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

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Matthew C. Godfrey. *Religion, Politics, and Sugar: The Mormon Church, the Federal Government, and the Utah-Idaho Sugar Company, 1907–1921.*

Logan: Utah State University Press, 2007

Reviewed by Barnard Stewart Silver

In our era, when justifiable attention is paid to economic and environmental developments in the Mountain West, Matthew C. Godfrey has written a book, based on his PhD dissertation for the Department of History at Washington State University, that offers close analysis of controversial church-state-industry struggles in the beet sugar industry in Utah and Idaho between 1890 and 1920.

Having read Utah-Idaho Sugar Company (U-I SC) minutes, government documents, and personal journals, Godfrey presents the beginnings of this remarkable industry. He identifies the stances of leading characters within the company. He re-creates efforts to finance growth, including some questionable dealings. He traces restraint of trade charges against the company and presents Charles W. Nibley's defenses. He describes Senator Reed Smoot's pressures and the involvement of other leaders of The Church of Jesus Christ of Latter-day Saints. Overall, Godfrey's study is a business whodunit, offering a disturbing view of a generally well-thought-of enterprise in the Mormon cultural region.

For decades under Brigham Young, John Taylor, and Wilford Woodruff, the Church hierarchy fostered a local beet sugar industry. Production of the first sugar at the Lehi, Utah County, facility in 1891 brought general rejoicing. Independence from high-priced sugar imports was one motivation. Hope for a cash export product was another. Mormons were encouraged to buy stock, grow sugar beets, and work in this first factory and others that followed as several companies emerged and then combined into the twentieth-century powerhouse U-I SC.

Some accusations, however, have marred the reputation of U-I SC. Matthew Godfrey, therefore, tackles three questions concerning the company in the Progressive Era: "First, why did LDS Church leaders use ecclesiastical influence in behalf of sugar at a time when they were trying to maintain competition in other industries, and what forms did this

influence take? Second, what ramifications did this have for the Church and for Utah-Idaho Sugar? Third, how did the integration of Utah's economy into the national scene affect Utah-Idaho Sugar, and how did the LDS influence either help or hinder that assimilation?" (8)

First, Godfrey explains that President Joseph F. Smith sought financial security for the Church by initiating and investing in local businesses. He left contact with local farmers to stake authorities in different growing areas. Stake authorities counseled and assisted farmers to support the mainly Church-owned sugar company by completing growers' contracts with U-I. When competing sugar companies moved into U-I territories, local Church leaders might have encouraged farmers to make an honest evaluation of potential benefits, but instead they allowed false information to be circulated that brought the new companies into disfavor.

Second, Godfrey discusses the extensive investigations that ensued under antitrust laws. Utah-Idaho Sugar Company was challenged in its pricing of sugar, with government investigators asserting that the company was gouging the public. They also alleged that U-I SC was underpaying farmers. The company was found guilty, but the effort to levy punitive damages lost its momentum with a change of federal administration. The charges were overturned in 1927 by the Eighth Circuit Court of Appeals.

Answering the third question about economic integration, Godfrey gives details of negotiations with Eastern financial magnate Henry Havermeyer of the American Sugar Refining Company, who invested in Utah-Idaho Sugar Company in 1901 by offering \$18 a share, representing an \$8 premium over the current stock price. It was an offer management could not turn down. This brought U-I SC directly onto the national stage. It was now part of the Havermeyer-controlled group, which was seeking to get a hammerlock on sugar commerce in the eastern, central, and western United States.

U-I SC moved in lockstep with Havermeyer, overpricing its sugar to the national market. When sugar prices suddenly dropped, U-I SC was caught with bloated costs and, instead of slimming operations, attempted to pay less to the farmers for their sugar beets. This caused a depression in the farming communities, one that seems to have been caused directly by the shortsightedness of management and its lack of sympathy for the farmers.

Subsequently, after the U. S. investigation began, Havermeyer sold his interest in U-I SC back to the Church, which further lowered the value of the company. This left company management with a dilemma, not able to seek new investors because of steadily decreasing value in the company but locked into costly operating and maintenance budgets. With insufficient

funds to streamline operations, U-I SC became one of the most expensive sugar factory operations in the country.

The integration of Utah's economy into the national scene forced Utah-Idaho Sugar into a defensive posture where management tried to force out potential competitors and entered into unlawful agreements with the Amalgamated Sugar Company in restraint of trade.

How did LDS Church leadership back U-I SC's position? Godfrey points out that U-I SC's management, having been caught by recently enacted antitrust laws, called upon the influence of Senator Reed Smoot in Congress, depended on the defensive arguments mustered by businessman and Church leader Charles W. Nibley, and eventually was defended by President Joseph F. Smith's testifying before the Federal Trade Commission. The Church continued to be a central force in backing the company, despite repercussions for both. Although leaders originally saw the sugar industry as an economic benefit to local members, a changing economy and political environment could not sustain the industry's protectionist attitude. Market forces and government controls eventually dominated, even though Church leaders tried to hold the company back from true integration into the national competitive economy.

The Church had sacrificed much to found the industry for local employment and self-sufficiency in the 1890s. But Church officials were now stockholders who benefited when U-I SC showed profits, so it appeared that the Church and company worked together to maintain its place in the western economy. After the commission investigations, Heber J. Grant became increasingly sensitive to the need to allow fair competition. He adopted practices in the 1920s to support nonchurch businesses, even when such dealings hurt Church enterprises. Only in the latter part of the twentieth century did Church leaders divest themselves entirely of directorships and business management.

Godfrey expertly explains how authorities of The Church of Jesus Christ of Latter-day Saints, including general, stake, and ward leaders, influenced members to purchase sugar produced by U-I SC and to raise sugar beets for only this company. I commend him for researching a heretofore unknown crisis in an industry that experienced extensive participation by both Mormon farmers and Church leaders. I was surprised to find that Mormon farmers' loyalty to their Church translated so strongly to loyalty towards U-I SC, even when their own financial stability was being compromised. Logically, the company and the farmers should have been on opposite sides, but the religious factor altered the contours of the conflict to the ultimate benefit of both.

I found no errors in Godfrey's economic facts, technical details, or political analysis. From my perspective as a long-time sugar industry engineer interested in Mormon Church history, I am impressed with Matthew Godfrey's perceptive and thorough research and his astute comprehension of the many intertwining forces at work.

Barnard Stewart Silver (who can be reached via email at byustudies@byu.edu) received a BS degree in mechanical engineering from the Massachusetts Institute of Technology, an MS degree in engineering mechanics from Stanford University, and an Advanced Management Certificate from the Harvard Graduate School of Business. He worked in the sugar industry as an engineer, including as superintendent of engineering and maintenance for U-I Group at Moses Lake, Washington. He is currently president of Life Energy Food, Holladay, Utah.