

THE COST OF LIVING IN KIRTLAND

by Marcellus S. Snow

The Kirtland Economy Revisited: A Market Critique of Sectarian Economics by Marvin S. Hill, C. Keith Rooker and Larry T. Wimmer. Provo, Utah: Brigham Young University Press, 1977, viii, 88 pp. \$4.95.

Most readers of Mormon fiction would quickly agree that the genre still awaits a writer of the stature of Chaim Potok or James Michener, to say nothing of a Joyce or a Faulkner. Perhaps one of the small publishing houses or *samizdat* concerns in Utah's Yoknapatawpha will someday issue the Mormon novel. In the meantime, though, don't hold your breath.

But if our fiction has not yet found its Faulkner, it may nonetheless be safe to say that Mormon historiography has found its Robert Fogel and Stanley Engerman. It will be recalled that these two economic historians wrote the celebrated and controversial *Time on the Cross* in 1974, the most publicly visible emanation of the happy marriage of economics, statistics and history variously referred to as cliometrics or the New Economic History. Fogel and Engerman used these disciplines to analyze American Negro slavery in a way that had never before been done. An unprecedented amount of large and small bits of data—slave ship manifests, bills of sale, newspaper advertisements, plantation account ledgers—was gathered and analyzed statistically to answer, either anew or for the first time, vexing questions about our nation's "peculiar institution." How well treated were slaves? What was the economic value of slaves by sex, age and state of health? What was the loss to the

Southern economy when emancipation came?

Marvin Hill, Keith Rooker and Larry Wimmer, who are professors of history, law and economics at Brigham Young University, can rightly lay claim to having established a solid exemplar of this kind of cliometric methodology in Mormon historical research. They have crossed disciplinary lines in admirable fashion by examining a number of important aspects of the Church's experience in the Kirtland area during the 1830s. The result, a monograph-length study first issued as a separate number of *BYU Studies* and then as a BYU Press paperback, has won them an award from the Mormon History Association, praise from Robert Fogel, and the right to a careful reading by all students of Mormon history.

Church members often grow up relying on pat answers to difficult doctrinal and moral issues. Until the recent generation of Mormon historians (notably, Leonard Arrington, Juanita Brooks and others of their stature), pat answers abounded in historical questions as well: Mountain Meadows Massacre? War hysteria, pure and simple. Expulsion of the Saints from Missouri and Nauvoo? Persecution by the greedy and intolerant "old settlers," nothing more.

The Saints' experience in Kirtland affords a period particularly well suited to dispassionate treatment. The objective or economic factors dominate the Kirtland sojourn and exodus, unlike other periods of Mormon history. Nevertheless, the period has not fared well under earlier historians. Students of the epoch have had to be content

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with impressionistic one-liners like Fawn Brodie's reference to "frenetic land speculation." Only slightly more helpful is Brigham H. Roberts' statement that the Saints in Kirtland "... lived extravagantly on borrowed money" and "... entered into [a] spirit of reckless speculation ... which expressed itself chiefly in land speculation and in excessive banking ...". Even Joseph Smith's reference to "... evil surmisings, faultfinding, disunion, dissension, and apostasy" in addition to a "spirit of speculation in lands" comes far from telling the whole story.

Hill, Rooker and Wimmer avoid sweeping questions and glib moral generalizations. Their well-sharpened methodological and expository skills are instead brought to bear on more bite-sized issues: Was the Kirtland economy viable? Did rising land prices reflect population trends in the area instead of mere "speculation"? What was the extent of Joseph Smith's indebtedness and that of his associates? What was the constitutionality of Ohio laws requiring chartering of state banks, and what was the quality of the legal advice on the basis of which Joseph Smith apparently decided to open the Kirtland Safety Society Bank without a charter? What was the role of the Panic of 1837 in the downfall of the Kirtland bank? In the authors' words:

Moral judgments upon Mormonism have obscured the real story of what happened to the Kirtland economy. Our argument is based upon the premise that the voluntary nature of market transactions imposes constraints upon behavior—that creditors demand assets or they refuse to make loans, and buyers and sellers expect fair market prices or they do not trade. We think the evidence demonstrates that these principles operated at Kirtland ... Previous historical accounts ... have overlooked the fact that Smith provided his creditors with assets, that he was buying and selling land at market prices, and that the economic reversals in the Kirtland economy involved a change in economic conditions that "reasonably prudent" economic men probably would not have anticipated [p. 4].

Thus, the presumably neutral morality of the marketplace is invoked to marshal evidence that Joseph Smith and other high-

ranking Saints acted correctly and "prudently" at Kirtland. Those to whom the marketplace has a general repugnance, as well as those who deem as unacceptable any market ventures for private gain by religious leaders or institutions, will find little solace in the authors' conclusions. Mormon theology, nevertheless, is comfortably at home with capitalism, private property and the open market, whether in or outside the various communitarian arrangements known generically as the United Order. To those who accept this framework, the conclusions in *The Kirtland Economy Revisited* are welcome improvements on the facile references to speculation and greed that formerly passed as analysis of the Kirtland period.

The study can best be appreciated by recounting the methods of analysis used to discuss each issue. First of all, the claim that the Kirtland economy was not "viable," raised by Brodie and others, is countered by the use of population, trade and land value data from Ohio and from Geauga County during the 1830s. Figures from Painesville, a predominantly non-Mormon community near Kirtland, are used to refute the contention that Kirtland differed from surrounding towns. Discussing the crucial issue of the rise in land prices in and around Kirtland, the authors hypothesize that "changes in the real price of land from 1830 to 1840 were primarily determined by changes in population." Tax rolls are used to obtain population estimates. Then, the real price of land is related to Kirtland's population by a logarithmic regression. As the authors point out, income could not be used to help explain real land prices, due to lack of data. Nevertheless, regression results are presented, showing a highly significant positive relationship. On the basis of their simple model, which links exponential growth in population to exponential growth in land prices, the authors conclude that Joseph Smith "had sufficient reason for believing that land prices would continue to rise [p. 24]" when in fact they eventually fell. Whether a richer model could have predicted the coming deflation in land prices is a question the authors do not explore, and a moot one given the quality of econometric advice available in 1837.

The question of the extent of Joseph Smith's indebtedness is profusely documented. The authors note that many debts

listed in Joseph Smith's name "more accurately reflected debts of the community of Kirtland and of the Mormon Church [p. 40]." Nevertheless, they conclude that "Joseph Smith was eventually unable to meet all his financial obligations, and, in that sense, he was obviously responsible for an excessive amount of debt [p. 40]." The reader is asked to temper this conclusion with the consideration that "it does not seem that Smith accumulated more debt than he or his creditors have reason to believe he could manage [p. 40]," given the ebullient state of the Kirtland and national economies before the land deflation and banking panic of 1837. Again, however, this will offer scant comfort to church members and others looking for religious leaders who are either infallible in financial matters or completely uninvolved in them.

The final one-third of the monograph deals with the Kirtland Safety Society Bank that Joseph Smith founded and with the "Anti-Banking Company" used to circumvent the failure to obtain a corporate charter for the bank. Here the authors are somewhat harsher on the Saints at Kirtland. They deal frankly with what they determine to be errors of judgment on the part of Joseph Smith in particular. Declining to say whether the "poorly capitalized" institution could have succeeded even if it had possessed a state charter, they conclude that the lack of a charter was its primary reason for failure. Much of the indebtedness of Joseph Smith, in fact, arose from his efforts to make good the bank's debts long after its demise was inevitable. The authors contend that Joseph Smith's decision to go ahead with the bank after the failure to obtain a charter was due in large part to encouragement from newspapers and political groups using anti-monopoly arguments against the Democrat-controlled Ohio legislature, and to legal advice, apparently from one Benjamin Bissell, which was "incorrect, or at best poor [p. 67]." The strengths of the monograph's analysis of the banking failure include a legal exegesis of the Ohio laws against unchartered banking, and an ingenious statistical method to determine from serial numbers of surviving bills the amount and denominations of Kirtland bank notes originally issued. Of major import to the dominant historical interpretation of the period is the well-documented conclusion, contrary to the conventional wisdom, that "the bank-

ing panic of May 1837 was not a cause of the failure of the Kirtland Safety Society [p. 42]." It was decidedly not the case, in other words, that banks were failing left and right, and that the Safety Society was simply swept along in the maelstrom. Previous historians of the period have failed "to distinguish between suspension [by government authorities of banking activities] and failure [of banks] [p. 52]." Hill, Rooker and Wimmer find evidence of only one other bank failure in the entire state of Ohio during and immediately after the Panic of 1837! In fact, they argue, suspension of banking activities generally had the ironic and unintended effect of keeping the church bank from collapse longer than would otherwise have been the case. Finally, the authors do not hesitate to conclude that Joseph Smith's decision to operate the bank without a charter was "a very serious error in judgment [p. 68]." Indeed:

The initiation of the anti-banking experiment was unquestionably a mistake, but one of political misjudgment rather than intentional fraud. Mormon losses at Kirtland were heavy for some, but perhaps not sufficient to explain the degree of disillusionment and protest which followed [p. 70].

Overall, then, this monograph's primary and considerable virtue is its ability to focus crisply upon and to test hypotheses concerning "objective," usually quantifiable aspects of the Saints' experience at Kirtland. It augurs well for the establishment of the New Economic History as at least one way of looking at Mormon history, a tradition that can be traced as far back as Arrington's *Great Basin Kingdom*. That tradition is in the ascendancy today because of careful work by other scholars as well, including Dwight Israelsen of BYU, who has written cogently on the United Order and cognate subjects in a number of articles, and D. Michael Quinn, also of BYU, whose masterful Yale dissertation on the general authorities through 1932 should soon be available.

One might argue that the very narrowness of scope that contributed to the success of this monograph also renders it less valuable in dealing with larger questions of morality and motivation. The reader, however, is free to draw the more difficult, value-