also Smoot to Nibley, December 28, 1917.

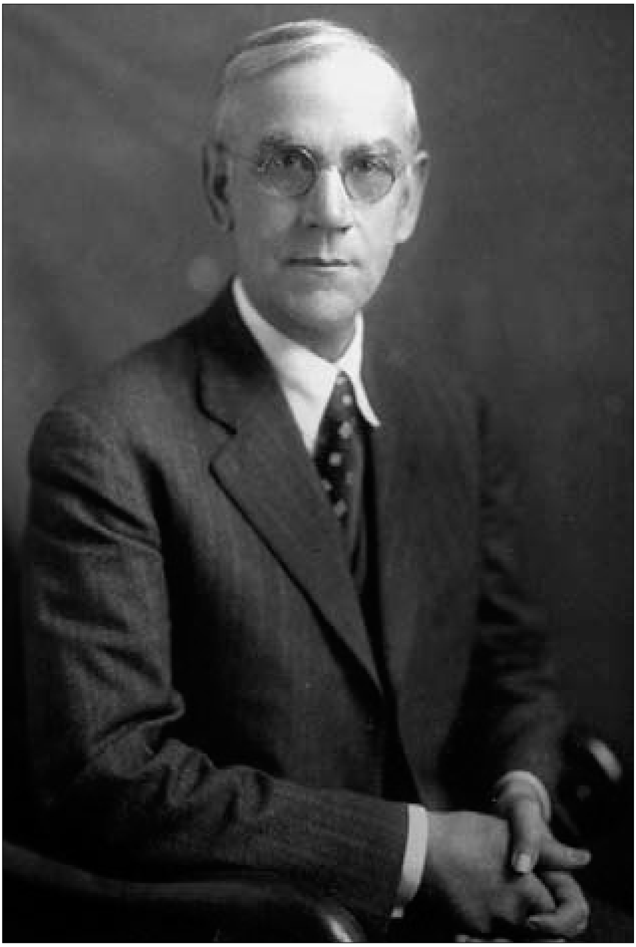
58. Smoot to Nibley, January 8, 1918, Smoot Papers, box 41, folder 4. See also Harvard S. Heath, ed., *In the World: The Diaries of Reed Smoot* (Salt Lake City, 1997), 381.

Smoot's advice, and in April 1918, he, along with other sugar directors in the West, reluctantly agreed to pay farmers $10 per ton for their 1919 beets.[59]

The price advance created discontent among beet sugar companies, including Utah-Idaho Sugar. In an April 1918 report, Joseph F. Smith insisted that because of "fixing of sugar prices by the government, and agitation for higher prices for beets," Utah-Idaho Sugar had endured "the most strenuous of any [year] in our history." Nibley agreed. "From an operating standpoint," he declared, "the past season has been the worst in the history of the company." Exactly why Smith and Nibley considered the year to be so poor is not entirely clear, as the company still provided 9 percent dividends on its stock in both 1917 and 1918.[60]

Despite the high return on the company's stock, Utah-Idaho leaders continued to complain about the $10 beet price. Learning of this discontent, and also aware that some areas of the United States were not receiving adequate supplies of sugar, Hoover decided that more drastic measures would have to be taken. In his January 1918 testimony before the Senate Committee on Manufactures, Hoover had declared that if the Food Administration could purchase sugar directly from the factories and then offer it for sale at a set price, it would take care of the unequal distribution, the exorbitant profits that some sugar companies were making, and the problems that corporations had with the current prices. "If we had the right to buy the sugar, we could buy it from each factory at a proper ratio to his costs, and then, by putting all the sugar together, we could arrive at an average" price for the nation, Hoover proclaimed. Some senators, such as Henry Cabot Lodge, blanched at this appeal for government control, but Hoover insisted that extraordinary war conditions called for the unusual measure.[61]

59. "Minutes of Utah-Idaho Sugar Company Jan. 3, 1917 to Jan. 3, 1920," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.
60. As quoted in "Minutes of Utah-Idaho Sugar Company, April 10, 1918," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.
61. "Testimony of Herbert Hoover," January 2, 1918, Shortage of Sugar Hearings,



Senator Reed Smoot

*Special Collections and Archives,
Utah State University*

Hoover resumed his pleas for more stringent control in May 1918. He recognized early that year that there were two problems with sugar that the Food Administration, as constructed, could not solve. The first was the price of sugar to the consumer and the second was the distribution of the sugar supply. Because of different costs of production, Hoover realized that cane sugar refiners needed to sell their sugar at 8.5 cents per pound to maintain a profit, while beet sugar producers required 9 cents. Louisiana cane producers, meanwhile, failed to earn a profit unless their sugar sold for at least 10 cents a pound. At the same time, another sugar shortage seemed imminent because of continued distribution problems and increased consumption by American consumers. In order to regulate more effectively the amount of sugar consumed and distributed in the United States, and in order to ensure that all manufacturers received a fair price for their sugar, Hoover proposed the creation of a federal corporation to regulate the industry. President Woodrow Wilson, using his emergency war powers, subsequently provided $5 million for the establishment of the Sugar Equalization Board (SEB), formed by a presidential proclamation on July 11, 1918.[62]

According to the U.S. Senate, the SEB had the power "to purchase, or otherwise acquire, manufacture, sell, dispose of, store, handle, and deal in raw and refined cane and beet sugar." Using this authority, the SEB bought the 1919 Cuban sugar crop and "arranged with the beet-sugar producers of the United States and Louisiana cane-sugar producers to take their product at a compensatory price."[63] The SEB, whose members included Hoover and Rolph, negotiated with individual beet sugar companies in the summer of 1918 to buy their product. In July, representatives of approximately 90 percent of the beet corporations in the United States proposed that the SEB buy their sugar for at least $9 per 100 pound bag in order to compensate them for the $10 per ton that they paid farmers for beets. Rolph refused the proposition, so the manufacturers appointed a three-person committee, including Nibley, to present their case before the entire board.[64]

On August 9, 1918, the committee explained the beet sugar manufacturers' position to the SEB, but did not mention the $9 per hundred pound price that the representatives of the sugar corporations had requested. Instead, influenced

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62. Joshua Bernhardt, "Government Control of Sugar During the War," *Quarterly Journal of Economics* 33 (August 1919): 684–90, 693–94; Mullendore, *History of the United States Food Administration*, 178–79.
63. Senate, *Sugar Shortage*, 66th Cong., 1st sess., S. Rept. 286, 1919, serial 7590, 1–2.
64. Nibley to Smoot, August 14, 1918, Smoot Papers, box 41, folder 4.

by Nibley's ideas, the committee proposed that the board increase the price of beet sugar to $11 per hundred pounds. If the board would do this, the beet sugar companies could give the farmers $15 per ton for their beets, "the entire increase of $5.00 over the present price . . . to go direct to the farmer, not a cent of it to be paid to the manufacturers." The committee believed that such a price would increase the sugar production of the United States by more than five hundred million pounds. The SEB requested time to think about the proposal.[65]

For the next few weeks, Nibley pressured Smoot to keep in close contact with Hoover about the price of beet sugar. "Everywhere our farmers are asking: 'What price are we going to get for our beets next year,'" Nibley wrote the senator, "and we are unable to tell them."[66] He worried that farmers would begin to plant other crops. Hoover needed to make a decision quickly, but he wanted to reach an agreement with the Cuban cane sugar producers before he set the price of beet sugar. "He fully understands the urgency in the matter," Smoot assured Nibley, "and just as soon as the price is fixed for Cuban sugar he will take [up] the question of the price of beets."[67]

Finally, during the first week of September, Hoover informed Smoot that neither he nor the SEB could accept the proposal that the price of sugar be raised $2 per hundred pounds in order to provide farmers with $15 beets. For one thing, Hoover wondered whether the war might end "before the sugar was manufactured from the $15 beets." Since no one knew what would happen to the SEB or the Food Administration at the war's conclusion, Hoover could not guarantee that beet sugar companies would get enough money for their sugar.[68] Hoover did agree, however, to the original offer to buy beet sugar for $9 per hundred pounds, and he also counseled the beet companies "to do everything in their power

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65. Quotation in Nibley to Smoot, August 14, 1918, Smoot Papers, box 41, folder 4; see also Nibley to Smoot, August 22, 1918.
66. Nibley to Smoot, August 24, 1918, Smoot Papers, box 41, folder 4.
67. Smoot to Nibley, August 28, 1918, Smoot Papers, box 41, folder 4.
68. Smoot to Nibley, September 8, 1918, Smoot Papers, box 41, folder 4.

to increase the sugar product for 1919."[69] In order to fulfill Hoover's request, Nibley and Utah-Idaho Sugar decided to raise their beet prices to $12.50 per ton and rely on Hoover "to treat us fairly and reimburse us for the extra amount" if the war continued. If the war ended, Nibley believed that "sugar will go considerably higher than $10.00 per bag," ensuring that no matter what happened, Utah-Idaho would earn a profit.[70]

Although Nibley appeared genuine in his wish for farmers to receive a fair payment for their product—at least as long as the corporation could continue to make a profit—his motives were not entirely benign.[71] Nibley knew that increased prices enabled farmers to plant more beets, thereby providing the company with more sugar to sell. He also wanted to enhance the political career of his friend and fellow Republican, Reed Smoot. "If we succeed in getting this raise for the farmers it will mean very much to this state and Idaho also," Nibley declared, telling Smoot that "you should be publicly given credit for a great deal of the results." Smoot's improved standing among Utah farmers would help his chances for reelection in 1920.[72] Finally, Nibley may have realized that his $11 per bag proposal would make the manufacturers' original proposition of $9 per bag seem conservative, virtually guaranteeing that Hoover and the SEB would accept the first offer.

Whatever Nibley's motives, the SEB's ability to purchase and market sugar clearly benefited farmers, sugar manufacturers, and consumers, including Utah-Idaho. The policy provided beet sugar companies with enough money to increase prices to their producers, but it also kept the cost of sugar down for the consumer. After purchasing sugar from beet corporations, Cuban producers, and Louisiana cane sugar manufacturers, all at different prices, the SEB resold the sugar at nine cents per pound and absorbed its losses (since it bought some of the sugar at a higher price) with the $5 million provided by President Wilson at its incorporation. The SEB divided the

69. Nibley to Smoot, September 25, 1918, Smoot Papers, box 41, folder 4
70. Nibley to Smoot, September 25, 1918, Smoot Papers, box 41, folder 4.
71. See Nibley to Smoot, August 22, 1918, Smoot Papers, box 41, folder 4.
72. Nibley to Smoot, August 28, 1918, Smoot Papers, box 41, folder 4.

nation into zones of distribution and authorized "the nearest and most effective sources of supply" to furnish each section with sugar. It therefore created "a rigorous yet elastic control over sugar consumption and distribution."[73] Once the war ended in November 1918, most politicians were reluctant to retain government control, but during the war, the SEB worked effectively with sugar companies and enabled them to maintain their profits.

Sugar corporations cooperated on other national issues, too, including working with the U.S. Department of Labor to guarantee that beet farms would have an adequate labor pool to produce their crop. Cultivating beets required arduous hand labor, such as thinning beet plants, harvesting the crop, and topping the beets. Unlike other farmers, Mormon agriculturists largely relied on their own families to provide the necessary labor, with sons and daughters working alongside fathers and mothers in the fields.[74] After the United States became involved in the First World War, however, drafting young males created a labor shortage for Utah and Idaho farmers, persuading many growers to turn to other crops.

In order to remedy the manpower shortage, Utah-Idaho Sugar developed several different plans. In the summer of 1917, Simon Bamberger, governor of Utah, proposed to Secretary of War Newton D. Baker that "ten thousand German prisoners of war" held "somewhere in Europe" be imported to the United States and used as laborers on Utah farms.[75] In January 1918, Nibley echoed Bamberger's plan, requesting that the War Department authorize German prisoners of war interned in America to work on beet farms. "It would help to relieve the farmers of the terrible strain they are under to secure such help," Nibley argued, "and would increase the planting of beet acreage wonderfully." In addition, Nibley wondered whether American troops at Fort Douglas, Utah,

73. Bernhardt, "Government Control of Sugar During the War," 698, 708.
74. See "Testimony of Mr. Joseph F. Smith," June 27, 1911, American Sugar Refining Company Hearings, 1065; *Congressional Record*, 63d Cong., 1st sess., 50, pt. 4:3505.
75. "10,000 German Prisoners May Farm Utah Land," *Salt Lake Tribune*, July 7, 1917.

and Fort Lewis, Washington, could be used as laborers. These military establishments contained "several thousand men that could be used for this work without any injury at all to the men or to the work they are training for." Reflecting the outlook of many Americans toward Germany, Nibley hinted that these "American" boys would be preferable to any German workers.[76]

Acting on behalf of Nibley, Senator Smoot proposed these strategies to Provost Marshal General Enoch H. Crowder, who rejected both suggestions because German prisoners had already refused to work on farms in Maine and because "under existing laws it was impossible to grant a furlough to enlisted men of the Army without pay and allowances." Yet Crowder seemed open to the idea of supplying labor to farmers, and he, along with other War Department officials, asked Congress to introduce a measure authorizing the secretary of war to grant the necessary furloughs.[77] Because of the demand for troops in Europe—not to mention the view that beet field labor was beneath Anglo-Saxons—the law never passed.

Another source of labor arrived on May 23, 1917, when Secretary of Labor William B. Wilson issued an order allowing the importation of Mexican laborers for use on American farms. Beet producers in California and Colorado had long relied on such workers, but in 1917 and 1918 they became important to the Utah-Idaho Sugar Company as well. The corporation began actively recruiting Mexicans, although Nibley complained about the costs of importing and supporting these immigrants. Regardless, the company brought in approximately two thousand Mexicans from April 1917 to April 1918 to assist Utah and Idaho farmers who had been crippled by the draft.[78]

Because Mexican workers became essential to Utah-Idaho Sugar, the corporation was concerned in December 1918 when the Department of Labor, worried about jobs for returning soldiers, issued a proclamation that Mexicans would no

76. Nibley to Smoot, January 16, 1918, Smoot Papers, box 41, folder 4.
77. Smoot to Nibley, January 24, 1918, Smoot Papers, box 41, folder 4.
78. United States Sugar Manufacturers Association [Palmer and Oxnard] to The Secretary of Labor, December 28, 1918.

Topping sugar beets, a laborious process

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University longer be allowed to enter the United States to work. Nibley immediately wrote to Smoot and asked him to persuade the secretary of labor that Mexican workers were essential to the beet sugar industry, especially since most American soldiers were still in Europe. In addition, Truman G. Palmer and Henry T. Oxnard of the United States Sugar Manufacturers Association wrote to Secretary Wilson, outlining the reasons why Mexican laborers were still needed. Palmer and Oxnard argued that if immigration were eliminated, it would reduce the beet production of California alone by one hundred thousand tons, thereby creating another sugar shortage and increasing prices to the consumer. Likewise, sugar companies had already stipulated in their contracts with beet growers that necessary labor would be provided for the 1919 beet season. Unless Mexican immigrants were allowed to execute the "arduous, back-aching work, which they are capable and willing to perform," many corporations, which had "done their best to meet the requirements of the Government" throughout the war, would experience "grave financial injury."[79]

These pronouncements had the desired effect, and on January 2, Secretary Wilson issued an order that Mexicans would be permitted to immigrate until June 30, 1919, but only if their purpose was to work in the production of sugar beets.[80] Smoot assured sugar manufacturers that if they still needed Mexican workers after June 30, "there will be no question about the extension of the time."[81] Because of Smoot's work on behalf of the industry, Merrill Nibley, vice president of Utah-Idaho Sugar and Charles's son, thanked the senator profusely "for the interest you have taken in the matter."[82]

Unfortunately, the federal government soon charged

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79. United States Sugar Manufacturers Association [Truman G. Palmer and Henry T. Oxnard] to The Secretary of Labor, December 28, 1918.
80. W. B. Wilson to the Assistant Secretary and the Acting Secretary of Labor and the Commissioner-General of Immigration, January 3, 1919, Smoot Papers, box 41, folder 5.
81. Smoot to Hon. John D. Spreckles, January 2, 1919, Smoot Papers, box 41, folder 5.
82. Utah-Idaho Sugar Company [Merrill Nibley] to Smoot, January 8, 1919, Smoot Papers, box 41, folder 5. See also The Amalgamated Sugar Company [Fred Taylor] to Smoot, January 14, 1919, ibid.

Utah-Idaho Sugar with mistreating these workers. Trouble arose on January 17, 1919, when Ralph W. Adair, a prosecuting attorney for the Department of Labor, reported that in 1918, Utah-Idaho Sugar had imported a “large number of Mexican laborers and families” into Blackfoot, Idaho, and promised them “work and subsistence” even after the beet harvest had ended. Adair accused the company of refusing “to provide fuel or food,” causing pronounced suffering among the workers and their families and forcing Bingham County, Idaho, to care “for hundreds of Mexicans at large expense.” Instead of demanding that Utah-Idaho Sugar honor its contracts, Adair suggested that the workers “be deported at once.”[83]

Having received a telegram from the commissioner general of immigration explaining that its labor supply faced expulsion, Utah-Idaho’s directors sent F. A. Caine, their superintendent of labor, to meet with Bingham County officials and Adair. Caine discovered that county officials had contacted Adair after Father Gresl, a Catholic priest in Blackfoot, told them “that a great number of Mexicans there were in destitute circumstances and appealed to the county commissioners for assistance in their behalf.” The commissioners then informed Adair of the situation, and he wired U.S. Representative Addison T. Smith of Idaho, describing the predicament. However, Adair had not conducted his own investigation of the matter before sending the telegram to Smith, nor had he asked Utah-Idaho Sugar for its explanation.[84]

After Adair telegrammed Smith, the county issued one thousand pounds of flour and several tons of coal to Father Gresl, with instructions to deliver them to those Mexican workers in need. The priest distributed only five hundred pounds because he found that “the conditions were not nearly so bad as he had first thought.” Soon after, Caine began his own investigation. He related to his employers that only forty-five men were out of work, and that they had all been offered jobs on the local railroad after they had completed

83. Ralph W. Adair to [Addison T. Smith], January 17, 1919, Smoot Papers, box 41, folder 5.
84. F. A. Caine to Merrill Nibley, January 25, 1919, Smoot Papers, box 34, folder 5.

the beet harvest. In addition, Utah-Idaho Sugar had supplied $165.60 to sixteen families "whose condition seemed to warrant receiving some assistance," while also providing "a great deal of fuel," although he never specified how much "a great deal" was. Thus, Caine wrote Merrill Nibley, "the statement that our Company has refused to furnish fuel and food is not based on the facts in the case." Caine confronted the county commissioners and Adair with his findings, and, without trying to substantiate Caine's claims, they "admitted that their previous action had been hasty and uncalled for." Adair telegrammed the commissioner general of immigration that the county was recalling its complaint, and the workers were not deported.[85]

Extant records do not explain whether Adair really did overreact or whether Caine merely whitewashed the matter, but if Utah-Idaho Sugar was like most sugar concerns in the early twentieth century, the chances are that the Mexican workers were in poorer shape than Caine admitted. Cane sugar concerns, such as those in Louisiana as well as in the Caribbean and Latin America, were notorious for abusing their workforce in order to keep profits high. Most beet growers were no less culpable, relying on migratory labor for their workforce since the early 1900s. One observer in the 1930s described the conditions of these laborers:

> It lives in material poverty. To a large extent indispensable, nevertheless it is commonly exploited . . . . It slips through stable and often rich communities of which it is never an accepted part . . . . It migrates reluctantly, seeking a foothold on the land, which it seldom gains.[86]

Likewise, in 1949, the Rocky Mountain Council on Inter-American Affairs published a report stating that whites portrayed these Mexican laborers in derogatory terms, such as lazy, indolent, lawless, violent, and a "menace." At the same

85. Caine to Nibley, January 25, 1919.
86. Paul S. Taylor, "Migratory Farm Labor in the United States," *Monthly Labor Review* 44 (March 1937): 537.

time, they regarded Mexicans as perfectly suited for migratory labor because they were "migratory in their nature." Although some sugar companies attempted to alleviate the conditions of their imported laborers by providing housing, giving them employment, and "printing materials in Spanish," the attitudes expressed by many of their directors and employees still exuded racism.[87]

These racist and condescending perceptions were seen in Caine's report on the condition of the laborers. He informed Nibley that "if there [was] any case of destitution" in Bingham County, "it must be blamed on . . . the Mexicans themselves, as our Company has made every possible effort to supply [them] with work." Caine also condemned the laborers for trying "to appeal to the sympathy of the community by making out that they were mistreated." Even Adair and the county commissioners refused to reproach Utah-Idaho Sugar directly. If the allegations of mistreatment were true, they advocated deporting the Mexicans rather than punishing the company, indicating that the commissioners themselves regarded the workers as somehow at fault. Although Caine claimed that Utah-Idaho Sugar treated Mexican immigrants "far better than any people of their nationality have ever been treated in the state of Idaho," it was clear that his claims had to be taken with a grain of salt.[88]

While Utah-Idaho's treatment of Mexican laborers typified many of the problems that Mexicans faced in the beet fields, it also revealed that the company was becoming further integrated into national beet sugar policies. Utah and Idaho beet sugar concerns had largely avoided using migratory labor in the past, mainly because Mormon families had sufficient numbers of children to supply adequate labor. But as the draft took potential laborers away, and as other beet concerns

87. Rocky Mountain Council on Inter-American Affairs, *When Different Cultures Meet: An Analysis and Interpretation of Some Problems Arising When People of Spanish and North European Cultures Attempt to Live Together* (Denver, 1949), 8–11. See also Jorge Iber, *Hispanics in Mormon Zion, 1912–1999* (College Station, Tex., 2000), 8–9.

88. Caine to Nibley, January 25, 1919.

advocated the importation of workers, Utah-Idaho leaders enthusiastically supported the plan. Thereafter, migratory labor, largely at the hands of Japanese and Mexican workers, would maintain a larger presence in Utah and Idaho beet sugar fields.

The First World War had many consequences, then, both indirect and direct, on the Utah-Idaho Sugar Company. In the first years of the conflict, the war provided directors with huge profits because of the increased price of sugar. This money in turn fueled an expansion of factory construction unprecedented in the company's existence. Another important effect was how the war enmeshed the corporation in the national sugar market. Nibley emerged from the First World War as an important beet sugar player because of his roles on advisory committees helping Herbert Hoover and the Food Administration set policies for the industry. Yet the war did not just provide positive benefits. It produced a price war between Utah-Idaho Sugar and farmers over beet prices. It also created a labor shortage rectified only by the exploitation of Mexican laborers. In both of these instances, Utah-Idaho leaders, who also served as LDS officials, faced embarrassing publicity about the conduct of their business and its effects on individuals, many of whom were members of the church.

The war also caused Utah-Idaho Sugar to experience national constraints such as price controls, affecting how much remuneration it could receive for its product. But Utah-Idaho leaders such as Nibley and Smith were willing to accept such restrictions, in part because they believed that the SEB and the Food Administration would ultimately give them "a square deal" in regard to sugar prices.[89] Corporate officers expressed some discontent with the policies—at times Nibley referred to Hoover as the "food dictator"[90]—but as Nibley informed a congregation of Mormons in 1917, the company believed that it had a patriotic duty to "willingly" follow government proscriptions "and compl[y] with them

89. Nibley to Smoot, September 25, 1918, Smoot Papers, box 41, folder 4.
90. See, for example, Heath, ed., *In the World: The Diaries of Reed Smoot,* 365.

in every particular."[91] This cooperation led some observers, such as Charles Patterson, to accuse sugar interests of manipulating the federal government for their own interests. "Monster business organizations" such as Utah-Idaho Sugar had "reached into the government and [had] shaped legislation that would favor them in their exploiting policies," Patterson charged.[92] Yet in 1919 and 1920, Utah-Idaho Sugar would find itself on the opposite side of the federal government. In these instances, the company and the government would not work hand in hand, but would battle over the issue of reasonable prices and the freedom of businesses to pursue the effects of supply and demand.

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91. Bishop Charles W. Nibley, *Eighty-Seventh Annual Conference of the Church of Jesus Christ of Latter-day Saints*, April 8, 1917 (Salt Lake City, 1918), 144–145. Nibley also showed his patriotism for the war effort by purchasing $100,000 of Liberty Loan bonds. "Nibley Subscribes $100,000 To Loan," *Salt Lake Tribune*, October 6, 1917.

92. IASBG, *Between the Millstones*, 206. Historian Robert Wiebe has explained additional ways that business learned to cooperate with economic regulation in *Businessmen and Reform*, while Gabriel Kolko outlined how business appropriated government regulation from 1900 to 1916 in *The Triumph of Conservatism: A Reinterpretation of American History, 1900–1916* (New York, 1963; reprint, Chicago, 1967). Martin J. Sklar also explored how business became overseers of regulation in *The Corporate Reconstruction of American Capitalism, 1890–1916: The Market, the Law, and Politics* (Cambridge, 1988).

Chapter Five

Political and Legal Troubles in the Aftermath of the First World War

The Wilson Administration was active in trying to keep the price of beet sugar at about ten cents per pound, when it was allowing cane sugar from every part of the world to be sold in our market freely at from twenty to twenty-five cents a pound. When our company, the Utah-Idaho Sugar Company, had stood this about as long as it could, it announced it would sell the remainder of its product at the market rates, the same as it had always done for thirty years. For this action our officers and directors were indicted by the United States Grand Jury and 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, namely, selling at the market price.

—Charles W. Nibley, 1921

In 1920, the federal government and the Utah-Idaho Sugar Company clashed because of an unstable sugar market created by the cessation of the First World War. When the United States entered the war in 1917, the federal government, through the Food Administration and the Sugar Equalization Board, established price controls over sugar in order to prevent profiteering by manufacturers. Most sugar corporations, including the Utah-Idaho Sugar Company, followed the policy. However, after the war ended, the government retained the proscriptions in peacetime in order to counteract existing sugar shortages and to keep prices low. Forced to take a cut in its potential profits because of these controls, Utah-Idaho Sugar, along with other firms, abandoned the regulations. Therefore, in 1920, the U.S. Department of Justice and several federal grand juries issued over thirty indictments against Utah-Idaho's directors. The charges accused the company of selling sugar for excessive profits, but Utah-Idaho officials claimed they had acted only to decrease the profit margin of speculators depleting the supply of cheap beet sugar in the American West. Republicans Reed Smoot and Charles Nibley, together with William Wattis, a candidate for Utah's governorship, declared that the indictments stemmed from political motivation and trickery by Democratic politicians in Utah. Whatever the explanation, the indictments, coupled with a 1920 collapse in sugar prices, adversely affected Utah-Idaho Sugar and edged it perilously close to bankruptcy.

To historians examining the indictments today, the legal troubles also illustrate the economic and political problems that ensued in the years immediately following the First World War, as business and the American government eased back into peacetime conditions. In addition, they highlight how national market forces affected Utah-Idaho Sugar and could be used to justify questionable actions; how deeply ingrained the concept of profit had become to Nibley and other Utah-Idaho leaders, even at the expense of their community; how church leadership continued to use its influence on behalf of Utah-Idaho Sugar; and how continued church involvement in the for-profit enterprise led to some embarrassing results.[1]

The conflicts with the Department of Justice over peacetime sugar regulations formed another chapter in

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1. Although the 1920 indictments are an interesting and integral part of the Utah-Idaho Sugar Company's past, they are not discussed in the corporation's two "official" histories: Leonard J. Arrington's *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle, 1966) and Fred G. Taylor's *A Saga of Sugar, Being A Story of the Romance and Development of Beet*

Utah-Idaho Sugar's evolving relationship with the federal government in the 1910s. Although Nibley and Utah-Idaho Sugar had proclaimed it their patriotic duty to follow the regulations established by the SEB in the sale of sugar during the war, it was unclear how they would react if controls continued after the end of the conflict. Indeed, when the war ended in November 1918, few government officials or sugar magnates expected the SEB to continue its wartime responsibilities. Because the government wanted to demobilize "all war organizations" and remove "government restraints upon business enterprise," the sugar industry prepared for the return of normal market conditions. The SEB even issued a resolution in January 1919 declaring that "a return of free market conditions in sugar would be welcomed by the Board." However, certain conditions in 1919 changed its attitude and convinced Congress to extend the agency's authority into peacetime.[2]

For one thing, a lack of "accurate statistics" prevented experts from knowing at the end of 1918 what the "actual net world balance of supply and demand for sugar" was. Some sugar experts forecasted a normal crop, which would guarantee an adequate world supply, but others claimed that a severe shortage was imminent. Although some war-torn countries were able to begin producing beets again in 1919, increased consumption of sugar in the United States and Europe indicated that a worldwide shortage might occur by the end of 1919. This caused "a state of nervous panic" in the United States, intensified by longshoremen and marine worker strikes which cut off foreign sugar supplies. By the end of

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Sugar in the Rocky Mountain West (Salt Lake City, 1944), presumably because of the embarrassment they caused the company. Arrington mentioned in his preface that time constraints forced him to "pick out certain topics that were interesting, instructive, and typical" of Utah-Idaho's history. "The choice of the episodes treated is entirely my own," Arrington wrote, "and if the judgment has been bad, the fault is mine." *Beet Sugar in the West*, vii. Thomas G. Alexander briefly mentions the indictments in *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), as does Milton R. Merrill in *Reed Smoot: Apostle in Politics* (Logan, Utah, 1990), but little other scholarly work on the topic exists.

2. As quoted in Joshua Bernhardt, "The Transition from Government Control of Sugar to Competitive Conditions," *The Quarterly Journal of Economics* 34 (August 1920): 721.

1919, it seemed certain that America would once again face high prices because of sugar scarcity.[3]

Throughout 1919, the SEB worked to prevent such a dearth. Even though the Food Administration and the War Trade Board had been demobilized in early 1919, the SEB continued to operate because it had been authorized to deal in all matters with the 1918–1919 sugar crop. The board worked with cane sugar refiners to suspend exports to other countries, while also continuing to purchase sugar from manufacturers to sell in regions of scarcity. At the end of 1919, the SEB was uncertain whether it would remain in operation in 1920 since it had no statutory authority over the 1919–1920 crop.[4]

The board's need for clarification increased when Cuban growers asked it to negotiate the purchase of the 1920 Cuban crop. Because the executive branch's emergency war funds had financed the SEB, the board first inquired of President Woodrow Wilson whether it had the authority to buy the crop. Wilson refused to consent to the acquisition because Dr. F. W. Taussig, a member of the SEB, believed that no shortage existed in the United States and that it was unnecessary for the government to buy the Cuban harvest. Other board members disagreed with Taussig's assessment. Believing that the situation was urgent, they petitioned Congress to authorize negotiations with Cuban producers. Because of political wrangling, Congress could not pass a bill until December 1919, and by that time, Cuba had already sold part of its harvest elsewhere. Drought also caused the island nation to produce a lower than normal harvest deficient by nearly six hundred thousand tons—meaning that little Cuban sugar was available for the United States.[5]

Consumer agitation over the lack of sugar, and this dearth's effects on prices, convinced Congress to authorize the SEB to

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3. Bernhardt, "The Transition from Government Control of Sugar," 722–25.
4. Bernhardt, "The Transition from Government Control of Sugar," 726–27.
5. House, *Continuing the Sugar Equalization Board*, 66th Cong., 2nd sess., H. Rept. 506, 1919, serial 7652, 1–6; Bernhardt, "The Transition from Government Control of Sugar to Competitive Conditions," 728–29; Reed Smoot to Hon. C. W. Nibley, December 24, 1919, Reed Smoot Papers, MSS 1187, box 41, folder 5, L. Tom Perry Special Collections Library, Harold B. Lee Library, Brigham Young University, Provo, Utah.

buy Cuba's sugar in December 1919. In effect, this congressional empowerment allowed the board to continue its control of the domestic sugar industry. During the war, the SEB had purchased sugar from manufacturers at varying prices and then sold it to consumers at reduced rates. After the armistice, however, the situation became more complicated as speculators began buying sugar directly from refiners at higher prices than the SEB could offer. Because the board did not possess the authority to prosecute speculators, it turned to the U.S. Department of Justice (DOJ) in late 1919 to ensure that sugar was sold only at the prices established by the SEB and only to those individuals authorized by the agency.[6]

By this time, the DOJ was well versed in the prosecution of food industries for profiteering. In 1917, it had begun investigations into price fixing actions by dairy farmers, while in 1920 it would commence a prosecution of the California Associated Raisin Company for unduly high prices. The difference in these investigations, however, was that no price controls existed in the dairy or raisin industries after the war, meaning that the DOJ conducted its examinations under the authority of the Sherman Act.[7] Because the SEB maintained its restrictive price and supply powers over sugar, the DOJ could use the Lever Act in sugar prosecutions. Accordingly, A. Mitchell Palmer, the United States attorney general, instructed his attorneys to arraign food hoarders and profiteers under sections four and six of the Lever Act of 1917. To strengthen the DOJ's position, Congress amended the Lever Act on October 22, 1919, "to provide as the penalty for profiteering a fine of $5,000 or two years in prison or both."[8]

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6. Bernhardt, "The Transition from Government Control of Sugar," 720–31; Act of December 31, 1919 (41 Stat. 386). After the Food Administration had been disbanded, the DOJ had taken upon itself many of the administration's former duties. The department received official authorization to use Food Administration powers in a presidential proclamation issued on November 21, 1919.
7. Victoria Saker Woeste, *The Farmer's Benevolent Trust: Law and Agricultural Cooperation in Industrial America, 1865–1945* (Chapel Hill, N.C., 1998), 144, 152–56.
8. F. Hardee Allen, "Preliminary Checklist of the High Cost of Living Records of the Department of Justice," 3, Records of the High Cost of Living Division, Record Group [RG] 60, General Records of the Department of Justice,

Armed with these provisions, the DOJ began investigating profiteers. Palmer issued specific instructions to his attorneys. They needed to obtain proof that a company had sold products at high prices, whether through confiscating sales slips or by recording "the testimony of persons actually making purchases." Thereafter, Palmer stipulated, agents should examine company invoices to determine what it cost the corporation to produce the disputed item. To determine whether the profit margin was excessive, Palmer continued, attorneys should consult with experts in the food trade about what constituted a reasonable profit. Finally, Palmer required his attorneys to try to "obtain an admission from the party being investigated" that it had earned exorbitant profits—"the most valuable evidence of all."[9]

Palmer proclaimed that the DOJ would prosecute any beet sugar manufacturer that sold the product for more than thirteen cents per pound, which was the price determined by the SEB to be a reasonable rate. Palmer also declared that Louisiana plantations could market cane sugar at no more than twenty cents per pound. Two reasons accounted for the price discrepancy: cane sugar cost more than beet sugar to produce, and it also was a higher quality sugar. To enforce these prices, the DOJ created the Cost of Living Division of the Bureau of Investigation whose sole purpose was to investigate Food Control Act violations.[10]

Although the Cost of Living Division tried to control it, wild speculation in sugar continued, especially in San Francisco, New Orleans, and New York. Part of the problem was that some district judges refused to prosecute anyone under the Lever Act because they believed the law was unconstitutional

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National Archives and Records Administration II, College Park, Maryland [hereafter referred to as NARA II].

9. "Directions for Investigations of Violations of Section 4," Records Relating to the Validity of the Food Control Act, 1919–1920, box 1, Records of the High Cost of Living Division, RG 60, NARA II.

10. Allen, "Preliminary Checklist of the High Cost of Living Records of the Department of Justice," 4. To assist the Cost of Living Division, the DOJ also appointed a state fair price commissioner in every state. Usually, the former state food administrator served in this capacity.

in peacetime.[11] The situation escalated to the point that the government asked the Federal Trade Commission to investigate sugar prices. In that inquiry, the commission noted that even though the DOJ and Congress had acted to protect consumers, "retail prices on [sugar] from June, 1919, on varied considerably from the maximum price regarded as fair." According to the commission, the main culprit was not the sugar producer, but the speculator who purchased refined sugar from companies and then sold it at a higher price to wholesale grocers and manufacturers.[12]

Despite the nationwide speculation, Utah-Idaho Sugar, like other beet sugar producers in the American West, did not raise its prices above the thirteen cents per pound rate. But as 1920 dawned, it became increasingly difficult for the company to obey the DOJ's proscriptions. Wholesale buyers, influenced by speculators, were offering beet corporations more than thirteen cents per pound, thereby prompting some companies to maintain their sugar supplies until they could assess whether the federal government would prosecute those selling to wholesalers. Realizing that large profits could be made at the higher prices, Utah-Idaho's board of directors, along with officials of Colorado's Great Western Sugar Company, asked Senator Reed Smoot to inquire whether the Cost of Living Division would prosecute Utah-Idaho Sugar if it sold its product to wholesale buyers at the higher rate. Smoot consulted with A. W. Riley of the DOJ's Bureau of Investigation, who informed him that the DOJ would prosecute any company that increased its price more than three cents per pound. On January 19, Smoot telegrammed Nibley and W. L. Petrikin, an officer in Great Western, stating that an increase would result in legal action. Nibley accepted his

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11. "Statement of the Work of the Cost of Living Division of the Bureau of Investigation, For the Fiscal Year 1919–1920," Memorandums, 1917–1920, box 1, folder 6, Records of the High Cost of Living Division, RG 60, NARA II; Telegram to be sent to all United States Attorneys, December 4, 1919, Letters Sent, 1919–1920, box 8, folder 4, ibid.

12. Quotation in *Report of the Federal Trade Commission on Sugar Supply and Prices* (Washington, D.C., 1920), 11, 87, 95; see also Bernhardt, "The Transition from Government Control of Sugar," 730–31.

findings unenthusiastically, while Petrikin promised "to cooperate to full extent."[13]

Yet Utah-Idaho and other beet sugar corporations still enjoyed considerable prosperity in 1919 and 1920. As techniques for producing beets improved, and as workers and farmers returned from the war, the number of sugar beet growers escalated and the production of sugar increased. In 1913, for example, American beet sugar farmers harvested 580,000 acres of beets, yielding 733,000 short tons of sugar. By 1920, the figure had jumped to 872,000 acres harvested, with 1,089,000 short tons produced. Utah-Idaho Sugar saw similar increases. In 1910, the company only harvested 29,461 acres of beets, yielding 709,658 bags of sugar, but in 1920, it harvested 86,971 acres, producing 2,359,355 bags, the biggest crop it had ever seen (see Table 1). Such output gave the company a prominent position among sugar corporations in the United States; by 1916, it was the third largest American producer of beet sugar, providing 15 percent of the nation's beet sugar supply.[14]

However, Utah-Idaho's directors still chafed under the DOJ's regulations, especially since cane sugar refiners were selling their sugar for more than 20 cents per pound. As the first months of 1920 passed and as Cuban and cane sug-

13. As quoted in "Smoot Calls Utah-Idaho Probe A Frame-Up; Utah Senator Asserts Aim of Move Political," *Salt Lake Tribune*, May 25, 1920; see also [A. Mitchell] Palmer to All Beet Sugar Refiners, October 18, 1919, Lever Act Documents, November 1917–November 1919, box 1, folder 1, Records of the High Cost of Living Division, RG 60, NARA II; *Congressional Record*, 66th Cong., 2nd sess., 1920, 59, pt. 7:7507–8; *Report of the Federal Trade Commission on Sugar Supply and Prices*, 101–2; Reed Smoot to Honorable C. W. Nibley, May 9, 1920, Smoot Papers, box 42, folder 1.

14. Myer Lynsky, *Sugar Economics, Statistics, and Documents* (New York, 1938), 33; Arrington, *Beet Sugar in the West*, 201; C. W. Nibley to Senator Reed Smoot, December 28, 1920, Smoot Papers, box 42, folder 1; Thomas G. Alexander, "The Burgeoning of Utah's Economy, 1910–18," in *A Dependent Commonwealth: Utah's Economy from Statehood to the Great Depression*, Charles Redd Monographs in Western History No. 4, Dean L. May, ed. (Provo, Utah, 1974), 39; "Passing Events," *Improvement Era* 24 (December 1920): 180. Despite the increased beet sugar production, the United States still faced a shortage of the commodity because beet sugar made up such a small proportion of its total output. From 1916 to 1920, for example, Cuban farms produced 19,657,000 short tons of raw sugar while the beet sugar industry grew only 4,223,000 short tons. *Sugar Facts and Figures* (New York, 1948), 30.

Year	Number of Growers	Acres of Beets Planted	Acres of Beets Harvested	Tons of Beets Harvested	Tons of Beets per Acre	Bags of Beet Sugar Produced
1910	3,379	30,904	29,461	277,638	9.4	709,658
1911	4,205	38,070	36,139	452,047	12.5	1,167,784
1912	4,206	39,452	38,436	422,210	11.0	1,119,907
1913	4,464	40,803	39,725	473,243	11.9	1,235,620
1914	4,789	44,602	42,891	565,977	13.2	1,551,348
1915	6,351	61,487	59,348	631,141	10.6	1,749,298
1916	7,697	81,265	70,800	696,217	9.9	1,697,657
1917	8,078	75,227	66,339	588,799	8.9	1,563,705
1918	7,766	69,040	58,677	681,023	11.6	1,636,588
1919	8,156	86,208	66,321	583,137	8.3	1,339,036
1920	8,123	93,603	86,971	901,154	10.4	2,359,355

Table 1: Production Record of Utah-Idaho Sugar Company, 1910–1920. Leonard J. Arrington, *Beet Sugar in the West*, 201.

ars maintained their high prices, the company decided to forego DOJ warnings about price increases.[15] On April 10, Utah-Idaho's board of directors, emboldened by the advice of attorneys Daniel N. Straup and Joel Nibley that if the corporation did not exceed cane sugar rates, the DOJ could not prosecute, voted to elevate its price to cane sugar levels. Only one official dissented: Heber J. Grant, who had assumed the presidency of both the LDS church and Utah-Idaho Sugar when Joseph F. Smith died in 1918, and who probably understood the public outcry that a price raise would cause.[16]

A little more than a week later, Utah consumers watched in shock as Utah-Idaho's prices skyrocketed to twenty-eight cents per pound. Understandably, the hike created bitter feelings, especially since LDS leaders were so involved in the company's leadership. Utah-Idaho's policies seemed a far cry from Mormon enterprises such as Zion's Cooperative Mercantile Institution, which, as late as 1895, had made it an avowed policy to "never advance the price of any article

15. *Report of the Federal Trade Commission on Sugar Supply and Prices*, 105; Charles W. Nibley to Senator Reed Smoot, May 14, 1920, Smoot Papers, box 42, folder 1.
16. "Minutes of Meeting of the Board of Directors of the Utah-Idaho Sugar Company Held at Salt Lake City, Utah, April 10, 1920 at 10 A.M.," Reports, 1919–1920, box 1, folder 1, Records of the High Cost of Living Division, RG 60, NARA II.

because of its scarcity" and had operated for the economic benefit of the Mormon people, especially in the realm of providing goods at low costs.[17] Now, a corporation founded primarily to promote jobs among the LDS people and to make Utah Mormons more self-sufficient seemed to be motivated by a "profits-at-all-costs" attitude that had led to gouging of the general public. Feelings ran high enough that, according to Reed Smoot, some made threats of personal injury against Grant and Nibley. One Utah resident even commented to Smoot that "the advance of [the] sugar price [was] the most unfortunate occurrence that has ever happened in Utah affecting the faith of the Mormon people."[18] Smoot told Nibley that he did not "know whether the situation throughout the State is as serious as [his] letters would indicate," but the price hike greatly angered some citizens.[19]

Utah-Idaho Sugar, however, was not the only beet corporation in America allowing its product to sell at whatever price it could obtain; in many ways, it appears that the board of directors was merely following a national trend. DOJ records indicate that several other companies abandoned the controls established by the SEB and the attorney general. In January 1920, for example, an assistant to the attorney general asked James L. McClear, a United States attorney in Boise, Idaho, to investigate the Beet Growers Sugar Company, an Idaho corporation, for allegedly shipping sugar to Chicago "at excessive prices."[20] By April 1920, the Justice Department had pursued over 150 sugar profiteering cases, obtaining 21 convictions. The illegalities had been committed in several states, including Washington, Texas, Oklahoma, North and

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17. As cited in Leonard J. Arrington, Feramorz Y. Fox, and Dean L. May, *Building the City of God: Community and Cooperation Among the Mormons* (Salt Lake City, 1976), 97.
18. Harvard S. Heath, ed. *In the World: The Diaries of Reed Smoot* (Salt Lake City, 1997), 437, 439.
19. Smoot to Hon. Charles W. Nibley, May 26, 1920, in Smoot Papers, box 42, folder 1.
20. Special Assistant to the Attorney General to James L. McClear, Esq., January 26, 1920, Letters Sent, 1919–1920, box 2, folder 16, Records of the High Cost of Living Division, RG 60, NARA II.

South Dakota, and Louisiana.[21] But the claim that "everyone was doing it" held little weight for Utah consumers, especially since Utah's other major sugar producer, the Amalgamated Sugar Company (which also had a large LDS influence), kept its prices at the level established by the DOJ.

After the DOJ was informed of the escalation, it sent one of its special agents, Floyd T. Jackson, to Salt Lake City to investigate. Isaac Blair Evans, the United States District Attorney for Utah and a son-in-law of Heber J. Grant, informed Jackson that the company had increased prices without consulting either Evans or James W. Funk, the state's fair price commissioner. After examining the corporation's records closely, Jackson concluded that Utah-Idaho was guilty of a "plain case of profiteering." The increase was unjustified, Jackson reasoned, because other companies had maintained the Department's recommended prices, and because it cost Utah-Idaho Sugar considerably less than twenty-eight cents to manufacture a pound of sugar.[22]

On May 8, Jackson filed a complaint with United States Commissioner Henry V. Van Pelt charging Utah-Idaho Sugar with profiteering. The complaint consisted of three different counts, accusing the organization of obtaining "undue, exorbitant, immoderate, excessive and monstrous" profits on sugar. Based on the complaint, Deputy United States Marshal C. W. Blair arrested Merrill Nibley, vice president and assistant general manager of the company (and Charles's son), and required him to post a $5,000 bond.[23]

Utah-Idaho's directors were outraged at both the charges

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21. "Prosecutions Under Food Control Act," Records Relating to Cases Under the Food Control Act, 1920–1921, box 1, folder 2, Records of the High Cost of Living Division, RG 60, NARA II.
22. As quoted in "U.S. Agent Will Sift Sugar Rise," *The Salt Lake Tribune*, May 4, 1920; see also "Probe of Sugar Price Started," *The Salt Lake Tribune*, May 5, 1920; "Sugar Allotment by Ogden Company," *Salt Lake Tribune*, May 15, 1920; Heath, ed., *In the World: The Diaries of Reed Smoot*, 437–38; Sen. Smoot to Hon. Charles W. Nibley, May 26, 1920, Smoot Papers, box 42, folder 1; *Report of the Federal Trade Commission on Sugar Supply and Prices*, 106; "Lever Act Decision Voids Sugar Indictments; Pending Charge of Profiteering to be Dismissed," *Salt Lake Tribune*, March 1, 1921.
23. Quotation in "Sugar Company Charged With Profiteering," *Salt Lake Tribune*, May 9, 1920. Two counts covered the corporation's sale of sugar to the

and the arrest, and they decided to defend themselves by issuing a public statement.[24] This declaration explained that, among other things, "no company in the United States has been more earnest in its endeavors to carry out every regulation and desire of the government with respect to the price of sugar." Utah-Idaho Sugar was among the first to advocate the establishment of price restraints on the industry, the ad continued, to prevent "unjust, unreasonable, unfair, and wasteful commissions, profits, and practices." A simple explanation existed for the increase, the company insisted. In the eastern United States, where cane and Cuban sugars dominated the market, sugar sold on average for approximately twenty-three cents per pound. Because Utah-Idaho Sugar had adhered to the regulations of the DOJ by selling its product at only thirteen cents per pound, some eastern distributors had bought sugar in the intermountain region, shipped it to Chicago, sold it at the higher rate, and made a handsome profit of $5 to $10 per hundred pound bag. Attorney General Palmer seemed unable or unwilling to eliminate this traffic, so the company decided to raise its prices, thereby abolishing any advantageous opportunities and restricting the flow of sugar out of the West. How, the ad concluded, could the DOJ charge it with profiteering when it had actually attempted to prevent it?[25]

Skeptics disregarded these arguments, but Utah-Idaho's explanation did contain some elements of truth. The Federal Trade Commission had discovered that high prices in the United States stemmed in part from sugar speculators

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Anderson-Taylor Company, wholesale grocers in Salt Lake City, at 23.84 cents per pound on May 1. The other count charged Utah-Idaho Sugar with selling sugar to the same corporation on May 4 at 22.75 cents per pound. Although the DOJ had the authority to revoke Utah-Idaho's license and shut down its factories because of its violation of the law, the Attorney General believed that it was better to conduct a criminal prosecution because a "consequent stoppage of business [was] liable to be of greater injury to the community than benefit." Special Assistant to the Attorney General to J. L. McClear, Esq., July 7, 1920, Letters Sent, 1919–1920, box 2, folder 17, Records of the High Cost of Living Division, RG 60, NARA II. See also Special Assistant to the Attorney General to Edward C. Day, Esq., May 19, 1920, Letters Sent, 1919–1920, box 3, folder 48, ibid.

24. Nibley to Smoot, May 14, 1920, Smoot Papers, box 42, folder 1.

25. "Sugar Company Charged With Profiteering," *Salt Lake Tribune*, May 9, 1920.

Beets loaded on a train for transportation to the factory

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

purchasing sugar from corporations and selling it to wholesale grocers at higher prices. Stephen Love, Utah-Idaho's sales manager, informed the company's board of directors at the April 10 meeting that speculators had purchased large quantities of intermountain sugar and sold it in eastern markets. This left only small amounts held by Utah-Idaho Sugar to supply communities east of the Sierra Nevada and Cascade Mountains and west of Helena, Montana, and Rawlins, Wyoming. According to Love, this region required more than three hundred thousand bags of sugar, but Utah-Idaho only had one hundred forty-five thousand bags, in part because the SEB's distribution policies required it to sell sugar in other markets. Therefore, the region's sugar jobbers and manufacturers asked Utah-Idaho's directors to raise their prices, thereby preventing easterners from obtaining more of the supply.[26]

These circumstances notwithstanding, several arguments

26. "Minutes of Meeting of the Board of Directors of the Utah-Idaho Sugar Company Held at Salt Lake City, Utah, April 10, 1920 at 10 A.M."

poked holes in Utah-Idaho's explanation. For one thing, neither Love nor the corporation could say why the company did not merely refuse to sell to eastern distributors. For another, Heber J. Grant himself informed the board of directors in a later meeting that Utah-Idaho Sugar had enough of the product to supply its home market. The DOJ, moreover, had informed Utah-Idaho's directors that increasing its price was not the best way to stop the outflow of sugar and had counseled the firm to let government officials handle speculators. Finally, Utah-Idaho officials never clarified why other companies such as Great Western and Amalgamated Sugar were able to cooperate fully with the federal government while maintaining a reasonable amount of sugar for their customers.[27]

For these reasons, Utah-Idaho's directors failed to convince the DOJ or the general public of their innocence, leading the firm to buy another full-page advertisement in the *Salt Lake Tribune* to explain its position further. The ad took a different tack, now arguing that the company had been "grossly misrepresented" and its officers "held up to public scorn and ridicule." It claimed that the problem lay with the DOJ, which had decided to harass the corporation unnecessarily. To discover "the real situation," Utah-Idaho Sugar proposed that Utah governor Simon Bamberger appoint a committee of "five or nine disinterested . . . business men . . . familiar with the sale and distribution of food products" to investigate the company's actions. Utah-Idaho was confident it would be exonerated by such an inquiry. In the event that the proposed committee agreed with the DOJ's complaints, the company would "request and empower [the committee] to evolve, if possible, some practical plan" to stop the outflow of sugar and guarantee a sufficient supply to Utah consumers.[28]

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27. "Minutes of Utah-Idaho Sugar Company, May 10, 1920," Leonard J. Arrington Papers, MSS 1, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2, The Leonard J. Arrington Historical Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah (hereafter referred to as Arrington Papers); "Sugar Jobbers Seek Increase," *Salt Lake Tribune*, May 6, 1920; Howard Figg to [Isaac Blair] Evans, May 4, 1920, Letters Sent, 1919–1920, box 7, folder 21, Records of the High Cost of Living Division, RG 60, NARA II.

28. "Sugar!" *Salt Lake Tribune*, May 9, 1920.

Yet another advertisement in the *Salt Lake Tribune* made additional claims, ones that portrayed the corporation as still looking out for the welfare of its people at great sacrifice to itself. In the past six months, the ad maintained, Utah-Idaho Sugar had "sacrificed a lot of money in order to retain sufficient sugar for home consumption." It had only increased prices to stop the flow of sugar from the intermountain region. But the ad also indicated that Utah-Idaho officials believed that they were helpless to swim against the current of national trends, and that consumers should not criticize them for accepting profits that naturally came from the market. "It is generally conceded," the ad declared, "that the price of any commodity is universally fixed the world over by the demand and available supply. Isn't the manufacturer of sugar entitled to as much profit as the middleman who distributes his goods?"[29]

Not long after the publication of these advertisements, new developments in the profiteering case emerged. Reed Smoot proclaimed in the U.S. Senate that the accusations leveled against Utah-Idaho Sugar, together with an investigation of the company by the Federal Trade Commission, were politically motivated to prevent his reelection. The Republican senator claimed to have a telegram from George E. Sanders, a Salt Lake City resident and member of the Democratic Party, to Henry W. Beer, special counsel for the Federal Trade Commission, predicting that if Beer continued his investigation "for two months it will cost Smoot his senate seat." Smoot was indignant. "When any department of our government undertakes to secure the defeat of the election of a United States senator through an investigation of the affairs of a sugar company," he complained, "it is time that such a contemptible practice be called to the attention of the public."[30] While not condoning Utah-Idaho's price increase, Smoot objected strongly to a politically motivated investigation, warning that those hoping for his defeat would be disappointed: the "honest

29. "Supply and Demand," *Salt Lake Tribune*, May 14, 1920.
30. Quotations in "Smoot Accuses Trade Commission," *New York Times*, May 25, 1920.

people of this country will not approve of any such rotten politics."[31]

Smoot's accusations sparked swift reactions. Sanders claimed that Smoot had taken his telegram out of context and that he had never discussed the senator's reelection with Beer. Beer explained that after receiving Sander's telegram, he immediately replied to Sanders that the commission was not interested in politics. Smoot entered a formal explanation of the matter prepared by Huston Thompson, chairman of the Federal Trade Commission, into the *Congressional Record*, including the two telegrams, but he remained convinced that Utah-Idaho Sugar's legal woes stemmed from Democratic intrigue. Lacking further evidence, he instructed Charles Nibley to inform him if Sanders continued to aid Beer in the Federal Trade Commission investigation.[32]

Nibley extended the political intrigue argument even further. He declared that James H. Moyle, a prominent Utah Democrat serving as assistant secretary of the treasury under Woodrow Wilson, and William King, Utah's Democratic senator, had persuaded both the Federal Trade Commission and the DOJ to begin their investigations. Nibley claimed that the two Democrats hoped to uncover information implicating Smoot in the price increase, but because Smoot was only a nominal stockholder in Utah-Idaho Sugar, the efforts backfired. Indeed, Nibley maintained, the entire scheme was "about the worst lot of bunk that has ever been gotten

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31. Quotation in *Congressional Record*, 66th Cong., 2nd sess., 1920, 59, pt. 8:7663–64; see also Heath, ed., *In the World: The Diaries of Reed Smoot*, 438; Merrill, *Reed Smoot*, 312–14; Nibley to Smoot, May 15, 1920, Smoot Papers, box 42, folder 1; Nibley to Smoot, May 20, 1920, ibid.

32. *Congressional Record*, 66th Cong., 2nd sess., 1920, 59, pt. 8:7663–64; "Sanders Denies Smoot Sugar Hearing Charge," *Salt Lake Tribune*, May 26, 1920; "Trade Commissioner Denies Smoot Charges; Sugar Counsel Sought Delays, Official Says," *Salt Lake Tribune*, May 27, 1920; Smoot to Nibley, May 26, 1920, Smoot Papers, box 42, folder 1. Beer also claimed that Nibley had stolen the Sanders telegram from his office. "Nibley Accused of Stealing Telegram," *Salt Lake Tribune*, June 11, 1920. Nibley informed Smoot of the telegram, which gives some credence to Beer's claims. Nibley to Smoot, May 15, 1920, Smoot Papers, box 42, folder 1; Heath, ed., *In the World: The Diaries of Reed Smoot*, 438. However, Beer never filed charges against Nibley, and Nibley did not publicly respond to the accusations.

Charles W. Nibley with his three wives, left to right, Ellen Ricks, Rebecca Neibaur, and Julia Budge

Author's personal collection

together." Moyle and King never publicly responded to these accusations, making it difficult to determine whether or not the charges were true, but correspondence between Smoot and Nibley suggests that many Utah Republicans believed the charges.[33] In fact, because Heber J. Grant, ordinarily a Democrat, had declared his support of Smoot in the 1920 senatorial election, Utah Democrats, including Moyle, believed that drastic measures were needed to defeat the senator.[34] It is entirely possible that Moyle used his influence as assistant secretary of the treasury to make sure that Utah-Idaho Sugar and its pro-Republican leaders were prosecuted for profiteering, but the high price of Utah-Idaho sugar was still the main catalyst.

Meanwhile, Utah-Idaho's situation worsened. On June 10,

33. Nibley to Smoot, May 14, 1920, Smoot Papers, box 42, folder 1. See also Nibley to Smoot, August 20, 1921, Smoot Papers, box 42, folder 2.
34. Alexander, *Mormonism in Transition*, 53–54.

in Pocatello, Idaho, J. E. Marriman, head of Idaho's Department of Justice, filed charges against the company, stating that the corporation had "made excessive profits in the selling of sugar to dealers at Pocatello." Marriman specifically accused six officers: Heber J. Grant, Charles W. Nibley, Thomas R. Cutler, Horace G. Whitney, Walter T. Pyper, and Stephen H. Love. Eleven days later, Marriman issued warrants for the officials' arrests.[35]

Many members of the LDS church reeled at the news that Heber J. Grant, who had served as their president since 1918, and Charles W. Nibley, their presiding bishop since 1907, faced criminal charges. Some rallied behind the officials, blaming the DOJ and characterizing the event as another example of federal interference in Utah's affairs. On July 11, a group of beet growers and businessmen met at Spanish Fork, Utah, to discuss the pending case and concluded that Utah-Idaho Sugar had acted appropriately under the circumstances. "Unless intermountain beet sugar can be sold for prices which the open competitive market affords," they decided, "sugar-beet growing in this section will have to cease." The group alleged that the charges against the company were merely examples of "discrimination against a home industry."[36] The only problem with this argument was that Utah-Idaho Sugar had ceased to be a home industry after Henry Havemeyer and the American Sugar Refining Company had become involved in 1902; since that time, it had decidedly operated in a national, rather than a regional, context, selling much of its sugar outside of Utah.

The DOJ doggedly pursued its case. On July 19, Utah-Idaho officials attended a preliminary hearing in Salt Lake City where Jackson introduced the minutes of the April 10 meeting. J. T. Goddard, a certified public accountant who had

35. Quotation in "Sugar Officials Under Charges," *Salt Lake Tribune*, June 11, 1920; "Warrants Here For Sugar Men," *Salt Lake Tribune*, June 22, 1920. See also "Arrest 11 In Sugar Deals," *New York Times*, June 12, 1920.

36. "Sugar Company Case Discussed," *Salt Lake Tribune*, July 12, 1920. In private, Charles Nibley expressed little concern with the warrants. On June 28, Reed Smoot noted that the two "talked over" the DOJ's investigation, and that Nibley "was not greatly worried over the results." Heath, ed., *In the World: The Diaries of Reed Smoot*, 444.

examined the company's records, also submitted evidence that the same sugar sold by the company at over twenty cents per pound cost only nine cents to produce. In the company's defense, Stephen Love reiterated that sugar jobbers in the state had encouraged the corporation to raise its prices in order to alleviate the sugar shortage. Commissioner Van Pelt, who presided over the meeting, was unsympathetic, and he bound the company over for trial in the November term of the U.S. district court.[37]

A few days later, Nibley, concerned that the indictments would anger Utah-Idaho's stockholders, issued a statement "to better acquaint [them] with the status and . . . the alleged causes of the proceedings." Nibley advanced no new arguments in his statement, but instead appealed to the stockholders' sense of patriotism to garner sympathy for the company, claiming that the Lever Act and the DOJ gave unfair advantage to foreign manufacturers of cane sugar:

> We do not believe that it was the intention of congress to so discriminate against white labor and producers of beet sugar in this country and in favor of negro and Japanese labor and producers of Cuba, Porta [sic] Rico, Hawaii, or the south. . . . Nor do we believe that the courts will so interpret the law as to permit such results. . . . Anything less than this is an unjust discrimination against the home producers of sugar, which brings and distributes more real money to the people of Utah and Idaho than the production of any other product.

He pleaded with stockholders to withhold judgment against the company "until both sides have been fully heard."[38]

In this statement, Nibley appealed to a different sort of patriotism than that exhibited by Utah-Idaho Sugar during the First World War. When the conflict raged, Nibley had insisted that the corporation had a patriotic duty to follow the

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37. "Sugar Company To Face Trial," *Salt Lake Tribune,* July 20, 1920.
38. "Utah-Idaho Manager Issues Statement on Sugar Situation," *Salt Lake Tribune,* July 25, 1920.

regulations established by the government. Now, he reverted back to ideas expressed by sugar companies during their battles over tariff reduction, claiming that America had an obligation to support white American sugar producers, rather than foreign or non-white growers. In the years following the First World War, nativist sentiment, already rampant in the United States because of the conflict, had increased because of an economic depression, culminating in the passage of the Johnson Quota Act in 1921, significantly limiting the number of immigrants who could enter the United States. Nibley's opinions tapped into this sense of "America for Americans," hoping to sway observers to accept Utah-Idaho's actions as patriotic.[39]

Within a few days after the appearance of Nibley's article, the company finally received some good news pertaining to the Idaho indictments. Because Heber J. Grant had voted against the price increase, and because Horace G. Whitney and Walter T. Pyper had not attended the April 10 meeting, District Attorney Evans filed a new complaint with Commissioner Van Pelt dropping these three from the charges. The revised complaint accused Nibley, Cutler, and Love, and added David A. Smith, first counselor to Nibley in the Presiding Bishopric, William S. McCornick, James D. Murdock, and William H. Wattis, board members who had not been named in the first complaint. But Van Pelt informed the company that warrants for the directors' arrest would not be served if the defendants appeared before him to post their bonds. The directors agreed and pleaded not guilty to all charges at the subsequent hearing. On August 9, Van Pelt set October 11 as the date that the

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39. See Roy G. Blakey, *The United States Beet-Sugar Industry and the Tariff* (New York, 1912), 207, 209; Thomas E. Skidmore and Peter H. Smith, *Modern Latin America* (New York, 1992), 260; Alexander, *Mormonism in Transition*, 80–81. After the Spanish-American War increased American control in Cuba, Puerto Rico, and the Philippines, United States' investors poured money into cane sugar production in these countries. These investors then lobbied for preferential duties for the imported sugar, and the government complied. Utah-Idaho officials and Senator Smoot constantly worked to promote tariffs to end what they considered to be preferential treatment, but they frequently encountered Democratic opposition.

grand jury would convene to decide the fate of the directors in Idaho.[40]

Conditions worsened on August 22, however, when a federal grand jury in Utah produced ten indictments against Utah-Idaho's directors. In response to these accusations, and in an attempt to bolster sagging support for his Republican candidacy for Utah's governorship, William H. Wattis took out a full-page advertisement in the *Salt Lake Tribune*. In July, "a dozen of the leading businessmen of Ogden" had visited Reed Smoot and expressed concern about Wattis's candidacy because of the sugar situation. Both Smoot and the businessmen believed that the price hikes would hinder Wattis's bid because of the "bitter feelings" against Utah-Idaho Sugar. According to Smoot, "the [political] boys [were] beginning to doubt the wisdom of nominating W H Wattis for Governor."[41] To quell these reservations, Wattis echoed Smoot's and Nibley's political intrigue arguments, claiming that Utah Democrats were "attempting to destroy" the sugar beet industry by issuing the indictments against Utah-Idaho's directors. If Republicans failed to bring a halt to partisan Democratic dealings, "every other industry in Utah would suffer in proportion," Wattis continued. His ad called for his election as the Republican nominee for governor because he would "stand fearlessly against Democratic efforts to ruin Utah's industries."[42]

Wattis's advertisement produced immediate results, but not in the way he intended. The federal grand jury responsible for the indictments asked Judge Tilman D. Johnson to find Wattis in contempt of court for his statements. Because the jury contained both Republicans and Democrats, it

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40. "New Complaint Charging Sugar Profiteering Filed," *Salt Lake Tribune*, July 28, 1920; "Papers Issued for Arrest of Utah-Idaho Officials," *Salt Lake Tribune*, July 29, 1920; "Sugar Case Set for Next Week," *Salt Lake Tribune*, August 3, 1920; "Second Sugar Case Dismissed," *Salt Lake Tribune*, August 10, 1920.
41. Heath, ed., *In the World: The Diaries of Reed Smoot*, 448–49.
42. Quotation in "We'll Win With Wattis," *Salt Lake Tribune*, August 23, 1920; see also "Thirteen Utahns Indicted Under Lever Act; Sugar Officials, Financiers and Canners Named," *Salt Lake Tribune*, August 22, 1920. Unfortunately for Wattis, his advertisement failed to garner additional support and the Republicans refused to nominate him for governor, opting instead for Charles R. Mabey.

issued a resolution "resent[ing] the insult embodied in the said advertisement." Judge Johnson agreed, declaring "for any man to say that the indictments . . . were animated by politics is unworthy and shows that the man who said such thing spoke recklessly, foolishly, improperly." He issued the contempt citation soon thereafter.[43]

At the same time, Utah's Democratic party began its state convention. H. L. Mulliner, chairman of the party, wondered in his opening address "why Republican leaders in this state should charge that the indictment of sugar profiteers by a grand jury of representative citizens is a political attack . . . by the Democrats." Mulliner answered his own question by stating that it was to cover up the sugar company's own illegalities. By raising the price of sugar, Mulliner said, Utah-Idaho Sugar had "insert[ed] its greedy hand into the family purses of families all over this state" and then used the money to finance Republican campaigns and Republican newspapers. Indeed, Mulliner continued, Utah-Idaho's directors had only three business policies: "to oppose the farmers, get the money and elect the Republican ticket." Mulliner also discounted the claim by some Utah-Idaho officials, such as Nibley, that the real cause of the high price of sugar was a worsening sugar shortage caused by the failure of President Woodrow Wilson to authorize the purchase of the Cuban sugar crop. "The facts do not justify charging the president with the responsibility for the high price of sugar," Mulliner argued. He concluded by accusing the Utah-Idaho Sugar Company, the Republican party, and Senator Smoot of only wanting to exploit the people for their own selfish interests. If Utah citizens wanted to stop the abusive policies of big business, they had only to elect Democratic representatives.[44] Clearly, the issue of profiteering in sugar had become a political fireball in Utah.

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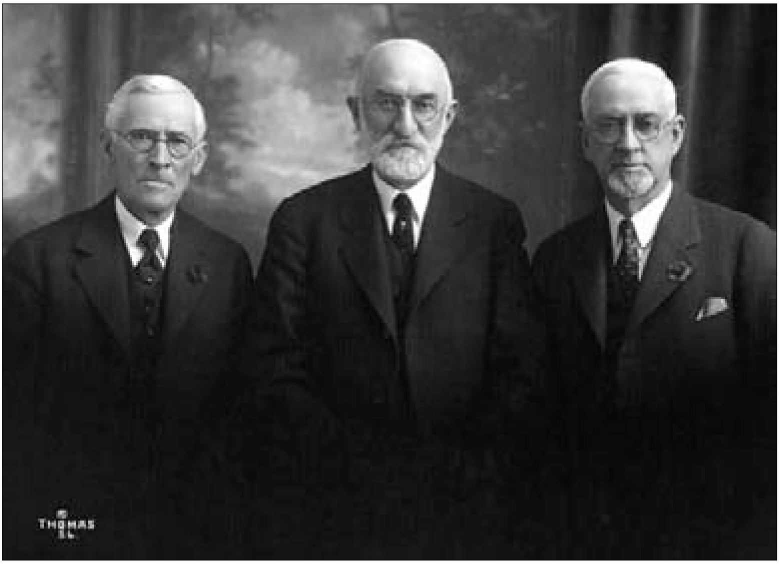
43. As quoted in "Jury Requests Contempt Trial," *Salt Lake Tribune*, September 18, 1920; "Demurrer Halts Plea of Wattis," *Salt Lake Tribune*, November 21, 1920.

44. "Sugar Concern Under Fire in Opening Talk," *Deseret News*, August 30, 1920. Mulliner's declarations about Utah-Idaho's political leanings were somewhat accurate. Nibley was a diehard Republican and worked aggressively for the party in all elections. However, Grant was a Democrat, even though he supported Smoot in his senatorship.



Mormon leaders Anthony W. Ivins, Heber J. Grant, and Charles W. Nibley (from left to right) in the early 1920s

Special Collections and Archives, Utah State University

Meanwhile, problems continued to mount for Utah-Idaho Sugar. On August 28, South Dakota's district attorney filed a complaint against the company, alleging profiteering in the sugar trade. The charges stemmed from the sale of approximately one thousand pounds of sugar to Jewett Brothers and Jewett in Sioux Falls, South Dakota, at twenty-seven cents per pound, although it only cost the company nine cents a pound to produce. Charles and Merrill Nibley, Smith, Cutler, McCornick, Wattis, Love, and Murdock were named as the guilty parties.[45]

The South Dakota allegations came only a few weeks before the LDS church began its semiannual general conference in Salt Lake City. Some church members, convinced that the company was motivated by greed, continued to denounce both Grant and Nibley for their involvement, while others defended the leaders' actions. Susa Young Gates, daughter

45. "Sugar Company Again Accused," *Salt Lake Tribune*, August 29, 1920.

of Brigham Young and an editor of the church's *Relief Society Magazine*, for example, counseled against indulging "in bitter criticism of good men about a business transaction which had for its motive the upbuilding of this state and this people."[46] One interesting facet was that Utahns had not been so vehement about profiteering until Utah-Idaho's May price raise. Prior to this time, according to the Justice Department, it had been extremely difficult to enforce the profiteering provisions of the Lever Act in Utah. However, because of the "high-handed conduct of the Utah-Idaho Sugar Company in advancing prices of sugar regardless of cost," public opinion had changed and even hardened against any profiteers, be they church leaders or other citizens.[47]

Aware of such criticism, Nibley and Smoot encouraged Grant to issue a statement in Nibley's behalf at the conference. When Grant consulted with the Quorum of the Twelve Apostles about this course of action, however, Stephen L. Richards, Anthony W. Ivins, Charles W. Penrose, and James E. Talmage, all Democrats, expressed their opposition. Grant, himself a conservative Democrat but a good friend of both Nibley and Smoot, rejected the advice of his cohorts and prepared a pro-Nibley statement. In his keynote address, he spoke at length about the importance of forgiving others and declared:

> There are a great many people who believe that if a person is indicted, he is undoubtedly a criminal. . . . The law itself provides—as I understand it—. . . that every man shall be considered innocent until such time as he is proved guilty; and no man is guilty, in the true sense of the word, of an offense, just because a Grand Jury finds an indictment against him. . . . Certainly Latter-day Saints ought to be as liberal in their judgments, as the cold law of the land; and certainly every man ought to be considered innocent in

46. Susa Young Gates to Mrs. Jane Rockwell, n.d., in *Relief Society Magazine* 7 (October 1920): 620.
47. "Prosecutions Under Food Control Act," Records Relating to Cases Under the Food Control Act, 1920–1921, box 1, folder 2, Records of the High Cost of Living Division, RG 60, NARA II.

> the estimation of the Latter-day Saints—particularly if that man is a member of the Church of Jesus Christ of Latter-day Saints and has devoted his life for the upbuilding of God's kingdom until such time as he has what is known as "his day in court."

Although he had not mentioned anyone by name, conference attendees understood Grant's meaning, especially after he expressed sorrow that politics had invaded the sugar industry. "I feel in my heart of hearts," Grant declared, "that it has engendered bitterness, that it has created a great deal of animosity." The topic was not mentioned again in the conference, even when Nibley himself spoke, but, for one of the first times since the 1890s, a church leader had once again used the pulpit of a general gathering of Mormons to speak on behalf of the Utah-Idaho Sugar Company and its leaders. Ecclesiastical economic influence seemed to be alive and well.[48]

Utah-Idaho's problems continued after the conference had adjourned. On October 14, Idaho's federal grand jury indicted the company on thirteen counts of selling essential food products at unlawful prices. The indictments were issued because of the corporation's sale of sugar from May 1 through May 25 to the Idaho Wholesale Company and Zion's Cooperative Mercantile Institute. The next day the company was informed that its Idaho trial would be postponed indefinitely because of its pending hearing in Sioux Falls, South Dakota. When the South Dakota grand jury met, it returned three indictments against the eight directors.[49]

With no relief from the legal battles forthcoming, Utah-Idaho Sugar faced another round of accusations. On November 27, a federal grand jury in Butte, Montana, issued six more

48. Quotations in Heber J. Grant, "Keep the Commandments," *Improvement Era* 24 (November 1920): 48–50; see also Heath, ed., *In the World: The Diaries of Reed Smoot*, 454, 456–57; Alexander, *Mormonism in Transition*, 83; "Grant Makes Appeal for Charity of Judgment; Plea Against Ill Will Theme of Conference," *Salt Lake Tribune*, October 9, 1920; "Record First Session Crowd in Attendance," *Deseret News*, October 8, 1920.

49. "Sugar Company Again Indicted," *Salt Lake Tribune*, October 15, 1920; "Utah-Idaho Sugar Trial at Pocatello Postponed," *Salt Lake Tribune*, October 16, 1920; "Federal Court Indicts Utah Sugar Officials," *Deseret News*, October 21, 1920.

indictments, charging that the firm had gained $50,000 in excess profits from selling sugar in Montana at nearly twenty-four cents per pound. The indictments accused the board of directors of "direct conspiracy to evade provisions of the Lever Act." Six cities in six different states had now delivered indictments against Utah-Idaho Sugar.[50] As Nibley told Reed Smoot, "the sugar situation gets worse and worse."[51]

But hope came to Utah-Idaho magnates in the form of a Supreme Court decision on the Lever Act. In Missouri, grand juries had indicted the L. Cohen Grocery Company of St. Louis under charges strikingly similar to those levied against Utah-Idaho officials. Cohen Grocery appealed the case to the Supreme Court on October 18 and 19, 1920. Arguing that the language of the Lever Act was sufficiently vague as to warrant numerous interpretations of illegalities under the law, Cohen Grocery placed the matter into the justices' hands. Utah-Idaho Sugar, meanwhile, filed demurrers with several courts, asking them to wait until the Supreme Court had decided on the constitutionality of the law before continuing their prosecution. At the same time, it exerted its influence through its attorneys and personal friends to persuade the court to nullify the Lever Act. Thomas Marioneaux and John A. Marshall, two prominent judges, and Daniel N. Straup and Joel Nibley, Utah-Idaho's legal counsel (Joel was another of Charles's sons), presented oral arguments before the Supreme Court on behalf of the company. Straup and Nibley also filed a brief reiterating the vagueness argument employed by Cohen Grocery. The company trusted that the court would see its point of view, and it was not disappointed.[52]

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50. "Sugar Company Again Indicted," *Salt Lake Tribune*, November 28, 1920. This article stated that Milwaukee, Wisconsin, and Medford, Oregon, had also issued indictments against the company, but the *Tribune* carried no coverage of these charges.

51. Nibley to Smoot, December 3, 1920, Smoot Papers, box 42, folder 1. See also John F. Crosby to Edward C. Day, Esq., September 10, 1920, Letters Sent, 1919–1920, box 3, folder 48, Records of the High Cost of Living Division, RG 60, NARA II.

52. *United States v L. Cohen Grocery Company*, 255 U.S. 81 (1921); "Demurrer Halts Plea of Wattis," *Salt Lake Tribune*, November 21, 1920; "Sugar Company Again in Court," *Salt Lake Tribune*, December 4, 1920; "Lever Act Decision Voids Sugar Indictments," *Salt Lake Tribune*, March 1, 1921.

On February 28, 1921, the Supreme Court ruled that the Lever Act was unconstitutional. Chief Justice Edward Douglass White delivered the court's opinion, holding that the language in the Lever Act was so ambiguous and vague that people could not adequately be informed of charges brought against them, thus violating the Fifth and Sixth Amendments.[53] Therefore, the Lever Act could not be considered binding, and all indictments issued under it were subsequently quashed. According to Utah-Idaho's directors, the decision was proof to "every right-thinking person . . . that the policy of our company has been vindicated." Sugar beet consumers were not so sure, as Utah-Idaho Sugar had unquestionably made $14 or $15 per hundred pounds from its high-priced sugar. Yet even though the DOJ had been poised to make Utah-Idaho pay for its actions, all indictments for profiteering, which exceeded thirty, were nullified.[54]

Utah-Idaho officials did not have long to celebrate their victory. Although rates for sugar reached all-time highs in May 1920, they fell soon thereafter because of a commodity glut resulting from an influx of sugar into the United States. By the time of the Supreme Court's decision, prices were spiraling downward dramatically, falling to just over four cents per pound by March 1921, the lowest price since the outbreak of the First World War in 1914. Exacerbating this decline were sugar beet contracts with farmers that Utah-Idaho Sugar had to honor, even though prices had plummeted. Since these problems occurred after the SEB's authority to regulate the sugar trade had expired on June 30, 1920, some companies

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53. *United States of America v L. Cohen Grocery Company*, 255 U.S. 81 (1921). This reasoning hearkened back to Herbert Hoover's statement before the Senate Subcommittee of the Committee on Manufactures that it was difficult for the Food Administration to prosecute profiteering because "the determination of what profiteering is is rather difficult, that is until after the crime has been committed." "Testimony of Herbert Hoover," January 2, 1918, Senate Subcommittee of the Committee on Manufactures, *Shortage of Sugar: Hearings Before the Subcommittee of the Committee on Manufactures, United States Senate*, 65th Cong., 2nd sess., 1918, 584.

54. Quotation in *Thirtieth Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February 28, 1921* (Salt Lake City, 1921), n.p.; see also "Lever Act Decision Voids Sugar Indictments; Pending Charge of Profiteering to be Dismissed," *Salt Lake Tribune*, March 1, 1921.

actually decried the end of control and declared that the government had abandoned them to the rigors of capitalism at a time when the market was unstable. Whether or not the SEB would have been able to prevent the collapse in sugar prices is debatable, but it certainly could have mitigated some of the disastrous effects, as many corporations realized. In any case, the government responded to the industry's complaints by enacting the Emergency Tariff Act of 1921, and by instructing the War Finance Corporation to lend money to weakened corporations.[55]

Despite these measures, Utah-Idaho Sugar still faced huge financial debts that ultimately led to Nibley's resignation as the corporation's general manager. Stating, according to the *Salt Lake Tribune*, that "the burdens of the office had become too onerous for a man of his years and heavy responsibilities elsewhere," Nibley transferred management to William Wattis.[56] Although Nibley never specifically mentioned the indictments, it is clear that they and the company's financial problems contributed heavily to the difficulties of his position. Smoot asserted that Nibley had faced "enough burdens and griefs" from the sugar debacle "to kill 'most any ordinary man."[57] Nibley subsequently wrote in his memoirs that the accusations had caused Utah-Idaho's directors and officers "endless trouble and expense . . . ridicule and scorn." Disdain directed against high-ranking Mormon officials had also tarnished the church's public image, making it likely that Nibley resigned in part to remove himself from the public spotlight.[58] Yet much of the turmoil that Nibley faced stemmed

55. Arrington, *Beet Sugar in the West*, 93–95; Nibley, *Reminiscences*, 140–42; Taylor, *A Saga of Sugar*, 111–15.
56. Quotation in "Sugar Manager Resigns Duties," *Salt Lake Tribune*, January 23, 1921; see also Nibley to Smoot, April 7, 1921, Smoot Papers, box 42, folder 2; Arrington, *Beet Sugar in the West*, 93–97.
57. Smoot to Nibley, February 1, 1921, Smoot Papers, box 42, folder 2.
58. Quotations in Nibley, *Reminiscences*, 141–42; see also *Thirty-First Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February 28, 1922* (Salt Lake City, 1922), n.p.; Alexander, *Mormonism in Transition*, 82–84. Leonard Arrington attributed Nibley's resignation to demands made by the Bankers Trust Company of New York that a change in management occur before it provided assistance, but these stipulations were not made until July 1921, six months after Nibley's departure. *Beet Sugar in the West*, 96.

from policies that he advocated. Although maintaining sugar at thirteen cents per pound would not have forestalled the economic problems that Utah-Idaho Sugar faced in 1920 and 1921, it certainly would have lessened adverse publicity against Nibley, the company, and the LDS church.

With Nibley's resignation, Grant and other Utah-Idaho leaders tried to deal with the corporation's precarious financial situation. In November 1920, the company borrowed over $1 million from a number of American banks, but on November 26, Utah-Idaho decided that it needed $8 million more "to finance ourselves to January 1, 1921."[59] Conditions worsened in 1921, especially after Cuba dumped a large amount of sugar on the American market. Confronting heavy losses, Utah-Idaho Sugar could not pay its farmers the required $12 per ton for beets.[60] The corporation appealed to banks in San Francisco, Chicago, and New York, but since it had already taken out so many loans, the banks declined its requests. In despair, Heber J. Grant and other directors turned to Smoot and asked him to meet with Eugene Meyer, Jr., head of the War Finance Committee. On October 1, 1921, Smoot wired Grant, explaining that Meyer had assured him "that some plan will be arrived at that will enable the [War Finance] corporation to advance money on refined sugar."[61]

Subsequently, both Smoot and Grant met with Meyer and newly-elected President Warren Harding to discuss the prospect of aid to the sugar industry. After the meeting, Harding told Meyer that Utah-Idaho Sugar was entitled to aid, and Meyer authorized the War Finance Corporation to provide

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Nibley himself told Reed Smoot that he was relinquishing control because of ill health. Heath, ed., *In the World: The Diaries of Reed Smoot*, 467. Whatever the reasons, Nibley continued to serve as the LDS church's presiding bishop, and in 1925, he became second counselor to Heber J. Grant in the organization's First Presidency. He served in that capacity until his death in 1931.

59. Quotations in "Minutes of Utah-Idaho Sugar Company, November 18, 1920, November 26, 1920," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2; Arrington, *Beet Sugar in the West*, 95.

60. *Thirty-First Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February 28, 1922*, n.p.

61. Quotation in Smoot to President Heber J. Grant, October 1, 1921, Smoot Papers, box 48, folder 9; Heber J. Grant, "Significant Conference Themes," *Improvement Era* 25 (June 1922): 713.

the company with a $10 million loan to "harvest the beet crop and to furnish the money to pay the farmer." Meyer also consulted with a New York bank that had previously provided cash to Utah-Idaho officials and secured a yearlong extension on the loan.[62] With this aid, and because sugar prices slowly began to rise again, Utah-Idaho Sugar remained solvent.[63] Grant gratefully acknowledged the support of Meyer and the War Finance Corporation and declared that he was "delighted that the men who stand at the head of this nation [were] anxious for the welfare of . . . the beet industry and every other industry in our country."[64]

Other corporations were not so lucky. Many independent companies that flourished because of the opportunities presented by the First World War were destroyed by the precarious financial conditions of 1920 and 1921. According to historian Leonard Arrington, "A particular and tragic instability [in the sugar industry] grew out of World War I—an instability which created difficult problems throughout the 1920's and continued without satisfactory solution into the Great Depression years."[65] This economic uncertainty bankrupted several companies and pushed others, such as Utah-Idaho Sugar, deep into debt.

By the end of 1921, the economic turmoil in the sugar industry had taught Utah-Idaho officials several lessons, most of which revolved around how certain characteristics or features of its business could both help and damage the industry. First, Grant, Nibley, Smoot, and others realized how political partisanship could infect the sugar industry, as well as how these political divisions could be used to their advantage. Nibley, Smoot, and William Wattis all utilized claims of Democratic trickery to mask the real reason for the DOJ's investigation—that the corporation had elevated its prices illegally—while

62. Grant, "Significant Conference Themes," 713–14.
63. *Thirty-First Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February* 28, 1922, n.p.
64. Grant, "Significant Conference Themes," 713. See also Grant to Smoot, October 20, 1921, Smoot Papers, box 48, folder 9; Arrington, *Beet Sugar in the West*, 98–99.
65. Arrington, *Beet Sugar in the West*, 100, 195–96.

Utah Democrats were no less reluctant to use profiteering indictments to their political advantage.[66] Likewise, federal control of the economy was both beneficial and problematic. Nibley and others had chafed at government restrictions, but Utah-Idaho's real problems stemmed from the *end* of federal control of the sugar industry. After the SEB had expired, the laws of supply and demand meant the demise of high prices as sugar poured into the country from around the world.

More important, the legal troubles showed that the LDS church's continuing presence in Utah-Idaho Sugar could be both a boon and a hindrance. Grant's position as president of both the LDS church and Utah-Idaho Sugar allowed him to make a passionate plea on Nibley's behalf at the religion's semiannual general conference, but such declarations would not have been necessary had not high-ranking church leaders been involved in a corporation that had attempted to gouge its own people. Church participation in a for-profit business could provide much embarrassment, especially if a corporation placed profits above the good of the community. Coupled with this message was the lesson that Utah-Idaho Sugar's involvement in national sugar markets could both help and hinder its business. Skyrocketing prices of sugar after the First World War provided the corporation with an opportunity, legally or not, for immense profits, but when the bottom fell out of the national market, Utah-Idaho Sugar was pushed to the edge of bankruptcy. The company's foray into providing sugar for the nation as a whole, which first began with the American Sugar Refining Company's involvement in 1902, had allowed the corporation to increase its territory and profits, but it had also subjected the company to the fluctuations of the United States economy and had increased federal scrutiny of Utah-Idaho's business policies. This lesson was reinforced in 1920 when the Federal Trade Commission investigated Utah-Idaho for monopolistic and unfair business practices, stemming largely from the use of ecclesiastical influence in business affairs.

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66. It seems that the Republicans used the sugar situation to the greatest effect, as they regained the governorship in Utah and reelected Smoot to his senate seat. Merrill, *Reed Smoot*, 222.

Chapter Six

Restraint of Trade: Federal Trade Commission v. Utah-Idaho Sugar

And now as to the building of additional factories and the much-talked-of endeavor to restrict or restrain competitive factories. This is a free country, and everyone is free to engage in any business that he may select. No one has a monopoly. . . . and there cannot be any monopoly in this particular business; but is it good business or good sense to build two factories where one will do all that there is to do?

—Charles Nibley, 1916

Now, therefore, it is ordered, that the respondents, Utah-Idaho Sugar Company and the Amalgamated Sugar Company, each of them and their officers, agents and employees . . . shall forever cease and desist from conspiring or combining between and among themselves to maintain or retain the monopoly of corporation respondents hereinbefore set out; to prevent the establishment of beet sugar enterprises and the building of sugar factories by persons or interests other than said corporation respondents.

—*Findings and Orders of the Federal Trade Commission,* 1923

At the same time that the Utah-Idaho Sugar Company battled the U.S. Department of Justice over profiteering in the sugar industry, the corporation faced legal conflicts with the Federal Trade Commission (FTC), a relatively new agency formed to ensure competition in business and to police unfair business actions. In 1919, the commission accused Utah-Idaho directors of using illegal methods to prevent independent sugar factories from operating in its territory. After a lengthy trial, the FTC declared that Utah-Idaho was in flagrant violation of the Federal Trade Commission Act of 1914 for its actions in areas of Utah, Idaho, and Oregon. Although the company proclaimed its innocence, the FTC disagreed and ordered the firm to cease and desist any unfair practices. In 1927, however, a federal court overturned the FTC's findings, holding that manufacturing sugar did not constitute interstate commerce and that the commission had no authority over the case.

Aside from this demonstration of the FTC's weakness in its initial years, the most significant aspect of the case was the pile of evidence that the FTC collected showing that the Mormon influence was still alive and well in Utah's sugar industry. Most of the charges of unfair business practices stemmed from LDS officials—whether leaders of Utah-Idaho Sugar or not— directly and indirectly implying that good Mormons would support Utah-Idaho over other sugar concerns. Yet the evidence also suggested that many Mormon agriculturists and entrepreneurs chafed at such implications, which is not surprising; since 1902, farmers and consumers had had many indications that Utah-Idaho Sugar leaders, despite their positions in the LDS church, were looking out for their own interests. Authorities such as Nibley claimed that Utah-Idaho's policies benefited the LDS people, but the general public saw the situation in a different light, especially as the FTC trial continued and received wide publicity.[1]

1. As with the 1920 Department of Justice investigation, Leonard J. Arrington's *Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966* (Seattle, 1966) and Fred G. Taylor's *A Saga of Sugar: Being A Story of the Romance and Development of Beet Sugar in the Rocky Mountain West* (Salt Lake City, 1944) do not discuss Utah-Idaho's battles with the Federal Trade Commission. The only

As with the profiteering case, the Utah-Idaho Sugar Company's problems with the FTC had their roots in the prosperity of the sugar industry during the First World War. The outbreak of the war significantly decreased beet sugar production in several European countries, generating opportunities for other nations while simultaneously increasing sugar prices because of the subsequent shortages. American businessmen formed numerous beet sugar corporations throughout the United States in order to gain a share of the market and more income from high prices. This boom in factory construction affected Utah-Idaho Sugar, as more and more companies arose, intruding on its territory.[2] The Beet Growers Sugar Company began operations in 1917 in Rigby, Idaho, for example, while the Gunnison Valley Sugar Company formed in Gunnison, Utah, in 1918. Utah-Idaho's directors claimed that both of these corporations erected factories in territories that it already served adequately, creating unsatisfactory conditions for everyone involved.[3]

In order to offset these independent corporations, Utah-Idaho Sugar entered into secret agreements with the Amalgamated Sugar Company, the other major sugar producer in the Intermountain West, which also had a significant LDS presence. Amalgamated Sugar had formed in 1902 when the Ogden Sugar Company, the Logan Sugar Company, and the Oregon Sugar Company consolidated. At the time of this combination, David Eccles, a prominent Mormon businessman, was president of the corporation, while Charles Nibley—unaffiliated with Utah-Idaho Sugar at this time—worked as a director and as treasurer and Joseph F. Smith served on the board.[4] Because Smith and other directors were high-ranking

scholarly treatments of the subject are brief delineations in Thomas G. Alexander, *Mormonism in Transition: A History of the Latter-day Saints, 1890–1930* (Urbana, Ill., 1986), 82; Jesse R. Smith, *Thomas Robinson Cutler: Pioneer Sugarman Churchman* (Washington, D. C., 1985), 163–64; and Milton R. Merrill, *Reed Smoot: Apostle in Politics* (Logan, Ut., 1990), 312–14.

2. Taylor, *A Saga of Sugar,* 110–11.

3. Taylor, *A Saga of Sugar,* 111; Arrington, *Beet Sugar in the West,* 84, 86, 190–91, 194–96.

4. J. R. Bachman, *Story of the Amalgamated Sugar Company,* 1897–1961 (Ogden, Ut., 1962), 17–18.

LDS officials, Amalgamated Sugar, like Utah-Idaho, was considered by many to be a Mormon enterprise.

This perception was reinforced in 1914 when Nibley, who had already bought out the American Sugar Refining Company's holdings in Utah-Idaho Sugar, purchased 25 percent of American Sugar's stock in Amalgamated on behalf of the LDS church. That same year, Smith, who was serving as president of both the church and Utah-Idaho Sugar, was appointed to a one-year term as president of Amalgamated. After Smith's tenure expired, Anthon H. Lund, one of Smith's counselors in the First Presidency, assumed leadership. Some Amalgamated directors, such as William H. Wattis, served on Utah-Idaho's board as well, meaning that the companies had interlocking directorates. Because of the close relationship between the two corporations, their boards of directors met in 1916 and "agreed to divide" their Utah territory. In this way, the sister corporations hoped to provide an adequate share of the market for both, to maintain a solid front against independent enterprises, and to keep beet prices low.[5]

Understandably, this arrangement angered some Utah and Idaho agriculturists. When they wanted to grow beets for an independent enterprise, Utah-Idaho representatives would visit the farmers, inform them that the fledgling firm had financial problems, and threaten that Utah-Idaho Sugar would never deal with anyone entering contracts with other concerns. Many times such intimidation worked, antagonizing both the farmers and the stockholders of the new corporations.[6] A group of Utah farmers, however, the majority of which were probably Mormon, decided that Utah-Idaho Sugar had exceeded the boundaries of the law, and complained to the FTC about the company's commercial transactions in 1919, instigating an investigation. After a preliminary inquiry, the FTC issued a complaint on June 26, 1919, against Utah-Idaho Sugar, Amalgamated Sugar, and E. R. Woolley, A.

5. Alexander, *Mormonism in Transition*, 81–82.
6. *Federal Trade Commission Decisions: Findings and Orders of the Federal Trade Commission. Volume 6: February 14 to November 4, 1923* (Washington, D. C., 1925), 393.

P. Cooper, and E. F. Cullen, three businessmen with connections to the two corporations.[7]

When the FTC began these proceedings, it had only been in operation for five years. On September 26, 1914, Congress passed the Federal Trade Commission Act, thereby creating the five-member commission. A product of Progressive Era politics, the FTC assumed the functions of the Bureau of Corporations, a regulatory board created by President Theodore Roosevelt in 1903. Between the 1880s and 1900, Congress had enacted several regulatory laws, including the Interstate Commerce Act of 1887 and the Sherman Antitrust Act of 1890, to protect the public from the evils of monopolies and trusts. By the early 1900s, many Americans claimed that the legislation was insufficient to control business, and thus clamored for the government to take a greater regulatory role.[8]

One of the major advocates for increased regulation was Louis Brandeis, a Boston attorney active in progressive reform. A vocal critic of big business since the 1880s, Brandeis argued that smaller businesses were more efficient than huge conglomerates. In August 1912, he counseled presidential candidate Woodrow Wilson "to stress competition as a means of regulating monopoly, and support a federal commission to enforce the antitrust laws." Brandeis foresaw this agency as different from Roosevelt's Bureau of Corporations, in that the bureau had accepted big business and attempted to regulate it while the proposed commission would emphasize "a restoration of competition and a reliance on government to achieve and maintain a competitive balance." Wilson heeded Brandeis's advice and stressed the

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7. *Before the Federal Trade Commission: Federal Trade Commission v. Utah-Idaho Sugar Co., The Amalgamated Sugar Co., E. R. Wooley, A. P. Cooper, and E. F. Cullen, Respondents, Brief of Respondent Utah-Idaho Sugar Co.* (Washington, D. C., 1921), 1; copy in Docketed Case Files, 1915–43, Docket 303, box 142, Records of the Federal Trade Commission [FTC], RG 122, National Archives and Records Administration II, College Park, Maryland (hereafter referred to as NARA II).

8. Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, Mass., 1984), 80–82; Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History, 1900–1916* (New York, 1963; reprint, Chicago, 1967), 255.

need for competition in industry enforced and regulated by the federal government.[9]

After Wilson was elected president, Brandeis served as his economic consultant and continued to agitate for the creation of a new trade commission to ensure that competitive conditions existed in America. Brandeis published a series of articles in *Harper's Weekly*, which were compiled in a 1914 book, *Other People's Money and How the Bankers Use It.* These essays assailed big business and called for its breakup by the federal government. In addition, several businessmen, wanting the federal government to draw a clearer line between legal and criminal business practices, decided that "a regulatory commission was preferable to . . . the spasmodic whims of individual judges" trying to enforce the Sherman Act.[10]

Because of Brandeis's counsel, and with the support of many businessmen, Wilson decided in 1914 that the time had come for more stringent governmental efforts. He called for laws clearly defining and eliminating illegal methods, and Congress responded by passing the Clayton Antitrust Act and the Federal Trade Commission Act. Wilson saw the FTC as vigorously enforcing antitrust laws, but other politicians, such as Senator Reed Smoot, believed that the commission would actually protect business by defining illegal and legal practices.[11] Some modern-day scholars have agreed with Smoot's opinion of the commission, especially since some of the FTC's early commissioners were businessmen who used the agency for their benefit.[12] Indeed, several corporations welcomed the establishment of the FTC, believing they could obtain advice

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9. Lewis L. Gould, *Reform and Regulation: American Politics from Roosevelt to Wilson*, 2nd ed. (New York, 1986), 172; McCraw, *Prophets of Regulation*, 116; Thomas K. McCraw, "Rethinking the Trust Question," in *Regulation in Perspective: Historical Essays*, Thomas K. McCraw, ed. (Cambridge, Mass., 1981), 25–38.
10. McCraw, *Prophets of Regulation*, 113–16; Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge, Mass., 1962), 139–40; Kolko, *The Triumph of Conservatism*, 256.
11. Reed Smoot to Bishop C. W. Nibley, January 6, 1921, Reed Smoot Papers, MSS 1187, box 42, folder 2, L. Tom Perry Special Collections Library, Harold B. Lee Library, Brigham Young University, Provo, Utah; Susan Wagner, *The Federal Trade Commission* (New York, 1971), 4–15, 19; McCraw, *Prophets of Regulation*, 114–24.
12. Kolko, *The Triumph of Conservatism*, 270–71.

from it about what business practices would be considered illegal, forestalling any investigations of their actions.[13]

Because of these conflicting ideas about the FTC's role, it faced several difficulties in its early years. First, its mission was ambiguous. The Federal Trade Commission Act gave the FTC responsibility to investigate anyone suspected of committing "unfair methods of competition," but it did not elucidate what that meant. The commission had to use its own discretion to decide what "unfair methods" were, much like federal judges had to determine what constituted a crime under the Sherman Act.[14] In addition, presidential politics often influenced the FTC. No more than three members of the five-member commission could be from the same party, but presidents could assure that their party had the majority by appointing loyal commissioners. The FTC thus sometimes issued decisions based more on party principles than on objective interpretations of the law. Finally, the act creating the commission gave it little real power to halt questionable business dealings, as it provided no licensing authority or price regulation control. Once it found a corporation guilty of unfair practices, the FTC could issue cease and desist orders and advise the attorney general to prosecute the offender, but these mandates were subject to judicial review. In the 1910s and 1920s, pro-business courts that resented the FTC's usurpation of their responsibility to interpret antitrust laws frequently overturned the agency's conclusions.[15]

Such weaknesses notwithstanding, the FTC issued its complaint against Utah-Idaho Sugar in 1919 and began

13. Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R* (New York, 1955), 249–50; Wiebe, *Businessmen and Reform*, 147–48.

14. Quotations in "The Federal Trade Commission Act" (38 Stat. 719); see also Martin J. Sklar, *The Corporate Reconstruction of American Capitalism, 1890–1916: The Market, the Law, and Politics* (Cambridge, 1988), 328–29; McCraw, *Prophets of Regulation*, 125.

15. Sklar, *The Corporate Reconstruction of American Capitalism*, 328–31; McCraw, *Prophets of Regulation*, 125–27; Thomas C. Blasidell, Jr., *The Federal Trade Commission: An Experiment in the Control of Business* (New York, 1932), 77; Kolko, *The Triumph of Conservatism*, 271–72; Wagner, *The Federal Trade Commission*, 21–27; 38 Stat. 719–20.

preparing for trial. At the time, three Democrats dominated the commission: Victor Murdock, former chair of the Progressive party, Huston B. Thompson, and William B. Colver. These three formed an "aggressive triumvirate" who "stepped up the investigations of unfair trade practices." Although Republican commissioners John Garland Pollard and Nelson B. Gaskill largely favored business, Murdock, Thompson, and Colver consistently outvoted them. After Colver resigned in 1920, John F. Nugent, another antibusiness Democrat, retained the Democratic majority and continued attacks against corporations.[16]

With this makeup, the FTC charged Utah-Idaho Sugar with entering into unlawful agreements with Amalgamated and with using anticompetitive business practices against independent firms. In its explanation of the complaint, the FTC declared that Utah-Idaho Sugar "for some time past ha[s] been and [is] now engaged in an unlawful conspiracy unduly, unreasonably, and directly to restrain . . . trade and commerce . . . in the manufacture and sale of refined beet sugar."[17] The commission claimed that the corporation had circulated false and unflattering financial reports about its competitors, while also issuing misleading statements that its rivals could not secure necessary beet seed and equipment. Utah-Idaho's directors used their influence to prevent banks from cooperating with its opponents, the FTC argued, and employed secret agents to throw competing firms into receiverships. Interestingly, the FTC did not directly charge Utah-Idaho with using the LDS church to influence farmers and consumers to stick with the company, but in many of these actions, ecclesiastical pressure was clear. In entering a plea of

16. Quotations in Wagner, *The Federal Trade Commission*, 24; see also Blaisdell, *The Federal Trade Commission*, 91. When Nugent was appointed, Charles Nibley wrote Senator Smoot that he feared Nugent would not give Utah-Idaho Sugar a "square deal." Nibley to Smoot, December 22, 1920, Smoot Papers, box 42, folder 1; Smoot to Nibley, January 6, 1921, Smoot Papers, box 42, folder 2.

17. *Before the Federal Trade Commission: Federal Trade Commission v. Utah-Idaho Sugar Co., The Amalgamated Sugar Co., E. R. Wooley, A. P. Cooper, and E. F. Cullen, Respondents, Brief of Claimant* (Washington, D. C., 1921), 4, copy in Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah. See also "Sugar Hearing to Start Soon," *Salt Lake Tribune*, March 4, 1920.

innocence, Utah-Idaho officials did not refute the individual charges, but merely maintained that their actions did not affect interstate commerce and, therefore, the FTC had no authority to investigate it.[18]

The trial commenced on April 1, 1920, in Salt Lake City, Utah, before examiner Judge Joseph Dunham. Henry Ward Beer and Herbert L. Anderson argued the case for the FTC, while Daniel N. Straup, a future Utah Supreme Court justice, and Joel Nibley, Charles's son, presented Utah-Idaho's side. By the end of the trial, which lasted until February 8, 1921, testimony had been taken at six different places, including Medford, Oregon; Washington, D. C.; Cleveland, Ohio; Rigby, Idaho; and San Francisco, California, and the transcript contained 13,428 pages of testimony and 6,000 pages of evidence. Most of the trial occurred in Salt Lake City, receiving extensive coverage in regional newspapers such as the *Salt Lake Tribune*. Although the FTC examined several incidents of unfair business practices, it focused on Utah-Idaho's actions in Rigby, Idaho, Gunnison, Utah, and Grants Pass, Oregon.[19]

The commission first looked at the dealings of Utah-Idaho Sugar in Rigby. From 1900 to 1907, the Idaho Sugar Company, one of Utah-Idaho's predecessors, had purchased three factories in this region at Blackfoot, Idaho Falls, and Sugar City, and Utah-Idaho had maintained these facilities after 1907. The factories served beet farmers in several towns including Menan, Lewisville, and Rigby; Utah-Idaho Sugar assisted in the transportation of beets to the processing plants by "erect[ing] and maintain[ing] numerous beet dumps along the lines of railroads, branches and spurs for the convenience of farmers in the loading of beets." Utah-Idaho officials claimed that "at no time, either prior or subsequent to the year 1917, were there any more beets grown . . . than could be taken care of by the factories of the Utah-Idaho

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18. *Brief of Claimant*, 5–7.

19. *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1925* (Washington, D. C., 1925), 46; "Sugar Company Trial is Opened," *Salt Lake Tribune*, April 2, 1920. The commission also discussed the company's actions in Springville, Utah; Delta, Utah; and Hamilton, Montana.

Sugar Company." In some years, the area failed to produce enough beets to keep the operating plants at full capacity. If farmers in Menan and Lewisville ever produced enough beets to justify the construction of another factory, the corporation's directors stated, the firm would be happy to build one.[20]

Yet on May 12, 1917, a new beet sugar concern, unaffiliated with Utah-Idaho, incorporated itself as the Beet Growers Sugar Company (BGSC), and began plans for a factory in Rigby. In February 1917, James Sprunt and A. C. Goodwin, two sugar promoters who, according to Utah-Idaho Sugar, had no "experience in constructing or operating a sugar factory," held meetings in Rigby "endeavoring to interest merchants and farmers in that locality in the building of a factory at Rigby." Sprunt and Goodwin contacted "everyone owning lands," Utah-Idaho officials claimed, and urged farmers to sign agreements to grow beets for them, eventually securing contracts for five thousand acres of beets. The two told their recruits that the new corporation would be "a cooperative organization to be owned and managed by farmers," and they promised to furnish free beet pulp to agriculturists if they fed the pulp to their animals "so as to leave the fertilizer on the land which produced the beets."[21] Ironically, standing in the way of the BGSC's cooperative was the Utah-Idaho Sugar Company, a for-profit enterprise birthed from the remnants of Mormon cooperation.

Despite their recruiting efforts, Sprunt and Goodwin failed to attract enough farmers to begin construction on their factory. They therefore reconsidered their venture

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20. *Before the Federal Trade Commission: Federal Trade Commission v. Utah-Idaho Sugar Co., The Amalgamated Sugar Co., E. R. Wooley, A. P. Cooper, and E. F. Cullen, Respondents, Brief of Respondent Utah-Idaho Sugar Co.* (Washington, D. C.: Government Printing Office, 1921), 54–55; copy in Docketed Case Files, 1915–43, Docket 303, box 142, FTC, RG 122, NARA II.

21. *Brief of Respondent Utah-Idaho Sugar Co.*, 56. Goodwin had previously run into trouble with Utah-Idaho Sugar when he tried to build an independent sugar factory at Delta, Utah. "Gutleben's Sugar Thesaurus: Rigby, Idaho," 2, Leonard J. Arrington Papers, Series 12: The Writings of Leonard J. Arrington, MSS 1, box 8, folder 1, The Leonard J. Arrington Historical Archives, Special Collections and Archives, Merrill Library, Utah State University, Logan, Utah (hereafter referred to as Arrington Papers).

and decided to incorporate themselves as a stock company, rather than as a cooperative.[22] By doing so, they could better fulfill their mission "of manufacturing, producing, refining, and selling refined beet sugar in interstate commerce." In May 1917, the BGSC put its stock on the market, obtaining sufficient funding to begin construction of the Rigby factory. Claiming that the BGSC was "usurping" its territory, Utah-Idaho Sugar attempted to stop construction by reiterating to Rigby's Commercial Club that it would erect a factory in the area no later than 1921, provided that farmers "raised sufficient beets to justify and warrant" the construction.[23] The Commercial Club rejected Utah-Idaho's proposal, opting instead for the immediate construction of the BGSC factory.[24]

Having failed to prevent construction, the FTC alleged, Utah-Idaho officials then decided to spread false rumors about BGSC directors throughout Rigby. George Hill, secretary-treasurer of the BGSC and a former Idaho senator, testified that agents for Utah-Idaho Sugar told numerous agriculturists that the fledgling corporation lacked the financial means to buy steel machinery for its factory or even to purchase beet seed for the farmers. Several growers thus shied away from entering contracts with the BGSC, while some stockholders refused to pay their subscriptions. Hill countered that Utah-Idaho's statements were blatantly false, and that the company had no financial difficulties.[25]

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22. See "Beet Growers Sugar Company," *Salt Lake Tribune*, July 22, 1917.
23. Quoted in *Brief of Respondent Utah-Idaho Sugar Co.*, 55; Transcript of Testimony, Rigby, Idaho, May 7, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 3937, 3940–41, Docketed Case Files, 1915–43, Docket 303, box 147, FTC, RG 122, NARA II; "Gutleben's Sugar Thesaurus: Rigby, Idaho," 3.
24. *Brief of Claimant*, 98.
25. Transcript of Testimony, Rigby, Idaho, May 7, 1920, 3973; *Brief of Claimant*, 99–100. According to sugar expert Dan Gutleben, Rigby was "George Hill's town." Hill had helped lay out the townsite in 1887 and was elected its first mayor. "Thereafter," Gutleben declared, "he put enthusiasm behind every movement designed to improve the health, wealth and wisdom of the village." "Gutleben's Sugar Thesaurus: Rigby, Idaho," 1. Charles Nibley claimed that Hill was Commissioner John Nugent's "special friend" who had helped to orchestrate the investigation of Utah-Idaho Sugar. Nibley to Smoot, December 22, 1920, Smoot Papers, box 42, folder 1.

Utah-Idaho officials, however, insisted that their claims about the BGSC's financial standing were accurate. Because the BGSC did not have sufficient capital to construct an entire factory, Utah-Idaho's defense declared, it began building one "by piece work," a little at a time. The foundation for the structure was laid in October 1917, but because of funding difficulties and a shortage of supplies, the BGSC had to suspend construction in April 1918. Indeed, in May, the BGSC issued a financial statement showing that its "disbursements exceeded the receipts on stock subscriptions." Utah-Idaho Sugar charged that this evidence proved that the BGSC had monetary problems.[26]

Hill offered another explanation for the financial difficulties: falsehoods told by A. P. Cooper, a construction engineer for the BGSC who secretly worked as an agent for Utah-Idaho.[27] Hill charged that in early 1918, Cooper informed Hill and the board of directors that, according to his records, the BGSC was not meeting its financial obligations to the construction company erecting the factory. Shaken by Cooper's announcement, Hill wondered whether he should turn the company over to more financially stable individuals. Yet Hill later discovered that Cooper's statements were false; Cooper had merely manipulated the books to show discrepancies in the BGSC's finances.[28]

Charles T. Bray, cashier for the BGSC, confirmed Hill's suspicions. Bray stated that Cooper and E. S. Cullen, a BGSC

26. *Brief of Respondent Utah-Idaho Sugar Co.*, 57–62; "Financial Statement, Beet Growers Sugar Company, May 20, 1918," Docketed Case Files, 1915–43, Docket 303, box 155, FTC, RG 122, NARA II.

27. Cooper had a long-standing record of employment in the beet sugar industry. In 1897, he was a draftsman for the Oxnard Construction Company, a firm that constructed sugar factories. He then was employed with the Great Western Sugar Company, and subsequently worked as chief engineer for the M. C. Peters Mill Company. Before becoming involved with the BGSC, he helped construct the Peoples Sugar Company factory at Moroni, Utah. Cooper apparently had no direct tie with Utah-Idaho Sugar before his employment with the BGSC besides residing in Salt Lake City where Utah-Idaho's headquarters were located. E. F. Ogborn to Mr. R. W. Crary, March 11, 1918, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II.

28. Transcript of Testimony, Rigby, Idaho, May 7, 1920, 3954–55; "Rigby Company Finance Probed," *Salt Lake Tribune*, May 11, 1920.

bookkeeper, advised him to look for another job before the company "blew up" because of its financial condition. Soon thereafter, Bray realized that the corporation's finances were largely in order and that Cooper had exaggerated the situation.[29] When news of this deceit reached the BGSC's board of directors, they issued a resolution condemning Cooper and subsequently dismissed him.[30]

According to the FTC, Utah-Idaho's sister company, Amalgamated Sugar, hired Cooper almost immediately after his termination. While with Amalgamated, Cooper continued plotting against the BGSC.[31] In September 1918, the FTC charged, he informed several Beet Growers' stockholders in Cache Valley, Utah (approximately 150 miles south of Rigby), that the BGSC "was just about to go to the wall." He continued that "they were out of funds entirely and their affairs were in such a shape that he expected that [a] receiver would be appointed in a very short time."[32] Likewise, Cullen, the bookkeeper, continued to warn the BGSC's employees that they should "make preparations, as the company was going into the hands of a receiver very soon."[33] At the time, their claims contained some truth, for the BGSC's factory remained unfinished, forcing the company to relinquish its beets to Utah-Idaho Sugar for processing.[34] According to Hill, the problem was not a lack of

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29. Transcript of Testimony, Rigby, Idaho, May 7, 1920, 3853, 3869. The BGSC did have trouble making payments on equipment and salaries because some stockholders refused to pay the amount of money they had subscribed for, but the situation was not as drastic as Cooper had painted it. "Gutleben's Sugar Thesaurus: Rigby, Idaho," 6.
30. Transcript of Testimony, Rigby, Idaho, May 7, 1920, 3959; "Resolution, June 4, 1918," Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II. Dan Gutleben mistakenly believed that Cooper had resigned because of his unhappiness with the corporation. "Gutleben's Sugar Thesaurus: Rigby, Idaho," 6.
31. Even though Cooper worked for Amalgamated, he conspired on behalf of Utah-Idaho Sugar because Rigby was in Utah-Idaho's territory according to the two companies' agreements. *Brief of Claimant*, 23–24, 110.
32. *Brief of Claimant*, 108.
33. Quotation in *Brief of Claimant*, 111; see also Transcript of Testimony, Rigby, Idaho, May 7, 1920, 3857.
34. "Minutes of the Utah-Idaho Sugar Company, October 9, 1918," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

funds, but a shortage of building materials due to the First World War.[35]

Despite these obstacles, the BGSC finally finished the factory in October 1919, which, according to the FTC, led Utah-Idaho Sugar to employ other nefarious schemes. Early in 1920 (after the commission had filed its charges), Ernest R. Woolley, a close associate of Utah-Idaho leaders and a grandson of Edwin Woolley, a prominent Mormon bishop in the 1800s, continued Cooper's efforts to throw the BGSC into receivership.[36] The FTC charged that Woolley had asked his brother-in-law, Ezra Ricks (who was also from a prominent LDS family), to buy stock in the corporation and then initiate a stockholder's suit against it. Ricks tried to induce H. R. Johnson of Logan, Utah, to join him in the scheme, but when Johnson refused, Ricks bought $97 worth of stock himself, and filed a complaint on March 8, 1920. The suit accused the BGSC's board of directors of accepting large sums of money from the company "secretly and unlawfully and without the consent or knowledge of the stockholders," prompting the complainant to ask the court to appoint a receiver. The BGSC filed a demurrer, stating that the charges were "ambiguous, unintelligent, and uncertain."[37] Although Ricks insisted that he had submitted the suit "purely on his own initiative," Johnson testified that Ricks had told him that he was representing the Utah-Idaho Sugar Company.[38] According to the FTC, this was an example of "vexatious and unjustified litigation" employed by Utah-Idaho Sugar to eliminate competition.[39]

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35. "Sugar Hearing Opens in Idaho," *Salt Lake Tribune*, May 8, 1920.
36. Woolley had previously been involved in the organization of the Pioneer Sugar Company in Utah, and had also had an interest in the bank owned by William McCornick, one of Utah-Idaho's directors. Preston W. Parkinson, *The Utah Woolley Family* (Salt Lake City, 1967), 373.
37. Transcript of Testimony, Salt Lake City, Utah, April 30, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 3668, Docketed Case Files, 1915–43, Docket 303, box 146, FTC, RG 122, NARA II. For all of Johnson's testimony, see pages 3636–70. See also "Utah-Idaho Back of Suit, Charge," *Salt Lake Tribune*, May 1, 1920.
38. "Pocatello Man Gives Evidence," *Salt Lake Tribune*, May 13, 1920.
39. *Brief of Claimant*, 122–29; "Utah-Idaho Back of Suit, Charge," *Salt Lake Tribune*, May 1, 1920.

Nonetheless, Ricks continued to claim that he had the purest of motives in bringing the receivership against the BGSC. Before he spoke to Johnson, he related, he already had purchased stock in the corporation, believing it was a good moneymaking venture. Similarly, Ricks claimed that *he* was the one who approached Woolley and that he merely asked his brother-in-law whether the men financing the BGSC were "solid men." Woolley explained "that he did not know anything about their financial ability," but further investigation convinced Ricks that the sugar firm was merely a stock promotion scheme and, for that matter, one that "was not run right." Accordingly, he lodged a minority stockholder's suit against the corporation on his own initiative. He claimed that he had never informed Johnson that he was representing Utah-Idaho Sugar.[40]

According to the FTC, Utah-Idaho officials employed additional "unfair methods" besides secret stockholders' suits and rumormongering. In an effort to influence farmers intent on trying their luck with the BGSC, the company took out advertisements in March 1920 in newspapers near Rigby.[41] These statements declared:

> It is worth while to the beet grower, when he comes to make his 1920 contract, to consider the RELIABILITY of the concern with which he is dealing. It is one thing for a company to make promises, and another thing to KEEP those promises—especially when the company in question is not permanently and well-established in the business. . . . [The Utah-Idaho Sugar Company] KNOWS what promises can be MADE AND KEPT, and is financially prepared to fulfill all terms of its contracts. YOU TAKE NO CHANCES IF YOU RAISE SUGAR BEETS for the UTAH-IDAHO SUGAR

40. Transcript of Testimony, Rigby, Idaho, May 12, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 4521–4648, Docketed Case Files, 1915–43, Docket 303, box 147, FTC, RG 122, NARA II.

41. "Minutes of the Utah-Idaho Sugar Company, March 2, 1920," Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 10, folder 2.

42. "Farmers Take Notice!" Docketed Case Files, 1915–43, Docket 303, box 155, FTC, RG 122, NARA II; emphasis in the original. This advertisement was sent to the *Idaho Falls Daily Post*, the *Idaho Register* (Idaho Falls), the *Idaho Republican* (Blackfoot), and the *Shelley Pioneer* (Shelley).

COMPANY.[42]

When some newspapers were hesitant to print the ad, Utah-Idaho Sugar sent letters promising that it would soon "extend its advertising activities" and would naturally choose those newspapers who were "friendly and loyal" to it as recipients of its business.[43] The FTC concluded that this threat was one more example of Utah-Idaho's use of intimidation to stop the BGSC. Utah-Idaho Sugar had no defense for these actions, only stating that it had every right to advertise in newspapers that it considered friendly and that "such publications related to matters entirely local and intrastate and in no manner to commerce of any kind."[44]

Although no direct Mormon influence was implied in any of these previous actions (although, as noted, some of the individuals came from prominent LDS families), the FTC uncovered other instances where ecclesiastical power was used. John Hart, Mark Austin, and Heber Austin, all of whom served as LDS leaders in Rigby, allegedly informed several of their constituents that it was better to have a beet sugar company controlled by the church than one led by non-Mormons. Hart, president of the local Mormon stake who was also on Utah-Idaho's payroll, told individuals in an LDS meeting to "just as well forget" about growing beets for the BGSC because the corporation was "nothing but a joke." "It will never go through in the world," he continued. "They have not got the [financial] backing."[45]

43. See, for example, Utah-Idaho Sugar Company to Bingham County Daily News, February 25, 1920, Docketed Case Files, 1915–43, Docket 303, box 155, FTC, RG 122, NARA II; see also "Rigby Growers Are Witnesses," *Salt Lake Tribune*, May 12, 1920.

44. *Brief of Respondent Utah-Idaho Sugar Co.*, 80.

45. Quotations in Transcript of Testimony, Rigby, Idaho, May 10, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 4256, Docketed Case Files, 1915–43, Docket 303, box 147, FTC, RG 122, NARA II; see also Jno. W. Hart to Mr. Mark Austin, November 19, 1917, Docketed Case Files, 1915–43, Docket 303, box 156, ibid. Heber Austin's daughter, Myrtle Austin, insisted that even though her father believed that the Utah-Idaho Sugar Company was the best corporation for farmers, he always took the side of the growers and the employees in disputes with the company. Myrtle Austin to Dr. Leonard Arrington, July 22, 1964, Arrington Papers, Series 12: The Writings of Leonard J. Arrington, box 9, folder 4.

In addition to Hart's declarations, the FTC alleged, the church used other authority to erect barriers against the BGSC. When the BGSC applied for a loan from Anderson Brothers Bank in Rigby, for example, Merrill Nibley, vice president of Utah-Idaho Sugar, informed the bank that it was in its "best interest to work in harmony" with Utah-Idaho and to "discourage the Independent [*sic*] concern."[46] Bank directors replied that they would never work against Utah-Idaho Sugar because the company had "done so well by the beet growers . . . that we can see no occasion for encouraging a competitive concern to enter the field."[47] But James H. Steele, a Mormon cashier and director at the bank, decided that Anderson Brothers should establish friendly ties with the BGSC. In response, the FTC asserted, Heber J. Grant called Steele on a church mission to California, forcing Steele to relocate. This, Steele claimed, cleared the way for the scuttling of the loan, and the bank subsequently denied the BGSC's application.[48]

Utah-Idaho officers stubbornly disputed these claims. For one thing, "it was the general practice of banks to protect their customers, and . . . it was good banking business to do so."[49] Since Utah-Idaho Sugar had patronized the Anderson Brothers Bank in previous years, it was only natural for the sugar firm to make its wishes known to the bank. Moreover, the company's lawyers claimed that Steele received his mission call only after he had already resigned from the bank because of health and personal reasons. Thus, they asserted, the claim that Grant called Steele to California to ensure the denial of the BGSC's loan was "utterly baseless."[50]

Rigby was not the only location where, according to the FTC, the LDS church used its influence to prevent the estab-

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46. Merrill Nibley to Anderson Bros. Bank, March 10, 1917, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II; *Brief of Claimant,* 130.
47. Anderson Bros. Bank to Utah-Idaho Sugar Company, March 15, 1917, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II.
48. *Brief of Claimant,* 134–36.
49. *Brief of Respondent Utah-Idaho Sugar Co.,* 74.
50. *Brief of Respondent Utah-Idaho Sugar Co.,* 75. Although the BGSC continued operating independently, it was severely hurt by the 1920–1921 downturn in sugar prices. In 1924, the corporation declared bankruptcy and Utah-Idaho Sugar subsequently purchased it. Arrington, *Beet Sugar in the West,* 195–96.

lishment of independent beet sugar concerns. The FTC believed that Utah-Idaho operated in a similar manner in Gunnison, Utah, located in central Utah, in relation to the Gunnison Valley Sugar Company (GVSC). Prior to the 1910s, Utah-Idaho Sugar did not operate any factories in Utah south of Lehi. Although some farmers in Sevier County, located in central Utah, grew beets and shipped them to Lehi, Utah-Idaho Sugar believed that it could not afford to build a factory in Sevier County or nearby Sanpete County until the region produced more beets. After agriculturists "started a campaign of instruction and teaching and induced farmers . . . to grow beets," Utah-Idaho directors built a factory at Elsinore, Utah, in 1911, and it used beets grown in Sevier County and Sanpete County, where Gunnison was located, for this fabrication.[51]

Elsinore, however, was about forty miles south of Gunnison, making it difficult for farmers there to transport beets to the factory. Capitalizing on this situation in the winter of 1917, James Sprunt, the BGSC promoter, decided to form a sugar company and build a factory in Gunnison. "Farmers were solicited by Sprunt," attorneys for Utah-Idaho Sugar stated, "and contracts obtained from them regardless of whether their lands were suitable or not for the successful growing of sugar beets." With these contracts, Sprunt, together with five other individuals, formed the GVSC in late 1917, and obtained the necessary equipment from an old beet sugar factory in Waverly, Washington. The Gunnison factory could not be completed in time to process the 1918 crop, so its contracted beets were sold to Utah-Idaho Sugar in 1918 and sent to the Elsinore factory. Attorneys for Utah-Idaho insisted that once the Gunnison factory was finished in 1919, Utah-Idaho Sugar "ceased to solicit acreage and contracts from farmers" in the area.[52]

The GVSC and the FTC disputed this claim. According to the FTC, Utah-Idaho Sugar "engaged in a steady and unceasing effort to prevent the selling of stock and thereby cut

51. *Brief of Respondent Utah-Idaho Sugar Co.*, 41.
52. *Brief of Respondent Utah-Idaho Sugar Co.*, 41–43.

The Gunnison Valley Sugar Company factory

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

off the finances" of the GVSC, and Utah-Idaho employees "endeavored to induce farmers to break" their contracts with the GVSC. In order to accomplish its plan, the FTC declared, Utah-Idaho Sugar used its Mormon connections to portray the situation as a battle between saints and sinners.[53]

The FTC based its allegations on the testimony of Harvey Ross, an early stockholder in the GVSC who became president of the corporation in 1920. Ross stated that in April 1918, Robert D. Young, a field man for Utah-Idaho Sugar and a stake president in the LDS church, told Ross, himself a Latter-day Saint, that the founders of the GVSC were "apostate Mormons and Mormon eaters" who did not deserve Ross's support.[54] Young also informed him "that the [Gunnison] factory was a pile of junk, the machinery corroded and that it would not make sugar." When Ross tried to persuade Young

53. *Brief of Claimant,* 193–206.

54. Transcript of Testimony, Salt Lake City, Utah, April 12, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 1154, Docketed Case Files, 1915–43, Docket 303, box 144, FTC, RG 122, NARA II; "Gunnison Sugar Head Testifies," *Salt Lake Tribune*, April 13, 1920.

to purchase some stock in the enterprise, Young retorted "that the stock was not worth fifty cents on the dollar."[55] In early 1919, Young reiterated his displeasure with the directors of the GVSC, especially O. B. Berglund, a non-Mormon who also served as president of the State Bank in Gunnison. On one occasion, Young claimed, Berglund, showing a lack of respect, had referred to Charles Nibley as "Chuck," and to Joseph F. Smith as "Joe." Ross dismissed these claims by informing Young that the GVSC was a "sugar business," not a "church organization."[56]

According to the FTC, Young presented his critical remarks to a wider audience than just Ross. He also approached George A. Christianson, a Mormon field man for the GVSC who had previously grown beets for Utah-Idaho Sugar, and warned him that if he worked for the GVSC, he was "failing to support our church institution."[57] Christianson ignored Young's words, but the stake president's attacks on the firm prompted Ross to ask Heber J. Grant to intervene. Grant told Ross that he would send Mark Austin from Idaho to talk to Young, but Ross discounted this action because Austin was known to oppose independent sugar enterprises, as his work in Idaho had shown. There is no record of whether Austin ever contacted Young, but, getting no relief from LDS leadership, Ross finally confronted the stake president himself. After denouncing Young's slanderous claims against the GVSC, Ross told him that "with your great influence, among the people, you have done more against us than any other one individual." If the GVSC failed, Ross continued, the responsi-

55. *Brief of Respondent Utah-Idaho Sugar Co.*, 44.

56. Transcript of Testimony, Salt Lake City, Utah, April 12, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 1154, 1158, Docketed Case Files, 1915–43, Docket 303, box 144, FTC, RG 122, NARA II; Transcript of Testimony, Salt Lake City, Utah, November 4, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 11710–13, Docketed Case Files, 1915–43, Docket 303, box 152, Records of the Federal Trade Commission, RG 122, NARA II; *Brief of Claimant*, 206.

57. Transcript of Testimony, Salt Lake City, Utah, April 12, 1920, 1342; "Gunnison Sugar Head Testifies," *Salt Lake Tribune*, April 13, 1920.

58. Transcript of Testimony, Salt Lake City, Utah, April 12, 1920, 1166, 1180–81; "Gunnison Sugar Head Testifies," *Salt Lake Tribune*, April 13, 1920.

bility would lay at Young's feet. Refusing to be cowed, Young continued to speak out against the GVSC.[58]

By smearing the independent company as a corporation of anti-Mormons, Young was touching a raw nerve with many Mormons. Because of the tradition of persecution against church members since its founding, Latter-day Saints frequently closed ranks against their detractors. If men who disparaged Joseph F. Smith, Nibley, and the Mormon faith truly operated the GVSC, how could an LDS farmer in good conscience support the enterprise? Although many Gunnison agriculturists saw through Young's ruse, there were certainly some who were scared off by his words, as well as by the claims that the GVSC would never produce sugar because its directors had no knowledge of the sugar industry.

As with other FTC charges, Utah-Idaho Sugar did not directly deny the accusations, but stated that Young and other employees acted independently and not under orders from the board of directors. "It is manifest that the acts and statements of Young," the corporation's attorneys argued, "as well as those of other fieldmen, were not in law or fact the acts and statements of the Utah-Idaho Sugar Company, but merely of the individuals making them." In an effort to distract the FTC from the real issue of LDS influence, Utah-Idaho attorneys claimed that Young never actively sought to dissuade farmers from growing beets for the GVSC. He merely offered his opinions of the company whenever they were solicited. Most of what Young said was true, the lawyers continued. The corporation's equipment *was* old, as the Waverly factory had been built in the early 1900s, and its directors *did* have little experience in the sugar business. Sprunt, for example, was a former railroad conductor with no agricultural background. Therefore, the FTC could not charge Young with spreading falsehoods. In fact, despite the efforts of Young, the GVSC "operated on a small but success-

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59. Arrington, *Beet Sugar in the West,* 194. In 1920, the GVSC's factory was sold to the William Wrigley, Jr. Company, the famous chewing gum producers in Chicago, which then used it to supply Wrigley factories producing spearmint chewing gum. Utah-Idaho Sugar ultimately gained control of the factory in 1940, however, when it purchased it from the Wrigley corporation.

ful basis for many years."[59] How could Utah-Idaho Sugar be charged with illegalities when no harm had been done and when the chief rumormonger was not acting in an official capacity?[60]

But, as with the BGSC charges, Utah-Idaho's leaders were missing the larger point. If the company truly was using its LDS connections to advance its business—and the evidence seemed irrefutable that it was—it indicated that, despite leaders' claims to the contrary, the Mormon church still exercised considerable economic power in Utah as late as 1920. Although high-ranking church leaders appeared to have not made declarations against the GVSC, local authorities, who, in some ways, exercised more influence than high leaders because of the close, day-to-day contact with church members, were not as reluctant. Moreover, high-ranking church authorities made no attempts to stop local leaders from making such statements, nor did they refute their allegations. This was really no different, then, from Wilford Woodruff, George Q. Cannon, or Joseph F. Smith declaring from the pulpit in Salt Lake City that good Latter-day Saints would support the Utah Sugar Company—it had merely taken another form.

In another area of the American West —Oregon—high-ranking church leaders *did* take a prominent role in eliminating a sugar concern on behalf of the Utah-Idaho Sugar Company. The player in this case was Charles Nibley, presiding bishop of the church, largest stockholder in Utah-Idaho Sugar, and soon-to-be general manager of the company. Yet in this instance, Nibley did not necessarily exercise ecclesiastical influence. Instead, according to the FTC, he used his power and authority to front an independent concern to see whether or not the sugar beet was a viable crop in southern Oregon. When he discovered it was, he ruthlessly ousted his business partner and allowed Utah-Idaho Sugar to assume control.

The FTC claimed that in 1914, Nibley, who was already active in Oregon business through his participation in the Oregon Lumber Company, explored the possibility of building a sugar factory in the Rogue River Valley in southern Ore-

60. *Brief of Respondent Utah-Idaho Sugar Co.*, 42, 49.

gon, an area Mormons were slowly populating. Nibley had his son Alexander, together with Frank S. Bramwell, a former employee of the Amalgamated Sugar Company and an LDS leader in Oregon, investigate the region. After their favorable reports, Nibley and Joseph F. Smith examined the valley and, in the words of the FTC, declared it to be "a most remarkable region for the sugar business."[61]

Alexander asked his father to help finance the factory, and Charles agreed, but only if Alexander could raise part of the necessary capital from Oregon residents. In his search for money, Alexander contacted George Sanders, a Mormon businessman and promoter residing in Grants Pass. Sanders told Alexander and Charles that he could raise as much money as they wanted without any problems, in part because he had a power and irrigation company that would provide financing. After meeting with Sanders, the two Nibleys agreed to form a sugar firm with him, and on September 24, 1915, the Oregon-Utah Sugar Company (OUSC) was incorporated with a capital stock of $100,000. Sanders prepared the articles of incorporation and purchased 447 shares of stock, an amount that Alexander matched. Charles was appointed president of the company, Sanders, vice president and general manager, and Alexander, secretary.[62]

In order to obtain more money for the corporation, Sanders proposed that the Rogue River Public Service Company, his power and irrigation business, guarantee a $500,000 bond for the OUSC. The Nibleys agreed, and with this funding secured, Alexander began a campaign to solicit contracts from Oregon farmers to grow beets. He promised farmers in Medford and Grants Pass that the OUSC would construct its factory in the town that contracted for the most acreage. According to Utah-Idaho's attorneys, however, Sanders was determined to locate the factory in Grants Pass because he was already interested in several companies in the area, leading Medford farmers to refuse to contract with the OUSC. Meanwhile, agriculturists in Grants Pass discovered that

61. *Brief of Claimant*, 141.
62. *Brief of Respondent Utah-Idaho Sugar Co.*, 85–87.

Charles W. Nibley with his sons, including Alexander, second from the right in the middle row, ca. 1902

Special Collections and Archives, Utah State University

their soil was not as suitable for beet production as they had believed. Charles Nibley then concluded that the Grants Pass factory, which had already started construction in February 1916, would not have a sufficient supply of beets for processing.[63]

Nibley met with Sanders in May 1916 and had a "stormy" conversation with him over conditions in the Rogue River Valley. Nibley declared that one of two things had to happen: either Sanders needed to buy out Nibley's shares in the company or Nibley needed to purchase Sanders's holdings. Nibley, who, according to Utah-Idaho Sugar, had become convinced that Sanders was not a good business partner, wanted either full control over OUSC or no participation at

63. *Brief of Respondent Utah-Idaho Sugar Co.*, 88–94; Transcript of Testimony, Medford, Oregon, May 27, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 5781, Docketed Case Files, 1915–43, Docket 303, box 148, FTC, RG 122, NARA II.

all. Since Sanders did not have the money to buy out Nibley, Nibley asked Sanders to sell his stock to him. Then, because "it would require much more money than was contemplated to put the factory in successful operation," Nibley requested that the Utah-Idaho Sugar Company take over the OUSC and conduct its business. The sale to Nibley and the transfer to Utah-Idaho was finalized on June 7, 1916, when Utah-Idaho Sugar absorbed the OUSC.[64]

Sanders disputed Nibley's version of events, claiming that the Grants Pass factory had not been in danger of failing and that Nibley had treated him poorly. Sanders and the FTC insisted that Nibley had planned all along to turn the OUSC over to Utah-Idaho Sugar. "It was never the intention of Bishop Nibley to let anybody outside of the Utah-Idaho Sugar Company have sugar factories . . . in this territory," the FTC charged. Instead, Nibley wanted Sanders to provide financing for the factory and then, "after it became apparent that the factory was an assured success," he forced Sanders out of the enterprise and gave the corporation to Utah-Idaho Sugar.[65] Sanders insisted that the OUSC was financially sound when Nibley decided to give control of it to Utah-Idaho Sugar. Until May 20, 1916, he argued, things were going well—several farmers had entered into beet contracts, the corporation had a good supply of beet seed, and construction of the factory was progressing. When Nibley informed Sanders that he wanted out of the OUSC because of its poor prospects, Sanders was shocked. At the same time, William McCornick, a non-Mormon Salt Lake City banker who served on the board of Utah-Idaho Sugar, called in a $60,000 loan that he had given Sanders to fund an irrigation system. Sanders's Oregon-Utah stock had secured the loan, and because Sanders could not repay the debt, McCornick's bank laid a claim on his sugar stock. Thus, Sanders alleged, he was virtually forced to give the OUSC to Nibley, and thereby to Utah-Idaho Sugar. Because Sanders had "neglected every other interest [he] had . . . to build this sugar factory and made everything else

64. *Brief of Respondent Utah-Idaho Sugar Co.*, 95–99 (quotations on p. 97).
65. *Brief of Claimant*, 142.

subservient to it," the transfer of the OUSC to Utah-Idaho Sugar left his business affairs in a "terrible condition." In his mind, the Utah-Idaho Sugar Company, through the actions of Charles Nibley, had destroyed his career.[66]

Utah-Idaho attorneys painted an entirely different picture. Alexander Nibley insisted that Sanders had embezzled OUSC funds for his other enterprises and that this, coupled with the poor prospects of the Grants Pass area, led to the severance of ties. He claimed to have found a telegram from Sanders instructing an employee to use sugar money for an Oregon-Utah Realty Company transaction, another corporation in which Sanders had an interest. After Alexander's discovery, he examined the books of the OUSC and found additional transfers of money to Sanders's other firms. He then informed his father of the situation. Charles met with Sanders and asked him about the allegations. When Sanders admitted his misdeeds, Charles told him that he could no longer do business with him.[67]

Moreover, Frank Bramwell testified that in addition to his alleged embezzlement, Sanders was a poor businessman. He supposedly planted beets in lands unsuitable for cultivation and located the Grants Pass factory in an unsatisfactory area. Because he had no experience in raising beets, Sanders ordered the wrong beet cultivators for the farmers, leaving Bramwell to straighten out the mess. Bramwell also charged that Sanders's incompetence extended to his other businesses. The Southern Oregon Construction Company, Bramwell claimed, had difficulty meeting its financial obligations. Because Sanders had a reputation as a bungling businessman, Bramwell continued, his connection with the OUSC impaired the corporation's chances for success.[68] Meanwhile, a May 1916 *Salt Lake Herald-Republican* (a Republican newspaper

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66. Transcript of Testimony, Salt Lake City, Utah, April 23, 1920, April 27, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 3123, 3127, 3137, 3316–20 (quotations on pp. 3331–32), Docketed Case Files, 1915–43, Docket 303, box 146, FTC, RG 122, NARA II.
67. Transcript of Testimony, Medford, Oregon, October 1, 1920, *Federal Trade Commission v. Utah-Idaho Sugar Company et al.*, 9301–4, Docketed Case Files, 1915–43, Docket 303, box 150, FTC, RG 122, NARA II.
68. Transcript of Testimony, Medford, Oregon, May 27, 1920, 5713, 5783–91.

that had strong ties to the Republican Nibley) article stated that Nibley was dissatisfied with Sanders because Sanders had promised farmers two more factories in Oregon without consulting Nibley. "Until the result of the first year's run is known," Nibley was quoted as saying, "it would be injudicious to launch other enterprises." Sanders's promise annoyed Nibley, and the presiding bishop, realizing that Sanders's business acumen was slim, decided to cut all ties with him.[69]

Utah-Idaho's attorneys extended the arguments about Sanders's incompetence even further, charging that the Grants Pass area consisted of "sand hills, covered with shrubbery and small pines" with only "small tracts of suitable land for agricultural purposes." The attorneys argued that the Medford area was "more suitable" for beet cultivation, but Sanders still insisted on locating the factory at Grants Pass because of his existing business interests. In addition, the lawyers claimed that these other corporations, such as the Southern Oregon Construction Company and the Oregon-Utah Realty Company, which Sanders had represented to the Nibleys as prosperous firms, had "no assets whatever" and were defaulting on their debts. It was only after Charles realized the shoddy state of Sanders's financial affairs that he insisted on removing Sanders from the company.[70]

Besides, the company's attorneys claimed, Charles Nibley was not acting as an official of the Utah-Idaho Sugar Company in his Oregon dealings. The commission and its witnesses "merely assumed that the Utah-Idaho Sugar Company was interested in the enterprise because C. W. Nibley was interested in it," they argued. Nibley participated in this enterprise without any authorization from Utah-Idaho Sugar, and, therefore, the FTC could not charge the corporation itself with unfair actions.

In some ways, the attorneys had an arguable point. Nibley began his association with Sanders solely on his own initiative, and Utah-Idaho's board of directors never discussed taking over the Oregon-Utah Sugar Company until Nibley sent them a letter on May 23, 1916, offering to transfer the corporation to Utah-Idaho

69. "Bishop Nibley to Quit Sugar Company," *Salt Lake Herald-Republican*, May 21, 1916.
70. *Brief of Respondent Utah-Idaho Sugar Co.*, 95.

Sugar. In addition, when the final agreement between the two companies was made, it stated that if Utah-Idaho wanted to get out of Oregon after two years, Nibley himself would buy out the corporation. Yet there was one gaping hole in this argument. At the time that Nibley engaged in business with Sanders, Nibley was the largest stockholder in Utah-Idaho Sugar, and, ultimately, could use that status to influence Utah-Idaho decisions. Besides, why would a man with a stake in one company form a competing concern unless his ultimate objective was to place the new business in subservience to the old?[71]

In the end, it was essentially Nibley's word against Sanders's. Documents presented before the FTC, however, helped to illuminate what happened in Oregon, and they showed that there was some truth to the accusations on both sides. First, specific letters indicated that the Grants Pass area had more sugar beet potential than the Nibleys and Bramwell admitted to the FTC. In October 1915, Bramwell boasted in a letter to Nibley that "with the class or quality of land signed up hitherto failure is simply out of the question unless some unforeseen calamity develops." Bramwell insisted that even though some farmers were unenthusiastic about growing beets, the land in Grants Pass was "of the very best quality to be found anywhere in the world[,] the NILE not excluded."[72]

Likewise, in February 1916, an associate named R. L. Flynn sent Sanders a letter stating that Bramwell had inspected some beet acreage in an area close by Grants Pass. "He was very much pleased," Flynn reported. "It was a great deal more than he expected from what had been said about it."[73] In May, Bramwell himself telegrammed Sanders, stating that "all land

71. "Minutes of the Meeting of the Executive Committee of the Utah-Idaho Sugar Company, May 23, 1916," Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II; "Minutes of Special Meeting of Board of Directors of the Utah-Idaho Sugar Company, May 29, 1916," ibid; "Minutes of the Meeting of the Board of Directors of the Utah-Idaho Sugar Company, June 14, 1916," ibid.

72. F. S. Bramwell to Bishop Charles W. Nibley, October 30, 1915, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II (emphasis in the original).

73. R. L. Flynn to George Sanders, February 2, 1916, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II.

A field of sugar beets in Oregon

Leonard J. Arrington Papers, Special Collections and Archives, Utah State University

planted and yet to be planted good. . . . Beets in excellent condition."[74] Perhaps most significant, however, was that Utah-Idaho Sugar even agreed to buy the Grants Pass factory. Why, one might ask, would the corporation purchase it if it did not believe that it had at least some potential? It seems that the claims that Grants Pass was unsuitable for sugar beets were overstated, indicating that reports of Sanders's lack of knowledge about sugar beets were exaggerated as well.

Other documents supported Nibley's claims that Sanders had embezzled money. In 1915, Josephine County, Oregon, indicted Sanders for embezzlement, charging that Sanders had withdrawn $2281 from the Rogue River Public Service Corporation and used it for his personal needs.[75] Two years after his trouble with the Utah-Idaho Sugar Company,

74. F. S. Bramwell to Sanders, May 22, 1916, Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II.
75. "The State of Oregon vs. George E. Sanders, Indictment," Docketed Case Files, 1915–43, Docket 303, box 156, FTC, RG 122, NARA II.

Sanders's new employer, the Utah National Underwriters Corporation, accused him of writing company checks for personal expenses, prompting the corporation to remove him from its board of directors.[76] Finally, before Nibley met with Sanders in May, Sanders himself admitted in a letter to Nibley that "circumstances have arisen in connection with my personal affairs" to cause the selling of his interests in the OUSC.[77] Sanders's business conduct was certainly not above reproach; they led Nibley to refer to him as a "notorious crook" as late as December 1920.[78]

Regardless of what the ultimate truth was, the situation was yet another example of how LDS involvement in a business enterprise led to complications and embarrassing situations. Even if Nibley's account of the matter was entirely correct—and the evidence suggests that this was not the case—his reputation still would have been soiled by Sanders's allegations (which the FTC accepted as fact). The fact that Nibley served as presiding bishop of the church (a position responsible for the temporal welfare of the church and its members) at the time of these activities worsened the situation; his involvement in business transactions that left a member of his flock unable to engage in business seemed at best disturbing and at worst immoral, as did his continued grudge against Sanders. Perhaps this is one reason why LDS officials would eventually decide to restrict the business activities of those serving in high-ranking church positions.

The ultimate question was why an official in a religion that promoted honesty would resort to, at best, deceptive business techniques. In Nibley's case, the answer was convoluted, but it provides possible insights into why LDS leaders—of all ranks—worked to eliminate Utah-Idaho competitors. Born in 1849 to parents who had converted to Mormonism five years before his birth, Nibley had immigrated with his family to

76. "Minutes of a Special Meeting of the Board of Directors of the Utah National Underwriters Corporation," 6528–35, Transcript of Testimony, San Francisco, California, June 10, 1920.
77. Sanders to Nibley, April 28, 1916, Docketed Case Files, 1915–43, Docket 303, box 156, Records of the FTC, RG 122, NARA II.
78. Nibley to Smoot, December 22, 1920, Smoot Papers, box 42, folder 1.

Utah in 1860, settling in Cache Valley, where he soon became involved in the Mormon cooperatives that arose in the area in the 1870s. From 1879 to 1885, for example, he managed a lumber company organized as part of the community's United Order. As he rose to prominent leadership positions in the church, he advocated the benefits of Mormon cooperation. In a series of lectures given to Mormon congregations in 1885 and 1886, he told his audience that the ideal society was one where property was held in common and people were given what they needed to live—the template for the LDS United Order. "Any system of political economy which allows the wealth of a country to be controlled and gathered in by a few," he related, "and thereby gives them power to oppress their fellows, must be a wrong system."[79]

As Nibley advanced in the business world, his actions belied these beliefs. In the late 1800s, he began the Oregon Lumber Company with fellow Mormon David Eccles and made a considerable amount of money from this endeavor. As Nibley progressed in the lumber industry, and as he gained a foothold in the sugar business (first through means of the Lewiston Sugar Company, which was absorbed by the Amalgamated Sugar Company), he began to use any method he could to gain money. Hugh Nibley, one of his grandsons, once related that Charles used various economic "tricks" in his dealings, including manipulating the Homestead Act to acquire "vast stretches" of unsurveyed forests and then "paying off government agents who came from the East to ask what was going on."[80] One of the reasons for this may have been an insatiable desire for profit fueled by a childhood spent in abject poverty; another could have been the influence of his mother, who, according to Charles, "was all energy and push and never seemed to tire of working and scheming to get on in the world."[81]

Yet others had faced childhood poverty, had experienced

79. Quotations in C. W. Nibley, "Political Economy," in *Logan Temple Lectures: A Series of Lectures Delivered Before the Temple School of Science During the Years 1885–86* (Logan, Utah, 1886), 38, 50–51 (emphasis in the original); see also Nibley, *Reminiscences*, 61–64, 74–84.

80. Hugh Nibley, *Approaching Zion* (Provo, Ut., 1989), 469.

81. Charles W. Nibley, *Reminiscences* (Salt Lake City, 1934), 7.

ambition and drive, and had channeled it in other directions. Louis Brandeis, for example, the champion of the FTC, was born to a family that both prospered in the grain-merchandising business and suffered downtimes as well. In the 1870s, his parents were forced to move back to Germany, from where they had immigrated in the 1840s because of financial setbacks. Unlike Nibley, however, the intellectually gifted Brandeis channeled his energies into law and became known as "the 'people's lawyer' of the Progressive Era" for crusading against big business.[82] What made the difference? Certainly, the personalities of Nibley and Brandeis had some influence, but perhaps there was truth to essayist Bernard DeVoto's assessment that Mormons used their "religious energy for financial ends."[83] By the early 1900s, many LDS leaders were promoting the value of wealth in society, declaring that a man's financial condition indicated his spiritual obedience, as the accumulation of wealth was an indication of God's favor.[84] In essence, this was all the justification Nibley needed. If God did not approve of his actions, He would not allow Nibley to profit by them.

But Nibley had another rationalization that he could employ: loyalty to the Church of Jesus Christ of Latter-day Saints, the organization in which he had served as presiding bishop since 1907. Nibley strongly believed that the interests of the church superseded all others. "Our duties to our God; to our Church; to our families; to our neighbors; these ought to be first," he once declared in an LDS general conference, "rather than prating so much about our rights."[85] Practicing what he preached, he once told Smith that if Smith, "as president of the Church of Jesus Christ of Latter-day Saints," would counsel Nibley not to undertake an enterprise, Nibley

82. McCraw, *Prophets of Regulation*, 82.
83. Bernard DeVoto, "The Centennial of Mormonism," *American Mercury* 19 (January 1930): 11, 13.
84. Ethan R. Yorgason, *Transformation of the Mormon Culture Region* (Urbana: University of Illinois Press, 2003), 90–91, 97.
85. Charles W. Nibley, "The Church and the Laws of the Land," *Improvement Era* 26 (December 1922): 183.
86. Minutes of the Utah Sugar Company, July 10, 1903, Arrington Papers, box 10, folder 1.

would refuse.[86]

If he could make such sacrifices, Nibley might claim, others should as well, especially in situations where the church would benefit. These ideas extended into Nibley's thoughts on competition in the sugar industry, where both he and the church had a considerable financial interest because of their holdings in the Utah-Idaho Sugar Company. The best explication of Nibley's economic beliefs regarding competition came in a 1916 essay in the *Salt Lake Tribune* entitled "Facts Are Given About the Sugar Industry." Nibley began by explaining that independent concerns intruding on someone else's territory were a community nuisance, causing "economic waste," diluting the potential wealth of an enterprise, and squandering valuable building resources for no good reason:

> If a man owns a little grocery store on the corner and he is quite able to do all the business of the vicinity and even more, what must be thought of the man who goes and planks down another grocery store in the immediate vicinity when he knows it will not only injure his brother, but knows full well that there is hardly business enough for one?[87]

The situation might be different in other industries, but not in sugar where "the Utah-Idaho Sugar company stands ready to extend their business and build factories wherever sufficient beets can be produced [*sic*]." Most of the territories where new enterprises arose could be adequately serviced by Utah-Idaho Sugar, Nibley declared, so outside organizations merely decreased the potential profits of all those involved.[88]

Moreover, Nibley considered it a high form of betrayal for Mormon farmers and consumers not to support Utah-Idaho Sugar because of the church's sacrifice in the corporation's initial years. The monetary funds that church leaders expended to keep the business afloat, Nibley contin-

87. Nibley, "Facts are Given About the Sugar Industry," *Salt Lake Tribune*, June 25, 1916.
88. Nibley, "Facts are Given About the Sugar Industry," *Salt Lake Tribune*, June 25, 1916.

ued, allowed beet sugar to become "one of the best lines of industry that . . . ever blessed" the region. Although other groups might offer "a higher price temporarily" to farmers for their beets, beet growers were better off staying with a corporation operated by "the wisdom and the foresight" of church leaders.[89] Nibley was not alone in these beliefs; in the church's October 1919 General Conference, President Heber J. Grant reminded members that without the church's early support, no sugar business would exist in Utah or Idaho "that would amount to much." But Wilford Woodruff and other church leaders did sacrifice, Grant declared, and thus the sugar industry had "made for our people and for the Church millions of dollars."[90]

Although neither Nibley nor Grant came right out and said it, such declarations implied that only the Utah-Idaho Sugar Company, with its church influence, was a beet sugar enterprise worthy of Mormon support. If one extended that argument further, acting to put other endeavors out of business was neither improper nor immoral; it was in the best interest of the predominantly LDS communities in northern Utah and southeastern Idaho. Although not doing so consciously, such ideas drew on a tradition of thought prevalent in the business world during the late nineteenth and early twentieth centuries that it was legal for parties to restrict competition among themselves as long as it did not restrain competition unreasonably or hurt the public interest.[91] Andrew Carnegie, for example, claimed that his business methods and "superb industrial organization" were what allowed "the general public [to] obtain steel at an unbelievably low price," and therefore should not be outlawed.[92]

But these ideas were grounded in the fundamentally condescending attitude that only business magnates—or LDS leaders—knew what was good for the general public. More-

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89. Nibley, "Facts are Given About the Sugar Industry," *Salt Lake Tribune*, June 25, 1916.
90. *Eighty-Ninth Annual Conference of the Church of Jesus Christ of Latter-day Saints* (Salt Lake City, 1919), 9.
91. Sklar, *The Corporate Reconstruction of American Capitalism, 1890–1916*, 100, 204–205, 213.
92. Joseph Frazier Wall, *Andrew Carnegie* (New York, 1970), 637.

over, it never gave farmers a chance to discover for themselves whether the Utah-Idaho Sugar Company really was the best enterprise for the community. If the BGSC or the GVSC had stayed in business for longer than a few years, perhaps farmers could have realized higher prices for their beets, in part by pitting one company against the other. Lacking this competition, Utah-Idaho Sugar did not have to worry about being outbid for beets. Perhaps Utah-Idaho still would have offered better rates, but Utah and Idaho residents would never know because of the corporation's actions.

Still, Nibley refused to admit that Utah-Idaho Sugar had done anything wrong. Instead, he declared that the entire trial, including the FTC's final decision, was "the worst lot of bunk that has ever been gotten together."[93] Echoing his reaction to the U.S. Department of Justice's profiteering investigation, Nibley claimed that the accusations of the FTC had been instigated by James H. Moyle, a prominent Utah Democrat, and William King, a Democratic senator from Utah, to prevent the reelection of Republican senator Reed Smoot and to undermine Nibley's ability to contribute to the Republican party. Nibley believed that the discovery of a telegram sent by George Sanders to Henry W. Beer, the prosecuting attorney for the FTC, stating that if Beer could keep the trial going for two months, Smoot would lose the election, corroborated this view.[94] Smoot decried these actions on the floor of the Senate, but his indignation failed to stop the FTC's investigation and it had little influence on the outcome of the trial.[95]

Interestingly, although both Nibley and Smoot levied accusations of dirty politics, neither of them (nor anyone else in the company) refuted any of the specific charges against Utah-Idaho Sugar. Indeed, the brief submitted by the company during the trial relied mostly on whether or not the FTC had the authority to investigate Utah-Idaho Sugar, and whether a

93. Nibley to Smoot, May 14, 1920, Smoot Papers, box 42, folder 1.
94. "Nibley Accused of Stealing Telegram," *Salt Lake Tribune*, June 11, 1920.
95. Nibley to Smoot, May 15, 1920, Smoot Papers, box 42, folder 1; "Smoot Accuses Trade Commission," *New York Times*, May 25, 1920.

corporation could be charged for the unauthorized actions of individual employees.[96] The FTC, however, declared that both Merrill Nibley, vice president of Utah-Idaho, and Charles had "taken a very active part in the management of the company" and must have known about the actions of their subordinates.[97] It is difficult to believe that Charles did not have at least some knowledge of the practices carried out in Utah and Idaho, especially since he was the largest stockholder, a director, and eventually the general manager of the company.[98]

No matter how Nibley or other Utah-Idaho officials justified their conduct, Judge Dunham and the FTC concluded that Utah-Idaho Sugar had violated the law in its dealings with independent enterprises. On October 3, 1923, the commission issued its decision, declaring that Utah-Idaho Sugar was guilty of unfair business practices. It denounced the territorial divisions established by Utah-Idaho and Amalgamated which gave them "a practical if not an entire monopoly of the beet sugar industry" in the Intermountain West, and it ordered Utah-Idaho and Amalgamated to "forever cease and desist from conspiring between and among themselves to maintain . . . the monopoly." It also directed Utah-Idaho officials to stop working "to prevent the establishment of beet sugar enterprises and the building of sugar factories by persons or interests" other than itself.[99]

Only three out of the five commissioners, however, supported the decision, revealing the political partisanship of the FTC. Huston Thompson, the Democratic chairman, Victor Murdock, the former Progressive who was now affiliated with the Democrats, and John F. Nugent, another Democrat, all favored issuing the cease and desist order against Utah-Idaho Sugar, but Vernon W. Van Fleet and Nelson B. Gaskill, both Republicans, dissented. Throughout the 1910s, Democrats

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96. *Brief of Respondent Utah-Idaho Sugar Co.*, 71.
97. *Brief of Claimant*, 15.
98. *Brief of Claimant*, 141–69. Utah-Idaho Sugar had a point as well. No correspondence exists which specifically orders Jon Hart, the Austins, A. P. Cooper, E. F. Cullen, Ernest Woolley, or Robert Young to carry on their actions, and company minutes contain no smoking gun either.
99. *Federal Trade Commission Decisions*, 404, 417.

had consistently sided with consumers against big business, while Republicans had generally supported the need to give large corporations leeway in their policies. The FTC trial was no different. Although Thompson, Murdock, and Nugent all believed that Utah-Idaho Sugar should be punished for its unfair practices, Van Fleet and Gaskill, drawing on the arguments of an 1895 Supreme Court decision in favor of the American Sugar Refining Company, insisted that the FTC had no jurisdiction over the corporation because the manufacturing of sugar did not constitute interstate commerce.[100]

Encouraged by Van Fleet, Gaskill, and the Supreme Court's earlier decision, Utah-Idaho officials appealed the FTC's findings to the Eighth Circuit Court of Appeals, located in St. Louis, Missouri, early in 1924.[101] In accordance with the law, the FTC filed a transcript of the trial with the court. Because of the length of the transcript, the court ordered Utah-Idaho's attorneys to submit a "condensed narrative" of the trial. This summary, containing 1,433 pages, was filed in early 1925. Subsequently, the court scheduled the case for September 14, 1925, but then continued it to the September 1926 term because neither the petitioners nor the respondents had filed their briefs or made their arguments. Finally, in May 1927, the court, which convened in St. Paul, Minnesota, called the case again, and Utah-Idaho's attorneys presented their reasoning as to why the findings should be overturned. In the summer, the FTC filed its response to Utah-Idaho's appeal and offered its oral arguments.[102]

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100. *Federal Trade Commission Decisions*, 420–21; Blaisdell, *The Federal Trade Commission*, 80, 91; Sklar, *The Corporate Reconstruction of American Capitalism*, 124–25.

101. The Eighth Circuit Court of Appeals was organized in St. Louis, Missouri, in 1891, and had jurisdiction over thirteen states, including Utah. It normally heard cases in three different cities: St. Louis, Denver, Colorado, and St. Paul, Minnesota. In 1929, the court was divided into two and Utah thus became part of the Tenth Circuit Court. Eighth Circuit Court of Appeals <Library8@ca8.uscourts.gov> to Matthew Godfrey <mgodfrey@wsunix.wsu.edu>, February 23, 2001, email in possession of author.

102. *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1924* (Washington, D. C., 1924), 57–58; *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1925*, 46; *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1926* (Washington,

In their appeal, Utah-Idaho's lawyers admitted that the company sold its sugar in different states, which was, of course, interstate commerce. In order for the commission to have jurisdiction over the corporation, the appeal contended, the FTC had to demonstrate that the corporation's illegal business practices specifically affected that commerce. Since all of the commission's charges dealt with the manufacture of sugar and not its sale across state lines, the corporation argued, the FTC could not prosecute Utah-Idaho Sugar. The FTC responded that "it is not true that such unfair method must be used in the course of the actor's interstate commerce." Instead, "it is sufficient if the commerce affected be not actually in existence but about to spring into being."[103] After deliberating the evidence, the court, on October 21, 1927, agreed with Utah-Idaho's arguments, dismissed the FTC's findings, and stated that the manufacturing of sugar was not interstate commerce.[104]

The reasoning employed by the court in overturning the FTC's decision was a familiar refrain in the United States by that time. The court's argument that a business's operations did not constitute interstate commerce had been used in several antimonopoly cases, including American Sugar Refining Company's and a U.S. Department of Justice investigation of the California Associated Raisin Company in the aftermath of the First World War.[105] Technically, this line of reasoning was accurate. Both the Sherman Antitrust Act and the Federal Trade Commission Act only gave jurisdiction to the federal government if the alleged monopolistic actions occurred across state lines. Otherwise, states would have to prosecute the endeavors. Yet, at least in Utah-Idaho Sugar's

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D. C., 1926), 34; *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1927* (Washington, D. C., 1927), 73.

103. *In the United States Circuit Court of Appeals for the Eighth Circuit, Utah-Idaho Sugar Company et al., Petitioners v. Federal Trade Commission, Respondent, Brief for Respondent* (Washington, D. C., 1927), 2.

104. *Utah-Idaho Sugar Co. v Federal Trade Commission*, 22 F2d 122 (8 Cir 1927); *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1928* (Washington, D. C., 1928), 73; Smith, *Thomas Robinson Cutler*, 164.

105. See Victoria Saker Woeste, *The Farmer's Benevolent Trust: Law and Agricultural Cooperation in Industrial America, 1865–1945* (Chapel Hill, N.C., 1998), 138–56.

case, the argument seems too narrow and constricting. The corporation operated in at least two different states and sold the sugar that it manufactured in several regions. The courts were unmoved, however, and, as with the profiteering case in 1920, Utah-Idaho Sugar escaped relatively unscathed, despite the clear evidence against it.

The court of public opinion was a little less forgiving. Article after article in the *Salt Lake Tribune* detailed the actions of Utah-Idaho Sugar and demonstrated that the LDS church, through both high-ranking church leaders and lay officials, still exercised a considerable amount of power in the economic affairs of the Intermountain West. The public read about ecclesiastical officers counseling members under their supervision to conduct business only with Utah-Idaho, and disparaging non-LDS-sponsored enterprises as detrimental to the community. Perhaps more disturbing was the tendency of Utah-Idaho authorities to act in immoral and dishonest ways to eliminate competition, especially since these individuals belonged to a church that valued honesty and integrity in human relationships. Leading the way in these endeavors was Charles Nibley, presiding bishop of the LDS church, who waged his own war against George Sanders to ensure that an Oregon enterprise was enfolded into Utah-Idaho Sugar. The reasoning behind Nibley's actions (as well as other Utah-Idaho officials) is difficult to unravel, but his justifications were essentially that the LDS church and its leaders had sacrificed for the sugar industry, so the interests of Utah-Idaho Sugar superseded any other concerns.

Seeing these things, Mormons and non-Mormons alike could perceive that the economic influence of the LDS church had really not come very far from the 1860s, 1870s, and 1880s, times when the church applied "sanctions against members engaging in certain businesses in competition with LDS enterprises."[106] Yet at that time, the LDS church was the central operating authority in Utah's economy, and it promoted economic endeavors to increase self-sufficiency in Utah Territory and to prevent the outflow of cash for import-

106. Alexander, *Mormonism in Transition*, 75.

ed goods. Now, the methods were used to line the pockets of LDS leaders who held an interest in Utah-Idaho Sugar, a very different situation. Thus, it was not surprising to hear denunciations of the corporation and its leaders in the aftermath of the FTC trial, even by church members. "When Presidents of Stakes, bishops, high councilmen and others approach you in the capacity of sugar company hired men," Charles G. Patterson warned Latter-day Saints in 1922, "it will help some if you forget everything about them except that they are HIRED by the sugar company to boost for it."[107] Keeping that in mind, Patterson hoped, would allow members to separate ecclesiastical doctrine and authority from moneymaking policies.

107. C. G. Patterson, *Cracking Nuts in Utah: Little Essays on Tender Subjects (Salt Lake City: n.p.,* 1922*),* 11.

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

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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

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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

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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

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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.

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Index

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B

C