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The failure of the Kirtland Safety Society, the Ohio Mormon bank, in 1837 has tended to promote extreme opinions. On the one hand, it convinces critics of the Church that the early Mormon leaders were knaves at worst, or false prophets at best. On the other hand, it convinces many Mormons of the wickedness of their enemies—who helped bring about the fall of the bank, and who, since that time, have used its demise as an argument against the divinity of Mormonism.

The argument over the Kirtland Safety Society is typical of historical discussions in which much is made about the "facts" of a situation. It is as if the truth were somewhere "out there" and if we could somehow manage to separate fact from opinion, we would know what really happened. This idea neglects to consider the point that the facts of history seldom come to us in pure form, since they are always filtered through the mind of the historian who wrote them.[1] There are no "facts" waiting in splendid isolation for discovery by the historian, but only the observations of earlier writers who had their own prejudices. Thus, the anti-Mormon writer who sees the "facts" as damning to the Church and the pro-Mormon writer who sees them as further proof of the validity of his own argument might be wise in working to obtain a broader perspective of the problem in order to reevaluate that which they have come to accept as fact.

The purpose of this paper is to reexamine the story of the Kirtland Safety Society in the light of what has been concluded about that period by economic and business historians. Emphasis will be placed on the social and economic environment within which the events took place. It will reject out of hand the extreme positions already mentioned because the significance of the failure of the Kirtland Safety Society turns on whether it was something unusual for the time and place, or whether it was a typical happening. If it was typical, it then loses much of its significance as evidence for or against the management skills of the Mormon leadership. How typical or representative an institution might be in a given period is crucial in the historical analysis of economic institutions. As stated by the British economic historian, Sir John Clapham: "Every economic historian should have acquired what might be called the statistical sense, the habit of asking in relation to any institution, policy, group or movement the questions: How large? How long? How often? How representative?"[2]

With this theoretical underpinning as a starting point, the main hypotheses of this paper are: (1) that the events connected with the rise and fall of the Kirtland Safety Society were typical, that they were representative of the years 1836–1837 in Ohio; (2) that the failure of the bank indicates little more than that the bank (like many others) was unable to weather the crisis of 1837; and (3) that (like many others) it eventually failed. Admittedly, this approach removes some of the fun and excitement from the study of the subject, but it might, in the long run, provide a more realistic perspective of this period in Mormon history.

A Short History of the Kirtland Safety Society

Areas of Agreement. Some points relative to the story of the Kirtland Safety Society can be accepted as historical facts with little argument. Specifically, there seems to be general agreement on the following:

1. During the period prior to and including the operation of the bank, the Church was in desperate financial difficulty. Quoting Joseph Smith, "There are many causes of embarrassment, of a pecuniary nature now pressing upon the heads of the Church."[3] The causes of this embarrassment were (1) that the Church had no means of support except the contributions of its members—who were themselves not wealthy—and (2) that it had assumed obligations in excess of its limited ability to pay.[4] "They began poor; were needy, destitute, and were truly afflicted by their enemies; yet the Lord commanded them to go forth and preach the Gospel, to sacrifice their time, their talents, their good name, and jeopardize their lives; and in addition to this, they were to build a house for the Lord, and prepare for the gathering of the Saints. Thus it is easy to see this must [have] involved them [in financial difficulties]."[5] In addition to promoting extensive missionary effort and the building of the temple, the Church had entered into large contracts for purchase of land in the Kirtland area.[6]

2. Church leaders believed that a financial institution in Kirtland would help solve some of the financial problems of the Mormon community. They had the choice of establishing a regular state-chartered bank or a joint stock association with limited powers to issue notes.[7]

3. The Mormon leaders were unsuccessful in obtaining a bank charter from the state of Ohio. Either they were refused a charter as Joseph Smith states,[8] or they were persuaded of the uselessness of attempting to obtain one from an unfriendly legislature dominated by anti-bank Democrats.[9] In any case, although they would have been pleased to obtain a charter, they were apparently unable to do so.

4. The founders selected the alternative of organizing a joint stock company with note-issuing powers. This "bank" they called the "Kirtland Safety Society Antibanking Company." Joseph Smith, as treasurer, signed

the promissory notes issued by the Society. The articles of incorporation established regular procedures for management and auditing the affairs of the organization and set the liability of individual members at $100,000.

5. Joseph Smith encouraged the members of the Church to come to Kirtland and invest in the Kirtland Safety Society. As he stated in his history, "We invite the brethren from abroad, to call on us, and take stock in our Safety Society. . . ."[10]

6. The notes of the Mormon bank were accepted in the community for a time and evidently improved the commercial health of Kirtland.[11] The capital base of the Society was the land owned under mortgage by Church members. The Society would issue notes to land owners and receive in return a mortgage on the land. This mortgage then became an asset against which additional notes could be issued. Although "the capital structure of the Mormon bank was unquestionably weak, . . . apparently a large segment of public opinion received it favorably and did not regard it as unusual."[12]

7. The condition of the Society declined as a spirit of speculation swept through the membership and leadership of the Church itself[13] and as the financial condition of the state and nation exerted great pressure on all banks.

8. Joseph Smith withdrew from association with the bank sometime before 7 July 1837[14] and warned the Saints against accepting the bills of the Society as, he said, "I know them to be detrimental to the best interests of society, as well as to the principles of religion."[15]

9. The Kirtland Safety Society failed in the summer of 1837, and those holding its notes were unable to recover any of the face value.

10. The failure of the bank caused a great amount of criticism outside the Church and bitterness among Church members. Even some of the Twelve Apostles used it as justification for misconduct in office.[16]

Areas of Disagreement. If there is general agreement with regard to the above statements, there is general disagreement in other areas. A partial list of the areas of disagreement would include the following:

1. What were the motives for beginning the Kirtland Safety Society?
2. What responsibility did Joseph Smith share for the failure of the bank?
3. What was the financial strength of the bank relative to other banks of the area in that period? Was it typical?
4. Did the bank fail because it was caught in events beyond the control of its management, or did it fail because it was mismanaged?
5. What significance does the failure of the Kirtland Safety Society have within the context of Mormon history? Does it "prove" anything?

It is not pretended that definitive answers to all or any of these questions can be developed in this paper, but it is hoped that an examination of the events surrounding the story of the Mormon bank will throw some light on them. At this point, it might be useful to outline the history of American banking during the first few decades of the nineteenth century.

Economic America: 1800–1840

General Economic and Social Background. The three decades prior to 1838 were particularly crucial ones in the economic growth of the United States. It was during this period that the nation's economy began to accelerate and industrialization was born.[17] Along with these rapid changes in economic life, the country was also undergoing profound adjustments in social outlook. The Jeffersonian ideal that life, liberty, and the pursuit of happiness were best attained by the yeoman farmer was being replaced. New immigrants were coming from Europe who had more aggressive economic motives than did their predecessors in the previous century, and people were greatly excited by the prospects of becoming rich. Writing about this period, Bray Hammond noted that

> Liberty became transformed into *laisser faire.* A violent, aggressive economic individualism became established. The democracy became greedy, intolerant, imperialistic, and lawless. It opened economic advantages to those who had not previously had them. . . . Wealth was won and lost, lost and won. Patient accumulation was condemned. People believed it was not what they saved but what they made that counted. . . . Among men of every age and every position in society, through all grades was the same all-pervading, all-engrossing anxiety to grow rich.[18]

Thus, the Jacksonian Revolution signified that the traditional, conservative methods of business and banking were no longer acceptable to Westerners eager to reap personal profit from the rapidly developing frontier. In particular, the Westerner rejected the methods and advice of much more conservative eastern capitalists. The feeling was that anyone in America could get rich through his own efforts—if he had a little luck.

It is no surprise that under such conditions, where raw materials and labor were readily available, where entrepreneurial talent was abundant, the limiting factor on productive growth would be a shortage of capital. As Herman Krooss summarized it, "As a general proposition, the American economy was characterized by a chronic shortage of capital and capital funds."[19] It was this insatiable demand for capital funds that spurred the rapid growth of financial intermediaries in the western states prior to 1840.

Speculation and Inflation. The general rate of economic expansion in the United States was comparatively slow until the 1820s. Thereafter, it picked up momentum and increased rapidly until brought to an end by the crash in 1837.[20] In the southwest and northwest, speculative land sales grew tremendously, reaching a peak in 1836.[21] In addition to overtrading in land, "speculations in unimproved town lots, mines, and every description of rash undertakings increased at the same rate."[22] The whole nation was in a fever of expansion and excitement stimulated by streams of immigrants and capital goods pouring in from Europe. The situation was well summarized by J. M. Balestier when he wrote that

> so utterly reckless had the community grown that they chased every bubble that floated in the speculative atmosphere; madness increased in proportion to the foulness of its ailment; the more absurd the project, the more remote the object, the more madly they were pursued. The prairies of Illinois, the forests of Wisconsin, and the sand-hills of Michigan, presented a chain almost unbroken of supposititious villages and cities. The whole land seemed staked out and peopled on paper. If a man were reputed to be fortunate, his touch, like that of Midas, was supposed to turn everything into gold, and the crowd entered blindly into every project he might originate.[23]

Western Banking

Growth of Western Banks. The net effect of all this speculative madness was to induce an unprecedented inflation of bank credit, which, in turn, further encouraged speculative activity. In 1790 there were only three commercial banks in the United States with a total capital of $2,100,000; by 1829 this had increased to 329 banks with $110,000,000; and by 1837 it had reached 788 banks with capitalization of $290,000,000.[24]

Andrew Jackson's veto of the Bank Recharter Bill in 1836, which ended the life of the Bank of the United States, helped to bring matters to a climax. Although certainly not a perfect institution, the Bank had helped to impose some restraint on a fundamentally weak and unstable American banking system. With the demise of the Bank, one didn't have to be a prophet to agree with the editor of *Nile's Register* that "the rag system will become as perfect as ever it was after the restraining power of the bank of the United States shall cease—every nook and corner of our country will again have its own rag shop and currency."[25] Thus, in addition to a tremendous increase in the number and capitalization of state banks, note circulation more than doubled between 1830 and 1837. Loans and discounts increased from less than $200 million to over $500 million.[26] Banks were able and willing to meet the demand for money by the simple process of exchanging the notes of a bank for the promissory note or bill of exchange of a firm or individual, i.e., by exchanging one kind of debt for another. The evidence of a bank's debt had general acceptability as a medium of exchange; the evidence of a firm's or individual's debt did not. Thus, by monetizing private debt, the growing demand for money was met.

The specific motives for establishing banks varied considerably. In some cases, state governments encouraged the formation of banks, since they helped promote commerce and facilitated the raising of funds for public works. The Federal government also encouraged the inflationary expansion of state banks by accepting their notes in payment for public lands and by building up their reserves through the deposit of public moneys. In addition, the upsurge of laissez-faire encouraged the notion that anyone had the right to engage in business and banking. And finally, in areas where capital was particularly scarce, there was great public demand for long-term loans on poor security, and hence a great increase both in banks and in the issuance of notes. Because of this demand, and because in the more backward regions there was a general ignorance of banking principles and procedures coupled with laxity in the enforcement of those banking laws that existed,

> unstable banking moved with the frontier. There the demand for credit was linked to investment in fixed capital which often combined high potential productivity with high risk. . . . During the 1830s boom-and-bust banking was particularly prevalent in two regions, one bounded by upstate New York, Ohio and Michigan, and the other on the southern frontier. . . .[27]

In addition to banks started in response to the demand for capital and an economic need for their services, there were some that were started with the motive of reaping a quick profit and getting out. Schemes were concocted by men without capital seeking to obtain credit which would be denied by legitimate sources. Those who were desperately in debt often believed that the best way to escape their difficulties was to join together with other debtors and make a bank. The result was a number of amusing and sometimes tragic episodes. The term "wildcat" banking, for example, arose from the practice of locating redemption offices in inaccessible spots such as the depths of a forest where there were few human habitations "but plenty of wildcats." Promoters of this kind of bank were little more than counterfeiters since they had no intention of running a regular banking institution. However, these people were in a very minor position in the banking structure of the time, and in spite of the implication to the contrary of some writers of history, "their importance should not be exaggerated, since quantitatively they probably were not of great significance."[28] "The fundamental reason for the growth of banks was the urgent need for credit in a nation that was experiencing rapid economic growth brought on by technological changes and the establishment of new industries."[29]

Bank Failures. There were many bank failures during the 1830s, but the exact number will likely never be known. This scarcity of data was lamented by John Jay Knox in 1900. "The losses to the public under the various state systems of banking were undoubtedly large, as may be gathered from the detailed history of the several states. Exactly how large will never be known, because the records of the period, in this respect, are surprisingly incomplete."[30] From the few sources available, Knox concluded that "it is probable that the loss to note holders was about five percent, per annum, and the losses to depositors and stockholders cannot be definitely ascertained."[31] "The losses from the failures of the banks under these ill-advised systems of banking have never and will probably never be calculated. On November 1, 1836, eighty-nine state banks held over forty-nine millions of public deposits and twenty-six millions of individual deposits. They had outstanding about forty-six millions of dollars in circulation. In less than a year all but six of these had suspended."[32] In summary, some indication of the failure record of state banks during this period can be gleaned from the comment by Trescott that "nearly one-half of the banks formed between 1810 and 1820 failed before 1825, and a similar proportion of the banks formed between 1830 and 1840 closed by 1845."[33]

Why Banks Failed. Some banks failed because they were never meant to succeed. It is not hard to find cases of outright fraud and dishonesty in bank failures of the period. For example, Michigan's free-bank act of 1837 provided that any person or resident of the state desirous of establishing a bank might do so. The result was a system under which some "bankers" spent most of their energies in outwitting examiners rather than in conducting useful banking activity. In at least one case, a bank filled its specie kegs with glass, lead, and ten-penny nails, topping these materials off with silver to fool the examiners.[34]

The more usual case was bank failure as the result of imprudence and inexperience rather than outright dishonesty. Entry into banking was easy, and frequently the officials of a failed institution would plead as a defense, as managers of a Massachusetts bank did, that they were "not themselves capitalists, nor men of previous experience in banking; and acquired their first knowledge of its rules and principles in this comparatively humble institution."[35]

But these were strictly minor reasons for bank failures during the first half of the nineteenth century. Most economic historians do not believe that banks at that time were usually operated by unprincipled men for selfish ends. More typically, it is the consensus that the instability of bank credit was inherent in the structure of the banking system and involved factors beyond the control of individual banks. The main flaw in state banking in the 1830s was that it was predominantly a rural institution and had little liquidity or shift-ability. In the large cities of the East, loans could be liquidated—that is, turned into cash quickly—by simply calling for payment, but this could not be done in the outlying areas. This viewpoint is nicely summarized by Herman Krooss:

> The basic weakness of most state commercial banks lay in the fact that they were attempting to do a commercial banking business on the basis of savings bank assets that could not be easily turned into cash. Only in the large

> cities were banks able to carry on genuine commercial banking, for only where industry was located could banks make enough short-term commercial loans to maintain liquidity. In small towns and country districts, banks made long-term loans against farm mortgages and issued short-term liabilities in the form of bank notes to borrowers. The borrowers, in turn, used the bank notes to purchase commodities—mostly capital goods—from industrial and commercial centers. When the notes were presented for redemption, the average state bank could not turn its assets into cash fast enough to meet these demands and found it difficult to maintain specie payments. Bank notes circulated at a discount and often became completely worthless.[36]

Thus, the reckless and inexperienced management of many state banks was combined with a scarcity of productive commercial loans to create a state banking system with grave weaknesses. As a consequence, most state banks fulfilled their functions at the expense of constant bank failures, violent business fluctuations, and enormous losses to noteholders and depositors.

Summary. It is difficult to overstate the chaos that existed in American banking during the first half of the nineteenth century. So little faith was had in the stock of new banks that some states made it illegal for religious and educational organizations to invest in them.[37] In fact, by the 1840s, the reaction to wildcat banking had become so strong that nine states made *all* banking illegal.[38] Experience with banking instability led one prominent journalist to remark in 1833 that "banks were the principal source of social evil in the United States," and found expression in the hope of James Guthrie, Secretary of the Treasury, that the production of gold in California would shortly enable the country to dispense entirely with bank money.[39]

On the other hand, admitting that banking during this period was inefficient, many students of American economic development contend that in the long run it acted to promote growth. Studenski and Krooss, in their definitive *Financial History of the United States,* state that "inefficient Banking had some advantages. It was one of the roots of prosperity as well as pain, and it is questionable whether a conservative banking policy would have made possible the rapid economic development of the West which took place under loose banking."[40]

The Crash of 1837

Bank Failures. Like many other banks, the Kirtland Safety Society went under in the great crash of 1837. This depression, which had national and international repercussions, hit particularly hard in the state of Ohio. Ohio banks, with one exception, refused to pay their notes during the emergency.[41] The situation became so serious that the Ohio legislature, in December of 1837, by resolution required the auditor of the state to obtain from state banks general statements as to their condition. One of the questions asked was, "What were the causes which led them to suspend specie payments?" In response the cashier of the Lancaster, Ohio, bank replied in a summary which was accepted as a rationale for most of the other banks:

> At the time the Ohio banks declined the redemption of their bills with specie, they were apprised that the banks of the states North and South, East and West, had generally, if not universally, suspended specie payments. The Ohio banks were well aware that a continuance of specie payments, under such conditions, would subject them to heavy and constant drafts on their coin; and that, too, by banks of other states, which had closed their doors to this mode of payment. They deemed it gross folly—nay, worse, highly criminal, to continue a course of operation which must result in abstracting, to their full amount, the precious metals from Ohio, while so far as they could see, no corresponding benefit would result therefrom. In this condition of the monetary affairs of the country, and with the further embarrassment arising from the refusal of the land offices to receive bank paper in payment of the public lands, the Ohio banks felt it to be an imperative duty to adopt the course they did, for the purpose of guarding against consequences which they foresaw must prove fatal to the banks and disastrous to the best interests of the state.[42]

Crisis in State Finances. The severity of the depression is illustrated by the fact that, in addition to nearly universal failure of the state banks to redeem their notes, the state government itself was in dire financial difficulties. The state was engaged in numerous building activities, having been swept up in the canal-building mania of the time, and had sold securities to the public to gain funds. In addition, it had borrowed over a million dollars from two of the larger state banks with which to continue the work. During the crisis, the state found itself unable to meet its obligations.[43] In the legislature, opposition to the canal projects expressed itself in a desire to repudiate the debts, but eventually the credit of the state was saved by a Mr. Alfred Kelly, who personally raised a quarter of a million dollars to tide things over.

Thus, not only was the state banking structure put in a difficult position by the crash, but the financial strength of the state of Ohio itself was unable to weather the storm. The net result of the lessons learned during this period was the passage, in 1845, of reform banking legislation establishing requirements for those wishing to engage in bank operations.

Conclusions

The purpose of the above discussion has been to lay a firm groundwork for dealing with areas in which there is not general agreement concerning the historical implications of the failure of the Kirtland Safety Society. In this part of the paper an attempt will be made, first, to deal with one of the most scholarly of the works dealing with the events under discussion by

Dr. Robert Kent Fielding, and secondly, to tie the analysis back into the five areas of disagreement outlined at the beginning of this paper.

The Fielding Thesis. In 1957 Robert Kent Fielding completed a well-written and scholarly thesis entitled "The Growth of the Mormon Church in Kirtland, Ohio" as part of the requirements of the doctoral program at Indiana University.[44] A large chapter in his work is devoted to a study of the Kirtland Safety Society, and a number of students of Mormonism have expressed some dissatisfaction with the treatment accorded the early leaders of the Church. This writer tends to side with the critics rather than with the supporters of Fielding's work, even while acknowledging that his work is carefully done and well supported by the data he has selected. Disagreement is not so much with the evidence Fielding presents but with the conclusions that he draws. Specifically, he makes the following assertions:

1. A basic cause of the relatively desperate financial condition of the Church was that it had undertaken obligations beyond its ability to pay.

The implication of this statement is that the leadership of the Mormon Church was less prudent than other managers of organizations at the time. Yet, undertaking financial obligations beyond the ability to pay was almost the national pastime during the first half of the nineteenth century. The booster element in American society wanted to accomplish "everything," and wanted it done as soon as possible. As a result, states, municipalities, and business organizations regularly undertook projects beyond their ability to pay and also regularly defaulted on their obligations. The situation of the Church was typical for the time and place.

2. The position of the Mormon merchant was particularly difficult, with goods both bought and sold on credit, and the constant fear of failure through insufficient funds to pay obligations.

Again, the implication is that the situation of Mormon merchants was *relatively* worse than other merchants of the time. Yet careful study of the development of marketing institutions in the United States shows that the situation Fielding describes was very common during the period under consideration. The general store was the typical retail outlet, and farmers were the typical customers. Because farm income tends to come in an annual lump, it was the custom to establish long lines of credit down the distribution line from manufacturer to the final consumer, and the representative frontier merchant did, indeed, buy and sell goods on credit. Professor Theodore Marburg, writing on "Marketing and Trade before 1865," notes that "a large portion of sales were charged on open book account, with a closing of the books taking place only once a year. Such infrequent settlement was suited to the shortage of cash and the confused currency conditions prior to 1865. But the extension of credit to purchasers added to retailing costs and it increased the local merchant's dependence upon credit from jobbers."[45]

3. The Kirtland Safety Society was "the child of desperation" which was to solve all the problem of debts, credits, capital needs, unemployment, etc.

Again, there is nothing unusual in the situation as described for the time and place in question. Many frontier banks were organized for just the purposes described. It should be kept in mind that the techniques of running a bank were often not well known by people who organized them, and that a bank was considered by many a frontier community to be the agent of salvation for their problems. After all, these people were rich, if we measure the value of the farm-land they owned. The problem was that many frontier bankers lacked a firm understanding of the problems they were creating by using this agricultural land as the basis for distributing redeemable notes.

4. The bank was organized from the beginning without a hope of success. "To a banker, the articles fairly shouted: 'This is a wildcat, beware!'"

This is nonsense! The question of whether the bank had a hope of success was dependent on a great number of factors, including the national and state economic climates. Certainly, the founders believed that it had a hope of success, based on experience over the previous decade, or they would not have organized it! As for the Kirtland Safety Society's being a wildcat bank, the charge is wrong by definition. A wildcat bank was one in which the managers of the bank made a deliberate effort to evade paying off notes by making the place of redemption inaccessible to those trying to trade notes for specie. Certainly, the middle of Kirtland was not the best place to hide the headquarters of the Kirtland Safety Society. If the principles of sound banking were not always known, the principles of wildcat banking were.

5. 1837 was not a good time to start a bank, and warnings to that effect were plentiful in the newspapers.

Mr. Fielding knows that and I know it, but I am not sure that the founders of the Kirtland Safety Society knew it. The prevailing atmosphere was one of optimism and not until the crash actually came did most people believe what was to be. The same argument can be stated with regard to the Great Crash of 1929; all indicators, in retrospect, indicate that something was liable to happen, yet the greatest minds of the country persisted in the notion that "we had reached a permanent plateau of prosperity."

6. The fall of the bank was not caused by the poor business conditions and bank failures of 1837, but by the poor judgment of its leaders and the lack of a firm economic base within the Mormon community.

This is the heart of Dr. Fielding's argument and one with which I must strongly disagree. Even a casual student of Mormon history must admit that the early leaders of the Church undertook tasks that "good judgment" would have cautioned them not to undertake. The sending of missionaries to England during the darkest hour of persecution; the building of the Kirtland Temple; the establishment of Nauvoo and the construction of its temple; the long trek west to the Rocky Mountains; the establishment of a viable independent economy in the isolation of Utah Territory—all were actions that more timid souls would not have undertaken. Combined with a willingness to take great risks in the hopes of great gains was a characteristic pragmatic philosophy that tried new things, and that turned to other programs when failures occurred. The historian can logically judge that the establishment of the Kirtland Safety Society was the result of poor judgment, but at the same time should acknowledge that given more favorable economic conditions it might well have succeeded—as did other even more difficult undertakings attempted by the early Mormon leaders. The establishment of the Kirtland Safety Society was one of many activities undertaken with the goal of establishing Mormonism on a solid footing in Western America. That it should fail given the circumstances is not particularly surprising. What is important is that after its failure, those responsible recognized their failure and tried again in other ways.

Areas of Disagreement. To return to the "Areas of Disagreement" referred to earlier, we can summarize the conclusions reached in this look into the economic and social environment within which the Mormon bank existed.

What were the motives for beginning the Kirtland Safety Society? Like most other banks of the time on the western frontier, the Mormon bank began because its founders were in desperate need of credit. There are, certainly, indications that they lacked knowledge and skill in banking, but on the other hand, there is no evidence produced to demonstrate that there was ever an intent to defraud. The Kirtland Safety Society was not a wildcat bank, but simply one of a great number of banks organized by men with little banking experience but with a lot of hope that a bank would help solve some of their problems.

What responsibility does Joseph Smith share for the failure of the bank? He seems to share in the failure with those others who were involved in its formation and early management. There is no need to shield him or any other early Mormon leader from association with its failure. The early history of the Church is one continuous struggle against opposition—and eventual success was preceded by many failures and disappointments. The failure of the bank indicates only that something was tried and that it failed, but little more. Certainly, Joseph Smith was partly responsible, but that fact should not be built into something more than it is.

What was the financial strength of the bank relative to other banks of the area in that period? Was it typical? A reasonable conclusion would be that the financial strength of the Society was not equal to all other banks at that time in Ohio, but that it was, within a broad range, somewhat typical of banks that failed to survive the Crash of 1837. It suffered, as has been shown, from the chronic difficulty of being based on agricultural land which could not be converted into specie to redeem notes, and this was typical for the time.

Did the bank fail because it was caught in events beyond the control of its management, or did it fail because it was mismanaged? The answers to both of these questions are positive. The bank was caught in events beyond the control of its management, and it was also mismanaged. Again, however, this was typical of banking at the time. Remembering that half the banks organized during the 1830s failed by 1845, it is obvious that it was a risky business. There were not many competent bank managers anywhere, certainly not many on the Ohio frontier; but even if endowed with superb management, it is doubtful that the bank could have survived the crisis of 1837.

What significance does the failure of the Kirtland Safety Society have within the context of Mormon history? Does it "prove" anything?

The conclusion here is that the failure of the Mormon bank has only passing significance insofar as Mormon history is concerned. The part played by Joseph Smith and early Church leaders was real, but to return to an earlier comment by Sir John Clapham, one's "statistical sense" would indicate that the failure of the Kirtland Safety Society was a very typical event for Ohio in 1837, when many other banks and the state itself were having grave financial difficulties, when the proper operation of financial institutions was not well understood, and when credit was in such short supply that banks were viewed as devices to somehow magically solve the universal problem of debt. A reasonable attitude would be to accept this particular effort as unsuccessful and admire those who failed for their ability to pick up the pieces and move on to greater effort and accomplishment.

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1. “When we take up a work of history, our first concern should be, not with the facts which it contains, but with the historian who wrote it.” Edward Hallett Carr, *What Is History?* (New York: Alfred A. Knopf, 1965), p. 24.

2. Sir John Clapham, “Economic History as a Discipline,” in Frederick C. Lane (ed.) and Jelle C. Riemersma (asst. ed.), *Enterprise and Secular Change* (Homewood, Illinois: Richard C. Irwin, 1953), p. 416.

3. Joseph Smith, *History of the Church of Jesus Christ of Latter-day Saints,* ed. B. H. Roberts, 7 vols. (Salt Lake City: Deseret News Press, 1960), 2:478. (Hereafter referred to as *H.C.*)

4. Robert Kent Fielding, “The Growth of the Mormon Church in Kirtland, Ohio” (Doctoral dissertation, Indiana University, 1957), p. 163.

5. *H.C.,* pp. 478–79.

6. *H.C.,* p. 479.

7. Fielding, p.177.

8. *H.C.,* p. 468.

9. Fielding, p.180.

10. *H.C.,* p. 473.

11. Fielding, p. 191.

12. Ibid., p .177.

13. *H.C.,* p. 487.

14. *H.C.*, p.497.

15. *H.C.*, p.507–8.

16. *H.C.,* p. 509–10

17. Douglass North, *The Economic Growth of the United States, 1790–1860* (Englewood Cliffs, N.J.: Prentice-Hall, 1961), p. 189.

18. Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, N.J.: Princeton University Press, 1957), p. 27.

19. Herman E. Krooss, *American Economic Development* (Englewood Cliffs, N.J.: Prentice-Hall, 1955), p. 206.

20. North, p. 190.

21. Ibid., p. 199.

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