

# The Salt Lake Tribune

Historian digs into the hidden world of Mormon finances, shows how church went from losing money to making money — lots of it



(Steve Griffin | The Salt Lake Tribune) Dignitaries, including LDS Church President Thomas S. Monson, cut the ribbon to officially open the City Creek Center mall in Salt Lake City, Utah, on Thursday, March 22, 2012. The church built the shopping and housing center for \$1.5 billion.



By Peggy Fletcher Stack • October 14, 2017

Some Mormons — and plenty of others — were appalled to witness their church build a \$1.5 billion mall in downtown Salt Lake City and hear their prophet proclaim, “Let’s go shopping.”

Isn’t religion, they argued, supposed to be about feeding the hungry and clothing the poor? How is selling Tiffany jewelry, Nordstrom cocktail dresses and luxury condos any part of a Christian faith?

Such critics, though, fail to understand Mormonism, says historian D. Michael Quinn. The American-born movement has always seen its mission as serving both the spiritual and physical needs of its people. It doesn't distinguish between the two.

"It's as spiritual [for Latter-day Saints] to give alms to the poor," Quinn told Bloomberg Businessweek in 2012, "... as it is to make a million dollars."

On that last score, The Church of Jesus Christ of Latter-day Saints has been wildly successful, says Quinn, author of the newly published "Mormon Hierarchy: Wealth & Corporate Power."

The church, launched in 1830 in upstate New York with six members, counts nearly 16 million members worldwide — and untold billions in assets.

It wasn't always so. At one point, the federal government confiscated all its properties, withholding them for nearly a decade. Thereafter, the Utah-based faith endured cycles of near bankruptcy every 20 to 30 years until it finally found its economic footing in the 1960s.

Quinn estimates — and estimating is about the best even a top-notch researcher can do — the church took in about \$33 billion in tithing in 2010, based on a model of projected growth rates that followed a consistent pattern starting in the 1950s. It earns another \$15

billion annually, he says, in returns on its profit-making investments. (The Bloomberg Businessweek piece from five years ago cited an investigation pegging the LDS Church's worth at \$40 billion.)



No matter the precise bottom line, these figures represent an astonishing accomplishment, Quinn says.

“It is an American success story without parallel,” the longtime historian says in an interview. “No institution, no church, no business, no nonprofit organization in America has had this kind of history.”

Yet LDS general authorities — from the most senior apostle to the lowest-ranking Seventy — all receive the same yearly “living allowance”: \$120,000. Though the church has enormous wealth, he says, none of the leaders is getting rich off it.

The LDS Church declined to confirm any financial statistics or participate in this story.

As a seventh-generation Mormon, Quinn, who was excommunicated from the faith in 1993 for apostasy based on his historical writings about polygamy, says the LDS Church's financial trajectory, as well as the self-sacrificing actions of its hierarchy, is “an enormously faith-promoting story.”

If everyday Mormons could grasp “the larger picture,” he says, they would “breathe a sigh of relief and see the church is not a profit-making business.”

Others, though, may not be as comfortable as Quinn with how corporate the church has become. For that, it takes some historical perspective.

## **Four-decade quest**

Quinn began researching for this new book in 1975, when he was working on two volumes about the Mormon hierarchy: “Origins of Power” and “Extensions of Power.”

As he delved into the lives and connections of LDS apostles and prophets, he was determined to document and profile their business enterprises and how they were related.

Initially, Quinn wanted this new book on the Mormon hierarchy’s wealth to cover only the faith’s first 100 years, from 1830 to 1930, but the publisher, Salt Lake City-based Signature Books, insisted he explore all the way into the 21st century.

It became a massive undertaking, especially since most of the church’s modern financial records are private. Quinn worked on this final installment of his trilogy intensely for a few years, then off and on until 2008, when he returned to it full time.

The finished product totals more than 500 pages, with nearly 1,000 footnotes and scores of charts and graphs.

“It is a monumental work, thorough, comprehensive, painstaking,” says Larry Wimmer, a retired economics professor from LDS Church-owned Brigham Young University. “I couldn’t put it down. Read all night.”

Quinn’s tome does not reveal any hidden slush funds, untoward personal spending or malfeasance at the highest levels, Wimmer says, but it offers insights through the arc of history the professor has never before recognized.

“I felt by the end I knew where the church is today,” Wimmer says, “and how it got there.”

Like Quinn, the economist was impressed by the skilled leadership of men who brought their financial wizardry to their religious assignments.

“If you compare the 1930s, when the church was in real financial straits, to the 21st century,” Wimmer says, “you can see the church now has incredible resources at its command.”

For instance, the price tag for building temples and new chapels used to be borne by local members. Now the Salt Lake City headquarters picks up the tab.

“If someone had told my parents or grandparents that the church would take over all building expenses,” Wimmer says, “they wouldn’t have believed it.”

It now subsidizes the cost of Mormon missions and provides far more humanitarian aid than it ever was able to do earlier, he says. “And that is due, in large part, to the financial ability and experience of the leadership.”

Just last month, LDS Charities provided an additional \$11 million in relief to eight famine-stricken nations in Africa and the Middle East.

Few could have imagined such resources when the faith's finances began with \$3,000 (equivalent to more than \$72,000 in 2010) from farmer Martin Harris for the first printing of the Book of Mormon, the foundational LDS scripture.

## **Layers of loss**

From that day forward, the church and its leaders faced repeated fiscal hardships — losing everything each time they had to abandon their homes and communities.

That would have been tough for any group, but Latter-day Saints were especially hard hit.

Like Smith, the “vast majority of Mormonism’s 19th-century leaders,” Quinn writes, “had previously been subsistence farmers or working-class townspeople with limited finances.”

Congregations were led by lay clergy, who received no remuneration. But even those leaders who worked full time in ecclesiastical roles received little payment.

Economic conditions may have prompted Mormon founder Joseph Smith to create a system for sharing resources known as the “law of consecration.” Under this plan, members were expected to give their “excess” income into a common pool maintained to help those in need.

This economic experiment, similar to what was happening with other groups across the country at the time, worked with varying success in the LDS Church's early days and in parts of pioneer Utah. Eventually, Mormons were expected to pay only 10 percent of their "increase" to the church.

Most believers had paid tithing, but they did so in an uneven and unpredictable fashion until about 1900, when then-church President Lorenzo Snow asked members to pay on a "regular and consistent basis," Quinn says. Tithing became a requirement for admittance to LDS temples, where Mormons take part in their faith's highest ordinances.

That mandate had a clear and immediate impact.

At that time, the church was \$2.5 million in debt, he says, but because of the tithing push, Snow's successor Joseph F. Smith could announce in 1907 that the institution was debt-free.

Within a couple of decades, though, the red ink again began to flow.

From 1933 to 1950, the church saved about 72 percent of its annual income, creating a large reserve. But a building program from 1958 to 1963 blotted out all the reserve funds, and the church didn't have enough liquid assets to meet all its obligations.

Starting in 1959, the faith began deficit spending, Quinn says, and thus stopped reporting its expenditures in General Conferences, hoping to keep that fact from the members.

By December 1962, the deficit had ballooned to nearly \$33 million (or about \$236 million in 2010 dollars) and, in 1963, the historian says, LDS headquarters “didn’t think it could meet its payroll.”

Such anxiety led leaders to take steps to ensure that would never happen again.

They brought Canadian N. Eldon Tanner on board as an apostle. Tapping his enormous financial know-how, the church began to rebuild its nest egg, cutting back on building projects and overseeing investments until it could get back in the black.

Tanner was “methodically rescuing the church from the brink,” Quinn writes. “By 1964, commercial income accounted for about 40 to 45 percent of its total income.”

Step by step, the historian writes, Tanner introduced the church to “corporate financing.”

It never looked back.

## **Prophetic imperative**

At the same time, Mormon authorities did not act like corporate giants, enriching themselves on profits.



Through the years, they paid themselves less than what others in their employ made, Quinn says. Today, that is sometimes barely half as much as some of the church's skilled bureaucrats.

CEOs of other top nonprofits, including Harvard, Yale and the United Way, make almost 10 times as much, he says. "It was truly humbling to see these men who preside over an institution making tens of billions of dollars turning [the funds] back to the benefit of the rank and file."

That fulfills what Mormon leader Brigham Young, known as the "Lion of the Lord," said in 1875. At that time, Joseph Smith's successor and his apostles signed a document, decrying America's approach to unregulated capitalism, including the "growth of wealth in the hands of a comparatively few individuals."

The country's "priceless legacy," they wrote, was "endangered by the monstrous power which this accumulation of wealth gives to a few individuals and a few powerful corporations."

By pocketing such relatively small salaries and using church assets to serve the members, Quinn says, Mormon leaders have "maintained the spirit of that attitude."

Utah Valley University anthropologist Daymon Smith isn't buying Quinn's numbers or his perspective.

"His estimates regarding revenue are nothing more than 'faith promoting' in the key of 'prosperity theology,'" Smith writes in an email, "and his intentionally limited view of 'stipends' neglects the obvious other financial interests these humble men benefit from."

Smith points to a major unanswered question: Why keep the finances secret, even from faithful members (working in downtown Salt Lake City's Church Office Building, for example)?

“As a Mormon, I don't care about the story the corporation tells about 'church' finances,” says Smith, who once worked at headquarters. “I'd like to see them — acting like a religious nonprofit — submit their financial activities to the light of independent accounting, and then we'd all have a fine testimony meeting about how rich our church has become, at least in materials pertaining to this world.”

If the church did reveal its finances, it would be “a positive story,” Quinn says, “but that would never satisfy outsiders and insiders who believe religion and money should never mix.”

LDS author, researcher and blogger Jana Riess hasn't read Quinn's book, but was intrigued by his positive view of Mormon leaders and their handling of money for the global faith.

“If the church was in dire financial trouble as recently as the 1950s, that means there are still people in the hierarchy who remember that,” Riess reasons. “I tend to think the generation gap that exists in the church [apostles with an average age of 76] as always negative. But having institutional memory — at least among a few — can be very helpful.”

The Cincinnati-based writer is also impressed with Quinn's description of LDS leadership as a “form of service,” she says. “They are clearly not in it to get rich.”

The LDS convert long has recognized Mormonism's entwining of spiritual and economic goals, yet she still believes the City Creek enterprise — at least in the way it has been marketed to members — doesn't quite fit the theology.

There is a difference between production and consumption of wealth, Riess says. Generating goods to build an economic reservoir for the future care of the church and its members is a good thing.

For her, though, the Main Street venture tipped the scales from preaching frugality to promoting luxury shopping.

In that mall, there is a store named True Religion that sells jeans for more than \$200.

The irony, she says, "is palpable."

Comments (524)



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