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.”

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.

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


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

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. Six 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.

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.” 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 or any witness who refuses to appear” before the committee. 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

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.
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.”

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.”

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.”

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

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.’’

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.” 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.” 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 conning 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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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.\(^\text{18}\)

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.\(^\text{19}\) That experience made Smith reluctant to face another grilling at the hands of Congress, especially since he regarded the

\(^{18}\) “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.

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. 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.

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.”

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. He hoped Smith would come willingly, without being subpoenaed. Smith, however, telegraphed Hardwick that he would not testify without “legal notice,” and


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.
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.”

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

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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

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 proposition [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.

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.
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. McCormick [a non-Mormon Salt Lake City businessman]), three of these directors would resign “whenever the eastern

\(^{28}\) 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.


\(^{30}\) 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 McCormick, 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

\(^{32}\) 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.


\(^{35}\) “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. 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.”

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 Havemeyer—

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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

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.

of the stock and the board of directors consisted of only Utah businessmen.  

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.”

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.” The two were not alone in these opinions; even Henry Oxnard, who

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.”

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 refinersies 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. 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.”

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.”

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.” 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.
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.”

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.”

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.” 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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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

settlers would be entirely at their mercy.” 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.

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. Opponents of trusts, including the Salt Lake Tribune, abhorred the practice. The Tribune editorialized that

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.\(^{61}\)

\(^{59}\) “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. 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.

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

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.”

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.

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.”

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 stockwatering 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

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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*
Before the Hardwick Committee of the House of Representatives

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

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.”

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.

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.”

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

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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.


Brigham Young, Wilford Woodruff, and others wanted the sugar industry established 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

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. 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.” 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.”

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
palpable absurdities,” the perception still remained that the church dominated the economic lives of its members. Rep- resentative 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.

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. 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. 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.
Religion, Politics, and Sugar

. . are just in those extreme cases where people are down and out and they have got to have help.” 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.

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. 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

83. Welliver, “The Mormon Church and the Sugar Trust,” 86.
Cutler and other directors. Havemeyer too left most administrative matters to Cutler; his contact with Smith had been limited.

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. 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. 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. If western senators voted for a tariff, it was probably because they wanted to protect their own home industries and not because they felt

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.”

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. 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.

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,” 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

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.


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 every-thing about them except that they are HIRED by the sugar company to boost for it.”

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.

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.\textsuperscript{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.\textsuperscript{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

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

\textsuperscript{97} House, American Sugar Refining Co. and Others, 31–32. See also “Committee Finds Monopoly in Sugar,” Salt Lake Tribune, February 18, 1912.
Before the Hardwick Committee of the House of Representatives

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.”

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.”

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


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. Whatever 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.