INTERVIEW WITH CLAYTON YEUTTER BY JIM BARR and DAYLE WILLIAMSON

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January 27, 2014

1 MR. WILLIAMSON: -- Clayton, and, gosh, we've got 2 two young people in here that set us up. It's really something for two old Nebraska farm boys to be in a place 3 4 like this, I tell you. 5 MR. YEUTTER: It's really great. I can barely hear you, Dayle, so I hope they can adjust things so --6 7 MR. WILLIAMSON: Oh, you can't? Okay, they'll 8 turn it up a little bit, okay. Hearing any better? 9 MR. YEUTTER: Still about the same. 10 MR. WILLIAMSON: I'll try again. Jim's going to 11 do most of the interview, but I was going to start out here 12 with a few things. 13 MR. YEUTTER: Sure. 14 MR. WILLIAMSON: And, gosh, thanks so much for 15 taking the time to do this. This is wonderful. Now, I got cut off. 16 17 Can you hear me? 18 MR. YEUTTER: I can hear you fine. 19 MR. WILLIAMSON: Okay. Jim's been leading this 20 effort and several of us that were around at the time of the 21 NRDs, but we always start off, and would you give some of 22 your early history, where you came from in Nebraska and 23 your work at college, and then I'm sure you were in the 24 Ag/Ec Department at the time you enthused us about the NRDs, 25 so I'll ask you about that. It wasn't about the NRDs, but

1 about multiple government organizations. So, kind of give 2 us your background, would you please?

3 MR. YEUTTER: Sure. I was born and raised on a 4 farm in west central Nebraska six miles north of Eustis, 12 5 miles south of Cozad, in Dawson County, Nebraska. It was a 6 pretty typical Nebraska farming operation with corn, wheat, 7 and beef cattle, basically. I grew up there and did my 8 undergraduate work at Nebraska, majoring in animal science 9 with a minor in agronomy. And then, since the Korean War 10 was on, I joined the Air Force and spent about five years on 11 active duty, followed later by another 20 years or so in the 12 Air Force Reserve.

13 After finishing my active duty tour in the Air Force, 14 I came back to the farm, took over total management 15 responsibilities from my father at that time, increased it 16 in size, and developed it quite a bit over the ensuing 17 three-year (1957-1960) period. Then Jeanne, my wife, 18 persuaded me that if I were ever going to obtain additional 19 education, I'd better get at it. So, after visiting 20 potential major professors in colleges of agriculture 21 throughout the Midwest, I finally decided to combine a Ph.D. 22 in agricultural economics with a law degree. At that time 23 there were only two of us in the United States who had ever 24 even attempted the PhD/J.D. combination. One was Neil Harl, 25 who was then doing the PhD at Iowa State and the J.D. at

1 University of Iowa, and I was doing it at Nebraska. 2 Since that was a legal/economic academic program, 3 I began to get involved in water issues. That, of course, leads us to today's interview. 4 5 I'll mention some names now that you all will remember 6 from way back then. My major professor was Dr. Loyd Fischer 7 at the UNL Department of Ag Economics, whose area of 8 interest was resource economics. Loyd, who was an 9 undergraduate at about the same time I was some years 10 earlier, persuaded me that I should do my Ph.D. in the 11 resource economics area with a focus on water issues. We 12 ultimately decided I would do my Ph.D. dissertation on water 13 law and water administration in the central United States 14 with Nebraska being one of the states in that study. Ι 15 eventually published a 500-page Ph.D. dissertation covering 16 many of the issues that are still important today. Some of 17 the conclusions reached in those years have since then 18 proven relevant in "the real world" and some of the follow-19 up recommendations have proven to be prescient. 20 While I was working on these degrees, I also began to 21 do some extension programs at the University of Nebraska,

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with one of my colleagues at that time being Deon Axthelm who was a true expert in Nebraska water issues and a wonderful colleague. Deon and I began to work together on extension programs in the water area, and that brought us

1 into contact with Dayle Williamson and Warren Fairchild, who 2 was then Dayle's boss at the Nebraska Soil and Water 3 Conservation Commission. That effort also brought us in contact with people like Senator Maurice Kremer in the 4 5 Nebraska Legislature and Ralph Raikes, a prominent farmer who was very interested in all this, and, of course, Dr. 6 7 So we had a talented, committed crew of Fischer as well. 8 people who began to confront some of Nebraska's water 9 problems, way back in the '60s.

10 That's a great background and as MR. WILLIAMSON: 11 I recall, you were giving a seminar out at Ag Economic 12 Department, and Warren Fairchild said, "Dayle, we've got to 13 go out and hear Clayton, because he's talking about" -- I 14 think you were focusing quite a little on all the multiple 15 districts in California, how they're overlapping, but maybe 16 it wasn't California, but we decided, boy, that's really 17 happening in the state of Nebraska also, because we had 18 conservancy districts overlapping soil and water districts 19 and drainage districts that weren't active, and so on. So, 20 can you say -- I'm sure that was part of your studies at 21 that time.

22 MR. YEUTTER: It was, as a matter of fact, because 23 my doctoral dissertation focused on Nebraska, Kansas, Iowa, 24 and Colorado. And every one of those states had this 25 problem of duplicative, overlapping regulatory entities (not

1 just in water , but in a whole host of areas). It was 2 getting worse by the day, so the Midwest and Western states 3 all needed to confront this issue. Some did so; some did very little. And nobody did it with the imagination and the 4 5 vision that Nebraska demonstrated before we were through. 6 MR. WILLIAMSON: Well, that's great. I think I'll 7 turn it over to Jim now. He's going to talk about your next 8 move as you worked in the Governor's Office and some of the 9 things that happened there and the great support we received

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from your boss, Norbert Tiemann, and yourself.

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MR. BARR: Well, I might start even earlier than that. I think, as I recall, I came back from the Air Force about the time they had repealed the state property tax, and then maybe there was a petition drive and all of that, and as I recall, you were kind of leading an education effort there.

17 MR. YEUTTER: Yes, I was in the middle of that tax 18 battle which as, you know, was a huge fight within the state 19 It primarily pitted our upper income citizens of Nebraska. 20 against the farm population, which had long felt that it was 21 bearing an inordinate share of the state's tax burden. The 22 Nebraska Farm Bureau and other agricultural organizations 23 all wanted reform of our tax system and they asked me to 24 draft LB797 which would have been one of the first broad-25 based income tax regimes in the U.S.

As you may recall, we (the Farm Bureau and a host of other agricultural organizations and I) lobbied LB797 through the Nebraska Legislature, securing its passage by a one-vote margin.

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5 That, of course, set off the upper income folks who 6 commenced a referendum signature drive to have LB797 put to 7 a vote. That precipitated a counter drive by the Farm 8 Bureau, via an initiative petition, to bring all state 9 property taxes to a vote. Both passed in the next election!

10 That meant that in the Tiemann administration we were 11 suddenly faced with the prospect of having no tax revenue 12 coming to the state except for sin taxes, and they weren't 13 going to last very long. We received a lot of national 14 publicity at that time (some humorous, some not so humorous) 15 for being the only state in the nation without a tax system! 16 And, of course, that necessitated a special session of the 17 Legislature to deal with the issue. By then some of us had 18 put together a combination sales/income tax proposal, which 19 by a substantial margin passed and which has in my view 20 served Nebraska well in the succeeding half century.

21 MR. BARR: Yes, and as I recall, you were kind of 22 deeply involved in the public education program during 23 that -- prior to the election, as I recall, is that --24 MR. YEUTTER: Yes, because by that time I had

finished my doctoral dissertation. This was in 1965, and I

1 immediately joined the University of Nebraska faculty, (the 2 agricultural economics faculty) in a combination 3 teaching/research/extension position. Much of my extension 4 activity at that point was on taxes, as a result of the 5 major controversy we just discussed. But I also continued 6 to work on water issues, and I carried that interest into 7 the Tiemann administration when I became the Governor's 8 Chief of Staff (in January 1967). Nobby Tiemann, having an 9 agricultural background, and I were totally on the same 10 wavelength on all of these issues. As you may remember, he 11 had been an assistant county agent years before in Dawson 12 County, my home area. So I first got to know him during my 13 4-H days. 14 MR. WILLIAMSON: Yeah, he worked for Harold 15 Stevens, and you were one of his -- probably a good 4-H 16 student. 17 MR. YEUTTER: Yes. This is self-serving, but I 18 suppose I was Harold Stevens' first 4-H star, if you will. 19 MR. WILLIAMSON: All right, well --20 MR. YEUTTER: I was the first Dawson County 4-H'er 21 to have won a lot of awards at the State Fair and Aksarben 22 in showing beef cattle, in beef showmanship, livestock 23 judging and several other 4-H programs. 24 MR. WILLIAMSON: You set the standards high in 25 Dawson County. That was always great.

1 I was a county agent way back then, too. 2 MR. YEUTTER: Where were you then? 3 MR. WILLIAMSON: I was in Jefferson County. I was 4 the county agent down in Jefferson County, so I knew Harold 5 really well. He always spoke up well in all of our 6 meetings. 7 MR. YEUTTER: He was a dynamo. If there were a 8 better overall county agent in the United States, I'm not 9 sure who it would be. He just did a phenomenal job in 10 Dawson County. 11 That's for sure. MR. WILLIAMSON: 12 MR. BARR: What were some of the other water 13 issues you worked on while you were up at the University? 14 Well, most of it was resource MR. YEUTTER: 15 organization, if you will, because that fit within my 16 doctoral dissertation. Issues such as how do we handle 17 water law and water administration more efficiently and 18 effectively than we have been? There was then so much 19 controversy, and so much ambiguity in water law, so much 20 regulatory overlap, so much inept administration. The list 21 of shortcomings just went on and on, not just in Nebraska, 22 but everywhere. So this was an opportunity to say: "There 23 has to be a better way to do this. Let's figure it out." 24 What I used to say in meetings around the state, (Deon 25 Axthelm did so as well as did Dayle and Warren), is that

1 water does not flow down county lines! 2 The problem was that we, and many other states, were 3 making regulatory resource decisions (even water allocations) on a county-by-county basis or state-by-state 4 5 basis, Water doesn't flow down state lines any more than it 6 flows down county lines. 7 That led, of course, to the ultimate conclusion that 8 within the U.S. we ought to be regulating water on a 9 watershed basis. That's the way water flows! And we 10 finally got there. That really became the foundation of the 11 Nebraska regulatory structure, the most innovative, and most 12 sensible, of any in the U.S.. 13 MR. BARR: What were some of the issues in the 14 gubernatorial -- '66, I guess it was, gubernatorial race, 15 and did any of them touch into agriculture and water and 16 that sort of thing? 17 I don't recall that water became an MR. YEUTTER: 18 issue in that election at all. There was much more 19 attention on taxes and other controversial issues like state 20 aid to education. We also faced major organizational issues within state government. After the 1966 election, Governor 21 22 Tiemann asked me to work on reforming the Department of 23 Institutions in Nebraska. And, as you may recall, we also 24 created a Telecommunications Commission at that time, as 25 well as a Department of Economic Development. There were

1 other actions as well (all taken in collaboration with the 2 State Legislature) to modernize the entire structure of 3 state government. And we worked awfully hard at that. Ι 4 remained on the Governor's staff as his Chief of Staff for 5 only two years, and in those two years we passed a whole lot 6 of legislation that has been in the forefront of governance 7 in Nebraska ever since. Fortunately, all that 8 Executive/Legislative activity seemingly has met the test of 9 time in Nebraska. I don't believe there is a single law 10 passed during the Tiemann administration that has since been 11 repealed. Very few have been amended significantly. 12 MR. BARR: The only thing I remember of fhand is 13 the State Office Planning and Programming. 14 Is that right? MR. YEUTTER: 15 MR. BARR: Yeah, they kind of switched it around a 16 little bit, but --17 That was because of the guys in MR. WILLIAMSON: 18 it. 19 (Laughter.) 20 MR. YEUTTER: Yeah, no doubt. 21 MR. WILLIAMSON: No, I'm just kidding, Jim Barr, and W. Don Nelson, and Doug Bereuter. 22 23 MR. YEUTTER: Warren Fairchild and Dayle 24 Williamson did wonderful jobs in the Department of Water 25 Resources, and they were great allies in all of our

1 institutional reform efforts. In retrospect I'm not sure 2 whether they were Axthelm/Yeutter allies, or we were 3 Fairchild/Williamson allies. Either way, the four of us 4 worked mighty hard on all these water issues, with a lot of 5 help, incidentally, (as Dayle would also suggest), from Senator Kremer. We could never have done all this without 6 7 exceptional Legislative leadership on the part of Maurice 8 Kremer. 9 That's for sure. He was our MR. WILLIAMSON: 10 hero on the legislative side. 11 MR. BARR: Do you have any other recollections 12 about the legislative activity and water during those years? 13 MR. YEUTTER: Not particularly. In general, all 14 of us had done a good job of laying the groundwork for 15 change by the time Senator Kremer was ready to move things 16 along legislatively The senator was a circumspect, 17 cautious, conservative individual who simply did not move a 18 legislative proposal forward unless he was comfortable that 19 he had a first rate work product to sell to his fellow 20 legislators. That meant the public groundwork had to have 21 been laid for that bill to become law. Hence, on water, 22 great credit goes to everybody who worked so hard in 23 seminars and symposia around the state, in writing papers 24 and op-eds, and just doing whatever was necessary in laying 25 the groundwork for a legislative package on water law and is

1 regulatory administration.

2	Finally, the public support was there. I don't recall
3	what the votes were on Senator Kremer's reform bills, but
4	you could easily find that in the record. My recollection
5	is that they passed by substantial margins.
6	By the way, we sensed then that groundwater was going
7	to be a major issue in the future. I emphasized this in my
8	doctoral dissertation as well. Certainly surface water
9	administration needed to be improved; people can readily see
10	that surface water does not flow down county lines. But
11	people cannot see where groundwater is flowing, or where it
12	is stored. Dayle and Warren Fairchild had far more
13	expertise in that area than did I. They knew that even
14	though Nebraska was sitting on the finest groundwater
15	aquifer in the country (and maybe the world), it might not
16	last forever. In time, as deep well irrigation expanded in
17	Nebraska, there might well be a need for groundwater
18	regulation, in addition to surface water regulation. If and
19	when that time came, it would be advantageous to have an
20	institutional structure that would make reasonable and
21	rational regulation feasible. I believe Nebraska's
22	foresight on groundwater regulation was, and is, essentially
23	comparable to what was achieved with surface water.
24	MR. BARR: One of our supporters has been the
25	University of Nebraska Water for Food Institute and one of

the questions that they are concerned about is, is there a way -- well, one is that natural resources districts were established in Nebraska. There's been interest in other states, but it's never materialized in other states. That's -- and I was going to get any kind of thoughts you might have on why it might have succeeded in Nebraska and not in other attempts.

8 In these situations, it's always a MR. YEUTTER: 9 question of leadership. Fortunately, we had a lot of very 10 effective leadership at a crucial point in time, and that is 11 what made this legislation possible. The legislation itself 12 and its administrative structure have worked well, perhaps 13 better than what is now in effect in other states in the U. 14 Personal leadership was at the heart of Nebraska's S. 15 effort. That included leadership from the University, 16 (especially from Deon Axthelm and Dr. Loyd Fischer), the 17 Nebraska Soil and Water Conservation Commission (meaning 18 Warren and Dayle), from the Governor, from key legislators 19 like Maurice Kremer, and from key farm organization leaders 20 like Ralph Raikes. On policy issues like this timing is 21 everything, and it all came together in the 1960s. That 22 proved to be the right time to move ambitious, aggressive 23 water legislation through the Nebraska Legislature.

24 One reason for that is that not much had happened in 25 any of these areas in the preceding decade, in the '50s.

1 That was a very quiet time, with very little in the way of 2 passage of controversial legislation, or even 3 uncontroversial legislation. It was a dead period, not only in water, but in a lot of other areas. 4 That began to change 5 in the '60s. Nobby Tiemann recognized the need for ambitious change and he led that charge in his campaign for 6 7 governor and then in his governorship. The state was ready 8 for change. As you know, Nebraska traditionally is a very 9 conservative state, so passing controversial legislation is 10 never easy. But in 1967 the time was ripe for a hard-11 charging, young, aggressive governor to select a number of 12 these issues and do something about them. Water was ripe 13 for reform and water made the Governor's priority list. And 14 that's what really brought it about. We had a lot of good 15 people working on water and other key issues, and a lot of 16 leadership in the state, a lot of folks very committed to 17 reforms in this and other areas. That coalesced in several 18 major legislative achievements in the Tiemann 19 administration, something that just hasn't happened in many 20 other states. In my view, the chief explanation is lack of 21 leadership either in the legislature, the governor's office, 22 or both, in many states. 23 Having a unicameral legislature helped in that regard. 24 As you know, nobody else has a unicameral. Many state

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legislatures are just much, much larger than Nebraska's,

1 and it's hard for water to climb to the top of the priority 2 scale in that situation. Many legislatures are also urban-3 dominated, with minimal interest in rural issues. In 4 addition, until the last 20 years or so, we haven't seen 5 many aggressive governors emerge throughout the nation in 6 either political party. Fortunately, that's begun to 7 change. We're seeing some first rate governors emerge and 8 have over the last 20 years or so, maybe even 30 years. But 9 nothing happens on water law reform unless there's a crisis 10 (such as drought in the Far West) or personal leadership by 11 either the legislature or the governor of a particular 12 state. Until recently, we just haven't seen much of that. 13 MR. WILLIAMSON: I was going to say, Clayton, it's 14 just -- it's really something to think back at the Tiemann 15 administration and how strong the Governor supported this 16 with all of the other things that were on the table to get 17 done at that time, so it's, you know, it probably would 18 have been really easy to let the water issue drop by and do

19 some of these other things, but it's really great that this 20 happened as we look back.

21 MR. YEUTTER: It is. Nobby was willing to tackle 22 tough issues (sometimes the tougher the better). We didn't 23 drop anything from his legislative agenda. As you remember, 24 I was one of what was then called the Tiemann Whiz Kids, 25 and we thought through our legislative priorities even

1 during the campaign, so we had a strong idea of what we 2 wanted to accomplish. But the Governor himself had to 3 decide whether to take them all on. And he chose to do so. He did it willingly and actively, with a lot of personal 4 5 participation and personal arm-twisting on many of the 6 proposals. Few governors have agricultural backgrounds, so 7 it's hard to get them interested in a subject like water. 8 But it wasn't hard to get Governor Tiemann interested. He 9 came from the northeastern part of the state which gets more 10 rain than we get in Dawson County, so he didn't have as 11 great an interest in irrigated agriculture as some of the 12 rest of us did. But a lot of people in Nebraska agriculture 13 recognized then that there'd be a heck of a lot more 14 irrigation wells dug in the state in the next half century 15 than had been dug in the previous half century and from a 16 regulatory standpoint that people would have to pay some 17 attention to that development. And, of course, that's 18 precisely what has happened with the immense development of 19 center pivot irrigation throughout the state over the past 20 half century.

21 MR. WILLIAMSON: To add a little levity here, 22 Clayton, you know, Governor Tiemann had a lot of us agency 23 heads travel around with him and late-night meetings. And 24 one night we stopped to have coffee and probably a piece of 25 pie in Grand Island on our way back to Lincoln, and so I

1 was paying my bill and the lady at the checkout counter 2 said, "Okay, now I've got to add the Tiemann tax." And I 3 said, "Oh, okay." And Nobby Tiemann was right near, and I 4 said, "Well, now I'd like to have you meet the Governor." 5 And man, I tell you, she just darn near -- I don't know what 6 to say, but it was unreal. 7 (Laughter.) 8 That's funny. I have a hunch that MR. YEUTTER: 9 happened to Nobby more than once. 10 MR. BARR: I'm sure it did. 11 MR. WILLIAMSON: Oh, I'm sure, you know. And I 12 know he had a good comeback for her. He made her feel very 13 comfortable about it. He was such a good quy. But 14 he -- yeah. So, I'm sure she was a little careful after 15 that. 16 I bet she was, because I heard that MR. YEUTTER: 17 quite often too. As his Chief of Staff, I often got the 18 first onslaught of complaints about controversial actions by 19 the Governor. 20 MR. WILLIAMSON: Well, Jim, do you have anything 21 else? We don't want to take too much of your time. 22 MR. BARR: Well, I was just going to -- one thing. 23 Or a couple things, one is just, any other thoughts you 24 might have had about being Chief of Staff in the 25 administration, and then just any overall reflections on

1 that period of time.

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2	MR. YEUTTER: Well, sure. It was a great time in
3	the history of Nebraska. Governor Tiemann was terrific and
4	his personal leadership was just off the charts. (He had
5	the best memory for names of anyone I have ever known.) He
6	was clearly one of the most active, vigorous governors in
7	the U.S. at that time, and certainly was one of the most
8	outstanding governors that the State of Nebraska has ever
9	had. I doubt that the four-year time frame of any Nebraska
10	governor has ever produced achievements that would match
11	those of Governor Tiemann in the four-year period in which
12	he served. It was just an incredibly productive time. The
13	proof of the pudding is in the eating. We've had a half
14	century since then, and it's been a most rewarding half
15	century in economic development for the state of Nebraska.
16	A lot of that groundwork was laid during the Tiemann years,
17	so it was a real thrill for me to be his young Chief of
18	Staff at that time.
19	After I spent two years in that post Cliff Hardin,
20	then Chancellor at UN-L, took a great chance on me as a

challenge, which had such a good outcome, laid thegroundwork for everything I've done since. So I owe an

of Nebraska Mission in Colombia, South America.

young former faculty member who really hadn't run any major

entities of any kind, and made me Director of the University

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1 enormous debt to Dr. Hardin, because he picked me out as a 2 youngster who had only been on the Nebraska staff for a very 3 short time (before joining the Governor's staff), brought me back to academia and took me to Colombia, South America. 4 5 That assignment was a great learning experience for me, managerially and in adapting to work in a foreign setting. 6 7 Dr. Hardin then brought me to Washington, D.C. to fill 8 a regulatory post in the Department of Agriculture. 9 Subsequently, I've been in and around Washington for more 10 than 40 years, the exception being the seven years I spent 11 as CEO of the Chicago Mercantile Exchange. 12 But I will never forget those years in Nebraska. 13 I was there just two years on the Tiemann staff. I was not 14 there for the final two years of his administration, because 15 that's when Secretary Hardin stole me back from Governor 16 Tiemann and sent me on to Bogota, Colombia. 17 If we have a minute, Dayle was adding some humor 18 based on the Tiemann tax, so I'll add another anecdote that 19 you might enjoy. 20 You may remember Nebraska had to put in place Daylight 21 Saving Time or lose its highway funds from the federal 22 government. So, we reluctantly added Daylight Saving Time 23 to the Tiemann legislative agenda. That didn't excite me at 24 all for I thought we had much better issues on which to 25 I didn't really care whether we did or didn't have work.

1 Daylight Saving Time. But, I lobbied it through the legislature, though not by a huge margin. Lots of other 2 3 Nebraskans weren't much enthused about Daylight Savings Time 4 either. 5 On the very next day after we passed the legislation, 6 my phone rang at 4:00 in the morning. The man on the other 7 end of the line said, "I just want you to know that if I 8 have to get up an hour earlier this morning to go to work, 9 you're going to have to get up a few hours earlier, too. 10 Good-bye." 11 (Laughter.) 12 MR. WILLIAMSON: Oh, my gosh. And I suppose you 13 had a few poultry producers calling you and say, "Hey, the 14 chickens don't know when to lay their eggs." 15 I got so many phone calls over MR. YEUTTER: 16 Daylight Saving Time I got tired of answering them. I can 17 remember -- another one that I can remember is somebody 18 called and said, "This is un-Christian. Don't you folks 19 realize that God made the sun to shine above us at 12:00 20 noon Central Standard Time?" 21 (Laughter.) 22 MR. WILLIAMSON: Oh, boy, that is something. Well, Clayton, no interview would be complete without really 23 24 commending you for getting -- kind of pushing us and looking 25 at the idea of combining some districts. I can remember

your lecture so well that day, and it's funny, that's a long time ago, but I just -- I really commend you for doing all that work and getting us thinking about that. MR. YEUTTER: Thanks, Dayle. It sure turned out well, I'll tell you that. A lot of the credit for that goes to you. MR. WILLIAMSON: Well, no. I had to implement them after Warren moved to Washington. So, that was my job. All of you other guys, you were the persons that really had the idea. I just work here. MR. YEUTTER: You work well. Jim, is that what you need? MR. BARR: That does it, and I really thank you for doing this and really appreciate it. And thank you again, very much.

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