Religion, Politics, and Sugar

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Chapter Five

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

_The Wilson Administration was active in trying to keep the price of beet sugar at about ten cents per pound, when it was allowing cane sugar from every part of the world to be sold in our market freely at from twenty to twenty-five cents a pound. When our company, the Utah-Idaho Sugar Company, had stood this about as long as it could, it announced it would sell the remainder of its product at the market rates, the same as it had always done for thirty years. For this action our officers and directors were indicted by the United States Grand Jury and we were put to endless trouble and expense and held up to ridicule and scorn for simply doing that which practically everybody else in the sugar business was doing, namely, selling at the market price._

—Charles W. Nibley, 1921

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

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

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

¹. Although the 1920 indictments are an interesting and integral part of the Utah-Idaho Sugar Company’s past, they are not discussed in the corporation’s two “official” histories: Leonard J. Arrington’s Beet Sugar in the West: A History of the Utah-Idaho Sugar Company, 1891–1966 (Seattle, 1966) and Fred G. Taylor’s A Saga of Sugar, Being A Story of the Romance and Development of Beet
Utah-Idaho Sugar’s evolving relationship with the federal government in the 1910s. Although Nibley and Utah-Idaho Sugar had proclaimed it their patriotic duty to follow the regulations established by the SEB in the sale of sugar during the war, it was unclear how they would react if controls continued after the end of the conflict. Indeed, when the war ended in November 1918, few government officials or sugar magnates expected the SEB to continue its wartime responsibilities. Because the government wanted to demobilize “all war organizations” and remove “government restraints upon business enterprise,” the sugar industry prepared for the return of normal market conditions. The SEB even issued a resolution in January 1919 declaring that “a return of free market conditions in sugar would be welcomed by the Board.” However, certain conditions in 1919 changed its attitude and convinced Congress to extend the agency’s authority into peacetime.2

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

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

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

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

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

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

⁵ House, Continuing the Sugar Equalization Board, 66th Cong., 2nd sess., H. Rept. 506, 1919, serial 7652, 1–6; Bernhardt, “The Transition from Government Control of Sugar to Competitive Conditions,” 728–29; Reed Smoot to Hon. C. W. Nibley, December 24, 1919, Reed Smoot Papers, MSS 1187, box 41, folder 5, L. Tom Perry Special Collections Library, Harold B. Lee Library, Brigham Young University, Provo, Utah.
buy Cuba’s sugar in December 1919. In effect, this congressional empowerment allowed the board to continue its control of the domestic sugar industry. During the war, the SEB had purchased sugar from manufacturers at varying prices and then sold it to consumers at reduced rates. After the armistice, however, the situation became more complicated as speculators began buying sugar directly from refiners at higher prices than the SEB could offer. Because the board did not possess the authority to prosecute speculators, it turned to the U.S. Department of Justice (DOJ) in late 1919 to ensure that sugar was sold only at the prices established by the SEB and only to those individuals authorized by the agency.\(^6\)

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

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6. Bernhardt, “The Transition from Government Control of Sugar,” 720–31; Act of December 31, 1919 (41 Stat. 386). After the Food Administration had been disbanded, the DOJ had taken upon itself many of the administration’s former duties. The department received official authorization to use Food Administration powers in a presidential proclamation issued on November 21, 1919.


8. F. Hardee Allen, “Preliminary Checklist of the High Cost of Living Records of the Department of Justice,” 3, Records of the High Cost of Living Division, Record Group [RG] 60, General Records of the Department of Justice,
Armed with these provisions, the DOJ began investigating profiteers. Palmer issued specific instructions to his attorneys. They needed to obtain proof that a company had sold products at high prices, whether through confiscating sales slips or by recording “the testimony of persons actually making purchases.” Thereafter, Palmer stipulated, agents should examine company invoices to determine what it cost the corporation to produce the disputed item. To determine whether the profit margin was excessive, Palmer continued, attorneys should consult with experts in the food trade about what constituted a reasonable profit. Finally, Palmer required his attorneys to try to “obtain an admission from the party being investigated” that it had earned exorbitant profits—“the most valuable evidence of all.”

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

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

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

10. Allen, “Preliminary Checklist of the High Cost of Living Records of the Department of Justice,” 4. To assist the Cost of Living Division, the DOJ also appointed a state fair price commissioner in every state. Usually, the former state food administrator served in this capacity.
in peacetime. The situation escalated to the point that the government asked the Federal Trade Commission to investigate sugar prices. In that inquiry, the commission noted that even though the DOJ and Congress had acted to protect consumers, “retail prices on [sugar] from June, 1919, on varied considerably from the maximum price regarded as fair.” According to the commission, the main culprit was not the sugar producer, but the speculator who purchased refined sugar from companies and then sold it at a higher price to wholesale grocers and manufacturers.

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

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

findings unenthusiastically, while Petrikin promised “to cooperate to full extent.”

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

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


14. Myer Lynsky, Sugar Economics, Statistics, and Documents (New York, 1938), 33; Arrington, Beet Sugar in the West, 201; C. W. Nibley to Senator Reed Smoot, December 28, 1920, Smoot Papers, box 42, folder 1; Thomas G. Alexander, “The Burgeoning of Utah’s Economy, 1910–18,” in A Dependent Commonwealth: Utah’s Economy from Statehood to the Great Depression, Charles Redd Monographs in Western History No. 4, Dean L. May, ed. (Provo, Utah, 1974), 39; “Passing Events,” Improvement Era 24 (December 1920): 180. Despite the increased beet sugar production, the United States still faced a shortage of the commodity because beet sugar made up such a small proportion of its total output. From 1916 to 1920, for example, Cuban farms produced 19,057,000 short tons of raw sugar while the beet sugar industry grew only 4,223,000 short tons. Sugar Facts and Figures (New York, 1948), 30.
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ARS maintained their high prices, the company decided to forego DOJ warnings about price increases.\(^{15}\) On April 10, Utah-Idaho’s board of directors, emboldened by the advice of attorneys Daniel N. Straup and Joel Nibley that if the corporation did not exceed cane sugar rates, the DOJ could not prosecute, voted to elevate its price to cane sugar levels. Only one official dissented: Heber J. Grant, who had assumed the presidency of both the LDS church and Utah-Idaho Sugar when Joseph F. Smith died in 1918, and who probably understood the public outcry that a price raise would cause.\(^{16}\)

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

\[\text{Table 1: Production Record of Utah-Idaho Sugar Company, 1910–1920. Leonard J. Arrington, Beet Sugar in the West, 201.}\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Growers</th>
<th>Acres of Beets Planted</th>
<th>Acres of Beets Harvested</th>
<th>Tons of Beets Harvested</th>
<th>Tons of Beets per Acre</th>
<th>Bags of Beet Sugar Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>3,370</td>
<td>39,994</td>
<td>29,461</td>
<td>277,598</td>
<td>9.4</td>
<td>790,658</td>
</tr>
<tr>
<td>1911</td>
<td>4,205</td>
<td>58,070</td>
<td>36,139</td>
<td>452,947</td>
<td>12.5</td>
<td>1,187,784</td>
</tr>
<tr>
<td>1912</td>
<td>4,206</td>
<td>59,452</td>
<td>38,436</td>
<td>422,210</td>
<td>11.0</td>
<td>1,189,097</td>
</tr>
<tr>
<td>1913</td>
<td>4,424</td>
<td>40,805</td>
<td>39,725</td>
<td>473,243</td>
<td>11.9</td>
<td>1,235,820</td>
</tr>
<tr>
<td>1914</td>
<td>4,789</td>
<td>44,602</td>
<td>42,861</td>
<td>395,477</td>
<td>15.2</td>
<td>1,551,348</td>
</tr>
<tr>
<td>1915</td>
<td>6,351</td>
<td>61,487</td>
<td>59,348</td>
<td>631,141</td>
<td>10.6</td>
<td>1,749,298</td>
</tr>
<tr>
<td>1916</td>
<td>7,697</td>
<td>81,265</td>
<td>70,300</td>
<td>696,217</td>
<td>9.9</td>
<td>1,627,957</td>
</tr>
<tr>
<td>1917</td>
<td>8,078</td>
<td>75,227</td>
<td>66,339</td>
<td>588,799</td>
<td>8.9</td>
<td>1,593,705</td>
</tr>
<tr>
<td>1918</td>
<td>7,796</td>
<td>69,049</td>
<td>58,677</td>
<td>681,023</td>
<td>11.6</td>
<td>1,698,588</td>
</tr>
<tr>
<td>1919</td>
<td>8,156</td>
<td>86,208</td>
<td>66,321</td>
<td>583,137</td>
<td>8.3</td>
<td>1,339,636</td>
</tr>
<tr>
<td>1920</td>
<td>8,123</td>
<td>93,603</td>
<td>86,971</td>
<td>901,154</td>
<td>10.4</td>
<td>2,359,355</td>
</tr>
</tbody>
</table>


\(^{16}\) “Minutes of Meeting of the Board of Directors of the Utah-Idaho Sugar Company Held at Salt Lake City, Utah, April 10, 1920 at 10 A.M.,” Reports, 1919–1920, box 1, folder 1, Records of the High Cost of Living Division, RG 60, NARA II.
because of its scarcity” and had operated for the economic benefit of the Mormon people, especially in the realm of providing goods at low costs.17 Now, a corporation founded primarily to promote jobs among the LDS people and to make Utah Mormons more self-sufficient seemed to be motivated by a “profits-at-all-costs” attitude that had led to gouging of the general public. Feelings ran high enough that, according to Reed Smoot, some made threats of personal injury against Grant and Nibley. One Utah resident even commented to Smoot that “the advance of [the] sugar price [was] the most unfortunate occurrence that has ever happened in Utah affecting the faith of the Mormon people.”18 Smoot told Nibley that he did not “know whether the situation throughout the State is as serious as [his] letters would indicate,” but the price hike greatly angered some citizens.19

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

17. As cited in Leonard J. Arrington, Feramorz Y. Fox, and Dean L. May, Building the City of God: Community and Cooperation Among the Mormons (Salt Lake City, 1976), 97.
South Dakota, and Louisiana.\textsuperscript{21} But the claim that “everyone was doing it” held little weight for Utah consumers, especially since Utah’s other major sugar producer, the Amalgamated Sugar Company (which also had a large LDS influence), kept its prices at the level established by the DOJ.

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

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

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

\begin{footnotes}
\item[21] “Prosecutions Under Food Control Act,” Records Relating to Cases Under the Food Control Act, 1920–1921, box 1, folder 2, Records of the High Cost of Living Division, RG 60, NARA II.
\item[23] Quotation in “Sugar Company Charged With Profiteering,” \textit{Salt Lake Tribune}, May 9, 1920. Two counts covered the corporation’s sale of sugar to the
\end{footnotes}
and the arrest, and they decided to defend themselves by issuing a public statement. This declaration explained that, among other things, “no company in the United States has been more earnest in its endeavors to carry out every regulation and desire of the government with respect to the price of sugar.” Utah-Idaho Sugar was among the first to advocate the establishment of price restraints on the industry, the ad continued, to prevent “unjust, unreasonable, unfair, and wasteful commissions, profits, and practices.” A simple explanation existed for the increase, the company insisted. In the eastern United States, where cane and Cuban sugars dominated the market, sugar sold on average for approximately twenty-three cents per pound. Because Utah-Idaho Sugar had adhered to the regulations of the DOJ by selling its product at only thirteen cents per pound, some eastern distributors had bought sugar in the intermountain region, shipped it to Chicago, sold it at the higher rate, and made a handsome profit of $5 to $10 per hundred pound bag.

Attorney General Palmer seemed unable or unwilling to eliminate this traffic, so the company decided to raise its prices, thereby abolishing any advantageous opportunities and restricting the flow of sugar out of the West. How, the ad concluded, could the DOJ charge it with profiteering when it had actually attempted to prevent it?

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

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

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

These circumstances notwithstanding, several arguments

26. “Minutes of Meeting of the Board of Directors of the Utah-Idaho Sugar Company Held at Salt Lake City, Utah, April 10, 1920 at 10 a.m.”
poked holes in Utah-Idaho’s explanation. For one thing, neither Love nor the corporation could say why the company did not merely refuse to sell to eastern distributors. For another, Heber J. Grant himself informed the board of directors in a later meeting that Utah-Idaho Sugar had enough of the product to supply its home market. The DOJ, moreover, had informed Utah-Idaho’s directors that increasing its price was not the best way to stop the outflow of sugar and had counseled the firm to let government officials handle speculators. Finally, Utah-Idaho officials never clarified why other companies such as Great Western and Amalgamated Sugar were able to cooperate fully with the federal government while maintaining a reasonable amount of sugar for their customers.  

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


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

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

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people of this country will not approve of any such rotten politics.”

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

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

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

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

33. Nibley to Smoot, May 14, 1920, Smoot Papers, box 42, folder 1. See also Nibley to Smoot, August 20, 1921, Smoot Papers, box 42, folder 2.
in Pocatello, Idaho, J. E. Marriman, head of Idaho’s Department of Justice, filed charges against the company, stating that the corporation had “made excessive profits in the selling of sugar to dealers at Pocatello.” Marriman specifically accused six officers: Heber J. Grant, Charles W. Nibley, Thomas R. Cutler, Horace G. Whitney, Walter T. Pyper, and Stephen H. Love. Eleven days later, Marriman issued warrants for the officials’ arrests.\(^\text{35}\)

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

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


\(^{36}\) “Sugar Company Case Discussed,” *Salt Lake Tribune*, July 12, 1920. In private, Charles Nibley expressed little concern with the warrants. On June 28, Reed Smoot noted that the two “talked over” the DOJ’s investigation, and that Nibley “was not greatly worried over the results.” Heath, ed., *In the World: The Diaries of Reed Smoot*, 444.
examined the company’s records, also submitted evidence that the same sugar sold by the company at over twenty cents per pound cost only nine cents to produce. In the company’s defense, Stephen Love reiterated that sugar jobbers in the state had encouraged the corporation to raise its prices in order to alleviate the sugar shortage. Commissioner Van Pelt, who presided over the meeting, was unsympathetic, and he bound the company over for trial in the November term of the U.S. district court.37

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

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

He pleaded with stockholders to withhold judgment against the company “until both sides have been fully heard.”38

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

regulations established by the government. Now, he reverted back to ideas expressed by sugar companies during their battles over tariff reduction, claiming that America had an obligation to support white American sugar producers, rather than foreign or non-white growers. In the years following the First World War, nativist sentiment, already rampant in the United States because of the conflict, had increased because of an economic depression, culminating in the passage of the Johnson Quota Act in 1921, significantly limiting the number of immigrants who could enter the United States. Nibley’s opinions tapped into this sense of “America for Americans,” hoping to sway observers to accept Utah-Idaho’s actions as patriotic.\footnote{See Roy G. Blakey, The United States Beet-Sugar Industry and the Tariff (New York, 1912), 207, 209; Thomas E. Skidmore and Peter H. Smith, Modern Latin America (New York, 1992), 260; Alexander, Mormonism in Transition, 80–81. After the Spanish-American War increased American control in Cuba, Puerto Rico, and the Philippines, United States’ investors poured money into cane sugar production in these countries. These investors then lobbied for preferential duties for the imported sugar, and the government complied. Utah-Idaho officials and Senator Smoot constantly worked to promote tariffs to end what they considered to be preferential treatment, but they frequently encountered Democratic opposition.}

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

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

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


\textsuperscript{41} Heath, ed., \textit{In the World: The Diaries of Reed Smoot}, 448–49.

\textsuperscript{42} Quotation in “We’ll Win With Wattis,” \textit{Salt Lake Tribune}, August 23, 1920; see also “Thirteen Utahns Indicted Under Lever Act; Sugar Officials, Financiers and Canners Named,” \textit{Salt Lake Tribune}, August 22, 1920. Unfortunately for Wattis, his advertisement failed to garner additional support and the Republicans refused to nominate him for governor, opting instead for Charles R. Mabey.
issued a resolution “resent[ing] the insult embodied in the said advertisement.” Judge Johnson agreed, declaring “for any man to say that the indictments . . . were animated by politics is unworthy and shows that the man who said such thing spoke recklessly, foolishly, improperly.” He issued the contempt citation soon thereafter.\textsuperscript{43}

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


\textsuperscript{44} “Sugar Concern Under Fire in Opening Talk,” \textit{Deseret News}, August 30, 1920. Mulliner’s declarations about Utah-Idaho’s political leanings were somewhat accurate. Nibley was a diehard Republican and worked aggressively for the party in all elections. However, Grant was a Democrat, even though he supported Smoot in his senatorship.
Meanwhile, problems continued to mount for Utah-Idaho Sugar. On August 28, South Dakota’s district attorney filed a complaint against the company, alleging profiteering in the sugar trade. The charges stemmed from the sale of approximately one thousand pounds of sugar to Jewett Brothers and Jewett in Sioux Falls, South Dakota, at twenty-seven cents per pound, although it only cost the company nine cents a pound to produce. Charles and Merrill Nibley, Smith, Cutler, McCormick, Wattis, Love, and Murdock were named as the guilty parties.45

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

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of Brigham Young and an editor of the church’s *Relief Society Magazine*, for example, counseled against indulging “in bitter criticism of good men about a business transaction which had for its motive the upbuilding of this state and this people.”  

One interesting facet was that Utahns had not been so vehement about profiteering until Utah-Idaho’s May price raise. Prior to this time, according to the Justice Department, it had been extremely difficult to enforce the profiteering provisions of the Lever Act in Utah. However, because of the “high-handed conduct of the Utah-Idaho Sugar Company in advancing prices of sugar regardless of cost,” public opinion had changed and even hardened against any profiteers, be they church leaders or other citizens.

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

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

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

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

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

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

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

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

\(^{50}\) “Sugar Company Again Indicted,” \textit{Salt Lake Tribune}, November 28, 1920. This article stated that Milwaukee, Wisconsin, and Medford, Oregon, had also issued indictments against the company, but the \textit{Tribune} carried no coverage of these charges.

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

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

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

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

\(^{54}\) Quotation in Thirtieth Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February 28, 1921 (Salt Lake City, 1921), n.p.; see also “Lever Act Decision Voids Sugar Indictments; Pending Charge of Profiteering to be Dismissed,” Salt Lake Tribune, March 1, 1921.
actually decried the end of control and declared that the government had abandoned them to the rigors of capitalism at a time when the market was unstable. Whether or not the SEB would have been able to prevent the collapse in sugar prices is debatable, but it certainly could have mitigated some of the disastrous effects, as many corporations realized. In any case, the government responded to the industry’s complaints by enacting the Emergency Tariff Act of 1921, and by instructing the War Finance Corporation to lend money to weakened corporations.55

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

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56. Quotation in “Sugar Manager Resigns Duties,” Salt Lake Tribune, January 23, 1921; see also Nibley to Smoot, April 7, 1921, Smoot Papers, box 42, folder 2; Arrington, Beet Sugar in the West, 93–97.
57. Smoot to Nibley, February 1, 1921, Smoot Papers, box 42, folder 2.
58. Quotations in Nibley, Reminiscences, 141–42; see also Thirty-First Annual Report of the Utah-Idaho Sugar Company, Salt Lake City, Utah, For the Fiscal Year Ended February 28, 1922 (Salt Lake City, 1922), n.p.; Alexander, Mormonism in Transition, 82–84. Leonard Arrington attributed Nibley’s resignation to demands made by the Bankers Trust Company of New York that a change in management occur before it provided assistance, but these stipulations were not made until July 1921, six months after Nibley’s departure. Beet Sugar in the West, 96.
from policies that he advocated. Although maintaining sugar at thirteen cents per pound would not have forestalled the economic problems that Utah-Idaho Sugar faced in 1920 and 1921, it certainly would have lessened adverse publicity against Nibley, the company, and the LDS church.

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

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

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


61. Quotation in Smoot to President Heber J. Grant, October 1, 1921, Smoot Papers, box 48, folder 9; Heber J. Grant, “Significant Conference Themes,” *Improvement Era* 25 (June 1922): 713.
the company with a $10 million loan to “harvest the beet crop and to furnish the money to pay the farmer.” Meyer also consulted with a New York bank that had previously provided cash to Utah-Idaho officials and secured a yearlong extension on the loan.62 With this aid, and because sugar prices slowly began to rise again, Utah-Idaho Sugar remained solvent.63 Grant gratefully acknowledged the support of Meyer and the War Finance Corporation and declared that he was “delighted that the men who stand at the head of this nation [were] anxious for the welfare of . . . the beet industry and every other industry in our country.”64

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

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

64. Grant, “Significant Conference Themes,” 713. See also Grant to Smoot, October 20, 1921, Smoot Papers, box 48, folder 9; Arrington, Beet Sugar in the West, 98–99.
65. Arrington, Beet Sugar in the West, 100, 195–96.
Utah Democrats were no less reluctant to use profiteering indictments to their political advantage. Likewise, federal control of the economy was both beneficial and problematic. Nibley and others had chafed at government restrictions, but Utah-Idaho’s real problems stemmed from the end of federal control of the sugar industry. After the SEB had expired, the laws of supply and demand meant the demise of high prices as sugar poured into the country from around the world.

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

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