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.”

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,

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

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different economies, one consisting of Mormon cooperative endeavors and the other of non-Mormon mining and speculation. 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. 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. 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.

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 Saints to boycotted 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).
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.
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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. 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.

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


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. 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

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

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.\textsuperscript{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.\textsuperscript{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.\textsuperscript{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

\textsuperscript{14} See Fred G. Taylor, \textit{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.


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

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. 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. They also made the sugar industry “arguably the most criticized of all U.S. farm programs.”

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,” 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

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 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.

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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.

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.

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.


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.