

The Kirtland Economy Revisited: A Market Critique of Sectarian Economics

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—The Authors

INTRODUCTION

In early January 1838, Joseph Smith and Sidney Rigdon, leaders of the Mormon church, used the cover of darkness to flee Kirtland, Ohio, an angry mob at their heels. Behind them were disgruntled creditors, disillusioned Church members, and civil authorities who denounced them and sought to bring them to court. What had been a seemingly prosperous community made up largely of optimistic Mormons less than a year before, was now torn with faction—a village which most planned to abandon.

Events leading up to the “Kirtland disaster” have been reviewed many times and are generally well-known. The Mormons were a religious group which had immigrated to Ohio in 1831 after Joseph Smith had published the Book of Mormon, a work claimed to be a religious history of ancient America, and had founded under divine “revelation” a new church said to be the only true church of Christ. Mormon assertions met with opposition in western New York where the Church got its start, and the Mormons fled to Ohio where they made several thousand converts and exerted increasing influence on local affairs in Geauga County. At Kirtland the Mormons experimented with communitarianism, developed a theology which largely repudiated Calvinistic

determinism, effected an active lay priesthood and lay missionary program, and sought to develop a closely integrated community where religious values permeated every aspect of life. By 1837 the community seemed fairly stable and secure, but due to events which this work explores at length, the Mormons began quarreling among themselves and many soon challenged the prophetic leadership of Joseph Smith.

Prevailing historical interpretation holds that the Kirtland “disaster” was due to general economic collapse which was precipitated by the failure of the Kirtland Safety Society Bank, a banking experiment initiated by Joseph Smith and others in the fall of 1836. It is generally held that the banking failure and the subsequent inability of Smith and his church to meet their economic obligations grew out of more complex causes: (1) Kirtland was not a viable economy—it was incapable of supporting either the rising population or the economic activities of the the Church leaders, a weakness which should have been apparent to Joseph Smith beforehand. (2) Smith and other leaders were involved in reckless land speculation which caused rapid increases and then devastating declines in land prices. (3) Smith was hopelessly and irresponsibly in debt.

With but few exceptions, historians who have argued in this fashion have viewed Kirtland as a test case, arguing that the banking fiasco proves the fallibility of the Prophet. James H. Kennedy, one of the earliest students to write a book-length study of Kirtland,¹ illustrates the tendency historians have had to judge and moralize about Mormonism while recounting the banking failure. In an address before the Oneida Historical Society of Utica, New York, in 1890, Kennedy affirmed that Joseph Smith’s early career evolved amidst “moral barrenness,” and that Oliver Cowdery, David Whitmer, and Martin Harris, the three witnesses to the Book of Mormon, “were in truth three corner stones of a huge edifice of religious fervor, sad delusion and cunning fraud, of which Joseph Smith was the fourth.”² Inevitably, Kennedy traced out his theory of fraud and deception in his account of the decline of Kirtland. With indignation he characterized it as “bad management, a haste for riches that outran the resources of capital at command; a bank, that, in defiance of law, issued worthless scrip that was hardly meant to be redeemed.”³

1. James Harrison Kennedy, *Early Days of Mormonism* (New York: Charles Scribner’s Sons, 1888).

2. James Harrison Kennedy, “The Three Witnesses of the Book of Mormon,” *Magazine of Western History* 11 (March 1980): 464.

3. Kennedy, *Early Days of Mormonism*, p. 153.

In 1902 William Alexander Linn published *The Story of the Mormons* which remained the major work on Mormonism with many university professors into the middle 1950s. Linn began his work with the affirmation that his “search has been for facts, not for moral deductions,” but added significantly “except as these present themselves in the course of the story.” A central theme of his book is that the Mormon Kingdom was a menace to Americans, that the Church “does not conceal its purpose to rule the whole nation.” As a religion Mormonism is not to be taken seriously, for they are a people governed by “religious imposture,” their founder “a lad of low birth, very limited education and uncertain morals; its beginning so near burlesque that they drew down upon its originators the scoff of their neighbors.” This same tone pervades his account of the banking which he sees as a “scheme” to evade the anti-banking law of 1824. Because of the financial irresponsibility of Mormon leaders, it is “no wonder they could not maintain church unity.”⁴

In Fawn Brodie’s 1946 biography of Joseph Smith, entitled *No Man Knows My History*,⁵ she insists that the “bank was expected to solve the problem of debts by the beguilingly simple expedient of stamping out new notes. Whenever possible, these notes were to be exchanged for hard money.” Brodie says that “at any time other than the mid-thirties such a plan would have been mad.”⁶ She takes at face value the charges of bitter Mormon apostate Cyrus Smalting that Smith filled his money boxes with sand, lead, and old iron, quoting one such witness that the boxes “created general confidence in the solidity of the bank and that beautiful paper money went like hot cakes. For about a month it was the best money in the country.” Brodie says that “from its beginning the bank had been operating illegally,” and stresses the number of times that Smith was arrested as a result of his banking activities and his debts.⁷

Robert Kent Fielding in a Ph.D. dissertation at Indiana University in 1957 sees the bank as a “child of desperation,” and Kirtland’s economy as unproductive and deficient.⁸

4. William Alexander Linn, *The Story of the Mormons* (New York: Russell & Russell, 1902), pp. v, 1, 7, 151, 153.

5. For earlier comments by one of the authors on Brodie’s biography of Joseph Smith see Marvin S. Hill, “Secular or Sectarian History?: A Critique of *No Man Knows My History*,” *Church History* 43 (March 1974): 78–96.

6. Fawn Brodie, *No Man Knows My History* (New York: Alfred A. Knopf, 1946), p. 194.

7. *Ibid.*, pp. 197, 198, 199–204.

8. Robert Kent Fielding, “The Growth of the Mormon Church in Kirtland, Ohio” (Ph.D. diss., Indiana University, 1957), pp. 163, 167–79, 174, 182, 203, 205.

Pro-Mormon writers have not avoided moralistic condemnation of the Kirtland failure, although they have avoided negative conclusions regarding Smith's prophetic calling. B. H. Roberts in his *Comprehensive History of the Church* accuses the Mormons of "reckless speculation" and "folly and sin." He says that the collapse of Kirtland came as a result of the "pride and worldly mindedness among the Saints."⁹ More recently, Max Parkin, in a study of Kirtland for the LDS seminaries and institutes maintains that economic reverses in Kirtland were due to the "unsound speculations in land and credit buying." Parkin insists that "false prosperity" caused the Saints to become "haughty in spirit, and lifted up in the pride of their hearts."¹⁰

It is our contention that moral judgements 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, and believe that all parties to the business arrangements in question participated because they believed that they would benefit from the results. Previous historical accounts of the Kirtland economy 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.

I. VIABILITY OF THE KIRTLAND ECONOMY

The charge that Kirtland had a nonviable economy and was therefore incapable of supporting either the rising population or the economic activities of the Church leaders plays a major role in the thesis of Kent Fielding, who declares that "the economic and financial condition of the Church ought to have been a matter of great concern to Kirtland's leaders. An examination . . . would have disclosed several areas of great weakness which, unless strengthened, were likely to break down altogether and plunge the Church in economic ruin. " Kirtland, he

9. B. H. Roberts, *A Comprehensive History of The Church of Jesus Christ of Latterday Saints*, 6 vols. (Salt Lake City: Deseret News Press, 1930), 1:398, 402.

10. Max H. Parkin, *Conflict at Kirtland* (Provo, Utah: LDS Department of Seminaries and Institutes of Religion, 1967), p. 171.

says, “lacked the basic system of productive activity necessary to a thriving city.”¹¹

Fielding maintains that “Mormon agriculture was virtually undeveloped.”¹² He argues that of the 15,000 acres in the Kirtland township, the Mormons owned only 1,700 acres in 1836, and that this acreage included only thirty parcels of “farm-size.” It is unclear how he derived the total acres owned by Mormon families since no complete membership records exist for that period; furthermore, he fails to define what constitutes “farm-size.” By the time Joseph Smith arrived in Kirtland, late in 1831, there may have been as many as 100 members there.¹³ In addition, we know that the number of families paying personal property taxes increased from 128 in 1830 to 181 in 1834 and 246 in 1836.¹⁴ It is not unreasonable to assume that most of the new families were Mormon. Thus, by 1836 there may have been as many as 130 Mormon families in Kirtland. Even if we accept Fielding’s figure of only 1,700 acres owned by Mormons—and we know of no evidence to substantiate it—the average holding per family would have been just over thirteen acres. While we know of some larger Mormon farms,¹⁵ most farms in Kirtland were undoubtedly small, family farms, but that does not prove that “Mormon agriculture was . . . undeveloped.”

Fielding also contends that the “Mormon weakness in agriculture was not compensated for by industrial development,”¹⁶ and that “without some industrial potential they could not hope to support a large population.”¹⁷ His concern stems not from the lack of industry in Kirtland, which he admits “had been well developed by 1836,” but from the fact that the Mormons did not control the important industries. “Had they been owned by the church,” he insists, they “would have furnished

11. Fielding, “Growth of the Mormon Church,” pp. 163, 167.

12. *Ibid.*, p. 167

13. This estimate is found both in Fielding, “Growth of the Mormon Church,” chapter 2 and Marvin S. Hill, “The Role of Christian Primitivism in the Origin and Development of the Mormon Kingdom, 1830–45,” (Ph.D. diss. University of Chicago, 1968), pp. 122–23..

14. Geauga County, Ohio, “Real and Personal Prooperty Owners’ Tax List, 1830–40,” Genealogical Society Library, Salt Lake City, Utah.

15. Mormons who were among the large-farm holders in Kirtland were Isaac Morley, William Marks, Newell K. Whitney, Joel Johnson, John Johnson, Edmund Durfee, John Tanner, and Frederick G. Williams.

16. Fielding, “Growth of the Mormon Church,” p. 168.

17. Robert Kent Fielding, “The Mormon Economy in Kirtland, Ohio,” *Utah Historical Quarterly* 27 (October 1959):340.

an excellent economic base from which to expand as population grew.”¹⁸ Fielding fails to consider how many Mormon workers may have found work in industries or businesses owned by non-Mormons. Some industries were indeed owned by Mormons, but Fielding provides no adequate means of determining how much “industrial development” was or was not enough.

To a considerable extent, the Fielding point of view is based upon a not uncommon twentieth-century view of preindustrial society which deprecates agricultural or commercial activities, and presumes that industrialization is essential for economic growth and viability—a view that has been seriously challenged by recent economic studies.¹⁹ If Fielding had been evaluating an “average” community for that period of time (1830–1840), it is likely that, applying his standards, he would have concluded it was nonviable. Income per capita in 1840, for example, was approximately \$90 per year. Family size was approximately 5.5 members per family, yielding a family income of around \$500 per year. Of all households, approximately 66 percent lived on farms, 23 percent lived in villages, and only 11 percent in cities. Of those engaged in market occupations, 70 percent were farmers with an annual income of \$140 per year. Only 14 percent were engaged in manufacturing, mining, or construction, with an average workday of around eleven hours.²⁰ By today’s standards, these data imply poverty and stagnation. In 1840, however, they represented one of the most rapidly advancing economies in the world and one which may have already achieved a higher standard of living than that of most European countries.²¹

The notion of “viability” as discussed by Linn, Brodie, Fielding, and others vaguely relates to the agricultural and industrial base of a community, but is never set forth in a manner lending itself to measurement

18. Fielding, “Growth of the Mormon Church,” pp. 168–169.

19. For this debate see Walt W. Rostow, *Stages of Economic Growth* (New York: Columbia University Press, 1960), chapters 2 and 4; Robert W. Fogel, *Railroads and American Economic Growth* (Baltimore: Johns Hopkins Press, 1964), chapter 4; Douglas C. North, “A Note on Professor Rostow’s ‘Take-Off into Sustained Economic Growth,’” *Manchester School of Economic and Social Studies*, 26 (1957–58):68–75; Albert Fishlow, “Empty Economic Stages,” *The Economic Journal* 75 (March 1965): 112–25.

20. Lance E. Davis, et al., *American Economic Growth* (New York: Harper & Row, 1972), chapter 2.

21. *Ibid.*, and Robert W. Fogel and Stanley L. Engerman, *The Reinterpretation of American Economic History* (New York: Harper & Row, 1971), chapter 2.

or verification. Presumably, “viability” is a condition related to the growth of real income per capita, but these critics have not specified when a growing frontier community has a sufficient or insufficient level or rate of growth. In any case, the available evidence is too fragmentary to support an unequivocal conclusion regarding the economic viability of Kirtland. But there exists a considerable amount of related information—perhaps sufficient for a tentative conclusion.

In Ohio, the decade from 1830 to 1840 was of rapid economic growth and rising population. By 1832 the state had completed 309 miles of the Ohio Canal and continued to extend the system throughout Ohio until it reached over 800 miles.²² The general westward migration, and the new markets and construction associated with the canal led to rapid population expansion. Huntington concludes that this decade “witnessed the beginning of a new of progress,” during which:

the population of Ohio increased much more rapidly . . . than it had during the 1820s. From 1830 to 1840 the population of the United States increased by 32.7 percent. During the same period the population of Ohio increased by 62 percent. . . . The total gain of population in Ohio from 1830 to 1840 was 581,564, a number greater by more than 50,000 than its gain for any other decade during the century. . . .²³

By the end of the decade, Ohio ranked third in the nation in population,²⁴ and first in the production of wheat and corn.²⁵ Table 1 shows that population in Ohio’s principal cities doubled during this decade.

It is possible, of course, that Ohio in general experienced growth, but that the region around Kirtland (known as the Western Reserve) did not share in that growth. The evidence, however, suggests otherwise.

Francis Weisenburger describes this region as an “excellent dairy country” that “enjoyed such a wide and important trade [in dairy products] that it is properly called ‘cheesedom.’” He notes that “considerable quantities [of sheep] were sheared annually in the meadows of

22. Warren Jenkins, *The Ohio Gazetteer and Travelers Guide* (Columbus, Ohio: Isaac N. Whiting, 1837), pp. 528–30.

23. C. C. Huntington, “A History of Banking and Currency in Ohio Before the Civil War,” *Ohio Historical Quarterly* 24 (1915):353.

24. Francis P Weisenburger, *The Passing of the Frontier*, vol. 3 of *The History of Ohio*, ed. Carl Wittke (Columbus, Ohio: Ohio State Achaeological and Historical Society, 1941), p. 4.

25. Huntington, “Banking and Currency in Ohio,” p. 353.

the Western Reserve. . .” and that the production of maple sugar was a significant industry, with the principle center in Geauga County.²⁶

The Western Reserve may have lagged behind the more productive region of middle and southern Ohio, but the completion of the Ohio Canal to Cleveland in 1833 gave a stimulus to this region that by 1840 almost tripled the population of most existing towns and, as Table 2 shows, increased the volume of trade in wheat and flour tenfold.

Table 1
Population of Selected Ohio Cities, 1830–1840

City	Population	
	1830	1840
Canton	1,257	3,299
Cincinnati	24,831	46,338
Cleveland	1,076	6,071
Columbus	2,435	6,048
Dayton	2,950	6,067
Lancaster	1,530	3,272
Newark	999	1,433
Springfield	1,080	2,062
Warren	501	1,996
Zanesville	3,094	4,766
	39,753	81,352

SOURCES: U.S., *Fifth Census: or, Enumeration of the Inhabitants of the United States, As Corrected at the Department of State, 1830* (Washington, D.C.: Duff Green, 1832), pp. 118–43.

U.S., *Sixth Census: or, Enumeration of the Inhabitants of the United States, As Corrected at the Department of State, 1840* (Washington, D.C.: Blair and Rives, 1841), pp. 289–344.

Table 2
Growth of Revenue And Trade from the Ohio Canal 1832–40

Year	Trade at Cleveland		
	Total Canal Revenue	Wheat (bu.)	Flour (bu.)
1832	\$ 79,982	288,722	54,404
1833	136,555	386,760	98,302
1834	164,488	333,868	105,326
1835	185,664	387,232	132,319
1836	211,823	464,756	167,539
1837	293,428	549,141	203,691
1838	382,135	1,229,012	287,465

26. Weisenburger, *Passing of the Frontier*, pp. 11, 71–74.

1839	423,599	1,515,320	264,887
1840	452,122	2,155,407	505,461

SOURCES: Total revenue—C. C. Huntington and C. P. McClelland, *History of the Ohio Canals* (Columbus: Ohio Historical Society, 1905), pp. 168–172.

Trade at Cleveland—Harry N. Scheiber, *Ohio Canal Era: A Case Study of Government and the Economy, 1820–61* (Athens, Ohio: The Ohio University Press, 1969), p. 193.

Given the location and similarity of Geauga County with that of the region, there is no reason to believe that it experienced a pattern of growth significantly different from the surrounding area. Indeed, a description of Geauga County from *The Ohio Gazetteer and Travelers Guide* (1837) implies that it was representative of the Western Reserve region.

The soil is generally good, tolerably well-watered and heavily timbered. . . . The county generally is under a good cultivation and produces grain of all kinds, cattle, sheep, pork, beef, butter, cheese, and iron castings in great abundance.²⁷

Table 3 shows that the rapid population growth which was characteristic of the region and state was also taking place in Geauga County.

The above information suggests our contention that the decade of the 1830s was one of rapid growth for Ohio and Geauga County in general, and helps place Kirtland's experience in perspective. It says nothing, however, as to the viability of the Kirtland economy itself, a matter we need now to consider more directly.

Numerous comments by contemporary observers, while insufficient evidence in and of themselves, suggest that the Kirtland economy was indeed experiencing a new era of growth and optimism. In January 1837, Oliver Cowdery, editor of the *Messenger and Advocate*, gave the following description of economic conditions in Kirtland.

Our streets are continually thronged with teams loaded with wood, materials for building the ensuing season, provisions for the market, people to trade, or parties of pleasure to view our stately and magnificent temple. Although our population is by no means as dense as in many villages, yet the number of new buildings erected the last season, those now in contemplation and under contract to be built next season, together with our every day occurrences, are evincive of more united

27. Jenkins, *Ohio Gazetteer*, p. 199.

exertion, more industry and more enterprise than we ever witnessed in so sparse a population. . . .²⁸

Later, in July 1837, his brother Warren recalled the optimism which existed during 1836 and the first half of 1837:

The starting up . . . of building in every direction around us, were evincive to us of buoyant hope, lively anticipation, and a firm confidence that our days of pinching adversity had passed by . . .²⁹

Table 3
Population of Selected Towns in Geauga County, 1830 and 1840

Town	Population	
	1830	1840
Auburn	428	1,198
Bainbridge	439	988
Batavia	336	771
Burton	646	1,022
Chardon	881	1,064
Chester	550	962
Claridon	637	897
Concord	979	1,136
Hambden	530	840
Huntsbury	449	911
Madison	1,898	2,800
Mentor	703	1,245
Montville	226	567
Munson	354	1,263
Newbury	594	1,209
Painesville	1,499	2,580
Parlsman	732	1,181
Perry	1,148	1,339
Russel	115	742
Thompson	737	1,028
Lake County (formed from Gauga and Cuyahoga Counties in 1840)		13,719
Gauga County	15,813	16,197
Cuyahoga	10,373	26,506
	26,186	56,522

28. Oliver Cowdery in *Messenger and Advocate* 3 (January 1837):444.

29. Warren Cowdery in *Messenger and Advocate* (3 June 1837):520. This statement appears in the June issue but due to “a time of causes, and a combination of circumstances” the June issue appeared in July.

SOURCES: U.S. *Fifth Census: or, Enumeration of the Inhabitants of the United States, As Corrected at the Department of State, 1830* (Washington, D.C.: Duff Green, 1832), pp. 118–43.

U.S.: *Or, Enumeration of the Inhabitants of the United States, As Corrected at the Department of State, 1840* (Washington, D.C.: Blair and Rives, 1841), pp. 289–344.

The observations of visitors to the village and those who had recently returned, agreed with Cowdery's appraisal and contradict the claims of Fielding and others that only the temple construction provided a source of employment.³⁰ A visitor to the city in June 1837, said that the region was hilly and "broken" yet not unproductive. Mormons, he said, "owned the land for two square miles, and it was well watered with many mills making use of the water power. Houses were small, made of wood."³¹ A few months earlier Jacob K. Butterfield wrote to his wife that there was no lack of work in Kirtland, that "opportunities were better than they had been in Maine, and wages were good for common labor, ranging from \$12 to \$40 a month." The people are industrious, he said, the land broken but good.³²

When Wilford Woodruff returned from his mission in November 1836, he found Kirtland vastly changed, now prosperous, "with the sound of ax and hammer heard everywhere, and walls and dwellings going up all around."³³ In January 1837, Willard Richards wrote to his sister that there were no fancy buildings in Kirtland (except for the temple) but many "small, framed houses, with new ones going up almost every day. Carpenters and joiners," he said, "command any price."³⁴

Comments from Painesville gave a similarly optimistic impression of business expansion for that neighboring community.

In contrasting the present village of Painesville [1836] with what it was three or four years since, our mind is led to inquire what has produced this busy hum of business which now salutes our ears? We believe it to have been produced from none but natural causes. . . . In 1832, our population was about 400. Now within the corporate limits, we have

30. Fielding, "Mormon Economy," pp. 341–42.

31. "Early Notices of the Mormons, 1833–38," Collection of Miscellaneous Sources (June 1837), Wisconsin Historical Society, Madison, Wisconsin.

32. Jacob K. Butterfield to his wife, Persis Butterfield, 4 November 1837, Jacob K. Butterfield Collection, Utah Historical Society, Salt Lake City, Utah.

33. Journal of Wilford Woodruff, 25 November 1836, Church Archives.

34. Willard Richards to Hepsibah Richards, 20 January 1837, Willard Richards Letterbook (1821–1843), Church Archives.

about 1,100. In 1833 there were but eight stores and shops. There are now eighteen merchant stores. . . .³⁵

What evidence is there that this impressionistic comment is anything more than an illusion? Earlier we noted that the information required for a precise conclusion (the profitability of farms and mercantile and manufacturing enterprises; the level of wages and prices of commodities; and the volume of imports and exports) is not currently available. However, Tables 4 and 5 are descriptive comparisons of some important features of Kirtland and of neighboring Painesville for 1836. Fielding claims that a “further weakness in the Mormon economy was to be found in the proliferation of merchants,”³⁶ yet Painesville’s population, which was only about 500 more than Kirtland’s (2500 to 2000) supported eighteen dry goods stores to Kirtland’s nine. At the same time, Painesville claimed only two manufacturing establishments to Kirtland’s twelve. It may be recalled that Fielding, while expressing concern over the lack of industrial development in Kirtland, acknowledged that “Kirtland’s industrial capacity had been well developed by 1836.”³⁷ It is also important to remember that in the first half of the nineteenth century, “industry” referred primarily to small shops that were engaged in tanning, milling, etc.³⁸

35. Parkin, *Conflict at Kirtland*, p. 160.

36. Fielding, “Mormon Economy,” p. 341.

37. Fielding, “Growth of the Mormon Church,” p. 168.

38. Agricultural data are nonexistent. The following information on agricultural production in Kirtland in 1878 may shed some light on Kirtland farming in the 1830s. Even though forty years after Mormon Kirtland, this list agrees with earlier descriptions of farming in the Western Reserve and Geauga County. It is almost certain that Mormon farmers were following the pattern established in the region by the constraints of climate and soil conditions.

Agricultural Production in Kirtland in 1878

<i>Products</i>	<i>Acres</i>	<i>Production</i>
Wheat	538	8,147 bushels
Oats	605	19,809 bushels
Corn	582	21,760 bushels
Potatoes	2,231	18,308 bushels
Orchards	504	2,274 bushels
Meadow	1,563	1,744 bushels
Butter		49,920 pounds
Cheese		20,400 pounds
Maple Sugar		7,376 pounds

(*History of Geauga and Lake County, Ohio* [Philadelphia: Williams Brothers, 1878], p. 248.)

Table 4
Description of Painesville in 1836

General Characteristics	Number
Acres in township ²	13,500
Population ³	2,538
Houses ¹	150
Newspapers ¹	2
Bank of Geauga ¹	1
Stage lines ¹	3
Churches ¹	3
Taverns ¹	4
Physicians ¹	7
Lawyers ¹	9
Cattle ²	640
Horses ²	379
Mercantile firms	
Dry goods stores ¹	18
Drug stores ¹	2
Hardware stores ¹	1
Jewelry shops ¹	2
Grocery stores ¹	4
Manufacturing firms	
Flouring mill ¹	1
Saw mill ¹	1

SOURCES: (1) Jenkins, Warren, *The Ohio Gazetteer and Traveler's Guide*(1837), p. 348, (2) Geauga County Tax Records in Genealogical Society, (Salt Lake City), and (3) our estimate based upon a procedure discussed later in the paper.

TABLE 5
DESCRIPTION OF KIRTLAND, 1836

General Characteristics	Number of Religious Affiliation
Acres in township ⁴	15,000
Population ⁷	2,025
Houses ³	300
Periodical ⁶	1
Churches ¹	3
Taverns ³	2
Cattle ⁴	751
Horses ⁴	276
Mercantile firms⁴	
Newel K. Whitney & Co. ¹	LDS
Hyrum Smith, J. Carter, & R. Cahoon ¹	LDS
Whitmer, Rich & Co. ¹	LDS
Joseph Smith ¹	LDS

J. Boyington, L. Johnson, & J. Hale ¹	LDS
J. Bump, O. Hyde, & E. Bosley ¹	LDS
P. Pratt & J. Goodson ¹	LDS
Two firms ⁵	non-LDS

Manufacturing firms

Blacksmith ¹	non-LDS
Sawmill ^{1,5}	non-LDS
Gristmill ^{1,5}	non-LDS
Carding Mill (2) ^{1,5}	non-LDS
Fulling & Clothing factory ^{1,5}	non-LDS
Brick yard ¹	LDS
Printing Office ⁶	LDS
Hashery ¹	LDS
Tannery ¹	LDS
Shoe Shop ¹	LDS
Forge ¹	LDS
Pottery ¹	LDS
Steam sawmill ^{1,5}	LDS

SOURCES: (1) Fielding, "The Mormon Economy," 1959, p. 341, (2) Pancoast, "Mormons at Kirtland," pp. 166–179, (3) Jenkins, "The Ohio Gazetteer," 1837, p. 248, (4) Geauga County Tax Records, (5) Parkin, "Conflict at Kirtland," p. 165, (6) *Messenger and Advocate*, 2 (July 1836):349, (7) our estimate.

In contrast to Fielding's assertions, it is likely that the best evidence of Kirtland's viability and comparability with Ohio in general, is its rapidly rising population and land values. Studies have consistently shown that there is a strong relationship between land prices and patterns of migration, including the observation that migration is affected by income differentials among regions or countries and highly correlated with the business cycle.³⁹ People do not migrate to make themselves worse off. And, in spite of religious motivations, it is unlikely that migrants would have continued to flow into Kirtland if in fact it had been seriously inferior to the areas from which they came or to neighboring communities that could have been alternative destinations. Table 6 presents the number of families in Kirtland for selected years from 1830–1840. By 1837 the number of families in Kirtland was almost 2½ times the 1830 level and about double the 1834 number. Today it is common to think

39. See Allan G. Bogue, *From Prairie to Corn Belt* (Chicago: Quadrangle Books, 1968); Clarence H. Danhof, *Change in Agriculture: The Northern United States, 1820–1870* (Cambridge, Mass.: Harvard University Press, 1969); Richard A. Easterlin, "Population Change and Farm Settlement in the Northern United States," copy in possession of the author; Peter H. Linhart, "Land Scarcity and American Growth," *Journal of Economic History* 34 (December 1974): 851–84.

of Kirtland as a small community surrounded by larger cities; however, in 1837 it was larger than Akron, Canton, Warren, and Youngstown, and not much smaller than Cleveland, Columbus, and Dayton.

TABLE 6
NUMBER OF FAMILIES IN KIRTLAND

Year	Number
1830	128
1834	181
1836	246
1837	304
1840	209

SOURCE: Geauga County Tax Records, available in the Genealogical Society Library, Salt Lake City, Utah.

Similarly, rising land values represent a natural market adjustment to rapid increases in population, and as such not only constitute increased wealth but serve as a partial index both of existing economic conditions and of expectations regarding the future. Declining prosperity or even future uncertainty are reflected almost immediately in the form of declining land values. On the other hand, rising land values imply a degree of confidence in both the present and future. Table 7 shows the rapid rise in land values in Kirtland between 1830 and 1837, the 1837 level being almost five times the 1830 level and double the 1834 level.

TABLE 7
LAND VALUE IN KIRTLAND IN REAL PRICES

Year	Value per acre	Total acres	Total land values
1830	7.03	15,000	\$105,450
1834	17.06	15,000	\$255,900
1837	33.95	15,000	\$509,250

SOURCE: Value per acre is derived from data found in the Geauga County Land Records, and total acres from the Geauga County Tax Records. Both are available in the Genealogical Society Library, Salt Lake City, Utah.

Consequently, available evidence, though fragmentary, indicates that Joseph Smith and others had reason to view the future optimistically. Kirtland in 1831–37 was experiencing, along with the rest of Ohio and the Western Reserve region, a period of economic growth and rising prosperity. It was on the basis of such evidence that Joseph Smith and others, including his creditors, formed their expectations regarding

both his current economic condition as well as his future ability to meet financial obligations. There was nothing in this evidence that would permit one to predict the banking panic of May 1837, or the economic depression that was to burden the entire nation beginning in 1839.⁴⁰

II. LAND PRICES: SPECULATIVE BUBBLE OR RISING PROSPERITY

According to the traditional view, one of the reasons for the economic reversals suffered by Joseph Smith and other Mormon leaders was the spirit of speculation which precipitated the rapid rise and subsequent decline in the price of land in the Kirtland township.⁴¹ The notion that the increasing price of land in Kirtland was the result of excessive and irresponsible speculation argues, at least implicitly, that there was no sound economic justification for the movement of land prices over this period of time.

There is probably no more common explanation of economic failure throughout the course of American history than that of speculation. Overspeculation in railroads, canals, turnpikes, land, gold, or stocks has been used to explain almost every recession or financial panic that occurred in the nineteenth and first half of the twentieth centuries in this country.⁴² And yet it is a phenomenon which continues to elude precise definition. What constitutes overspeculation? Or, for that matter, what is speculation? The word is often used in hindsight to describe the behavior of people who have earlier purchased land, stocks, bonds, etc., at a price from which its value has subsequently declined. If investors

40. For the controversy over the year in which this depression began, see Peter Temin, *The Jacksonian Economy* (New York: W. W. Norton, 1969), pp. 113–71.

41. This view is encountered in the works of numerous authors: W. Wyl, *Mormon Portraits* (Salt Lake City: Tribune Printing, 1899), p. 36; Linn, *Story of the Mormons*, p. 144; Brodie, *No Man Knows My History*, p. 188; Roberts, *Comprehensive History*, 1:398; Fielding, "Growth of the Mormon Church," p. 487; Parkin, *Conflict at Kirtland*, p. 171; Dean A. Dudley, "Bank Born of Revelation: The Kirtland Safety Society Anti-Banking Company," *The Journal of Economic History* 30 (December 1970): 849; Scott H. Partridge, "The Failure of the Kirtland Safety Society," *BYU Studies* 12 (Summer 1972): 440.

42. For example, see Harold Underwood Faulkner, *American Economic History*, 8th ed. (New York: Harper & Row, 1960), pp. 162 (Panic of 1837), 163 (Panic of 1857), 516 (Panic of 1873), 519 (Panic of 1893), 523 (Panic of 1907), 638 (Crash of 1929).

lose money they are accused of “overspeculation.” If on the other hand the value of their investments continues to rise, it is thought to have been a “wise investment.” Since all purchases of financial or tangible assets take place in markets with imperfect knowledge and therefore risk, it would appear to be too harsh to condemn, as though they were morally deficient, those who misjudge market trends, or fail to anticipate unexpected departure from long-term trends.

Much of what Fielding and Brodie contend depends upon this kind of ex post facto condemnation. Brodie claims that Kirtland was in the throes of “the maddest speculative craze in the nation’s history.”⁴³ Fielding seems to equate speculation with any purchase on credit: Smith, he writes, was “evidently speculating, for both of these purchases were made on mortgage contracts.” Elsewhere, Fielding notes that Joseph Smith’s purchases were “purely speculative as he invested only \$100 of his own money.”⁴⁴

It seems to us that the term “overspeculation” is overused, and is virtually meaningless as it is applied here. It fails to explain the real cause of economic panic or failure.

Economic Model

Since market transactions involve individuals making voluntary contracts, there likely exists a rational explanation for the movement of prices. Furthermore, we should be able to define those variables which account for the price change as affecting either the demand or the supply of the item in question. In the case of land, it is reasonable to assume that the supply of land does not change with changes in either the price of land or any other variables. The amount of land that will be purchased or the demand for land is likely a negative function of or inversely related to the price of land relative to the price of alternative goods: negatively related to an index of the price or value of assets which might be held as substitutes for land, positively related to prospective buyer’s real per capita income, and positively related to population or the number of potential buyers.

Our hypothesis is that changes in the real price of land from 1830 to 1840 were primarily determined by changes in population. Whatever changes are not explained by population may have been due to income, the price of substitutes for land, speculation, and other nonspecified

43. Brodie, *No Man Knows My History* pp. 188–89.

44. Fielding, “Growth of the Mormon Church,” pp. 214, 216.

influences. In order to test our hypothesis, we need the following series of data:

1. annual estimate of population,
2. an annual price index showing the movement of prices in general during this period,
3. annual changes in the average price of land in the Kirtland township.

A. *Population.*—It is well known that there were large and rapid changes in population in Kirtland during this period. Unfortunately, however, the only population estimates which have been available up to this time have been estimates of the census years, 1830 and 1840. These estimates are not useful since they tell us of the situation before the Mormons migrated to Kirtland, and after a large number of the Mormons had left. Our problem, therefore, was to estimate population for the intervening years from 1831 to 1839.

Table 8
Yearly Population Estimates for Kirtland, Ohio 1830–40

(1) Year	(2) Pop. from Census	(3) Personal Property Owners Taxed ^a	(4) Estimate based on 1830 n/tx ratio ^b 7.9531	(5) Estimate based on 1840 n/ tx ratio: 8.5072	(6) Estimate based on avg. n/tx ratio: 8.23015	(7) % Change based on avg. n/tx ratio
1830	1018	128	1018	(1089)	(1053)	
1831						
1832		140	1113	1191	1152	9.4 ^c
1833		152	1209	1293	1251	8.6
1834		181	1440	1540	1490	19.1
1835		212	1686	1804	1745	17.1
1836		246	1956	2093	2025	16.0
1837		304	2418	2586	2502	23.6
1838		223	1774	1897	1835	-26.7
1839		207	1646	1761	1704	-7.1
1840	1778	209	(1662)	1778	(1720)	0.9

^aSOURCE: Geauga County, Real and Personal Property Owners' Tax List, 1830–40, Genealogical Society Library, Salt Lake City, Utah.

$$^b n/tx = \frac{\text{No. people reported on census}}{\text{No. personal property owners}}$$

^cPercentage increase over two-year period: 1830–32

In formulating our estimates, we have combined known information from the census with the number of families found annually on the personal property tax rolls (Geauga County, Tax Records 1830–40).⁴⁵ Table 8 illustrates the use of this procedure to estimate annual population for Kirtland. Column 2 presents the population estimates from the years 1830 (1,018) and 1840 (1,778). Our population estimates, column 6, are derived by taking the average between the estimates of columns 4 and 5 which themselves are derived by multiplying the number of families on the tax roll for each year by the ratio of the population to the number of personal property owners for the two census years. This method suggests that population in Kirtland rose from approximately 1,000 inhabitants in 1830 to a peak of 2,500 in 1837 (an increase of 150 percent) and subsequently fell to around 1,700 in 1840 (a decline of about 33 percent). Column 7 shows the very rapid annual changes in population over this period of time. From 1833 through 1837 the rate of increase was 20 percent per year, followed by the sharp decline in 1838.

Data involving personal property owners were used rather than real property owners because, in order to be taxed for personal property, one must necessarily be a resident of the county. On the other hand, one may own real property in the county and not reside there. Also, the number of personal property owners taxed seems to be more responsive to sudden changes in population.

The validity of this procedure of estimating population may be checked by comparing the estimated population for 1830 and 1840 with the census estimates. Our 1830 estimate differs by thirty-five persons from the census estimate while the 1840 differs by fifty-eight. Both differ, therefore, by only 3 percent from their respective census estimates, which themselves very likely contain estimation errors larger than 3 percent.

We believe the expected error or bias in our estimates to be on the downward side— that we may have underestimated actual population. It is possible that new families, who had recently migrated into Kirtland, were not yet on the tax rolls. However, an error in that direction biases the results against our conclusion since the increase in the price of land was greater than the increase in population.

Table 9, constructed by using the same procedure as for Kirtland, shows the similarity in the population patterns between Painesville and Kirtland. In Painesville population rose from about 1,600 in 1830 to 2,900

45. This useful procedure was suggested by one of our research assistants, Michael Cleverley.

in 1837 (an increase of 80 percent—compared to Kirtland’s 150 percent) and then fell to 2,400 (a drop of 20 percent—compared to Kirtland’s 33 percent). The similarity of these trends raises serious problems for the traditional viewpoint that Mormon economic blundering was solely responsible for the decline of Kirtland. Painesville had few Mormons and no Safety Society, yet its rise and fall in population closely paralleled that of Kirtland. These data suggest that even without the bank, Kirtland may have experienced a decline in population and land prices as net immigration declined (probably associated with the uncertainty accompanying the Panic of 1837 and subsequent economic depression).

B. *General Price Index.* Table 10 presents two price indices which are available for this period of time. The first is the Warren and Pearson index of annual changes in the national wholesale price, while the second is Berry’s index of wholesale prices in Cincinnati and the Ohio Valley. Both show an upward trend in prices that intensified during 1834–37. As a result, we should expect increases in the price of land to compensate for inflation.

Table 9
Yearly Population Estimates for Painesville

Year	Population from Census	Personal Property Owners Taxed ^a	Estimate based upon n/tx Ratio: ^b 10.4034	Percentage change
1830	1499	154	1602	
1831			—	
1832		157	1633	1.9% ^c
1833		177	1841	12.8%
1834		188	1956	6.2%
1835		216	2247	14.9%
1836		244	2538	13.0%
1837		281	2923	15.2%
1838		259	2694	-7.8%
1839		256	2663	-1.2%
1840	2580	233	2424	

^aSOURCE: Geauga County, Real and Personal Property Owners’ Tax List, 1830-40, in Genealogical Society Library, Salt Lake City, Utah.

$$^b n/tx = \frac{\text{No. People reported on census}}{\text{No. personal property owners taxed}}$$

^cPercentage change over two-year period: 1830-32.

Table 10
Price Indices for 1830–40

Date	Wholesale Prices	
	Warren and Pearson	Berry
1830	91	93
1831	94	99
1832	95	101
1833	95	102
1834	90	95
1835	100	117
1836	114	145
1837	115	131
1838	110	129
1839	112	138

SOURCES: Warren and Pearson wholesale price index—all commodities, 1835 = 100, *Historical Statistics of the United States*, p. 115.

Berry's wholesale price index—all commodities for Cincinnati and Ohio River Valley, 1824–46 = 100; *Historical Statistics of the United States*, p. 121.

C. Price of Land. In order to obtain information on the annual change in the price of land, we used microfilms of the Geauga County Land records available in the Genealogical Library, Salt Lake City, Utah. We found data on over 700 actual land transactions in Kirtland involving a total of approximately 25,000 acres and more than a half million dollars in sales. Table 11 presents the average price of land for Kirtland in current dollars and in constant dollars using both the Warren and Pearson and the Berry indices. The annual average price of land, in current dollars, rose from \$6.54 per acre in 1830 to \$44.48 per acre in 1837, an increase of 580 percent. Thereafter the price of land fell to \$17.53 in 1839. It is this movement of prices which has brought the charge of “speculative mania.”

Table 11
Kirtland Land Prices 1830–1839

Date	Current Dollars	Constant Dollars	Constant Dollars
		(Warren & Pearson)	(Berry's Index)
1830	6.54	7.19	7.03
1831	5.77	6.14	5.83
1832	7.24	7.62	7.17
1833	11.18	15.03	10.96
1834	16.21	18.01	17.06

1835	15.75	15.75	13.46
1836	25.59	22.45	17.65
1837	44.48	38.68	33.95
1838	25.59	23.08	19.58
1839	17.53	15.56	12.70

SOURCE: Price of land data—from Geauga County, Land Records, 1830–40, Genealogical Society Library, Salt Lake City, Utah.

To find changes in the real price of land, we deflated the data for changes in the general price level, using Berry's index of wholesale prices in Cincinnati and the Ohio Valley. This index is perhaps more representative of prices in Kirtland than the national index of Warren and Pearson. As a result of that adjustment, land prices, from 1830 to 1837, increased from \$7.03 to \$33.95 per acre or 380 percent. It thus appears that almost 30 percent of the total increase in the nominal price of land is explained by the rising general price level.

Statistical Results

Figure 1, presenting changes both in real price of land and in population for Kirtland from 1830 to 1840, suggests the possibility of a strong relationship between these two variables. In order to test our hypothesis regarding this relationship in a more precise way, we ran statistical tests of correlation stemming from the demand and supply model postulated above for the period from 1830 through 1839. For estimation purposes we used the following form:⁴⁶

$$(1) \ln(P_L/P_I)_t = c_1 + c_2 \ln N_t$$

46. The demand and supply model postulated above is of the following form:

(1) Supply equation: $Q_s = \bar{Q}_s$

(2) Demand equation: $Q_D = \alpha(P_L/P_I)^n P_a^\tau \gamma^B N^\gamma$; where α is a constant and n , τ , B , and γ are constants (elasticities) which tell us the direction and strength of the relationship between the demand for land and price (n), other assets (τ), income (β) and population (γ). The equilibrium condition (equation 3) states that at some level of price, income, etc., the quantity of land supplied will be equal to the quantity demanded.

(3) $Q_s = Q_D$.

The purpose of the model is to solve for the equilibrium price of land, and to see if we can explain changes in that price as a result of one of our specified variables or if we must resort to some tautological explanation such as speculation. Expressing the above equations in log form and solving for the real price of land $\ln(P_L/P_I)$, we get equation (4):

which yields the following results:

$$(2) \ln (P_L/P_1)_t = -9.482 + 1.644 \ln N_t$$

$$(-5.169) (6.607)$$

$$R^2 = 0.862 \text{ D.W.} = 2.064$$

(the values in parentheses are the t values).

The coefficient (c_2) of the population variable (N) of 1.644 is the estimate of the ratio of the response elasticity of land purchases with respect to population and price. If we assume the first to be equal to 1.0 (an increase of 10 percent in population leads to a 10 percent increase in the quantity of land demanded), that implies a price elasticity for land equal to 0.61 (a 10 percent increase in the price of a typical acre of land leads to a decline in the quantity of land demanded of 6.1 percent), which seems to be a plausible value.

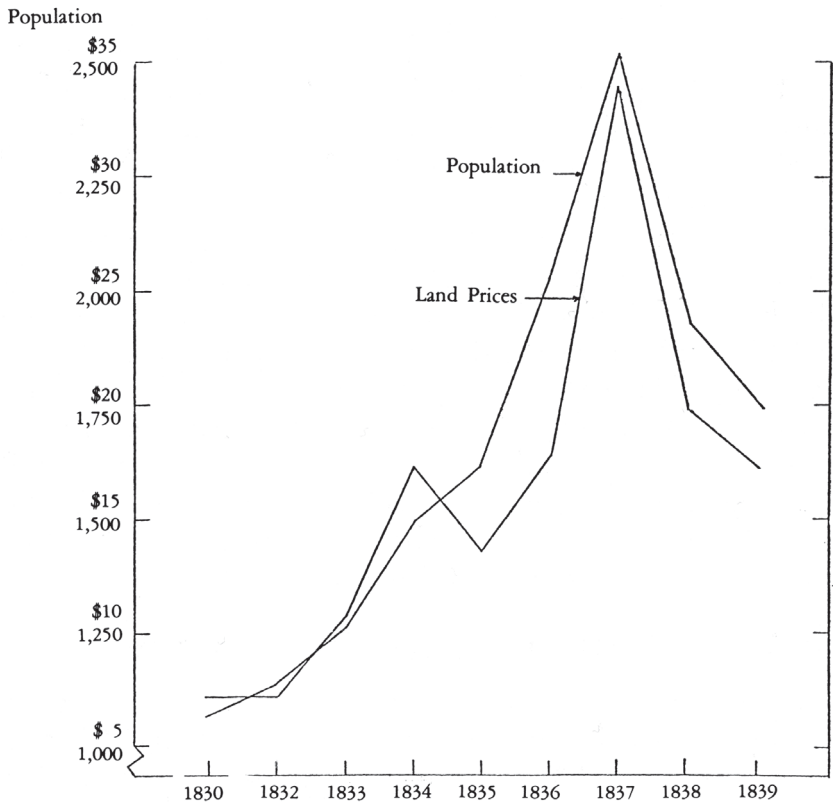
$$(4) \ln (P_L/P_1) = \frac{\ln a - \ln \bar{Q}s}{n} + \frac{\tau}{n} + \ln Pa + \frac{\beta}{n} \ln y + \frac{\gamma}{n} \ln N.$$

For estimation purposes, we used the form

$$(5) \ln (P_L/P_1)_t + c_1 + c_2 \ln N_t + \varepsilon_t.$$

This expression assumes that income has no effect, which equation 4 and our intuition tells us is not the case. However, income estimates by decade for this period are very rough approximations and annual income estimates are nonexistent. We, therefore, have left income out of the estimation equation, realizing that to do so probably biases the value of c_2 upwards since income was probably positively correlated with population. Consequently, interpretation of c_1 and c_2 as constants approximating $(\ln a - \ln \bar{Q}s)/n$, τ/n , and γ/n , while not precise, will not undermine the analysis.

Land Prices (\$ per/acre)



A correlation assuming a simple linear relationship between the demand for land and population yields a coefficient of determination (R^2) of .839 implying that 84 percent of total variation in the price of land is associated with variations in population. The tests of significance (t values) are sufficient to statistically reject (at the $\alpha = 0.05$ level) the null hypothesis that there is no correlation between land prices and population.

Other studies have shown similar patterns between land prices and population. Easterlin, in studies involving Nebraska, Iowa, Illinois, New York, and Ohio, has shown that in the early stages of settlement, rapid growth in population leads to rapid increases in land values. In fact, his results suggest that during the first decade of rapid settlement, land prices tended to rise from under \$10 per acre to \$40–\$50 an acre

thereafter leveling off—a result surprisingly similar to that observed in Kirtland.⁴⁷

We believe that the evidence is sufficient to reject the notion of “reckless speculation” as an explanation for the rising price of land in Kirtland and Painesville during this period, and in its place substitute an explanation based upon more fundamental economic causes to which reasonable individuals could have been expected to react by buying, selling, and subdividing land.

One may go a step further and project the future price of land that both Joseph Smith and his creditors in 1836 and 1837 might have reasonably assumed. It was undoubtedly that “expected” price of land upon which they were partially basing their decisions to borrow, lend, start a bank, etc. From 1830 to 1837 population increased at a rate of 17 percent per year; if population had continued to increase at that rate through 1839—a “reasonable” extrapolation—land, selling in 1837 for \$34 per acre, might have been expected to be worth around \$45 per acre in 1839. Instead, unforeseen changes caused population to decline by over 30 percent; and, accompanying that decline, were shattered dreams of Kirtland as a gathering place. As a result the actual price of land in 1839 averaged \$12.70 per acre, instead of the projected \$45.00. These facts suggest that Joseph Smith had sufficient reason for believing that land prices would continue to rise.

III. JOSEPH SMITH’S INDEBTEDNESS AND WEALTH

The most commonly cited source of information regarding Smith’s debts is Fawn Brodie, who holds that in 1836–37 his debts totalled “well over \$150,000.” Failing to consider whether Smith had any assets, she concludes that his financial activities were irresponsible.⁴⁸ The voluntary

47. Easterlin, “Population Change and Farm Settlement in the Northern United States,” pp. 52–53.

48. Brodie, *No Man Knows My History*, pp. 194, 199–202. One also finds this tendency to emphasize Smith’s debts and neglect his assets in such sources as Linn, *Story of the Mormons* p. 145; Eva Pancoast, “Mormons at Kirtland,” (Master’s thesis, Western Reserve University, 1929), pp. 178–79; Harlan Hatcher, *The Western Reserve: The Story of New Connecticut in Ohio* (New York: Bobbs-Merrill, 1949), p. 125; Fielding, “Growth of the Mormon Church,” pp. 173–74; Fielding “Mormon Economy,” p. 344; Dudley, “Bank Born of Revelation,” pp. 849–50; Partridge, “Kirtland Safety Society,” p. 439. Leonard Arrington, in *Great Basin Kingdom: An Economic History of the Latter-day Saints* (Cambridge, Mass: Harvard University Press, 1958), is an exception to this generalization.

nature of markets, however, suggests that if his debts were considerable his asserts were likely to have been also.

Debts of Joseph Smith

Brodie arrives at her total by classifying Smith's debts into three categories: (1) thirteen debts totalling nearly \$25,000 which ultimately resulted in lawsuits; (2) debts of \$33,418.08 which she claims Joseph Smith listed in 1843 as "still outstanding Kirtland loans"; and (3) "the two great loans of \$30,000 and \$60,000 borrowed in New York and Buffalo in 1836."⁴⁹ These three categories actually result in a total just under \$149,000.

For the two "great loans," Brodie relies on the hearsay evidence of John Corrill, who says that Smith and his friends accumulated debts in New York and elsewhere totalling "some thirty thousand dollars, for goods, and shortly after, some fifty or sixty thousand more." Corrill himself admitted that he had no firsthand evidence, but was only "informed" of these debts. Brodie in support of Corrill cites Cyrus Smalling, Joseph Smith's secretary, who does not tell us his source of information, but says that Smith and company "purchased some sixty or seventy thousand dollars worth of goods" for the Church. When Brodie adds these \$30 and \$60,000 loans to her other two sources of debts—the debts that were the subject of court action and Smith's 1843 list of outstanding debts—she arrives at her estimate, but she assumes that all were separate and independent loans.⁵⁰ There is no justification for her assumption. Some of the loans involving court action as well as those listed by Smith in 1843 were actually New York and Buffalo loans, so that some loans were undoubtedly counted twice. In fact, Brodie possesses independent evidence only with regard to those debts involved in court action or on Smith's 1843 list, a total of \$57,000.

With the help of the library of the Reorganized LDS Church we have been able to verify the existence of the list of debts drawn up by Joseph Smith in 1843.⁵¹ We have found independent evidence for about \$18,000

On page 13 he mentions not only the land which stands as an asset behind these debts, but the positive relationship between land value and increases in population and wealth.

49. Brodie, *No Man Knows My History*, pp. 200–201.

50. *Ibid.*

51. We are indebted to Robert Hutchins, a research assistant, for the acquisition of the original list of debts made by Joseph Smith.

appearing on this list.⁵² Acceptance of the entire amount shown on this list very likely overestimates the amount borrowed in 1836–37. A loan at 10 percent interest in 1836 would have almost doubled by 1843. Three of the notes for which we have independent evidence (Scribner, Newbold, and Halstead) were originally considerably smaller than they appear on the 1843 list.⁵³ Thus the \$33,400 in 1843 may have represented no more than \$18–20,000 of debts in 1836.⁵⁴

In view of these difficulties, we have conducted a search of all sources available to us in order to estimate debts incurred during 1836–37 for which Joseph Smith seems to have been primarily or secondarily liable. Table 12, derived from Appendix A, presents our findings, which include \$46,500 in mortgages or indebtedness for land, \$28,500 in notes largely for wholesale merchandise for resale by Kirtland's several mercantile firms, and \$4,200 in loans from banks incurred at the start of the Kirtland Bank. These debts total \$79,200. In addition there are the remaining \$16,700 on the 1843 list which we have been unable to independently verify, and there were smaller transactions in land for which no notes or court action have been found to indicate whether they were for cash or credit. It is likely that some of these "purchases" were on credit and some for cash. If we assume all were on credit and add the remaining debts on the 1843 list, we likely have a reasonably good estimate of the maximum debt which Joseph Smith may have incurred during this period. This adds \$6,400 for land purchases plus \$16,700 from the 1843 list, for a total "probable" debt of \$102,300. This amount includes twenty-six obligations totalling \$46,000 which were not included among those listed by Brodie, and yet it remains considerably under the "well over \$150,000" that she advances.

A note of caution is called for. It should be observed that what we have here is an estimate of the total indebtedness which Joseph Smith may have incurred during the entire period 1836–37. It does not necessarily follow that he owed that much at any one point in time. Some of these debts were very short term notes (two to four weeks) which were obviously settled; most were obligations for which Smith was

52. Table 12, column 3 (Other Debts) contains the debts on her 1843 list which we have not been able to find in court records or other sources (columns 1 and 2).

53. In the 1843 list these debts are Scribner (\$1,500), Newbold (\$669.97), and Halstead (\$7,000). Our evidence suggests that the original amounts may have been \$790, \$400, and \$5,647 respectively.

54. Brodie, *No Man Knows My History*, p. 200.

Table 12
Possible Debts Incurred by Joseph Smith and Cosigners, 1836-37

Debts for Wholesale Goods (Creditor) cs ^a	General Debts ^b (Creditor) cs	Other Debts ^c (Creditor) cs
\$ 790.00 (Scribner) cs	\$ 735.00 (Boosinger) cs	\$ 600.00 (Lloyd) cs
1,334.79 (Bingo) cs	200.00 (Boosinger) cs	1,567.59 (Keeler) cs
287.32 (Newbold) cs	621.32 (Barker) cs	848.75 (Jones) cs
400.00 (Newbold) cs	50.00 (Lake) cs	821.06 (Jones) cs
2,014.74 (Kelly) cs	235.50 (Staunard) cs	1,000.00 (Ayers) cs
246.96 (Ketchum) cs	150.00 (Seymour) cs	3,670.64 (Mead) cs
2,959.46 (Keeler, N.Y.) cs	262.41 (Hall)	900.00 (Holbrook) cs
1,143.01 (Eaton) cs	854.28 (Davis)	1,474.44 (Coit) cs
1,804.94 (Bailey) cs	825.00 (Howden)	98.00 (Robison) cs
596.46 (Patterson) cs	825.00 (Bailey) cs	710.00 (Scribner) cs
2,323.66 (Halstead) cs	280.30 (E. Holmes) cs	5,040.54 (Keeler, N.Y.) cs
2,251.77 (Halstead) cs	250.75 (Delano)	<u>\$16,731.02</u>
2,395.57 (Halstead) cs	812.01 (Mead, N.Y.)	
1,450.00 (Underwood) cs	104.13 (Griswold) cs	
280.94 (Gardner) cs	43.00 (Bump)	
<u>\$20,279.62</u>	35.57 (Usher)	
	23.57 (Allen)	
	825.00 (Boynton)	
	<u>1,100.00 (Boynton)</u>	
	\$ 8,232.84	

Table 12
Possible Debts Incurred by Joseph Smith and Cosigners, 1836–37 (cont.)

Debt for Land (Creditor)	Loans from Bank (Creditors)
\$ 9,840.00 (Holmes) cs	\$ 3,018.99 (Bank of Geauga) cs
11,777.70 (French) cs	1,225.00 (Commercial Bank of Lake Erie) cs
6,914.00 (Staunard) cs	\$ 4,243.99
12,904.00 (Russell) cs	
5,000.00 (Martindale) cs	
<u>\$ 46,435.70</u>	
	TOTAL DEBTS
"Purchases" of Land^d	\$ 20,279.62 wholesale goods
\$ 5,760.00 Kirtland land	8,232.82 general debts
624.66 Chester Store	16,731.02 other debts
<u>\$ 6,384.66</u>	\$ 44,390.07 subtotal goods
	46,435.70 land
Total Land Purchases (1836-37)	4,243.99 loans
\$ 6,384.66	\$ 95,923.15
46,435.70	6,384.66 land "purchases"
<u>\$ 52,820.36</u>	<u>\$ 102,307.81 TOTAL</u>

^acs indicates that Joseph Smith was known to have been a cosigner on this debt.

^bPurpose of debt not stated; however, the location and type of firm suggest debt for wholesale goods.

^c These are debts for which we have found no court cases or other references, but are listed by Brodie (p. 201) as part of \$33,400 which, according to her, Joseph Smith claimed in 1843 to still owe from the Kirtland period.

^dThese are not listed anywhere as "debts," but rather as "purchases."

secondarily and contingently liable (in one case with as many as thirty-two cosigners).⁵⁵

As noted previously, many of these debts were ultimately the subject of lawsuits resulting in judgements against Joseph Smith. Brodie, for example, states that of the thirteen suits, involving some \$25,000 in debts, only six were settled, while the remaining seven, involving some \$13,000 were unsatisfied.⁵⁶ Although she notes that over \$38,000 was deposited with the court as bail in these cases, Brodie, evidently unfamiliar with the then-prevailing legal procedures, overlooks the significance of this fact. The practice at that time was to require bail in civil suits such as these. Bail was held for satisfaction of any judgment that might be rendered. Table 13 shows that during 1837–39 there were in the Geauga County Court, seventeen lawsuits against Joseph Smith for debt involving original claims of \$30,206.44. Four of these suits were settled; three were voluntarily discontinued by the plaintiffs; and ten resulted in judgments against Joseph Smith and others. Of these ten judgments, three were satisfied in full, three were satisfied in part, and only four were wholly unsatisfied.

Table 14 combines information from the Geauga Court Records (Table 13) with that found in other sources (Appendix A), and presents our findings regarding the disposition of Joseph Smith's debts. Of the total "probable" debt of \$102,300, approximately \$60,000 appears to have been settled. On the other hand, in addition to the 1843 list of \$33,400 in unpaid debts, we have found \$3,500 which remained unsatisfied in 1841. There is insufficient information to determine the disposition of the remaining \$8,200. Of that amount, \$5,800 consists of small "purchases" of land which could have been for cash or, if debts, settled by the original owner reclaiming the land. To the extent that these \$8,200 constituted indebtedness of Joseph Smith, they are as likely to have been settled as not. The record makes it plain that Smith's creditors knew how to find the courthouse if they were not paid. It seems fairly likely that transactions not recorded in the litigation history, and not included on the 1843 list were either not debt transactions to begin with or were satisfied.

55. On two of the notes to Halstead, Haines and Company of New York (1 September 1837) for \$4,719.23, there were thirty-two cosigners. Browning and Bushnell to Joseph Smith, 23 November 1841, Newell K. Whitney Collection, Harold B. Lee Library, Brigham Young University, Provo, Utah.

56. Brodie, *No Man Knows My History*, p.200

Table 13
Court Cases—Joseph Smith^a As Defendant^b

Plaintiff	Court Term	Date of Arrest	Amount of Bail	Type of Debt	Original Debt Amt.	Date Borrowed	Date Due	Decision	Judgment	Amt. of Claim Possibly Unpaid	Sources^f
<i>Cases Initiated February Term 1837</i>											
Timothy F. Martindale	Jun 5 1837	Feb 25 1837	\$10,000 ^c	Land	\$5,000.00	Oct 1 1836	Jan 1 1837	Settled Mutual Agreement	None	None	R.B.U. 106 J.B.M. 189
<i>Cases Initiated March Term 1837</i>											
Bank of Geauga	Jun 5 1837	Mar 24 1837	\$8,000	Money	\$3,018.00	Jan 2 1837	Feb 16 1837	Settled Mutual Agreement	None	None	R.B.U. 67-69 J.B.M. 194
Ezra Holmes	Jun 5 1837	None	None	Land	\$280.30	Nov 15 1836	Jan 1 1837	Deft Defaulted	\$183.30	None	R.B.U. 86 E.D.B.G. 53
Hezekiah Kelly	Jun 5 1837	Mar 25 1837	\$6,000	Goods	\$2,014.74	Jun 18 1836	Dec 18 1836	Damages Awarded	\$2094.	\$2059.32	R.B.U. 97-99 J.B.M. 193 E.D.B.G. 58
George A. J.	Jun 5	None	None	Goods	\$596.46	Dec 14 1836	Jan 14 1837	Deft Defaulted	\$621.87	\$106.07	R.B.U. 126 J.B.M. 190 E.D.B.G. 54
<i>Cases Initiated April Term 1837</i>											
John A. Newbold	Oct 24 1837	Apr 25 1837	\$800	Goods	\$287.32	Jun 17 1836	Dec 17 1836	Settled Mutual Agreement	None	None	R.B.U. 351-352 J.B.M. 228

Plaintiff	Court Term	Date of Arrest	Amount of Bail	Type of Debt	Original Debt Amt.	Date Borrowed	Date Due	Decision	Judgment	Amt. of Claim Possibly Unpaid	Sources ^f
<i>Cases Initiated June Term 1837</i>											
Thomas Underwood, et al.	Apr 16 1839	None	None	Goods Services	\$1450.00	?	?	Damages Awarded	\$1641.63	None	R.B.X. 34-3 E.D.B.G. 6
Winthrop Eaton	Oct 24 1837	Jun 9 1837	Un-known	Goods	\$1143.01	Oct 11 1836	Apr 11 1837	Deft Defaulted	\$1195.51	\$1195.51	R.B.U. 277 J.B.M.252 E.D.B.G. 212
William Barker	Oct 24 1837	Jul 27 1837	\$428.68	Land swap	\$214.34	Jul 7 1836	Sep 1 1836	Pliff Discont. Suit	None	None	R.B.U. 237
John S. Seymour, Thomas Griffith	Oct 24 1837	Jul 27 1837	None	Notes	\$150.00	Feb 10 Mar 9 1837	?	Pliff Discont. Suit	None	None	R.B.U.383 J.B.M. 272
<i>Cases Initiated October Term 1837</i>											
Nathaniel Bailey, Henry Reynolds	Apr 3 1838	None	None	Note	\$825.00	Apr 13 1837	Sep 13 1837	Pliff Discont. Suit	None	None	R.B.U. 5
Ray Boynton, Harry Hyde	Apr 3 1838	None	None	Note	\$825.00	Apr 13 1837	Sep 13 1837	Deft Defaulted	\$890.86	\$890.86	R.B.U. 512 E.D.B.G. 3
Bank of Lake Erie	Apr 3 1838	None	None	Note	\$1225.00	Jul 3 1837	Oct 3 1837	Settled Mutual Agreement	None	None	R.B.V. 5 J.B.M. 290

Plaintiff	Court Term	Date of Arrest	Amount of Bail	Type of Debt	Original Debt Amt.	Date Borrowed	Date Due	Decision	Judgment	Amt. of Claim Possibly Unpaid	Sources ^f
Cory Holmes, Charles Holmes	Apr 3 1838	None	None		\$9840.00	Oct 5 1836	\$5000 on Oct	Def't Defaulted	\$10082.47	Pd. in full by settlement	R.B.V. 63 E.D.B.G. 331
Jonathan F. Scribner	Oct 20 1840	None	None	Goods	\$850.00	Jun 16 1836 ^d	Oct 16 1836	Pliff Defaulted	None	None	R. B. X. 146 E.D.B.H. 4 Cf. J.B.M.307
Claudius Staunard	Apr 3 1838	None	None	Goods ^e	\$235.50	Oct 11 1836	?	Def't Defaulted	\$266.23	\$266.23	R.B.U. 585 J.B.M. 308 E.D.B.G. 35
<i>Cases Initiated October 1838</i>											
Halstead, Haines & Co.	Apr 16 1839	None	None	Goods	\$2251.77	Sep 1 1837	Oct 15 1838	Def't Defaulted	\$2355.26	\$1410.26	R.B.W. 384 E.D.B.G. 67
					\$30,206.44	TOTAL					

^aMost cases involve multiple defendants.

^bIn addition to these cases wherein Joseph Smith was a defendant, there appear to have been 3 civil cases in which he was a plaintiff during the 1836-1839 period. Of these, Joseph Smith prevailed in one case, recovering \$213.92, lost 1 case, and declined to prosecute one case.

^cThe purpose of this debt is unsure. The court record indicates that a note was signed October 1836 with \$5000 due May 1, 1837 and another \$5000 on Sept 1, 1837

^dThe court case did not specify as to when this debt was contracted but from the Nauvoo Collection at the CHO there is record of a purchase \$790.71 made on June 16, 1836.

^eThe court record says that suit is to recover promissory note for goods sold and delivered. However the Claudius Staunard file at CHO refers to a land deal between Staunard and Parley Pratt, Brigham Young, and Joseph Smith dated Kirtland October 3, 1836 and then in April 1838 there is a note that the deal is cancelled.

^fE.D.B.G.H.—Geauga County Court Records, “Execution Docket Book,” G, H.; J.B.M.—Geauga County Court Records, “Journal Book,” J. R.B. U,V,W,X—Geauga County Court Records, “Record Book,” U, V, W, X.

Table 14

Disposition of Debts Incurred by Joseph Smith and Others during 1836–37

Satisfied	Smith's List of Unsatisfied Debts (1843)	Other Unsatisfied Debts
\$ 5,000.00 (Martindale)	\$ 2,959.46* (Keeler, N.Y.)	\$ 2,014.24 (Kelly)
3,018.99 (Bank of Geauga)	5,040.54	106.07 (Patterson)
280.30 (E. Holmes)	7,000.00* (Halstead)	1,143.00 (Eaton)
490.39 (Patterson)	1,100.00* (Boyton)	235.00 (Staunard)
287.32 (Newbold)	600.00 (Lloyd)	\$ 3,498.81 TOTAL
1,450.00 (Underwood)	790.00* (Scribner)	
214.34 (Barker)	710.00	
150.00 (Seymour)	1,334.79* (Bingo)	Other "Possibly" Unsatisfied Debts^d
825.00 (Bailey)	1,567.59 (Keeler)	\$ 5,760.00 ("purchases" of land) ^e
1,225.00 (Bank of Lake Erie)	669.97* (Newbold)	50.00 (Lake)
9,840.00 (L. Holmes)	280.94 (Gardner)	262.41 (Hall)
850.00 (Scribner)	98.00 (Robison)	825.00 (Howden)
\$23,631.34 Subtotal^a	246.96* (Ketchum)	250.75 (Delano)
6,914.00 (Staunard)	848.75 (Jones)	812.01 (Mead)
43.00 (Bump)	1,000.00 (Ayers)	104.13 (Griswold)
11,777.70 (French)	3,670.64 (Mead)	8.93 (Allen)
35.57 (Usher)	900.00 (Holbrook)	\$ 2,133.23 Subtotal
12,904.00 (Russell)	1,804.94* (Bailey)	5,760.00 ("purchases" of land)
2,251.77 (Halstead) ^b	500.00* (Boosinger)	\$ 8,073.23 TOTAL
435.10 (Boosinger)	821.06 (Jones)	
14.64 (Allen)	1,474.44 (Coit)	
854.24 (Davis)	\$33,418.08	
406.98 (Barker)		
\$35,637.00 Subtotal^c		
\$59,268.34 TOTAL	TOTALS	
	\$33,418.08 Owed in 1843	
	3,498.81 Other Unsatisfied Debts	
	\$36,916.89 Total	
	2,133.23 "Possibly" Unsatisfied Debts	
	\$39,050.12 Total	
	5,760.00 "Purchases" of land	
	\$45,810.12 Total Possible Unsatisfied Debts	

^aFrom court records—see Table 13.

^bOnly the two notes (\$2323.66 and \$2395.57 are the subject of later lawsuits. The several references to them suggest this note for \$2,251.99 was the subject of an earlier suit and was settled for \$2,300.35 (Hyrum Smith's Papers, Church Historian's Office.)

^cFrom sources other than court records—see Appendix A.

^dNo court cases or records to indicate whether these were or were not satisfied.

^eFrom Table 12—"Purchases" of land. It is not known that these were actually debts.

Assets of Joseph Smith

We have attempted to quantify only Joseph Smith's largest physical asset—land. This approach understates his total wealth since it assigns a zero value to his merchandising business with its inventories and accounts, to his role as the leader of a growing community, to the temple, and to subsequent new buildings or other improvements upon the land.

Table 15 shows that by the end of 1836 Joseph Smith had purchased approximately 800 acres of land⁵⁷ at a total cost of more than \$55,000. To determine the total value of his land holdings in 1837, the purchase price of all Kirtland land (excluding the large Holmes and Martindale purchases), is multiplied by the change in Kirtland land values between the time of purchase and the average price per acre for 1837. This procedure suggests that Joseph Smith, singly or jointly, owned land equal in value to at least \$88,000. The five largest purchases are known to have been on credit. However, even if all purchases had been on credit and no payments subsequently made, Smith would have held land in Kirtland worth around \$33,000, simply as a result of its increased equity value.

It should be noted again that these values assume no improvements beyond those which affected the average value of land for the Kirtland township, that the land held by Joseph Smith and others increased only at the average rate of increase for Kirtland. In fact, most of this land had been purchased for the purpose of creating subdivisions to be resold as individual lots. The average price Joseph Smith paid for this land was \$60 per acre (considerably above the overall average for land in Kirtland), while an acre lot typically sold for \$200 to \$500 unimproved.

In addition, others with whom Joseph Smith had cosigned notes held land separately from him. This land also represented wealth standing behind the joint debts which were incurred, and thus value upon which lenders would be willing to make additional loans. Table 16 shows that these cosigners separately owned over 500 acres of land, equal in 1837 dollars to \$42,400. Thus the combined total is over 1300 acres, worth at least \$130,000 in 1837. Assuming all this land had been purchased on credit, rising land prices in Kirtland would have resulted in a combined minimum equity (assuming no improvements or payments) of \$59,500 in 1837 dollars.

57. We do not know the location or acreage involved in the two large land transactions involving Holmes (\$12,000) and Marindale (\$5,000+).

Table 15
Value of Land in Which Joseph Smith Is at Least a Part Owner

Year	Acres	Purchases Purchase Price		Land Value in Average 1837 Prices	Increase (Equity)
1834	1.75	\$177.77			
	2.00	\$22.30			
	142.00	2,200.00			
	0.50	50.00			
	<u>146.25</u>	<u>\$2450.07</u>		(x 2.74 = \$ 6,713.19	\$ 4,263.12
1835	4.00	\$400.00			
	2.00	177.70			
	<u>6.00</u>	<u>\$557.70</u>		(x 2.82) = \$1,629.11	\$ 1,051.41
1836	39.00	\$800.00			
	13.25	200.00			
	13.05	500.00			
	8.01	160.00			
	239.50	11,777.00			
	132.00	12,904.00			
	1.00	400.00			
	.33	200.00			
	1.00	3,500.00			
	<u>197.57</u>	<u>6,914.00</u>	(Staunard)		
644.71	\$37,355.00		(x 1.74) = \$ 64,997.70	\$27,642.70	
Location and Acreage Unknown		\$9,840.00 (Holmes)		\$ 9,840.00+	?
		5,000.00+ (Martindale)		\$ 5,000.00+	?
		<u>\$14,840.00+</u>			
Grand Totals	796.96+	\$55,222.77+		\$88,180.00+	\$32,957.23+

SOURCE: Land Records, Genealogical Society Library, Salt Lake City, Utah, except for the three purchases, Staunard (\$6,914), Holmes (\$12,000), and Martindale (\$5,000). For these three loans see Appendix A.

Table 16**Value of Land Held by Others Who Cosigned with Joseph Smith on Notes**

(Does Not Include Land They Held Jointly with Joseph Smith)

Name	Acres	Purchase Price	Land Value in Average 1837 Prices	Increase
<i>1830 Purchase</i>				
N. K. Whitney	1	\$ 90.00	(x 6.80) = \$ 612.00	\$ 522.00
<i>1833 Purchase</i>				
N. K. Whitney	17	\$ 550.00		
	103	5,000.00		
	<u>120</u>	<u>\$ 5,550.00</u>	(x 3.98) = \$22,890.00	\$ 17,340.00
<i>1834 Purchase</i>				
S. Ridgon	1	\$ 450.00		
S. Ridgon	1	100.00		
O. Cowdery	.5	110.00		
	<u>2.5</u>	<u>\$ 660.00</u>	(x 2.72) = \$ 1,795.20	\$ 1,135.20
<i>1835 Purchase</i>				
Sam. H. Smith	2.5	\$ 150.00		
R. Cahoon	0.25	18.00		
J. Bump	2	200.00		
	<u>4.75</u>	<u>368.00</u>	(x 2.82) = \$ 1,037.76	\$ 669.76
<i>1836 Purchase</i>				
H. Smith, Cahoon, Carter	99.0	\$ 120.00		
H. Smith, Cahoon, Carter	.25	400.00		
H. Smith, Cahoon, Carter	99.0	750.00		
H. Smith, Cahoon, Carter	.25	80.00		
J. Bump	50.0	1,700.00		
J. Bump	55.0	2,000.00		
J. Bump	55.0	3,000.00		
J. Bump	.5	30.00		
J. Bump	9.0	325.00		
J. Bump	1.0	100.00		
J. Bump	9.0	700.00		
	<u>378.0</u>	<u>\$ 9,205.00</u>	(x 1.74) = \$16,016.70	\$ 6,811.70
Grand Totals	506.25	\$ 15,873.00	\$42,351.66	\$ 26,478.66

This does not mean, however, that the land could actually have been sold for that amount. Joseph Smith and others with him owned sufficient quantities of land that any attempt to sell a large portion of it would have depressed the price. That attempt after 1837 partially explains its rapid decline. Nevertheless, this land represented net worth upon which the business decisions of Joseph Smith and his creditors were undoubtedly based.

Summary

We have still to consider the questions of whether or not Joseph Smith held too much debt relative to his assets. To begin with it is important to understand the nature of the debts incurred. These debts were not merely debts of Joseph Smith, but more accurately reflected debts of the community of Kirtland and of the Mormon Church. In addition, they were not for the purpose of consumption, for which a creditor might justifiably expect large equity backing. These debts were incurred for land which could be reclaimed and for goods in which the reputation and future existence of the retail firms were at stake. Both of these types of credit traditionally require a smaller down payment and smaller equity standing behind them.

On the other hand, 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. However, instead of judging him by hindsight, it seems fairer to establish a set of criteria which as closely as possible approximates the one upon which Joseph Smith and his creditors likely operated, namely that (1) there was no expectation of an economic panic; (2) Joseph Smith and other merchants would be able to sell the goods purchased for the Kirtland stores for sufficient cash to cover the short-term trade credit—a sale price of approximately 10 percent above their wholesale cost; and, (3) Kirtland would continue to grow in population and land values at its customary growth rate. It would therefore follow that Joseph Smith could have met his long-term notes by selling subdivided lots according to his plan. In order to have paid off his existing debts, he would have needed to sell about 250 of his nearly 800 acres in Kirtland at \$200 per acre, the minimum price per underdeveloped acre lot in 1837. Seen in this way, which we believe to be close to the way in which Joseph Smith and his creditors saw the situation at that time, it does not seem that Smith accumulated more debt than he or his creditors had reason to believe he could manage. That in due time it proved to be unmanageable leads us to look more closely at what went wrong at Kirtland.

IV. THE KIRTLAND SAFETY SOCIETY BANK

If, as we have argued, the Kirtland economy was reasonably viable, and changes in the price of land in Kirtland were the result of natural market forces rather than a speculative bubble, and Joseph Smith's debts were backed by substantial assets, there remains the necessity of explaining the reasons for his financial reversals in 1837. We believe there are three principal reasons, each of which would have been difficult for anyone to have foreseen in 1836.

First, Joseph Smith's cash flow failed to meet either his or his creditors' expectations. Earlier he purchased large amounts of goods under a common trade arrangement which granted credit up to the wholesale price of the merchandise. Sales at a normal mark-up would have guaranteed repayment plus a profit. It appears, however, that he was in a peculiarly difficult position either to insist upon cash or to demand payment after retail credit had been granted. In this case his role as a religious leader may have worked against him rather than in his favor. Brigham Young recalls the difficulties Joseph Smith encountered as a storekeeper in Kirtland:

Joseph goes to New York and buys 20,000 dollars worth of goods, comes into Kirtland and commences to trade. In comes one of the brethren, "Brother Joseph, let me have a frock pattern for my wife." What if Joseph says, "No, I cannot without the money." The consequence would be, "He is no Prophet," says James. Pretty soon Thomas walks in. "Brother Joseph, will you trust me for a pair of boots? . . . No, I cannot let them go without the money." "Well," says Thomas, "Brother Joseph is no Prophet; I have found *that* out, and I am glad of it." After a while in comes Bill and sister Susan. Says Bill, "Brother Joseph, I want a shawl, I have not got any money, but I wish you to trust me a week or a fortnight." Well, brother Joseph thinks the others have gone and apostatized, and he don't know but these goods will make the whole Church do the same, so he lets Bill have a shawl. Bill walks off with it and meets a brother." Well," says he, "what do you think of brother Joseph? . . . O he is a first-rate man, and I fully believe he is a prophet. See here, he has trusted me this shawl," Richard says, "I think I will go down and see if he won't trust me some . . ." "Well," says Joseph, "these goods . . . are of less value than the people . . ." "and so it goes. Joseph was a first-rate fellow with them all the time, provided he never would ask them to pay him. In this way it is easy . . . to trade away a first-rate store of goods, and be in debt for them."⁵⁸

58. *Journal of Discourses*, 26 vols. (London: Latter-day Saints Book Depot, 1855–86), 1:215. See also Volume 3, p. 121 for another report of this tendency of

Joseph Smith's insufficient cash flow created a liquidity problem for him once the notes became due. This problem, however, does not by itself account for the difficulties in which he ultimately found himself. A liquidity problem is by no means unique, and does not mean that the person is incapable of repaying his obligations. Extensions are common in such situations. Additional reasons are needed to explain why extensions were not forthcoming.

Joseph Smith's cash flow deficiencies could have been alleviated had there existed in Kirtland a means to transform land assets into liquid cash. Undoubtedly, the Kirtland Safety Society was designed in part to provide this essential function. For reasons we will explain later the bank never fulfilled its purpose. Early in its operation, it was apparent that this was not to be a viable financial institution. Not only did the lack of a successful bank fail to help Joseph Smith meet his obligations, but its financial weakness led to attempts on his part to save it, and thereby, became a drain upon his financial resources. That change in circumstances, by itself, would likely have led Joseph Smith's creditors to insist upon repayment rather than to grant him extensions as his obligations became due.

Finally, while it will be argued later that the banking panic of May 1837 was not a cause of the failure of the Kirtland Safety Society, the panic nevertheless does serve as a partial explanation for Joseph Smith's personal financial difficulties. The banking panic and subsequent suspension of specie payments caused a severe (though temporary) stringency of money and credit throughout the country which, by itself, would likely have led Joseph Smith's creditors to insist upon repayment at the earliest possible moment rather than grant extensions.

While there are undoubtedly other reasons, we believe that these are sufficient to explain the behavior of Smith's creditors, who, almost in unison, demanded repayment as his notes became due in the spring and summer of 1837.

The failure of the Kirtland Safety Society Bank thus plays a critical role in understanding Joseph Smith's financial reversals, his loss of stature within Kirtland and surrounding communities, and ultimately in his decision to leave Ohio. An intriguing question is why Joseph Smith

Joseph Smith told by Brigham Young. Edwin F. Parry in *Stories About Joseph Smith the Prophet* (Salt Lake: Deseret News Press, 1934), pp. 126–28 has an account of the Prophet's giving away boots from his store when he saw that some of his men had sore feet.

sought to undertake and thereafter continued to support a venture with such high risk as the Safety Society Bank. We have suggested perhaps the principal advantage to Joseph Smith himself. All the benefits of a successful bank, however, would not accrue to Smith personally. To understand fully the desire for a bank, we must consider the particular time and general environment in which it was established.

Economic expansion in the United States from 1830 to 1837 had increased the demand for money and credit. This demand was met by an expansion in the number of banks from 329 to 634. In Ohio, where the population was increasing at double the United States average, the number of banks increased from eleven in 1830 to thirty-one in 1835.⁵⁹ With no national currency and few lending institutions in the West, a successful bank played an important role in the development of a community.⁶⁰ Banks provided a local currency, a safe depository, a source of initial credit, a medium for discounting previous notes, the opportunity to increase the liquidity of existing assets by borrowing against them, and a potentially profitable business for their backers due to the gains from the first round effects of a note issue.

It was in this general situation that Joseph Smith and others began to plan for a bank in Kirtland. As noted previously, Kirtland at this time was one of the larger communities in northern Ohio—a number of smaller communities already possessed banks.⁶¹ Judging from the successful experience of other banks in Ohio, one with as little as \$20,000 in paid-up capital,⁶² Kirtland probably could have supported a modest bank.

On 2 November 1836, a “constitution” was executed providing for the establishment of a bank in Kirtland, to be called the Kirtland Safety

59. Huntington, “Banking and Currency in Ohio,” pp. 355, 349, 376.

60. The scarcity of credit and money on the frontier was common and of general concern. Hatcher, in *The Western Reserve*, p. 118, declared that “Two things that were holding back the development of the Reserve were transportation and a medium of exchange—money and credit. It would have been out of character for these pioneering Americans to fail to overcome these obstacles.”

61. According to A. B. Coover, “Ohio Banking Institutions, 1803 to 1866,” *Ohio Historical Quarterly* 21 (1913):296–320, smaller communities with banks in northern Ohio included Warren (3), Ravenna (2), Canton (2), Salem, Youngstown, Elyria, Ashtabula, and Cuyahoga Falls. Cleveland, which had perhaps twice as many people, had eleven banks.

62. *Ibid.*, pp. 301–20.

Society Bank. Its officers were to come largely from the leadership of the Church, with Sidney Rigdon as president and Joseph Smith as cashier.⁶³ Orson Hyde was sent to Columbus to seek a corporate charter from the Ohio legislature, and Oliver Cowdery to Philadelphia to purchase engraved plates with which to print the notes. Oliver and Orson seem to have returned to Kirtland on the same day, 1 January 1837, Oliver with the plates and Orson with information that they would have difficulty obtaining a charter.⁶⁴

On 2 January 1837, the members of the Kirtland Safety Society executed new, revised “Articles of Agreement” initiating a unique and colorful episode in U.S. banking history. They reorganized their institution as the “Kirtland Safety Society Anti-banking Company”⁶⁵ and issued their first notes, defiantly stamped “anti-bank” notes, on January 6.⁶⁶ Redemption of these notes in specie lasted just over two weeks.⁶⁷ The institution continued to function beyond this date, though its notes were thereafter subject to a heavy discount.⁶⁸

In February Joseph Smith, Sidney Rigdon and others were charged in a civil action with having violated an 1816 Ohio statute prohibiting the conduct of banking business except by authorized corporations.⁶⁹ Later, in May, all Ohio banks suspended payments as a banking panic which had started in New York spread westward. In June, Joseph Smith publicly withdrew his support from the bank and transferred his stock to Granger and Carter.⁷⁰ The bank still continued the transaction of some business. In August, Joseph Smith denounced the practices of Warren Parrish and those who continued to operate the bank.⁷¹ Smith and Rigdon were, in October, tried by jury and found to have violated the statute of 1816 and

63. Joseph Smith, Jr. *History of the Church of Jesus Christ of Latter-day Saints*, ed. B. H. Roberts, 7 vols. (Salt Lake City: Deseret Book, 1948), 2:467–68. Hereafter cited as *HC*.

64. Dudley, “Bank Born of Revelation,” p. 850.

65. *Messenger and Advocate* 3 (January 1837):441–43

66. *Journal of Wilford Woodruff*, 6 January 1837.

67. *Cleveland Daily Gazette*, 24 January 1837. The *Painesville Telegraph*, 27 January 1837, indicated that the Mormons were still trying to redeem their notes, but in land rather than specie.

68. *Cleveland Daily Herald and Gazette*, 1 May, 8 and 17 July 1837.

69. Chase, *Laws of Ohio* (1833), pp. 904–905 or 1816 *Ohio Stat.*, p.10.

70. Kirtland Safety Society Ledger Book, p. 273.

71. *Messenger And Advocate* 3 (August 1837), p. 560.

a forfeiture judgment of \$1,000 was entered against each.⁷² In November, the bank, or anti-bank, which had shown surprising tenacity, closed its doors.

Failure of the Safety Society

The traditional reasons given for the failure of the Kirtland Safety Society have generally differed depending upon whether the author was Mormon or non-Mormon. The latter historians have tended to stress the above reasons—overspeculation, large debts, and the lack of viability of the Kirtland economy⁷³—frequently adding the charge that Joseph Smith's actions were deceitful and led to large financial losses by Church members and others associated with the bank.⁷⁴ Mormon authors have tended to blame the national banking panic of May 1837, claiming that the Kirtland Safety Society was merely one of many banks which failed.⁷⁵

It is our judgment that the primary reason for the failure of the bank was its lack of a corporate charter. The lack of a charter created enormous handicaps, bad publicity, and great personal risks deserving of far more weight than has been given by earlier writers. Whether or not the bank could have succeeded had it possessed a charter is difficult to say. Certainly it was poorly capitalized; however, it may have been able to find more capital with a charter since it possessed unusual loyalty from the members of its immediate community. In any case, it did not have a charter and because of that its management faced an impossible task. During this period there existed general uneasiness toward banks because of the lack of insurance and the small reserves they held against deposits. Even strong banks in the West enjoyed discount-free circulation of their notes only in the vicinity of the issuing bank.⁷⁶

72. See Court of Common Pleas Record Book U., Geauga County, Ohio, pp. 353ff.

73. Fielding, "Growth of the Mormon Church," p. 203.

74. Linn, *Story of the Mormons*, pp. 148–52; T. B. H. Stenhouse, *Rocky Mountain Saints* (London: Ward, Lock, Tyler, 1874), pp. 70–84; Brodie, *No Man Knows My History*, p. 199.

75. Joseph Smith and other Mormon leaders themselves used this argument. See *HC*, 2:487–88, 497; Roberts, *Comprehensive History*, 1:402. For the most recent versions of this argument see Partridge, "Kirtland Safety Society," pp. 448, 452–54; Paul Sampson and Larry T. Wimmer, "The Kirtland Safety Society: The Stock Ledger Book and the Bank Failure," *BYU Studies* 12 (Summer 1972): 430.

76. Huntington, "Banking and Currency in Ohio," p. 366.

There were other unauthorized banks in Ohio during this period⁷⁷ and some encouragement was received from anti-Democratic newspapers to establish such institutions.⁷⁸ But for the Kirtland Safety Society to succeed as an unauthorized bank, the members of the Church had to accept the notes, not let large numbers of them get into the hands of outsiders, and, perhaps more importantly, assume the risk of a \$1,000 fine for even possessing or passing unauthorized bank notes. During the first two weeks after the first notes had begun to circulate, the *Cleveland Herald and Gazette* on 12 January 1837, and the *Painesville Republican* on 19 January warned that not only the bank and its leaders were subject to a \$1,000 penalty, but also “anyone who gives those notes circulation.” Whether or not this was a proper interpretation of the law of 1816, the viability of the bank depended heavily upon the weight given this threat by the public. A \$1,000 penalty was more than twice the average yearly income for a farm family in 1840. Thus, even a small probability of actually being penalized carried a heavy risk.

The evidence indicates that the notes did not achieve sufficient acceptance for the bank to succeed. Between 5 January and 21 January the notes were apparently accepted in Kirtland and those presented to the bank were redeemed in specie.⁷⁹ Outside Kirtland, however, it was a different matter. The *Painesville Republican* declared that the notes were not accepted by the Bank of Geauga, and added that for this reason businessmen “will not accept them of course.”⁸⁰ What was true of the bank at Painesville seems to have prevailed at other banks in the area.⁸¹ Lack of confidence in the notes seems to have precipitated something of a run on the bank, for Sidney Rigdon announced on 23 January that no specie would be given for Kirtland bank notes thereafter.⁸²

Suspension during a general banking panic is not necessarily a sign of failure or even weakness. But when one bank suspends payments on its own, it is a sign of weakness that signals the end of that bank as a viable institution unless somehow new life may be found through outside funds or, in this case, a charter. After 23 January it was a constant struggle merely to keep the Kirtland bank open, as Church members

77. *Ibid.*, p. 367.

78. *Painesville Republican*, 19 January 1837; *Republican Advocate*, 13 July 1837.

79. *Messenger and Advocate* 3 (July 1837): 536.

80. *Painesville Republican*, 19 January 1837

81. *Messenger and Advocate* 3 (July 1837): 536.

82. Kennedy, *Early Days of Mormonism*, p. 163; *Cleveland Herald and Gazette*, 25 January 1837.

themselves became wary of the notes and the risk associated with them. Twice in April, Joseph Smith warned the Church that the bank could not possibly succeed unless the members accepted its notes.⁸³ As indicated earlier, Smith removed himself from the bank's operation in June and in August denounced its new officers.⁸⁴

This interpretation of the failure of the Safety Society Bank appears to have been more clearly understood by contemporaries of the bank than by subsequent historians. Warren Cowdery, editor of the *Messenger and Advocate*, though in disagreement with Joseph Smith over the bank, nevertheless saw the importance of the lack of a charter as the principal cause of the bank's troubles:

No charter was obtained for the institution, which operated as one cause to limit the circulation of the bills, destroy public confidence in them, and stimulate the holders of them to return them again to the bank and demand the specie for them. Other banks which had been at the expense of procuring charters, refused the bills of this bank in payment of any debts due their respective institutions. This stand taken by other banks operated as might be reasonably supposed, to destroy the currency of these bills with men of business. . . .

Some [banks] were as illy able to continue . . . as . . . ours, but they had charters . . . and waited till it was popular to suspend payment, and then they could do so with impunity. . . .⁸⁵

There are several questions related to the bank and this explanation of its failure which we believe can now at least partially be resolved.

1. *Reasons for the lack of a charter.* In the past it has been suggested by most Mormon authors that the reason for the lack of a charter was religious persecution. Joseph Smith himself declared "Because we were 'Mormons,' the legislature raised some frivolous excuses on which they refused to grant us those banking privileges they so freely granted to others."⁸⁶ There is little evidence that the Church in this instance was subject to religious persecution. Instead, it appears to have suffered from bad timing. In 1830, there were only eleven banks in Ohio; by 1834, when ten new bank charters were granted, there were a total of thirty-one.⁸⁷

83. Dean C. Jessee, "The Kirtland Diary of Wilford Woodruff," *BYU Studies* 12 (Summer 1972): 391-94.

84. *Messenger and Advocate* 3 (August 1837):560.

85. *Ibid.*, pp. 535, 537.

86. *HC*, 1:468.

87. Huntington, "Banking and Currency in Ohio," pp. 349, 368, 372, 376.

At that time the “hard money” or “loco foco” wing of the Democratic party gained control of the Ohio legislature and began turning down requests for charters. In 1835, all requests for additional charters were refused, while in 1836 only one of seventeen requests was granted.⁸⁸ It was not until the loco focos were removed from control that the Ohio Legislature once again began granting charters.

2. *The question of legality of Joseph Smith’s banking activities.* As noted above, in February 1837, just over a month after the restructuring of the Society and its commencement of business, law suits were commenced against Joseph Smith, Sidney Rigdon, and others seeking a forfeiture judgment in the sum of \$1,000 against each defendant for alleged violations of the 1816 Ohio statute prohibiting unauthorized banking. These were separate cases against each of the officers of the Society. The plaintiff in each case was Samuel D. Rounds. All of the cases except those against Joseph Smith and Sidney Rigdon were dismissed voluntarily by Rounds. The Smith and Rigdon cases were tried by a jury in October 1837, resulting in a judgment of \$1,000 plus small costs against each.⁸⁹

These cases were filed under an Ohio statute adopted in 1816 that made conduct of the banking business by any persons or associations other than those duly incorporated by the legislature unlawful, and imposed as a penalty for violation of the statute a forfeiture of \$1,000, recoverable in a civil action of debt, with one-half to go to the “informer” and one-half to go to the State of Ohio. Examination of the court records establishes that Joseph Smith and Sidney Rigdon were properly charged, tried by jury, and found to have violated the statute. This finding, of course, implicitly held the entire Society activity wholly unlawful, and made it impossible for it to survive, even had survival been otherwise possible.

Various arguments have been advanced to sustain the legality of the Society. Fielding suggests the argument that “joint stock associations” had “limited financial privileges,” and that the Society was intended to be such an association and not really a bank. He cites the July 1837 issue of *The Messenger and Advocate* as quoting the “authorizing legislation” that he claims permitted such associations to issue notes of short duration.⁹⁰ Neither that nor any other issue of this journal, however,

88. *Ibid.*, pp. 372, 377.

89. See Court of Common Pleas Record Book U., Geauga County, Ohio, pp. 353ff.

90. Fielding, “Growth of the Mormon Church,” pp. 177–78.

quotes any legislation authorizing such associations to issue notes. Nor have we been able to find any such “authorizing legislation” in the Ohio Statute books.

Even if there had been special legislation authorizing issuance of notes by “joint stock associations,” the legislation would not have permitted notes for circulation, such as were issued by the Kirtland Society. Notes issued for circulation were plainly in violation of the 1816 Act.

Fielding’s suggestion, however, finds some support in the differences between the 2 November 1836, and 2 January 1837, documents for organization of the Society, and in the modification of the name of the organization on some of the notes to the “Kirtland Safety Society Anti-banking Company.” The November “constitution” was plainly intended for an organization to be incorporated by the Ohio Legislature with banking powers. It speaks of stock and stockholders, and calls the organization the “Kirtland Safety Society Bank.” The January articles of agreement refer to the organization as a “company” or “firm,” and to “members” rather than stockholders. They say nothing about banking as a principal purpose of the association. The January articles retain the reference to stock, and name the association “The Kirtland Safety Society Banking Company.”

All of these changes in the organizing document itself can be explained if we assume that the Mormons were aware of and acting on the recognized differences between an unincorporated association and a corporation.⁹¹ It would seem, however, that more changes would have been made than actually were had their purpose been to constitute the association something other than a bank and to defend the issuance of notes as merely incidental to other activities.

The “anti-banking company” phraseology, however, is another matter. Fielding is probably correct in asserting that the joint stock company argument was made to defend the Society’s activities. There were Ohioans other than the Mormons who sought to circumvent the 1816 law, believing that it showed favoritism to a few banks. The 19 January 1837 issue of the *Painesville Republican* argued that the 1816 statute was

91. Unincorporated associations were not recognized as legal entities either generally or under Ohio law. A corporation, on the other hand, was a creation of the legislature and was recognized as a legal “person.” It was, and is today, conventional to refer to members of corporations as stockholders, and the entity as applicable thereto—in this case “bank.” An unincorporated association, however, would have “members” rather than stockholders; the organization might be variously referred to as a firm, company, association, etc. Such is the case in the January Articles.

unconstitutional because it discriminated against the conduct of the banking business by those not authorized by act of incorporation, and permitted conduct of the banking business by those so authorized, even though persons not authorized might be equally or better funded and capable. This is a classic, albeit simple, equal protection argument. The equal protection clause, however, was not included in the Constitution until the Fourteenth Amendment was adopted in 1868. There was no persuasive constitutional basis for such an argument in 1837, particularly if the argument sought to apply an equal protection limitation to the conduct of state governments.

The most persuasive argument that was advanced to sustain the legality of the Society's activities was that advanced at the trial of Smith and Rigdon which sought a jury instruction that the 1816 statute "was not in force." This argument was also made in the 16 February 1837 issue of the *Painesville Republican*. The argument could take two different forms. First, it was reasonably clear that the 1816 statute was internally inconsistent. Section 9 declared notes of unauthorized and unincorporated banks to be null and void. Section 12, however, provided that a holder could sue on such note and recover against all persons interested in the bank. A later act, adopted in 1824, corrected this inconsistency, and by implication superseded both Sections 9 and 12 by providing that no action could be maintained on a note issued by an unincorporated bank.⁹² Thus, the first argument would be that inasmuch as both Sections 9 and 12 of the 1816 Act were by implication repealed by the later 1824 Act, the balance of the 1816 Act must be viewed as repealed by implication as well. The difficulty with this argument is that it was well recognized, even as early as 1833, that "the old law is repealed by implication only pro-tanto, to the extent of the repugnancy."⁹³ There were no provisions of the 1824 law inconsistent with those of the 1816 Act prohibiting unauthorized banking and imposing the \$1,000 forfeiture for violation.

The second argument is a better argument, and is stated in the *Painesville Republican*, 16 February 1837:

The law of 1816 under which these suits are instituted, has long since become obsolete and inoperative. In the year 1824, the legislature appointed by joint resolution a committee to review generally the laws of the state. . . . The law of '16 against private banking . . . was rejected by the committee and was not republished by the Legislature; but instead,

92. 1824 *Ohio Stat.*, pp. 1417–1419.

93. Chase, *Laws of Ohio* (1833), p. 15.

a general law regulating banks and bankers was passed, containing amongst other provisions, a section making all notes, bonds, &c. issued by unauthorised banking companies null and void, without, however, annexing any penalty.

There is substantial legal support for the assertion that if the 1824 law was a general banking law that embraced the entire subject matter of the 1816 law, then the 1816 law had no further force, even in the absence of express repeal. The difficulty with the argument, however, was that the 1824 Act did not appear to be a general banking law, but dealt only with selected banking problems. There had been considerable earlier banking legislation in addition to the 1816 statute. It is difficult to conclude that the 1824 Act, dealing as it did with far fewer than all problems that were the subject of various prior statutes, should be taken to repeal by implication all the prior legislation, including the 1816 Act. Moreover, the 1816 Act, except as inconsistent with the 1824 Act, was expressly noted in Chase's 1833 collection of Ohio laws, as "in force."

The "not in force" argument, like the "joint stock company" argument, seems an unlikely product of any but a law-trained mind, whichever of the two alternative forms are stated. Indeed, the foregoing statement from the *Painesville Republican* has the tenor of a lawyer's work, and is quite similar to the argument made by counsel for Smith and Rigdon as preserved in the minutes of their trial.⁹⁴

The most interesting feature of the Rounds cases that were prosecuted against Joseph Smith and Sidney Rigdon and that established the illegality of the Society is their apparent sponsorship. So far as we are aware, Samuel D. Rounds is a person having no prominence, or dealings with Joseph Smith for the Church and its members, except for these law suits. His name simply appears nowhere else. The Geauga County Execution Docket, however, states that the judgments against Joseph Smith and Sidney Rigdon were assigned to Grandison Newell, who sought to collect them, and did obtain partial satisfaction in the amount of \$605. Newell was a bitter enemy of Joseph Smith and the Mormons. In June 1837, Newell charged Joseph Smith with attempted murder, for which Smith was tried and acquitted in Painesville. It apparently was general knowledge at the time that Newell was behind Round's lawsuits against the Society, for a contemporary citizen of Kirtland, reprinting in his personal reminiscences a letter from him to the *Painesville Telegraph* (that evidently was never published), says: "The facts are that Perkins and

94. See Appendix D for a discussion of Joseph Smith's probable lawyer.

Osborne were attorneys for Granison [*sic*] Newell in the prosecution of Smith and Rigdon for illegal banking.”⁹⁵ Joseph Smith’s assertion that the anti-bank litigation was stirred up by his enemies, a charge which has not been connected to Rounds, is most likely true, because it evidently refers to Newell. If this interpretation of the evidence is correct, Newell himself may have been guilty of stirring up and maintaining litigation in the names of others, which was a crime known as “maintenance” at the common law.

The question whether the activities of the Society in 1837 were indeed unlawful under Ohio law requires considerable and fairly sophisticated legal analysis. Although we are now satisfied that the activities of the Society did indeed violate the proscriptions of the 1816 Ohio Statute, that conclusion is not entirely free from doubt, even with the benefit of hindsight. It must have been much less clear in 1837, when Joseph Smith was faced with a decision as to how to proceed in the face of the refusal of the Ohio Legislature to grant a charter.

3. *Effect of the bank panic of 1837.* Perhaps the most common explanation for the failure of the Kirtland Safety Society, at least among Mormon authors, has been the claim that its failure was precipitated by the national banking panic of 1837.⁹⁶ This argument asserts that the Safety Society was a casualty to economic conditions beyond its control, and but one of many bank failures.

However, rather than a cause of the Society’s failure, as these authors have suggested, the national bank panic may have prolonged its life. A frequent problem for previous historians has been their failure to distinguish between suspension and failure—most treating them as though they were synonymous.⁹⁷

The suspension of specie payments by a bank represented a declaration that until further notice it would no longer redeem its outstanding notes in gold or silver of an equivalent value. If this action stemmed from a particular bank’s inability to meet its specie demands while other banks maintained redemption of their notes (as was the case in January 1837, when the Kirtland Safety Society suspended payments), suspension may well have been the prelude to failure or the actual closing of its

95. Christopher Crary, *Pioneer and Personal Reminiscences* (Marshalltown, Iowa: Marshall Printing Co., 1893), p. 80.

96. See Partridge, “Kirtland Safety Society,” pp. 448, 452, 454; Arrington, *Great Basin Kingdom*, p.14; Sampson and Wimmer, “Kirtland Safety Society,” p. 430.

97. Partridge, “Kirtland Safety Society,” p. 448.

doors and bankruptcy. However, suspension of specie payments during a general panic was neither an act of failure nor necessarily an admission of weakness, but rather a necessary protective measure required in order to avert failure. To do otherwise during a widespread bank suspension would invite disaster in the form of excessive withdrawals of specie from the bank's reserves.

This latter was the case in the general suspension of May 1837, when on the 10th of that month New York banks suspended payments.⁹⁸ Most northern city banks followed the next day, and Ohio banks followed on 17 May. The defensive nature of suspension by Ohio banks was understood at the time. In January 1838, the cashier of the Bank of Lancaster (Ohio), in a letter to the Ohio Senate, defended that suspension, declaring

. . . 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 payment, under such a condition of things, would subject them to heavy and constant drafts on their coin. . . . They deemed it gross folly . . . to continue a course of operations 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 . . . the Ohio Banks felt it to be an imperious 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.⁹⁹

Despite suspension, Ohio banks were generally considered sound,¹⁰⁰ and on 28 August 1838, along with most other states, Ohio banks resumed specie payments. We have found evidence of only one other bank failure at this time—the Bank of Canton, on 13 April 1838, one year after the failure of the Kirtland Safety Society.¹⁰¹ Thus the panic of May 1837, removed the unique stigma of early suspension from the Safety Society, and may have prolonged its eventual failure by placing it on a basis which superficially appeared to be the same as other Ohio banks. In June, the editor of the *Messenger and Advocate* attempted to portray the “similarities” between the difficulties of the Kirtland Safety Society

98. Huntington, “Banking and Currency in Ohio,” p. 385.

99. *Ohio Senate Journal*, 1837, p. 44; Warren (Ohio) *Western Reserve Chronicle*, 3 October 1837.

100. Huntington, “Banking and Currency in Ohio,” pp. 387–90.

101. *Ibid.*, pp. 390–93; Coover, “Ohio Banking Institutions,” pp. 300–20.

and other banks by declaring that “we too feel the pressure, occasioned by the derangement of the currency, the loss of credit, [and] the want of confidence” resulting from the Panic.¹⁰²

4. *Kirtland Safety Society notes outstanding*.—The charge was made by critics of the Mormon bank at the time and repeated by later historians that the Kirtland bank was essentially a fraud, its issuance of notes far in excess of its limited assets.¹⁰³ Unfortunately, there is very little evidence from which to estimate the number of Kirtland Safety Society notes in circulation. Estimates by previous authors vary all the way from zero to infinity!

1. Christopher Crary claims that there were no notes in circulation. “I think no one ever borrowed a dollar or discounted a note at the bank.”¹⁰⁴
2. Joseph Smith is said to have claimed there were only about \$10,000 worth of notes in circulation.¹⁰⁵
3. The *Cleveland Advertiser* in January 1837, claimed there were \$12,000 in notes in circulation and \$16,000 in specie at the bank.¹⁰⁶
4. Another Cleveland newspaper claimed there were \$36,000 worth of notes circulating in Cleveland alone.¹⁰⁷
5. The *Cleveland Herald* claimed there were not over \$40,000 worth of notes in circulation.¹⁰⁸
6. Warren Parrish claimed there were \$150,000 worth of notes in circulation with only \$6,000 in specie in the bank.¹⁰⁹
7. Kennedy claimed there was an unlimited number of notes in circulation.¹¹⁰

102. *Messenger and Advocate* 2 (June 1837):520–21.

103. See Smalling in John Alonzo Clark, *Gleanings by the Way* (Philadelphia: W. J. and J. K. Simon, 1842), pp. 333–36; Warren Parrish to *Painesville Republican*, 15 February 1838; Crary, *Pioneer and Personal Reminiscences*, p. 35; Brodie, *No Man Knows My History*, pp. 194–99; Fielding, “Mormon Economy” pp. 348, 352; Hatcher, *Western Reserve*, pp. 126–27; Kennedy, *Early Days of Mormonism*, pp. 153, 164; Linn, *Story of the Mormons*, pp. 148–49.

104. Crary, *Pioneer and Personal Reminiscences*, p. 55.

105. Parrish to *Painesville Republican*, 15 February 1838.

106. *Cleveland Daily Gazette*, 3 February 1837.

107. *Ohio Argus*, 19 and 26 January 1837.

108. *Cleveland Herald*, 25 January 1837.

109. Parrish to *Painesville Republican*, 15 February 1838.

110. Kennedy, *Early Days of Mormonism*, p. 160.

Because the Kirtland Safety Society was not a chartered bank, there are no data of its circulation, capital stock, etc., in the usual sources of banking information. To our knowledge there have been no independent estimates of the circulation of Kirtland bank notes; each writer has relied upon the claims of one or the other of the above sources.

Professor Peter Crawley of the Mathematics Department at Brigham Young University has suggested a procedure which in the absence of the usual data offers a useful method of estimating the note circulation. For some time, he has been systematically recording the serial numbers and dates of Kirtland Safety Society bank notes which are now in private collections. We have supplemented Crawley's list with the serial numbers of all Kirtland notes in the Church Historian's Collection in Salt Lake City, for a total of 153 bank notes. The Church Historian's Office also possesses some numbered and dated but uncut notes still in sheets. Initially it was hoped that these numbers on uncut sheets might be higher than those on notes which had circulated thus providing us with a top figure for notes in circulation. However, that proved not to be the case. Therefore, an alternative procedure, suggested by Crawley, was used which takes into account both the number of notes observed and the highest serial number by denomination. It is possible to calculate the expected number of notes issued per denomination in the following equation: $[(n + 1)/n] S - 1/n$, where n = the total number of notes observed and S = the largest serial number found on any of those notes.¹¹¹

There were three major issues. The first, between 4–8 January, apparently consisted only of \$1, \$2, and \$3 denominations. On the uncut sheets these notes appear four to the sheet with two being \$1 notes, one a \$2 note, and one a \$3 note. There is evidence that at least some of these were numbered consecutively per sheet, which would mean that there are only one-fourth as many \$2 and \$3 notes as their serial numbers indicate. While some of the actual serial numbers suggest this practice, others deny it due to consecutive numbering of \$2 or \$3 notes. Therefore, we have assumed that it was not used at all, which means that our estimate contains an upward bias.

111. Help on this estimation problem was received from Peter Crawley (Mathematics), James McDonald (Economics), and Ron Heiner (Economics), all of Brigham Young University. An estimation problem and procedure similar to this is discussed by William Feller in *An Introduction to Probability Theory and its Application*, Volume I (New York: John Wiley & Sons, 1968), pp. 226–27.

Given this procedure, we estimate that in early January there were issued no more than \$5,182 in \$1 notes, \$3,856 in \$2 notes, and \$6,630 in \$3 notes, for a total of \$15,668 (see Appendix B for computations). There are two other sources which may lend some support or at least do not seriously contradict our estimate for the January note issue. The first is a consecutively numbered “list of notes for discounting, January, 1837” which contains all numbers for \$1 notes between 799 and 1864 (considerably under our highest number of 4713), for \$2 notes between 346 and 869 (our highest number is 1654), and for \$3 notes between 347 and 870 (our number is 1896). Since none of these notes exceeds our highest number, we are confident that our estimate of \$15,000 is a reasonably good upper bound. The other source is more difficult to interpret. Contained among the same bank papers as above is a list of men, many of whom are known to have been influential in the bank. After each of their names is a dollar amount which combined total \$17,928. There is no way of confirming exactly what this list is, but the total and timing raise the possibility that it represents loans from the bank in the form of bank notes for the purpose of placing notes in circulation.¹¹²

In addition to the reasons given above, we believe that \$15,000 is an upper bound on the circulation of the January notes because of clear evidence that all these notes, numbered and dated in January, were not circulated at that time. For example, some were countersigned by Brigham Young much later in Utah and issued as gold certificates in order to fulfill an earlier prophecy of Joseph Smith’s that someday the Kirtland Safety Society notes would be “as good as gold.”¹¹³ If we assume that half to two-thirds of these notes were actually circulated in January, we come up with an estimate between \$8,000 to \$10,000 in circulation.

From an examination of the serial numbers associated with the February issue, it is fairly certain that the \$1, \$2, and \$3 notes came from sheets which had been consecutively numbered starting in January. Therefore, the February issue of these notes is equal to the total January through February issue minus the January issue. That issue plus the new \$5, \$10, and \$20 notes, which were apparently issued for the first time in February, places the following upper bound on the total February issue:

112. “List of Notes for Discounting, January, 1837,” Nauvoo Collection, Church Archives, Salt Lake City, Utah.

113. Brigham Young needn’t have gone to such pains to ensure that this prophecy was fulfilled. Today these notes are worth far more than the exchange rate between currency and gold.

\$1 notes = \$976

2 notes = 1,928

3 notes = 9,282

5 notes = 9,780

10 notes = 12,250

20 notes = 12,020

for a total of approximately \$46,000. Again, for the same reasons as stated relative to the January issue, we believe this to be an overestimate. The actual face value of this issue was probably closer to \$30,000.

Since the February issue came after the suspension of specie payments by the bank, one can predict with almost absolute certainty that there existed a heavy discount against notes of this and the previous issue. Almost all banks, even chartered banks redeeming in specie, had discounts charged against their notes outside their immediate vicinity. If there was any doubt about the financial soundness of the institution, the discount commonly ranged between 50–80 percent.¹¹⁴ Smalling claimed that by 1 February, the Safety Society notes were selling for 12½ cents on the dollar.¹¹⁵ Given the Kirtland Safety Society's suspension of payments, its lack of charter, small capital base, etc., the discount against its notes was undoubtedly large. Thus, assuming Smalling's figure to be reasonably accurate, it follows that by 1 February the \$10,000 January issue would have been worth only \$1,250—a loss of \$8,750 to the holders of those notes if they initially traded at par. In addition, a February note issue of \$30,000 face value, would not have been worth more than \$3,750 in market value. If the discount on 1 February was in fact 87½ percent, the subsequent issue in February would have undoubtedly reduced the market value of those notes even further.

In March it is less clear that the note issue represented notes consecutively numbered starting in January and continuing through March. However, due to the absence of repetitive numbers and the relatively larger numbers in March we believe that to have been the case. Under that assumption, the March issue would have had the following characteristics:

\$1 notes = an issue of notes with smaller serial numbers than the previous high in January or February

\$2 notes = an issue of notes with smaller serial numbers than the previous high in January or February

114. Huntington, "Banking and Currency in Ohio," p. 345.

115. Clark, *Gleanings by the Way*, p. 334.

\$3 notes = an issue of notes with smaller serial numbers than the previous high in January or February

5 notes = \$1,280

10 notes = \$9,150

20 notes = \$20,920

50 notes¹¹⁶ = \$9,800

100 notes = \$23,300

Estimation by the highest serial number, does not enable us to determine the total in this case, though if we look just at the \$5 through \$100 notes, the total is approximately \$65,000. One notices immediately the issue of notes of higher denominations, which likely is evidence of additional discounts against the Kirtland notes. Cray claims that “in a few weeks the bills were sold for \$3 per \$100 (3 cents on the dollar).”¹¹⁷ Later in July, George S. Richards in a letter to Edwin Pearson claimed that even in Kirtland these notes were selling for 1 to 10 cents on the dollar.¹¹⁸ Therefore, it seems likely that the market value of the March issue did not exceed more than \$6,000.¹¹⁹

The total circulation means little. Since the January notes circulated at a very different value from the February notes, which again were different in value from the March issue, it is like comparing apples, oranges,

116. The highest serial number observed for \$50 notes was 186, except for one note numbered 2384. We have left that note out of our estimate because it was so much higher than all the other notes as to cast doubt on its validity as a consecutively numbered note. Additional support for this suspicion stems from the observation that it is numbered and dated in a different hand from other notes, most of which seem to have been numbered in the same hand—possibly at the same time—and then dated later according to the time of issue. Probably what happened was that the person issuing the \$50 notes on March 9, came upon this unnumbered note and to be safe placed a high four-digit number on it.

117. Cray, *Pioneer and Personal Reminiscences*, p. 55.

118. George S. Richards to Edwin Pearson, 20 July 1837, S. W. Richards Correspondence, Huntington Library, San Marino, California.

119. Other sources confirm that the discount against the Kirtland Safety Society notes was large. In his account of this period, Benjamin Johnson declares that “no one would think of giving coin in exchange (nor notes) except at a great discount.” See Benjamin F. Johnson, *My Life’s Review* (Independence, Mo.: Zion’s Printing and Publishing Company, 1947), p. 21. Jonathan Crosby, in his diary, states that he “spent a day running about trying to [sic] with Kirtland money, but could get nothing.” Papers of Jonathan and Caroline Crosby, Church Archives, Salt Lake City, Utah.

and pomegranates. Nevertheless, since that total amount has been the subject of historical debate, Table 17 presents our estimates. For the reasons listed above, we believe the total of \$123,088 to be an upper bound, and feel more comfortable with an estimate two-thirds that amount or around \$85,000.

Table 17
Estimates of Total Circulation of Kirtland Safety Society Bank Notes, January–March 1837

Denomination	Actual Number of Notes Observed (n)	Highest Serial Number Observed	Estimated Number of Notes (N*)	Face Value of Notes
\$1	19	5647	5,944	\$ 5,944
2	9	1654	1,836	3,672
3	11	4643	5,064	15,192
5	30	2138	2,208	11,040
10	40	2090	2,140	21,400
20	19	1567	1,647	32,940
50	16	186	196	9,800
100	89	209	231	23,100
	<u>153</u>		<u>19,266</u>	<u>\$123,088</u>

Estimation procedure: $N^* = [(n+1)/n] S - 1/n$ where N^* = the expected number of notes issued per denomination, n = total number of notes observed per denomination, and S = the largest serial number on the notes by denomination.

Returning to the claims by contemporary observers, Crary's and Kennedy's claims of zero and infinity can be dismissed without our estimates. The *Cleveland Herald* and *Ohio Argus* figures (\$36,000 and \$40,000) appear to be excessive for January, while that of the *Cleveland Advertiser* (\$12,000) for the same month seems plausible. It is possible that Joseph Smith and Warren Parrish may have both been accurate if they were speaking of different time periods. Parrish's claim that the note circulation had been \$150,000 was made in February 1838, after an issue in July 1837 of an undetermined amount for which he was responsible. He insisted that Joseph Smith had claimed that there were only \$10,000 in notes outstanding, but indicates that Smith had made this claim "earlier."¹²⁰ If Smith spoke of the January issue, his figure may not have been erroneous.

120. Parrish to *Painesville Republican*, 15 February 1838.

We find no evidence to support Brodie's fanciful claim that "now began the most exuberantly prosperous fortnight in Kirtland's history. Everyone's pockets bulged with bills. Local debts were paid off at once."¹²¹

Some light is shed on one other point. One of the notes, with a face value of \$100, is signed by Warren Parrish in July 1837. This is independent evidence supporting the charge by Joseph Smith and the *Daily Herald and Gazette* that Parrish was issuing and circulating notes after Smith had publicly removed himself on June 8 from the bank's operations. Subsequently, Smith warned that

. . . the brethren and friends of the church . . . [ought] to beware of speculators, renegadoes and gamblers, who are duping the unsuspecting and the unwary, by palming upon them, those bills, which are not of worth here. I discountenance and disapprove of any and all such practices. I know them to be detrimental to the best interests of society, as well as to the principles of religion.¹²²

Thus Dudley Dean misunderstood the situation when in a recent article he called Joseph Smith's denunciation one of the "most astounding and bizarre announcements ever made by a bank founder."¹²³ Smith's warning might more accurately be viewed as a timely attempt to thwart Parrish's ill-advised and perhaps fraudulent effort to revive the ill-fated bank.

5. *Subscriptions and specie in the Kirtland Safety Society Bank.* The recent discovery of the Safety Society's ledger book¹²⁴ makes it possible to say more about the number and amount of investments than could be said in the past.

(a) There were 200 investors who purchased 39,025 shares.¹²⁵ The earliest purchases were on 18 October 1836; most were during November and December 1836, when there were 115 and 59 transactions respectively; however, some deposits for stock were made as late as June 1837. Table 18 shows the timing of these stock transactions.

121. Brodie, *No Man Knows My History*, p. 196.

122. *Messenger and Advocate* 3 (August 1837): 560.

123. Dudley, "Bank Born of Revelation," p. 853.

124. Most of this information is from an earlier study of the ledger book by Sampson and Wimmer in "Kirtland Safety Society," p. 427-36.

125. See Appendix C for a list of the names, the total amount, and the price per share for each subscriber.

Table 18
Number of Stock Subscriptions by Month

Year	Month	Number	Cumulative Number	Percentage	Cumulative Percentage
1836	October	36	36	10.2%	10.2%
	November	115	151	32.5%	42.7%
	December	59	210	16.7%	59.4%
1837	January	38	248	10.7%	70.1%
	February	19	267	5.4%	75.5%
	March	36	303	10.2%	85.7%
	April	37	340	10.5%	96.2%
	May	8	348	2.3%	98.5%
	June	6	354	1.7%	100.2%

SOURCE: Kirtland Safety Society Ledger Book, 1836–37.

(b) The face value was \$50 per share; however, the actual amount paid surprisingly varied from investor to investor for the same date and amount of stock. The price varied from a low of $\frac{1}{3}$ cents per share to a high of \$3.93 per share. After checking small versus larger purchases, prominence in church leadership, and wealth, we have been unable to determine a clear pattern for these prices, though there does appear to be some correlation with “ability to pay.” See Appendix C for a list of the subscribers and the amount each owned and paid per share. Figure 2 shows the distribution of prices paid per share. Sixty-seven of the 200 subscribers 26 $\frac{1}{4}$ cents per share—the mode.

(c) The median subscription equalled \$12.00, meaning 50 percent of the subscribers paid in less than \$12.00 and 50 percent more than \$12.00. Of the total subscribers 80 percent paid less than \$50 for their stock and only 12 percent subscribed \$100 or more. Figure 3 shows the various amounts subscribed per person. It appears, therefore, that the bank’s failure did not impose great losses upon the average subscriber—\$12.00 represents about one week’s market income in 1840.

(d) The total subscription paid in to the Kirtland Safety Society by its subscribers was equal to \$21,315.40; some subscriptions were subsequently withdrawn, leaving a net amount of \$19,644.70. It is not known how much of this amount was specie as opposed to the notes of other banks, nor how much may have represented land or similar assets. Church members were requested to pay in gold or silver,¹²⁶ and there is no mention in the ledger of land subscriptions.

126. *Messenger and Advocate* 3 (January 1837):443.

Figure 2
Average Price Paid Per Share in the Kirtland Safety Society

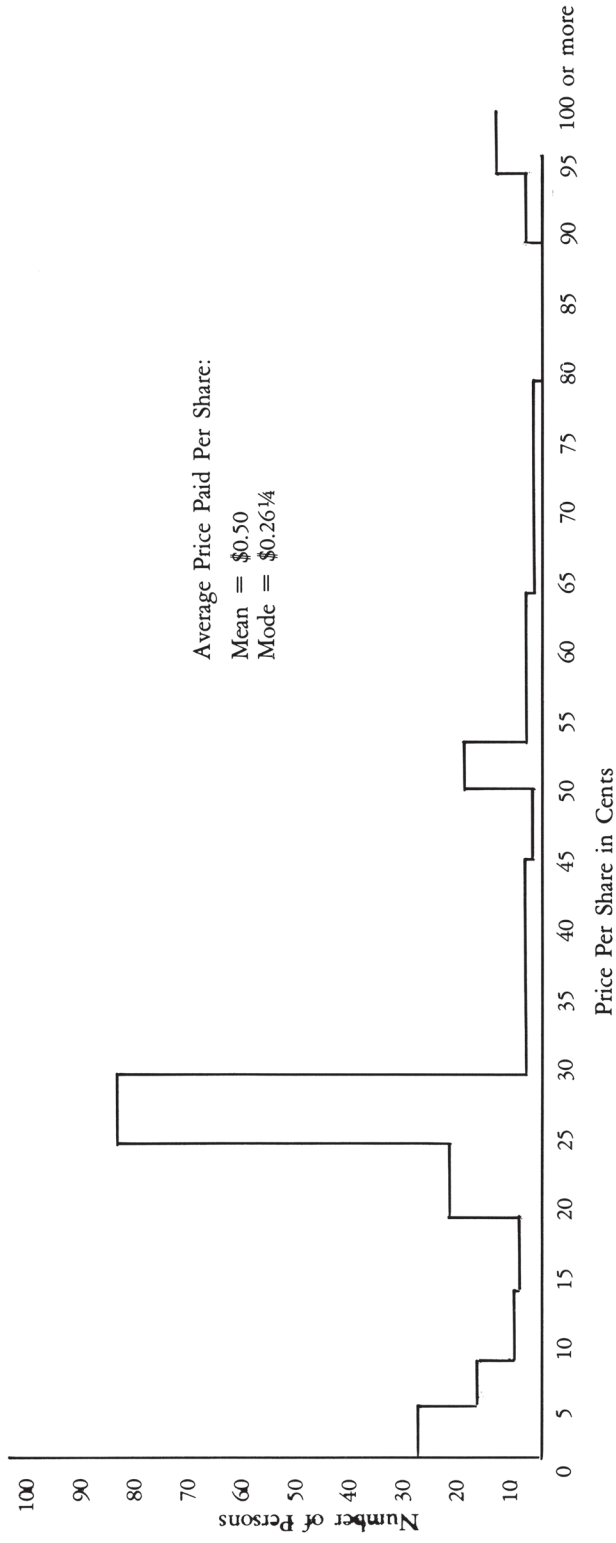


Figure 3
Amount Subscribed per Person in the Kirtland Safety Society

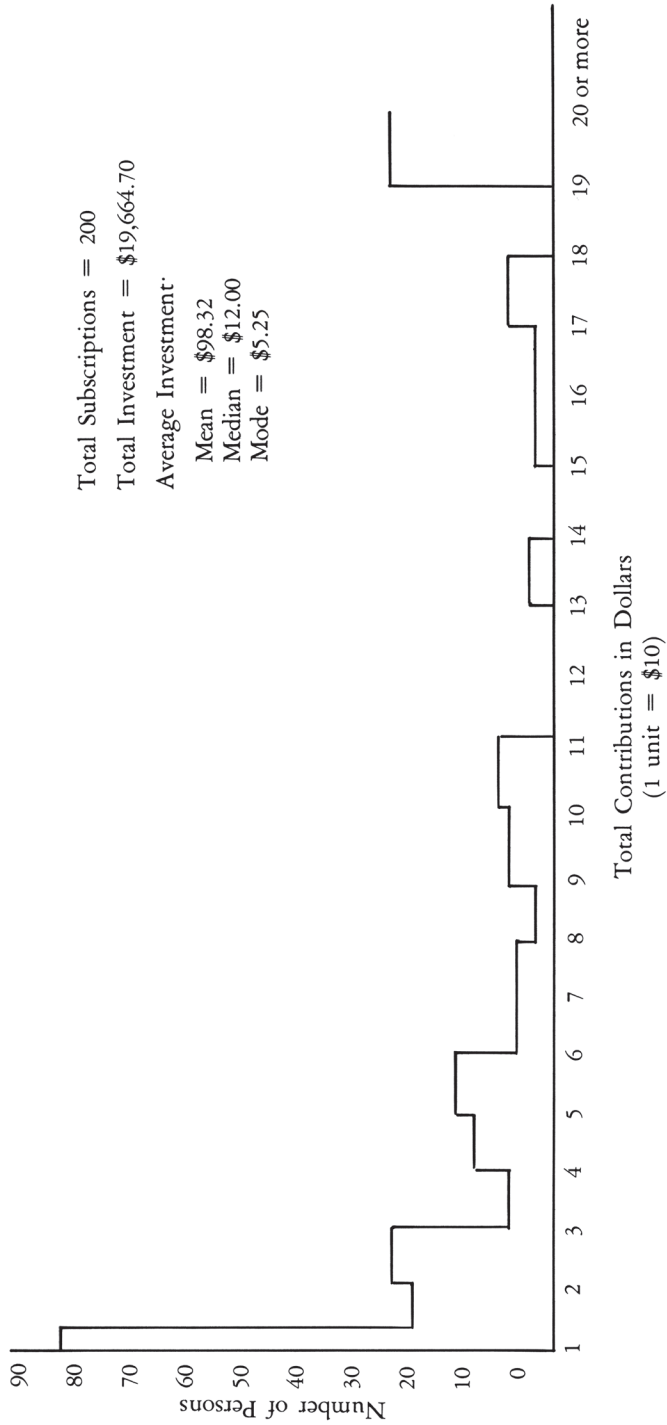


Table 19 shows that by January, and the formal opening of the bank, almost \$15,000 or 70 percent of the total subscriptions had been completed. However, the number of subscriptions (106) that occurred after suspension in late January 1837, is surprising and another indication of the unusual local support given this bank. Thus, it is possible that the bank had \$16,000 in specie in January 1837, as claimed by the *Ohio Argus*.¹²⁷ Even Parrish, whose intent was to belittle the bank, acknowledges later in 1838 that there was \$6,000 in specie.¹²⁸ Our estimates of the amount of stock subscriptions deposited with the bank by January 1837, and of the upper bound on notes circulated during the same month are almost identically \$15,000 each. Thus, during January 1837, the bank was essentially on a 100 percent reserve backing, lending strong support to our argument that it was the lack of a charter, and not the size of the note issue or the lack of specie backing which was the primary cause of the bank's failure.

Table 19
Total Amount of Stock Subscriptions by Month

Year	Month	Amount Contributed	Cumulative Total	Percentage	Cumulative Percentage
1836	October	\$ 4,052.34	\$ 4,052.34	19.0%	19.0%
	November	5,374.89	9,427.23	25.2%	44.2%
	December	5,506.52	14,933.75	25.8%	70.0%
	Subtotal	<u>\$14,933.75</u>			
1837	January	3,825.14	18,758.89	17.9%	87.9%
	February	337.03	19,095.92	1.6%	89.5%
	March	589.98	19,685.90	2.8%	92.3%
	April	1,100.29	20,786.19	5.2%	97.5%
	May	185.87	20,972.06	0.9%	98.4%
	June	150.00	21,122.06	0.7%	99.1%
	Subtotal	<u>\$ 6,188.31</u>			
	Date Uncertain	193.34	21,315.40	0.9%	100.0%

SOURCE: Kirtland Safety Society Ledger Book, 1836–37.

6. *Estimated losses associated with the failure of the Safety Society.* The stock subscriptions were, of course, only part of the losses resulting from the failure of the Safety Society. The largest losses were likely due to the loss in value of the Kirtland bank notes. Buildings, land, etc., could all be reclaimed but stock and bank notes became literally worthless. Of

127. *Ohio Argus*, 19 January 1837.

128. Parrish to *Painesville Republican*, 15 February 1838.

course, the loss on the notes would have been rather widely diffused depending upon how widespread the circulation and the rate of change in the discount against them. We can place an upper bound on losses from these two sources by the following assumptions:

1. If the stock became worthless and no assets were left over to divide among subscribers, then all paid-in subscriptions were lost—a loss of \$19,664.70.
2. If there was initially no discount against the January note issue, those who passed these notes at larger and larger discounts eventually lost around \$10,000.
3. If we assume the February issue had a face value of \$30,000, but a market value of only 12 ½ percent of that amount, losses from this issue amounted to \$3,750.
4. If we use the higher value (lower discount) mentioned by George S. Richards of 1 to 10 cents on the dollar to estimate the market value of the March issue, losses from this issue would have been no more than \$6,000.

The above losses, probably all high, total just over \$40,000. If we assume further that Kirtland families earned an average income of \$400 per year, and that all the losses from both stock and note issues were borne by the 200 Kirtland subscribers to the bank (undoubtedly the losses to note holders were much more widely spread than that), then the average Mormon family in Kirtland might have lost as much as \$200 or one-half of a year's income. Considering the upward bias in each assumption, a more likely figure might be half that or \$100, still a considerable sum for that day and community. Undoubtedly, such losses serve as a partial explanation for the disenchantment and bitterness of some members toward the bank and Joseph Smith. At the same time, Smalling's charge in 1838 that Smith "brought destruction and misery on a great many respectable families, that are [now] reduced to distress, while [Smith and other Mormon leaders] live in splendor and all kinds of extravagance" is surely an exaggeration.¹²⁹

7. *Joseph Smith's personal financial commitment to the Society.* As illustrated by the above quote from Smalling, it has been argued that the bank was a scheme which enabled Joseph Smith to profit at the expense of the other members. From the ledger book one finds that Joseph Smith's

129. Clark, *Gleanings by the Way*, p. 336.

subscriptions to the Society totalled \$1,360. Only one other person subscribed more—John Green, \$1,883.50.¹³⁰ Joseph Smith paid 45 cents per share, more on a per share basis than 85 percent of the subscribers. Joseph Smith increased his personal subscriptions to the Society during February and March when the bank was in difficulty and few others were continuing to make subscriptions.¹³¹ Smith borrowed money from two banks and arranged for a third loan, apparently in an effort to help the struggling Society. The first loan on 2 January was from the Bank of Geauga for \$3,018.99; the second for \$1,225 on 3 July, was from the Commercial Bank of Lake Erie-Cleveland;¹³² and the third appears to have been loans to the Kirtland Safety Society on notes of that bank for \$22,000 by the Bank of Monroe in Michigan¹³³—a bank in which the church also held an interest with Oliver Cowdery serving as its vice-president.¹³⁴ At the same time Joseph Smith began making his first large sales of land. From 20 January, almost the day the Society suspended payments, until 10 April, immediately after his appeal to the Church for their support of the Society, Joseph Smith sold \$5,100 worth of land.¹³⁵ How much, if any, of these funds might have been used to support the struggling bank is unknown. Clearly, Joseph Smith lost heavily from the failure of the Safety Society.

Considering the serious impact of the failure of the bank upon Joseph Smith's personal financial position and upon his role as Church and civic leader in Kirtland, one wonders why he went ahead with the bank after it was apparent that it would not receive a charter. Perhaps the following may help explain his decision.

First, it should be noted again that he received encouragement to defy the anti-banking legislature by some anti-Democratic newspapers and political groups. The *Painesville Republican* (19 January 1837), for example declared the law “an outrage upon equal rights” insisting that “no legislative body . . . has the constitutional right to grant privileges to

130. Kirtland Safety Society Ledger Book, 1836–37, Mormon Manuscripts, Chicago Historical Society, Chicago, Illinois.

131. *Ibid.*, p. 13.

132. Geauga County Court Records, 1837.

133. This information is from a single ledger page of the Bank of Monroe found in the Nauvoo Collection, Church Archives, Salt Lake City, Utah.

134. Jessee, “Diary of Wilford Woodruff,” p. 384.

135. Geauga County, Ohio, “Land records 1830–40,” Genealogical Society Library, Salt Lake City, Utah.

one set of men, in regard to the use of money, and prohibit the enjoyment of like privileges by others.”

Second, we have suggested above that Joseph Smith, Sidney Rigdon and others directly involved were closely counseled by lawyers on the creation of the bank. The two organizing documents, of 2 November 1836, and 2 January 1837, respectively, are unlikely products of a lay hand. Quite plainly, they were drawn by counsel. Moreover, the differences between the two documents indicate legal craftsmanship, even more strongly than the style and content of the documents themselves. The organization of the Society, its form and legality, were matters upon which Joseph Smith obviously had close legal counsel and assistance. It is our conclusion that the legal advice he received was incorrect, or at best poor. It seems likely that Benjamin Bissell was the lawyer who counseled Joseph Smith concerning the bank, and who drew the organizing documents in both versions (see Appendix D). It was Bissell who was likely responsible for the legal argument that the 1816 statute had been implicitly repealed by the Ohio legislature in 1824, and who unsuccessfully defended Joseph Smith and Sidney Rigdon in the litigation contesting the legality of the bank.

Third, there were significant financial incentives for Joseph Smith to do all he possibly could to convert the institution into a successful bank. By April 1837, his financial problems must have been apparent and burdensome. A bank, in addition to enhancing his material wealth, would have helped him meet his cash flow problems by converting his wealth in land into more liquid notes needed to meet the demands by his creditors.

Fourth, since 200 members of the Church had previously invested in the bank between October and December of 1836, his image as a religious and civic leader was at stake. He did not know that the bank charter was to be refused until early January, and there remained some hope until late February that a charter might yet be obtained.

Fifth, start-up costs had been previously incurred in obtaining the engraving plates, notes, physical facilities, and so on. This episode is an excellent example of the economic principle which declares these as “sunk costs,” and argues that they should not enter into decision making. If Joseph Smith’s decision to go ahead with the bank, in spite of its lack of a charter, was due to these previously incurred start-up costs, it is obvious from the vantage point of hindsight that he made a very serious error in judgment. The inability of the bank to meet his expectations and its eventual failure cost him dearly in terms of creditability and personal financial resources.

While he may have been encouraged in his decision by various groups, and by bad professional advice from lawyers, ultimately the responsibility for the decision to proceed with the bank was his.

Unforeseen events, including his difficulty in collecting on retail credit granted members of the Church, the panic of 1837, and the failure of the Safety Society, reversed earlier optimistic expectations and established trends which left him with a liquidity crisis which he could not meet in the short run. In the face of numerous lawsuits and threats upon his life, Joseph Smith chose the alternative of fleeing Kirtland—a personal defeat since he fled not only creditors, but also had to leave behind the temple and the community he had gathered. There is evidence that he continued to regard the debts which he left behind as obligations. His wealth was transferred to others and as late as 1843, then five years later and far away in Nauvoo, Illinois, he was still attempting to settle his debts in Kirtland.¹³⁶

Perhaps no one has better captured the meaning of these events in Kirtland than Warren Cowdery, even though he himself was already somewhat disenchanted and at odds with Joseph Smith:

Respecting the management of our banking institution, much has been said, and various opinions and conjectures offered by friends and foes. We are not bankers, bank stockholders, or financiers. We believe that banking . . . is as much a regular science, trade or business, as those of law [or] physics . . . , and that a man may be an eminent civilian, and know nothing of consequence of the principles of medicine. He may be a celebrated divine, . . . and be as liable to fail in the management of a bank as he would in constructing a balloon. . . .

We are not prepared in our feelings to censure any man, we wish to extend that charity to others, which under similar circumstances we should claim at their hands. . . . Permit us also further to remark, that it is no more consistent with our feelings and our wishes, than our duty, to say *who* under the then existing circumstances would have done any better. Other men under far more propitious circumstances . . . have failed. It is easy to see, when the deed is done, the die cast and the time gone by, where there were errors . . . They may have been errors of the head and not of the heart. . . .¹³⁷

136. Smith's correspondence with Oliver Granger and others in the Nauvoo period shows that he made a number of efforts to settle these debts.

137. *Messenger and Advocate* 3 (July 1837): 539–40.

Recapitulation

I. In our estimation previous historians have tended to view the Kirtland economy and events associated with it from an excessively moralistic viewpoint and have misread much of the evidence. Comments and recollections by residents of Kirtland, as well as rising land values, suggest that Kirtland enjoyed prosperity in 1836 similar to the rest of northern Ohio.

II. The concept of excessive speculation to explain rising land values and the subsequent economic bust is misleading. Our research suggests a close correlation between population increases and rising land values. Based on these rising values, Joseph Smith and his creditors were not amiss in anticipating good times economically and lending or borrowing on that expectation.

III. Meticulous research into court records and the papers of Joseph Smith indicate that Joseph's total cumulative indebtedness over the period 1835–37 was a little over \$100,000 rather than in excess of \$150,000 as Brodie maintains. There is evidence that at least \$60,000 of this debt was subsequently settled, possibly much more. Brodie ignores Smith's assets. We have found that Smith owned land in conjunction with others worth \$130,000. Assuming that this was bought entirely on credit (which is unlikely) Smith and company held \$59,500 in equity as a result of rising land values. Thus Smith and other investors associated with him had assets in excess of their debts when they left Kirtland in early 1838. These assets would likely have been adequate to cover Smith's business ventures had there been sufficient liquid capital and a continuing prosperity.

IV. Without a sufficient national currency in this period, and in need of capital, the Mormons launched their bank to transfer landed wealth into a more liquid form. Unfortunately, their timing was bad, since the state legislative refused charters to all. Encouraged by proponents of more liberal local banking policies and perhaps by bad legal counsel, the Mormons set up an unchartered bank which had difficulty circulating its notes. Heavy demand for redemption forced the Mormons to suspend specie payments, although the bank continued its operation for another six months before finally closing. Evidence suggests that the first note issue may have been no more than \$10,000, with as much as \$15,000 of paid-in subscriptions as backing. Subsequent issues of larger nominal amounts may have brought the total to as much as \$100,000. Heavy discounts against these notes, however, probably kept the real value outstanding at about the same as the initial amount. This

is considerably less than Mormon critics have assumed. Available evidence also indicates that Mormon investors may have lost as much as \$100,000 for an average loss of approximately a quarter of their annual income. Joseph Smith and other leaders no doubt suffered even heavier losses.

V. Our study suggests that the economic situation in Kirtland was not so bad as students have supposed, and that Joseph Smith and other Mormon leaders operated on common assumptions about economic trends. Had they been able to secure a charter, it is likely that the demand on their bank would not have become excessive and thus the institution might have become a successful business enterprise. 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. There is room for a reconsideration of the sources of dissent at Kirtland, which may be undertaken at another time.

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Appendix A

Calendar of Joseph Smith's Business and Legal Transactions

Date	Source	Transaction		
<i>1834</i>				
3 May	GC Land	Bought land from F. G. Williams	\$ 177.77	1½ acres
3 May	GC Land	Bought land from John Johnson	222.30	2 acres
5 May	GC Land	Bought land from F. G. Williams	2200.00	103 acres
24 Dec	GC Land	Bought land from L & K Rich	50.00	½ acres
<i>1835</i>				
3 Oct	GC Land	Bought land from Edmund Bosley	400.00	4 acres
15 Dec	GC Land	Bought land from F. G. Williams	177.70	4 acres
<i>1836</i>				
26 Apr	GC Land	Mortgage signed Peter French	9777.50	
23 May	Hill: Hunt	Signed note George Boosinger	735.50	due 2 years
26 May	Hill: Hunt	Signed note George Boosinger	200.00	due 6 months
16 Jun	CHO	Purchased goods J. F. Scribner	790.71	Buffalo
17 Jun	CHO	Purchased goods M. H. Bingo	1334.79	Buffalo
17 Jun	GC Court	Purchased goods John Newbold note signed and due in six months	287.32	
18 Jun	GC Court	Signed note for goods Hezekiah Kelly due in 6 months	2014.74	
7 Jul	GC Court	Signed note William Barker for money or land in Missouri by Sept 1 next.	621.32	
1 Sep	GC Court ¹	Note due William Barker (7-7-36)	246.96	
1 Sep	CHO ²	Signed note for goods D. O. Ket- chum due in Dec	246.96	
13 Sep	GC Land ³	Bought land Hiram Dayton	800.00	39 acres
14 Sep	GC Land	Bought land William Draper	200.00	13¼ acres
20 Sep	JOP ¹	Signed note Cyrus Lake due 4 months	50.00	
21 Sep	GC Court	Elijah Chaney signed note payable to Joseph Smith for \$200.39		
26 Sep	GC Land	Sold land to Loren Babbitt	300.00	½ acre
26 Sep	GC Land	Sold land to David Elliott	800.00	½ acre
3 Oct	CHO	Bought land from Claudius Stunard		

Date	Source	Transaction		
1 Oct	GC Court	Note signed for land Timothy Martindale due Jan 1, 1837. Seems to have been for more than \$5000, but that figure is all that can be verified and is the amount of later suits. ⁷	6914.00	
5 Oct	GC Land	Bought land from Peter French	11777.70	239½ acres
5 Oct	GC Court	Notes signed by Lory and Charles Holmes due in 11 months	5000.00 5000.00 2000.00	
8 Oct	CHO	Purchased goods Mead, Stafford & Co.	812.01	
10 Oct	GC Land	Bought land from Alpheus Russell	12904.00	132 acres
10 Oct	GC Land	Land mortgage Alpheus Russell	12904.00	
10 Oct	GHO	Purchase goods Z. Griswold	104.13	
11 Oct	GC Court	Signed note for goods Winthrop Eaton due in 6 months	1143.01	
11 Oct	GC Court	Signed note Claudius Staunard	235.50	
12 Oct	CHO	Signed note for goods Bailey, Keeler & Rensen due in 9 months	1804.94	
13 Oct	CHO	Paid cash \$911.14 Thompson and Co. in NY (carpets)		
14 Oct	GC Land	Bought land from Lory Holmes	200.00	1 acre
15 Oct	GC Land	Sold land to Jacob Bump	100.00	½ acre
15 Oct	GC Land	Sold land to Jared Carter	100.00	½ acre
16 Oct	CHO	Purchased safe Jess Delano NY	250.75	
16 Oct	GC Court	Bill due J. F. Scribner (6-16-36)	790.91	
2 Nov	GC Land	Bought land from Edmund Bosley	200.00	66 rods
15 Nov	GC Court	Signed note Ezra Holmes due Jan 1, 1837	280.30	
26 Nov	Hill: Hunt ⁴	Note due George Boosinger (5-26-36)	200.00	
1 Dec	CHO	Note due D. V. Ketchum (9-1-36)	246.96	
3 Dec	CHO	Due Claudius Staunard for land purchase	2000.00	
5 Dec	GC Land	Bought land from Jacob Bump	3500.00	155 rods
8 Dec	GC Land	Sold land to Martha Parrish	250.00	88 rods
11 Dec	GC Land	Sold land to Caroline Smith	50.00	242 rods
14 Dec	GC Court	Signed note George A. J. Patterson for goods due in one month	596.46	
17 Dec	GC Court	Note due John A. Newbold (6-17-36)	287.32	
18 Dec	GC Court	Note due Hezekiah Kelly (6-18-36)	2014.74	

Date	Source	Transaction		
20 Dec	GC Court	Bought goods from John Newbold	400.00	
<i>1837</i>				
1 Jan	GC Court	Note due Timothy Martindale (10-1-36)	5037.00	
1 Jan	GC Court	Note due Ezra Homes (11-15-36)	208.30	
1 Jan	GC Court	Bill to be paid John Newbold (12-20-36)	400.00	
2 Jan	GC Court	Signed note Bank of Geauga due in 45 days	3018.99	
4 Jan	GC Land	Bought land John Johnson	222.30	1 acre ½ rod
14 Jan	GC Court	Note due George A. J. Patterson (12-14-36)	596.46	
20 Jan	GC Land	Sold land to Isaac H. Bishop	1000.00	32 rods
20 Jan	JOP ⁵	Note due Cyrus Lake (9-29-36)	50.00	
16 Feb	GC Court	Note due Bank of Geauga (9-29-36)	3018.00	
25 Feb	GC Court	Arrested–Martindale		
18 Mar	JOP	Judgment for M. Usher vs. J. Smith	35.57	
24 Mar	GC Court	Arrested–Bank of Geauga		
25 Mar	GC Court	Arrested–Hezekiah Kelly		
25 Mar	Hill: Hunt	Signed note Hall & Easton	262.00	
4 Apr	Hill: RLDS	Note due Hall & Easton	262.41	
6 Apr	JOP	Note signed M. C. Davis. Later turned over to Jacob Bump	854.28	
7 Apr	GC Land	Sold land to William Marks	1500.00	144 acres
10 Apr	GC Land	Sold land to William Marks Bought Joseph's right to Alpheus Russell's land	300.00	
10 Apr	GC Land	Sold land to William Marks Bought Joseph's right to Peter French land	500.00	
10 Apr	GC Land	Sold land to William Marks	300.00	66 rods
10 Apr	GC Land	Sold land to Samuel Whitney, Sr.	500.00	1 acre 40 rods
10 Apr	GC Land	Sold land to William Marks	500.00	155 rods
10 Apr	GC Land	Sold land to William Marks	500.00	154 rods
11 Apr	GC Court	Note due Winthrop Eaton (10-11-36)	1143.01	
13 Apr	GC Court	Signed note John W. Howden due in 5 months		

Date	Source	Transaction	
25 Apr	GC Court	Arrested–John Newbold	
1 May	GC Court	Note due Lory & Charles Holmes	5000.00
24 May	CHO	Purchase Chester Store Kirtland	624.66
Jun	GC Court	Signed note T. Underwood, R. Bald, A. Spencer, and S. Huffu for labor & services	1450.00
9 Jun	GC Court	Arrested–Winthrop Eaton	
26 Jun	CHO	Paid to Bailey, Keeler, Ramsen	600.00
3 Jul	GC Court	Signed note Commercial Bank of Lake Erie due in 3 months	1225.00
27 Jul	GC Court	Arrested–Barker and Seymour and Griffith	
1 Sep	Whitney ⁶	Signed notes Halstead, Haines, & Co. for goods	2323.66 2395.57
1 Sep	GC Court	Signed notes Halstead, Haines, & Co. for goods due Oct. 15, 1838	2251.00
1 Sep	GC Court	Due to Lory & Charles Holmes	5000.00
13 Sep	GC Court	Note due John W. Howden	825.00
27 Sep	JOP	Note signed Jacob Bump due 60 days	43.00
3 Oct	CHO	Due Claudius Staunard (10-3-36)	1000.00
3 Oct	GC Court	Note due Commerical Bank of Lake Erie (7-3-37)	1230.00
27 Oct	GC Court	Note due Jonathan Scribner	850.00
26 Nov	JOP	Note due Jacob Bump (9-27-37)	43.00
<i>No Date</i>	CHO	Signed note Boynton and Hyde (later represented by Davenport)	1100.00
	Hill: Hunt	Bill Gardner and Patterson, Co.	280.94

¹GC Court: Geauga County Common Pleas Court Record

²CHO: Records from Church Historian's Office found in Hill's notes

³GC Land: "Deed and Mortgage Records, Geauga County, Ohio, 1830-1840"

⁴Hill Hunt: Notes from Huntingon Library found in Hill's notes

⁵JOP: Cowdery's Docket Book notes found in Hill's notes

⁶Whitney: Whitney Collection, Brigham Young University Library, Provo, Utah

⁷For additional information on Martindale note see "Joseph Smith Letter Book:" Letter of Newell K. Whitney to Joseph Smith, April 20, 1837.

Appendix B

Calculation of January Note Issue

Denomination	Actual Number	Highest Serial		Estimated
	of Notes Observed	Number Observed	Number of Notes (N*)	Face Value of Notes
\$1	10	4713	5182	\$ 5,182
\$2	6	1654	1928	\$ 3,856
\$3	6	1896	2210	\$ 6,630
			TOTAL	\$15,668

Appendix C

Data Taken From Stock Ledger of Kirtland Safety Society

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Able, Elijah	20	11.00	.55
Aldrich, William	100	65.00	.65
Allen, Andrew	20	5.25	.26
Allen, Daniel	40	10.50	.26
Anderson S.	60	5.75	.09
Androsen, Benidmin	20	5.25	.26
Badger, Ephraim	10	2.63	.26
Badlam, Alexander	20	5.00	.003
Baker, J.	6	5.57	.92
Baldwin, N. B.	10	5.32	.53
Baldwin, Nathan	—	.75	—
Barney, Edson	200	3.00	.02
Barr, Ebenezer	1000	86.85	.09
Barlow, Israel	100	25.75	.28
Bishop, Francis	20	10.62	.53
Bishop, Isaac	100	26.19	.26
Boney, John	400	10.00	.025
Bonna, Andrew	10	2.75	.27
Bonney, Amasa	20	5.00	.25
Boothe, Sorenro	10	3.82	.35
Bosley, Ann	200	52.50	.26
Bosley, Edmund	3000	100.00	.03

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Bowen, Daniel	2	.53	.27
Boynton, Eliphalet	300	52.50	.18
Bradford, Reuben	1000	262.50	.26
Brasier, R.	4	1.05	.26
Brooks, Dorcas	200	52.50	.26
Butler, Austin	20	5.25	.26
Butterfield, Josiah	80	24.00	.300
Bynton, Hiram	4	1.00	.25
Cahoon, Reynolds	2000	802.61	.40
Cahoon, Thursa	40	10.50	.263
Cahoon, W. P.	200	14.50	.07
Calvins, Chauncey	100	32.25	.32
Carpenter, John	30	7.87	.26
Carter, Gideon	1000	25.00	.03
Carter, Jared	2000	171.00	.08
Cheney, Alexander	200	500.00	2.50
Cheney, Elijah	—	4.00	—
Cheney, Nathan	100	27.29	.27
Chouland, Jane	20	1.00	.05
Clough, David	20	5.25	.26
Coltrin, Herman	100	26.25	.26
Coltron, Hugh	100	26.25	.26
Coltrin, Zebedee	1000	29.75	.03
Coone, L. R.	20	5.00	.25
Corey, Hiram	20	5.25	.26
Cowdery, At. F.	100	26.32	.26
Cowdery, N. F.	20	5.25	.26
Cowdery, Oliver	2000	197.88	.09
Davis, A. J.	1000	5.00	.005
Davis, Leysander	40	10.50	.26
Davosen, John	20	5.25	.26
Dayton, Hiram	300	77.78	.03
Dike, Simon	20	1.00	.05
Draper, L.	6	1.00	.17
Draper, William	20	5.25	.26
Draper, William	10	2.67	.27

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Dustin, Bechias	60	26.27	.43
Eager, Lewis	100	24.00	.24
Elliott, David	60	23.55	.40
Emett, Sam	—	170.00	—
Fielding, Joseph	20	25.00	.52
Fisk, Hezekiah	20	5.25	.26
Fisk, Sterry	40	10.00	.25
Foster, Solon	1000	64.50	.06
Foster, William	100	28.00	.28
Frank, Lawrence	40	4.00	.100
Fuller, Amos	40	10.50	.26
Garret, Henry	40	10.30	.26
Gaylord, John	2000	155.00	.08
Gee, George	30	8.06	.27
Goodson, John	100	52.50	.53
Goula, William	60	15.75	.26
Grander, Sabra	20	5.51	.28
Greene, Abby	20	5.25	.26
Greene, Evan	60	41.50	.70
Green, John	1000	1883.50	.18
Griffith, Dooty	40	21.00	.52
Hadlick, Reuben	400	42.20	.11
Haggart, Daniel	40	10.50	.26
Hale, Jonathan	40	21.00	.53
Halkins, Chany	—	5.25	—
Hall, Benjamin	200	32.50	.16
Hampton, Jonathan	100	53.00	.53
Harrison, Olive	10	12.13	1.21
Haskins, Nathan	30	14.20	.47
Healy, Arnold	10	3.00	.30
Hilman, Mayhew	1000	100.00	.10
Holmes, J. H.	400	105.00	.26
Holtcs	100	4.36	.04
Howe, Harriet	20	11.25	.56
Huntington, William	40	26.00	.65
Hyde, Heman	5	1.31	.26

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Ives, Luck	40	11.00	.28
Jackson, Daniel	20	5.25	.26
Jacobs, Michael	20	5.25	.26
Johnson, Emily	200	50.00	.25
Johnson, Huntington	10	5.62	.56
Johnson, John	3000	600.20	.30
Johnson, Luke	2000	46.66	.02
Kellogg, Hiram	140	40.00	.29
Kimball, Heber C.	1000	15.00	.02
Knight, Vinson	1000	262.50	.26
Lyman, Amasa	40	5.00	.13
McWhitney, Joel	40	10.29	.26
Merrian, Edwin	10	2.26	.23
Millet, Artemus	100	80.00	.80
Mills, Daniel	100	1.75	.02
Morrell, Laban	8	1.05	.13
Nalton, Isabella	200	50.00	.25
Nelton, Benjamin	20	11.00	.55
Newcomb, Samuel	200	53.00	.26
Nick, C. N.	20	5.00	.25
Nook, Daniel	20	5.25	.26
Nood, Levi	40	12.09	.30
Norrish, W. R.	10	2.62	.26
O'Angel, Truman	80	43.75	.54
Orton, Roger	1000	19.00	.02
Packard, Noah	400	171.47	.43
Parker, John	20	5.00	.25
Parker, Norman	200	5.00	.03
Parker, Sam	20	5.25	.26
Parker, Samuel	28	7.36	.26
Parks, Horatio	10	5.25	.52
Peck, Martin	40	20.93	.52
Pemberton, Rafsel	500	100.00	.20
Peterson, H.	200	785.94	3.93
Phelps, Samuel	20	2.63	.13
Potter, Rutsell	1000	262.50	.26

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Pratt, Parley P.	1000	102.00	.10
Putnam, Jonas	2	.52	.26
Perry, William	40	10.50	.26
Robbit, Soren	1000	25.00	.03
Rayborer, Elijah	40	10.00	.25
Raylord, S.	20	22.50	1.13
Redfield, Harlon	20	5.25	.26
Rich, Leonard	1000	50.00	.05
Rigdon, Nancy	200	52.50	.26
Rigdon, Phebe	1200	315.00	.26
Rigdon, Sidney	3000	751.64	.25
Rimpleton, Ben	—	5.00	—
Robinson, Angeline	6	1.56	.26
Robinson, George	40	10.52	.26
Rogers, Isaac	400	10.50	.03
Salisbury, Catharine	400	105.00	.26
Sanborn, S.	60	16.80	.28
Sherwood, Henry	400	105.00	.26
Sherwood, Polly	100	26.25	.26
Shirts, Peter	30	15.75	.52
Shumway, Otis	20	5.25	.263
Shumway, Stephen	40	9.75	.24
Simpson, Avard	?	500.00	—
Smith, Clarisa	100	26.25	.26
Smith, Elisha	40	10.50	.26
Smith, Emma	1200	315.00	.26
Smith, George A.	5	2.64	.53
Smith, Harry	600	21.25	.04
Smith, Hyrum	2000	169.90	.09
Smith, Lucey	500	131.25	.26
Smith, Lucy	100	26.25	.26
Smith, J. B.	20	2.00	.10
Smith, Jerusha	1200	19.00	.10
Smith, John	500	131.25	.26
Smith, Joseph	3000	1,360.18	.45
Smith, Joseph, Sen.	1000	323.50	.32

NAME	# Shares Held	Amount Paid (in dollars)	Price per share (in dollars)
Smith, Samuel	2000	20.00	.01
Snider, John	40	100.00	.25
Snow, Erastus	10	5.25	.525
Snow, Gardner	10	7.63	.76
Snow, Lorenzo	30	7.91	.03
Spencer, Danfield	20	4.75	.24
Spencer, Ethan	—	60.00	—
Spyman, Asa	60	15.50	.26
Stanley, Sam	20	5.25	.26
Stevens, Uriel	160	20.00	.13
Stoddard, Sophona	400	105.00	.26
Stoddard, Sylvester	5	1.63	.32
Stott, C. P.	6	2.50	.42
Straten, Hiram	—	2.25	—
Strong, Ezra	10	3.00	.30
Strophe, George	4	12.13	3.03
Surpin, Jessie	20	5.25	.26
Thany, C. H.	200	52.50	.26
Tanner, John	200	72.50	.36
Valier, Alex	1	.52	.52
Webb, Edwin	20	5.25	.26
Welb, Chauncey	40	10.00	.25
Wells, Lorenzo	20	5.25	.26
Wheler, John	20	1.00	.05
Whiting, Dr.	2000	291.00	.14
Wilber, M.	10	3.00	.30
William, F. G.	2000	15.00	.008
Williken, Nathaniel	20	50.00	2.50
Witer, G.	24	25.00	1.04
Woodruff, Wilford	20	5.25	.26
Woodstock, Willard	20	6.00	.30
Young, Brigham	2000	7.00	.004
Young, Joseph	1000	6.11	.006
Young, Lorenzo	20	5.25	.26

Appendix D

The Role of Lawyers in the Kirtland Safety Society Litigation and Debt Problems of Joseph Smith, Jr., and Other Church Leaders

There is no evidence that there were any lawyers among the Latter-day Saints at Kirtland. The first concluded legal action in Ohio in which Joseph Smith was involved was a civil assault and battery charge initiated by Calvin W. Stoddard, who alleged that Joseph had beaten him up on 21 April 1835. Joseph Smith represented himself and prevailed. (Court of Common Pleas Record Book Q, p.497, Geauga County, Ohio.) The next concluded action in which Joseph Smith was involved was an action for \$200 for labor, initiated by Dennis Lake. Lake prevailed in the Justice of the Peace Court in 1834. An appeal to the Court of Common Pleas resulted in a new trial in 1835, in which Joseph Smith prevailed. In this jury trial, Smith was represented by Benjamin Bissell. (Court of Common Pleas Record Book Q, p. 506, Geauga County, Ohio.)

None of the records of other actions involving Joseph Smith indicate who appeared as his counsel, although in some instances a general reference to counsel was made. This is not an uncommon omission in summary record books. Inasmuch as the original pleadings themselves are not available, we cannot be certain as to the identity of Smith's counsel in all cases where he was represented. Bissell, however, had a continuing relationship with the Smith family. In April 1838 Bissell represented Joseph's brother William in an action brought by Gilbert Granger on a note made by William to Joseph, and negotiated by Joseph to Granger. The case was settled. (Court of Common Pleas Record Book W, p. 195, Geauga County, Ohio.) In 1835, Samuel Smith, another of Joseph's brothers, was represented by Bissell in an action brought by George Metcalf. (Court of Common Pleas Record Book S, p. 95, Geauga County, Ohio.) No lawyer other than Bissell appears to have represented any member of the Smith family in any case in which the identity of counsel appears in the records.

The only other lawyer who appears to have represented any prominent LDS persons was Ira C. Paine, who represented Reynolds Cahoon, John Johnson, and Newell K. Whitney in an action initiated by Solon Corning in 1836. (Court of Common Pleas Record Book S, p. 404, Geauga County, Ohio.) Paine also represented Edson Barney, Royal Barney, and Truman O. Angell in an action initiated by Henry Skinner in 1837 on a note made by them to Joseph Smith and negotiated by him to Skinner. Skinner obtained a default judgment by confession (with no actual appearance by the defendants), after which the Barneys and

Angell appeared and sought to set aside the judgment on the ground that the note was given for notes of the “Kirtland Safety Anti-Banking Society,” which were alleged by Paine, on behalf of the defendants, to have been illegal and without value. This defense *failed* in June 1837, and Skinner recovered a judgment against the Barneys and Angell on the note. (Court of Common Pleas Record Book U, p. 99, Geauga County, Ohio.) This case suggests that Paine is an unlikely advocate to have assisted in organizing the bank, or in defending it in the litigation commenced by Samuel D. Rounds.

The other active trial lawyers in Geauga County in the 1836–37 period who were involved in some way with the Latter-day Saints were William Lee Perkins and Reuben Hitchcock. Perkins is the lawyer most frequently noted as appearing against Joseph Smith and other Latter-day Saint leaders. Hitchcock prosecuted the litigation contesting the legality of the bank. Thus, neither of these men is likely to have consulted in the creation of the bank. Bissell, Paine, Hitchcock, and Perkins were all relatively young lawyers in 1836–37, having been admitted to practice in 1830, 1828, 1831, and 1824 (1828 in Ohio), respectively. Hitchcock was prosecuting attorney in Geauga County in 1835–36, and in 1837–39. In the intervening term, 1836–37, Perkins was prosecuting attorney. Bissell served as state senator from Geauga County in 1839–40, and lived out his life in practice, achieving success and some distinction. No references to Paine other than as an attorney have been found. Hitchcock, son of the politically prominent Peter Hitchcock, who served twenty-eight years on the Ohio Supreme Court, served as presiding judge of the Geauga County Court of Common Pleas from 1851 to his retirement. Perkins served as state senator from Geauga County in 1843–46 and thereafter enjoyed a political and legal career equivalent to that of Bissell. (*History of Geauga and Lake Counties, Ohio, 1878* [Philadelphia: William Brothers, 1878], pp. 23, 30, 57–58, 61–64.)

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