Nebraska Values: The Power of Small and Local Public Institutions in creating a Sustainable and Prosperous Economy

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“While the train flashed through never-ending miles of ripe wheat, by country towns and bright-flowered pastures and oak groves wilting in the sun, we sat in the observation car, where the woodwork was hot to the touch and red dust lay deep over everything. The dust and heat, the burning wind, reminded us of many things. We were talking about what it is like to spend one’s childhood in little towns like these, buried in wheat and corn, under stimulating extremes of climate: burning summers when the world lies green and billowy beneath a brilliant sky, when one is fairly stifled in vegetation, in the color and smell of strong weeds and heavy harvests; blustery winters with little snow, when the whole country is stripped bare and gray as sheet-iron. We agreed that no one who had not grown up in a little prairie town could know anything about it. It was a kind of freemasonry, we said.”

– Willa Cather, My Ántonia
Introduction

Nebraska and its neighboring Plain States were America’s last frontier. It was here where the various Native American tribes made their last stand against an ever expanding United States. Nebraska’s Native Americans were largely and successfully pushed up north to what is today the Dakotas. Omaha, which served as the vast Nebraska Territory’s capital, became the starting point for America’s transcontinental railroad and the country’s last “gateway to the west.”

It was in Nebraska where the many pioneer trails passed, most notably the Oregon and Mormon trails. Originally, Nebraska acted as a means of transportation, linking the East to the West. However, by the time Nebraska became a state in 1867, the prairie was quickly becoming a destination of its own to settle. Some pioneers who had originally sought to settle further west, such as in Oregon or Idaho, decided for a variety of reasons, but usually due to travel difficulties or food shortages, to cut their journeys short and homestead the Great Plains instead. It was a place where some, quite literally, got trapped. But for many more, Nebraska was a destination. Omaha would showcase this unfamiliar, intriguing, and wild place to the world when it hosted the 1898 World’s Fair, dubbed the Trans-Mississippi Exposition.

The eastern third of the state was the first to be settled, as it offered fertile soil and ample rainfall. The remaining western portion, however, suffered from poor precipitation due to its close proximity to the Rocky Mountain’s rain shadow, as well as from sandy soil. To this day, large swaths of western Nebraska remain virtually uninhabited. This is especially true for the Sandhills, an area of grass-stabilized sand dunes in north-central Nebraska covering just over one quarter of the state.

1 The City of Omaha’s nickname is “Gateway to the West.”
called it the “Great American Desert.” The expansive prairie offered little to no timber and little to no visible water, no doubt casting an inhospitable impression on these explorers. Yet, to call Nebraska a desert would be to make a grave mistake. The Ogallala Aquifer, the nation’s largest underground water source, lies largely beneath all of central and western Nebraska. This discovery made farming and ranching – Nebraska’s chief economic activities – both possible and sustainable. Today, Nebraska serves as the nation’s largest producer of beef, eclipsing Texas after a series of droughts there took a toll on the cattle industry. For Nebraska, the cattle industry uses not only the aquifer as a source of water, but also feed yards that utilize a corn heavy diet.³ This has transformed the Nebraska cattle industry into the nation’s most resilient and productive.

Yet, contrary to popular belief, Nebraska is more than just cows and corn. Omaha is the nation’s 43rd largest city and home to four Fortune 500 companies, most notably to Warren Buffet’s mega-conglomerate Berkshire Hathaway.⁴ In addition to this, the world’s largest insurance company, the country’s largest private bank, the country’s largest railroad company, the world’s largest manufacturer of irrigation pipes, the world’s largest global payment technology solutions company, the United States Strategic Command headquarters (responsible for responding to nuclear attacks), the U.S. President’s nuclear war bunker and command center, and many other institutions and businesses call Nebraska home. When it comes to employment, few residents have trouble finding a job given the state’s 3.4 percent unemployment rate, one of the lowest in the nation (previously the #1 spot in 2015 with a rate of 2.8 percent). More impressive still, unemployment never topped 5 percent at any point during the Great Recession.

of 2008.\textsuperscript{5} Nebraska’s robust economy has most certainly thrived from its phenomenal public education system. The state’s high school graduation rate of 93.9 percent is second to none.\textsuperscript{6} Iowa, Nebraska’s eastern neighbor, has regularly taken the top spot in past years; nevertheless, the two states have remained in stiff, close competition for years. The state’s success is not, however, something that is safeguarded from outsiders. On the contrary, Nebraskan politicians, businesses, and religious groups have been able to use the state’s exuberant economy and fruitful finances in order to better help the nation, and indeed the world. Republican-controlled Nebraska, one of America’s most conservative states, has taken in more refugees per capita than any other.\textsuperscript{7} Ultimately, it may be statistics like these that show the true strength and character of Nebraska.

Nebraskans have built sophisticated 21\textsuperscript{st} century lives that honor their agricultural legacy while not letting it limit who they are. The 49 other American states ought to take a hard look at Nebraska. In the year of its 150\textsuperscript{th} anniversary (Nebraska became a state on March 1, 1867), the State of Nebraska has much to be proud of. In just 150 years, it has gone from vast, empty landscapes to arguably the nation’s healthiest and best performing economy. The state’s introduction here may seem to present certain contradictions. Indeed, many outside of the Plains States may ask, “how?” How has a state historically controlled by the same political party as Mississippi produced such different results? For one, it is important to recognize that Nebraska and its Plain State neighbors are blessed with an expansive and productive agricultural

landscape. Nearly every square mile of the state is used for agricultural purposes, meaning nearly every square mile in various school districts, counties, and other state government bodies are blessed with an unusually large tax base. This cannot necessarily be recreated in most other states. Yet, there are things which Nebraska does differently from everyone else that can be recreated outside of the state.

Nebraska’s conservative values differ from other states in one glaring way: the state is obsessed with local government. The usual Republican mantra is often directed against Washington, but in Nebraska this mentality is also frequently used against the capital, Lincoln. In Nebraska, you will not find the lowest taxes, the smallest budgets, or the fewest regulations and laws. By all accounts, the state doesn’t stick out from the other 50 states in these respects. Rather, it is the “where” and not the “what” that defines Nebraska’s political economy. The state’s various government bodies and levels regularly pursue their own agendas, sometimes in stark contrast to one another. Communities look out for themselves by pursuing policies that are perceived to help them, and at the same time they respect their neighbor’s decisions. The frontiersmen attitude – individual responsibility, sturdy independence, hard work, essential caution, a strong sense of morality, etc. – seems to have permeated into the state’s government. In Nebraska, government functions not from the top-down but from the bottom-up.

These characteristics and principles can best be seen in the state’s nonpartisan, unicameral legislature. The only one of either kind in the country, it is a legislative model to be revered and replicated. In addition, there is also the state’s 100 percent publicly controlled power districts and its strong natural resource districts. These latter two bodies of government are regional, localized institutions that are controlled directly by and for the people. Ultimately, these three government bodies best embody Nebraskan values, all the while providing an economic
model for the other 49 states to replicate. Nebraska’s unique political ideology and unusual political structure has enabled it to craft efficient and effective public policies and to build a nationally-leading economy. This claim will be examined in further detail by first looking more closely at the state’s nonpartisan unicameral legislature, and how it is not only reflective of Nebraska but how it is an efficient and effective legislating body. In the latter half of the thesis, the state’s different public power districts and powerful, regional natural resource districts will be examined. Besides the fact that they are found only in Nebraska, these two seemingly different institutional bodies both share the common ideological belief that small and local government works best. This examination will show why Nebraska’s localized institutions are more efficient and effective than state-level institutions, regardless of a person’s politics. This flyover state has punched high above its weight, it has broken both political and conservative norms, and it has positioned itself not only in the middle of the nation, but also in the middle of a discussion.

The Nebraska Legislature

In 1922, construction began on a new capitol building in downtown Lincoln. It would be the nation’s first capitol to feature a fully functional tower. Nebraska’s frugal residents financed their magnificent “skyscraper capitol” on a pay-as-you-go basis. Yet by the time of its completion in 1932, the state was in the midst of severe drought and the Great Depression. Former state representative and Congressman John N. Norton had been the leading advocate for the adoption of a unicameral, or one house, legislature for decades. His mantra for a unicameral was that it would “save time, talk, and money.” However, Norton was unsuccessful in his bid to amend the state legislature until the gifted and well-known U.S. Senator George Norris weighed
in on the issue. A resident of McCook, Nebraska, Senator Norris was no stranger to change. He represented Nebraska in Washington for 40 years, from 1902 to 1942, and during that time he fought for the direct election of senators, fathered the Tennessee Valley Authority, wrote the 20th Amendment to the U.S. Constitution (also referred to as the “Lame-Duck Amendment”), and courageously showed his convictions by voting against the U.S.’s entry into World War I. Ultimately, it was Norris’s personal campaign for a unicameral legislature that turned heads and garnered support. It is also didn’t hurt that at the same time the unicameral legislature was up for a public vote, so too was the legalization of pari-mutuel betting and beer drinking. Proponents readily adopted a “vote for all three” slogan. And on Election Day in 1934, all three measures won, the Unicameral8 by a vote of 286,086 to 193,152.9

“I congratulate you. Every professional lobbyist, every professional politician, and every representative of greed and monopoly is hoping and praying that your work will be a failure.”

– Senator George Norris, Address to the first session of the Unicameral in 1937

Arguably the most radical element of the Unicameral is not its one chamber structure, but rather its 49 senators who are elected on a nonpartisan basis. Moreover, not only is it the nation’s only nonpartisan legislature, but at only 49 members the Unicameral is also the smallest legislature.10 The nonpartisan framework has had the effect of diminishing party leaders’ influence and ability to set legislative priorities or put quiet kiboshes on particular bills. Each senator runs on a relatively unique platform, oftentimes running against people within the same

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8 Although the word “unicameral” is an adjective, Nebraskans commonly use it as a noun, as in saying “the Unicameral.” In Nebraska, everyone knows “the Unicameral” refers to the state legislature.
party affiliation in the general election. In effect, each man is his own party. Under the old bicameral and partisan system, 15 to 35 percent of the bills introduced might be passed in any given year. Under the new unicameral system, over half of the bills introduced are regularly passed. The governor, whose veto power can be overridden by just 30 of the 49 senators (just a little over 60 percent), is usually reluctant to oppose bills for fear of offending individual senators. Interestingly enough, overriding a veto requires less votes than ending a legislative filibuster, the latter of which requires at least 33 votes. According to Unicameral proponents, these two aspects, when taken together, have emboldened individual senators to genuinely express their opinions and measures in a powerful and potent way. Whether this ability for senators to express themselves has led to an increase in the influence of constituent interests or of lobbying interests, it may be that the answer is dependent on the specific senator in question.

As a result, George Norris’s goal of minimizing special interests within the Unicameral may be less clear. As lobbyists frequently point out, “you only have to buy 25 votes.” In the old bicameral-partisan legislature, there were 100 representatives and 33 senators. But, one must also recognize that the unicameral system has accomplished many definitive successes too. Bills can no longer be stalled by disagreements between two chambers, committee work is not duplicated, and almost all bills introduced receive a public hearing. And as for John Norton’s claim that a unicameral would “save time, talk, and money,” he and George Norris were both correct in believing that it would increase efficiency while slashing legislative expenses in half. The last

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12 Ibid. Page 204.
bicameral session in 1935 ran 110 days, passed 192 bills and cost $202,593 (nominal dollars). The first unicameral session in 1937 ran 98 days, passed 214 bills and cost $103,445.¹³

The influence of party politics on the Nebraska Unicameral is of additional interest. Whereas Norris and others had hoped to limit the influence of party bosses and special interests by formally and constitutionally barring political parties within the Unicameral, some argue that this framework has been subverted by the parties over time. Political parties, namely the Republicans and Democrats, have adapted their modes of influencing senators. Namely, state senators are still allowed to be registered with a political party and participate in partisan work and activities. It is commonplace for interested constituents to look up candidates’ party affiliation (voter registration information is public in Nebraska), and to press them on key issues. But perhaps more importantly than anything else, political parties are allowed to publicly endorse candidates for the nonpartisan legislature. Even though this rarely happens if two members of the same political affiliation make it passed the primary and into the same general election, the endorsement of candidates by political parties still remains commonplace. Indeed, some have argued that the “nonpartisan” framework is more aesthetic than substantive.

However, according to two political science professors there is evidence that suggests otherwise. Gerald C. Wright of Indiana University and Brian F. Schaffner of Western Michigan University looked at similarities and differences between the Kansas State Legislature and the Nebraska Unicameral. Specifically, they compared the impact of political parties on the partisan dimensionality of campaign issue stances and the roll call voting of state senators. Kansas was chosen as the control because it most resembles Nebraska in terms of population size, economic structure, electoral voting patterns, and contemporary issues. Employing OLS regressions for the

data collected, Wright and Schaffner found that the nonpartisanship of the Unicameral, relative to Kansas, did not affect the dimensionality of candidates' campaign stances on most issues. Nor did nonpartisanship in Nebraska’s races change the level of ideological polarization between Republicans and Democrats. In sum, nonpartisanship has little to no effect on the political races for the Unicameral. By contrast, however, Wright and Schaffner did find that there was relatively little structure to roll call voting in the nonpartisan Unicameral, something that was predicted based on prior studies. They determined that patterns in Nebraska’s roll call voting are difficult to find. In fact, their controlled statistical analysis using four different dimensions showed just a nominal difference over a naïve prediction of guessing that everyone had voted with the winning side. Most interestingly, however, was that Wright and Schaffner found that in each dimension the level of structure vis-à-vis roll call voting was lower than in 12 other major voting bodies studied – including the U.S. Congress, the EU Parliament, the U.N., and the legislatures of several European countries. This also was in stark contrast to Kansas’s legislature, which showed clear partisan

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cleavages. When adding the possibility for urban-rural divides, the results were muddied for both states. When Wright and Schaffner graphed these results visually, they found that Nebraska’s legislators were almost evenly spread across the given dimension. A graphical comparison with Kansas, taken directly from Wright and Schaffner’s work, can be seen to the left. Note, the “R’s” represent Republicans and the “D’s” Democrats (see Figure 2).15

Wright and Schaffner conclude that this difference between what legislators say on the campaign trail and what they vote on in the Unicameral is concerning. They believe that nonpartisanship undermines popular control of the government, as the clear structure found in partisan legislatures disappears in Nebraska’s Unicameral. Because party leaders and party structures do not enforce political connections among issues within the Unicameral, they therefore cannot influence senators to commit to policy positions that they might care less about than others. This in effect causes an “unbundling of issues.”16

What Wright and Schaffner fail to address in their analysis, however, is the distinct difference that parties play in Nebraska’s politics. It makes sense that candidates’ campaign issue stances correlate to particular political party stances. This is because, and as was previously discussed, political parties take an active role in Unicameral races. Therefore, it only makes sense that a partisan structure would be established within this realm. What Wright and Schaffner more accurately explain about Nebraska’s Unicameral is that party influence stops at the door of the capitol building. To this point, they believe there are anti-democratic elements at play within the Unicameral. The nonpartisan Unicameral was not intended, as many state senators falsely state, to coerce its members to “check their ideology at the door.” On the

16 Ibid. Wright, Gerald C, and Brian F Schaffner. Pages 370-372.
contrary, the nonpartisan aspect of the legislature was aimed at preserving the ideologies of its members, as it recognized the immense complexity and range of ideological beliefs that were both present and possible. Now, in this context, it may appear the Unicameral gives Nebraskans a “rip-off,” as candidates seemingly vote against their party registration on a regular basis. To this critique of Wright’s and Schaffner’s, the Unicameral would ask that they keep it until Election Day. If a particular senator’s votes do not align with the will of the people, then one can surely believe that they will and ought to be voted out. To this point, it appears Nebraskans were not as dissatisfied with their representatives as Wright and Schaffner might suggest.

What Wright and Schaffner appear to critique is not so much the nonpartisanship of the Nebraska Unicameral, but a truly republican form of government. The Nebraska Unicameral stands as a beacon of pride and hope to the other 49 states, serving as a testament to the virtues and values of a republican form of government. Because individual senators can freely vote how they think, they have taken up a number of causes that might have otherwise never passed in a partisan legislature. The Unicameral, for example, passed a bill abolishing the death penalty (mainly due to budget concerns), and overrode the governor’s veto to get it implemented. When the issue went to a public referendum in 2016, at the governor’s urging, the public voted overwhelmingly to reinstitute the death penalty.17 When, during the 2014 election, the people overwhelmingly approved a public referendum that raised the state’s minimum wage to $9.00 per hour, the powerful Republican Party took up arms against the measure, trying to undermine the law in any way possible (such adding age discrimination to the new law). To this, the

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Unicameral stood like a rock, shooting down the partisan demands of many. But perhaps most astonishingly of all, during the 2016 legislative session the Unicameral failed to pass property tax reform. The state’s property taxes are the second highest in the nation, behind only Illinois. From the powerful Nebraska Farm Bureau and Nebraska Cattlemen Association to various businesses and everyday people, lobbying groups exerted an immense amount of pressure on state senators to pass a property tax reform package that would lower rates or the taxable evaluations. Despite this pressure, the Unicameral failed to reach a consensus and left the current tax policies in place, largely due to future projected budget shortfalls. In a world filled with uncertainty and partisan bickering, looming decisions still need to be made. For these decisions, the people need a legislature that defends and advocates for the common good. In this respect, the Unicameral serves as the State of Nebraska’s moral rock and guiding compass, an institution which does not automatically bend to popular demand or special interests. It not only makes decisions, but it makes the right ones.

As a result, the Nebraska Unicameral is a model for the entire United States. The Nebraska Unicameral may come across as foreign to the other 49 states, but that is no excuse to overlook it. At one point, Senator George Norris was actively advocating for all of the states to adopt a unicameral legislature. Wisconsin Governor Phil La Follette, a progressive ally and friend of Norris’s, was persuaded to undertake a unicameral reform in his state, but the local

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politicians there ended up being less than receptive to the idea. As Norris said, “the outstanding political leaders do not take kindly to a movement of this nature unless it originates with them.”

Nevertheless, George Norris led a tough campaign of his own in support of the unicameral legislature for his home state of Nebraska. Norris found that it was the nonpartisan feature of the constitutional amendment, and not necessarily the unicameral system, which aroused the most hostility. Arthur F. Mullen, leader of the Democratic Party in Nebraska, came to Norris’s Washington D.C. office and openly expressed his opposition to the amendment because of the nonpartisan feature. Mullen threatened to fight it bitterly, but promised the active support of the Democratic Party if Norris agreed to retain the party basis in electing state legislators. Norris replied that he would not concede the nonpartisan feature, and that he would fight for a nonpartisan unicameral legislature win or lose. As a result of this and many other confrontations, Norris remained keenly aware of the difficulties that needed to be overcome. For one, few people other than George Norris believed it would be approved on Election Day.

“We had no broad organization supporting the amendment. We could count on the opposition of political machines of every description. We knew the farm vote was divided, some of the organizations supporting us, and others opposing us. Most of the newspapers in Nebraska, the majority of the bankers, the lawyers, the utilities, and the railroads were hostile to the amendment.”

– George Norris, Fighting Liberal

George Norris’s campaign for the Unicameral was built on and around strong populist tones. For example, it was frequently marketed as a measure that the elites opposed because it

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21 Ibid. Norris, George W. Pages 346-349.
22 Ibid. Norris, George W. Pages 348-349.
would weaken their power and influence in the state. Yet, to write George Norris off as a mere populist would be to make a foolish mistake. Norris was most certainly one of the most progressive republicans of his day (a party affiliation he later switched to independent), and he did hold a deep skepticism and distrust for Wall Street banks, monopolies, and political party bosses. George Norris was educated to be a lawyer, and practiced law for many years before entering politics. As such, he articulated a series of political, legal, and economic arguments for a nonpartisan unicameral legislature. It are these arguments, above all else, which remain the cornerstone of why state governments across the United States ought to adopt unicameral legislatures.

Whereas Senator Norris recognized the importance of the bicameral Congress as a compromise between the smaller and bigger states, he did not see any logical reason why state legislatures should conform to the politics of the federal level. Norris thought if the two chambers of a state legislature had the same qualifications, same tenure, same salaries, same duties, and similar jurisdictions, that it was only logical to abolish one of the two. “The two-house legislature is a relic of the past,” wrote Norris in his autobiography. Norris also believed that members of the legislatures were not generally concerned with the welfare or laws of a state, but rather that they were more interested in using the legislature as a steppingstone to something else. As a result, Norris believed a state legislature should be like a business institution. He wrote, “The governor is its president; the legislature, the board of directors; the people, the stockholders.”

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24 Ibid. Norris, George W. Page 351.
The greatest evil that a unicameral legislature eliminated, according to Norris, was the “conference committee.” When two chambers of a legislature cannot agree on the wording of a bill, no matter how small, it must go to a conference committee. It is here, says Norris, where the party bosses and monopolies “get in their secret work behind the scenes.” Frequently a conference committee does not meet until the near end of a legislative session. By the time a bill is agreed upon in committee there is little time left, and the two branches must either take it or leave it. Since conference committee members are appointed by the presiding officer, special interests can theoretically control the actions of the conference committee through only one person. According to Norris, this aspect, above all else, is what makes it easier for special interests to control a bicameral legislature over a unicameral one. In addition to this, conference committees give both chambers the opportunity to shift responsibility for legislation to the other chamber. In contrast, in a unicameral there is no way for a legislator to evade his duty, as there are no committees to hide behind or other chambers to put the blame on. The passage or defeat of a bill is more transparent, and thus the representatives responsible can more easily be rewarded or punished for it.25

In one instance, according to Norris, the conference committee was to blame for delaying the expansion of publicly owned utility lines beyond their corporate limits. Over the course of six years, three separate bills were introduced into the Nebraska bicameral legislature that would have permitted municipally owned power plants to build lines beyond their corporate boundaries in order to provide electricity to homes outside of the district. On the bill’s third introduction, after having failed two times prior, the public power companies made sure to obtain in advance promises of support from a majority of the members in both legislative chambers. Nevertheless,

the bill failed to pass for a third time. As Norris observed, this wasn’t because any member violated his pledge of support. Rather, the bill that was passed in one chamber was slightly amended by the other chamber, and these minor changes failed to be resolved in the conference committee, effectively killing the bill. Yet, every member of the legislature could still say truthfully that he had voted for the bill. In the end, according to Norris, the conference committee had been successfully influenced by the private utilities. After having been frustrated for 6 years, the bill was finally submitted through a public referendum. The people of Nebraska, voting directly this time, approved the bill with a majority of over 100,000 votes.26

“It has been the stock argument that in a two-house legislature one branch serves as a check upon the other in the ultimate molding of good and wholesome legislation. As a matter of practice, it has developed frequently that, through the conference committee, the politicians have the checks, and the special interests the balances.”

– George Norris, Fighting Liberal 27

Senator George Norris, like other progressives and populists of his time, believed the primary concern in American democracy was whether or not the people or the powerful few would control the government. This was the driving idea behind the Unicameral, and where Nebraska has broken most noticeably with the other 49 states. The Unicameral has been able to reduce or eliminate altogether some avenues of influence used by special interests and lobbying. In return, this has increased its efficiency and speed. Yet, it is pertinent to recognize that lobbyists, special interests, and politicians have also somewhat adapted to the Unicameral,

27 Ibid. Page 351.
meaning the true result of a Unicameral remains conflicted. However, with respect to George Norris’s key objectives, the Unicameral has succeeded and prevailed. Nebraskans have a legislature whose members can be easily and clearly held accountable, while not in a way that hinders individual state senator’s convictions or principles. In essence, Nebraska is the only state where state senators can vote without the undue influence of party or special interests. Simultaneously, Nebraska’s state senators have their independent judgement and decision making wholly under the public’s scrutiny. This has had the effect of increasing the power and efficiency of both the people and the legislators, while at the same time decreasing the power of lobbyists, monopolies, and parties. Moreover, this is regardless of whatever new lobbying behavior has arisen from the unicameral structure. While lobbying and special interests are still present, and perhaps acting differently from before, their power has nevertheless still been reduced in absolute terms.

By shrinking its state legislature to just 49 members in one chamber, Nebraska has been able to exemplify the virtues of small, simple government. These same virtues are in play elsewhere throughout the state too, namely in its natural resource districts and public power districts. We will begin to explore these in the next section. Additionally, while small and simple government is important for the success of a state, so too is localized government. While not always applicable, when one combines both small and localized government the results can be tremendously excellent and efficient. As we will see, these two pillars of good government act as cornerstones for Nebraska’s lower levels of government.
Natural Resources and Public Power

Senator George Norris’s most well-known accomplishment is arguably the Tennessee Valley Authority (TVA), which he spearheaded during his years in Congress. The TVA is known for, among other things, providing flood control and electricity through its construction and ownership of dams in the American South. It is credited with the electrification, redevelopment, and general modernization of the rural South during the Great Depression. Many in Congress had sought private ownership for river valley hydroelectric dams, but Norris determined that granting private corporations and trusts such control would strip the public of their rightful ownership in vital natural resources. Norris argued that since natural resources were given “by an all-wise Creator to his people,” no one man or organization had the right to hinder their fullest development. As such, the Nebraskan approached conservation from the viewpoint that soil conservation, reforestation, irrigation, flood control, navigation, and the production of electrical power and energy could all be interconnected with the power of government. Only a government by the people, Norris argued, could harness “natural resources for the greatest good to the greatest number for the longest time.”

Senator Norris’s attitudes towards natural resources would have a direct influence and impact on his home state of Nebraska’s own efforts to provide rural electrification and increased irrigation. A deeply conservative red state like Nebraska may seem like an unlikely place for publicly owned power to prosper. Yet, Nebraska is the only state in the U.S. where every single home and business receives electric service from publicly owned utilities, such as municipal utilities, electric cooperatives or public power districts. The creation of this unique system

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arose from circumstances which threatened something more important to the state than its political affiliations: agriculture. In the middle of drought and depression, Nebraska’s farmers were on the verge of vanishing in the 1930s, the decade of both the Great Depression and the Dust Bowl. Because of this, Senator Norris advocated for a little TVA for Nebraska. In 1932, the Reconstruction Finance Act was amended to permit public groups to borrow substantial amounts of money for irrigation and hydroelectric projects, on the condition that individual states would authorize particular public groups to utilize the funds. Nebraska’s various, small private power companies were in fierce competition with other various and small municipal power companies at the time, with neither being able to adequately provide for rural electrification for financial reasons. The cost of building transmission lines to sparsely populated areas outstripped the opportunity for increasing profits or even just breaking even. Frequently, the private power suppliers were owned by large national holding companies. These holding companies had sought to buy out public power entities at a discount if they failed to pay back their borrowed federal funds under the Reconstruction Finance Act, thereby increasing their own resources and consumer networks. This was especially desirable because hydroelectric power was considerably cheaper to produce than power from oil or coal plants.30

However, the tables would soon turn on private power companies. By 1935, court rulings and federal legislation greatly reduced the market share for holding companies in the power sector. Many were forced to drastically simplify their structures and sell-off companies. This presented a golden opportunity for proponents of public power. Since the existing public power districts were already heavily saddled with debt, Nebraska officials set up a new one called the Consumer Public Power District in order to raise funds in private money markets for the

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purchase of the private power companies and their respective markets. By 1943, only one private power company remained in the state, the profitable Nebraska Power Company in Omaha (which had been one of the few places to actually benefit from public vs. private competition).

Eventually, the Nebraska state government outlawed private power altogether, converting the Nebraska Power Company into the Omaha Public Power District, today the state’s largest single power provider. None of this would have been possible, though, had it not been for Nebraska’s abundance of hydro-electrical potential, something the state’s Great Plains neighbors all lack.  

In fact, Nebraska has more miles of river than any other U.S. state, with the main Platte (North and South branches), Niobrara, Loupe (Upper, Middle, and Lower branches), Republican, Big Blue, and Elkhorn rivers running nearly spatially equidistant and parallel to one another from west to east. Of course, the hydroelectric and irrigation potential of these rivers were not fully realized until federal funds and legislation made public power districts a reality. These public power districts have continued to provide an efficient and effective means of natural resource security and electricity for Nebraska’s farmers and residents.

Nebraska Constitution, Article XV, Section 7:

The use of the waters of the state for power purposes shall be deemed a public use and shall never be alienated, but may be leased or otherwise developed as by law prescribed.  

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33 Ibid. Nelson, Stewart W. Page 534.

34 Neb. Const. art. XIV, sec. 7 (1920); Adopted 1920, Constitutional Convention, 1919-1920, No. 36; Transferred by Constitutional Convention, 1919-1920, art. XV, sec. 7. Taken from the official site of the Nebraska Unicameral Legislature at http://nebraskalegislature.gov/laws/articles.php?article=XV-7.
Today, electricity is provided in Nebraska by three entities: municipal electric systems, rural electric cooperatives, public power districts. Municipal electric systems, if they exist for a given municipality, manage the sub-transmission and distribution of electricity. This is because they can usually address problems resulting from the economy or severe weather the most quickly and efficiently. Rural electric cooperatives are private non-profit membership corporations organized in accordance to the general non-profit statutes of Nebraska. In contrast to these two entities, public power districts are the public corporations and political subdivisions of the state that engage in the actual generation and large-scale transmission of electricity. Their board members are publicly elected. Public power districts are also able to distribute electricity, but this is not always the case as municipal electric operators can be voluntarily formed under a home rule charter if the residents of a community so desire it. In addition to this, municipal electric systems retain the right to leave public power districts and buy from elsewhere or generate their own electricity in a new district, provided the latter measure garners public approval at the ballot box.35

The electric industry in Nebraska continues to follow the principles of local control, non-profit operation, and public ownership. While the Unicameral does occasionally adopt detailed statutes to govern certain areas of the industry, it is still the locally-elected district board members, city council members, or appointed utility board members that establish policies to guide management and oversee utility operations. These individuals set local electric rates and are directly subject to constituents with respect to how well the utility is functioning. With the exception of oversight in areas such as power service provider boundaries and the construction of

major power generation and transmission facilities, state-level regulation of electric utilities is minimal.  

With 167 different community owned utilities in total, Nebraska’s residents have benefited mightily from its public power system. According to the Nebraska Public Power District (the largest of its kind in the state), public power is superior to private power due to its ability to provide reliable service, local control, a not-for-profit business structure, less tax liability than a private company, economic development, and a special attention to energy efficiency. The result has been that Nebraskans pay, at the very least, 15 percent below the national average for electricity. Only 13 states provide cheaper electricity across all customer types, which include heavier users like office buildings and factories. The national average is 10.42 cents per kilowatt-hour, compared to 9.04 cents per kilowatt-hour for Nebraska’s statewide average. The cheapest states, Washington and Louisiana, provide electricity for an average of 7.41 and 7.64 cents per kilowatt-hour respectively; this is in contrast to the two most expensive states, Hawaii and Alaska, with rates at 26.17 and 17.94 cents per kilowatt-hour respectively.

Nevertheless, statistics showing the benefits of Nebraska’s public power have not been enough to stifle debate regarding the issue. Indeed, several attempts have been made by critics in the Unicameral to introduce private power companies via retail power competition. This could only be achieved, however, by first ending the monopoly of public power companies that exists under Nebraska state law. Public power defenders have claimed this monopoly power is

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38 Ibid. “Benefits of Public Power”
necessary in order to reap the benefits from economies of scale, and that something as vital as electricity should be treated as a quasi-public good, similar to how education and infrastructure is treated. Moreover, defenders of public power also point the fact that public power companies are tax-exempt, thereby giving them a clear market advantage over private power companies. This theoretically makes it even less likely that a private utility could somehow provide better and cheaper electricity than a public one. Still, there remains considerable opposition from both within and outside the state to the public power companies’ monopoly. However, as of yet, no such effort to change the current system has been successful in the Unicameral. This is because that whenever such a bill has been introduced, it has typically never been a high priority for the Unicameral, especially given the low electricity rates Nebraskans currently enjoy.\(^40\) The Unicameral’s position has largely been one of “why fix something that isn’t broken?” It goes without any further explanation to conclude that Nebraska’s one and only public power system has not only withstood criticism, but the test of time too.

The intricate and importance relationship between water and electricity proved to be one of the defining forces in the creation of Nebraska’s public power, but the state’s unique natural resource management does not stop there. Indeed, the public ownership of dams built for hydroelectric power and water reserves for irrigation was just the beginning. In regards to natural resource management and conservation at large, Nebraska is divided into 23 natural resources districts, or NRDs. In 1969, a legislative bill was passed to combine Nebraska’s 154 special purpose natural resource entities into larger natural resources districts. This was because the 154 districts that had existed previously were too numerous, divided, and contradictory to deliver

effective resource management policies. By 1972, Nebraska found the right balance between local and state control when it consolidated the prior 154 entities into 24 NRDs (two were later merged together, giving us the 23 currently in existence). These NRDs were initially created to better solve issues relating to flood control, soil erosion, irrigation run-off, and groundwater quantity and quality. However, unlike the natural resource districts found in most other states, Nebraska’s natural resources districts have jurisdictions with boundaries based on the geography of river basins, enabling them to craft policies on a watershed basis. This was so that each NRD could more effectively establish policies of its own, while not significantly impacting the policies of other NRDs.  

Each NRD is governed by a publicly elected board of directors, similar to the public power districts. While NRDs are subject to state statutes and, to a lesser extent, the Nebraska Department of Natural Resources, each district is still able to set its own agenda and develop its own policies. Today, Nebraska’s NRDs continue to be involved in a wide array of programs and policies that aim to conserve and protect the state’s natural resources, but are perhaps most notably responsible for flood control, soil erosion, and groundwater management.\footnote{\begin{quote} “NRD Information.” Nebraska's Natural Resource Districts. Nebraska Association of Resources Districts. Accessed March 01, 2017. https://www.nrdnet.org/nrds. \end{quote}} Groundwater management is of particular concern, as the Ogallala Aquifer, which rests beneath much of the state, is the sole source of drinking water and irrigation for areas not served by the major river systems. Moreover, in some places this groundwater is being extracted at a rate faster than the natural rate of recharge in many areas of the Ogallala. While Nebraska’s locally elected resource districts are not unique to the Plain States – as the states of Texas, Kansas, and Colorado also use
similar structures to manage groundwater – they do exercise a degree and breadth of power and authority that would be unheard of in other states.\textsuperscript{43}

It is commonplace for local NRDs to be depicted as staunchly opposed to self-regulation, and many have argued for a more centralized structure where the general population could hold more sway. Peter J. Longo and Robert D. Miewald described the NRDs in a 1989 case study of Nebraska’s institutions in water policy as a “closed club of irrigators” that are mostly in agreement against regulation and that are “destined to preserve the status quo while giving the appearance of movement toward the solution of pressing water problems.”\textsuperscript{44} Yet, few detailed studies exist in policy literature concerning the High Plains’ groundwater resource management. Dr. Kurt Stephenson, at the time an assistant professor in the Department of Agricultural and Applied Economics at Virginia Tech, argues that such charges as Longo and Miewald’s are exaggerated. Through Stephenson’s independent line of research, he aimed to tie together a diverse group of researchers in order to undertake a more careful and detailed analysis of self-regulating institutional systems created to allocate important resources. Stephenson identified a variety of factors in Nebraska’s NRDs which facilitated, rather than hindered, self-regulation.\textsuperscript{45}

Stephenson found that the Upper Republican Natural Resource District had implemented and enforced one of the most aggressive groundwater management systems anywhere on the Ogallala Aquifer. He found that irrigation was too important an issue for the district to not self-regulate. The Upper Republican NRD is located in the semi-arid west of the state, and its farmers suffered from an inability to use traditional irrigation techniques, such as flood irrigation.

\textsuperscript{44} Ibid. Stephenson, Kurt. Page 762.
\textsuperscript{45} Ibid. Stephenson, Kurt. Page 762.
However, with the introduction of center pivot irrigation\(^{46}\) in the 1960s, the region began to experience an economic boom and population growth for the first time since the Great Depression. Corn production increased six-fold between 1965 and 1975, and retail sales increased at a rate well above the state average. Today, Nebraska has more acres of irrigated farmland than any other state, thanks in large part to the Ogallala Aquifer and center pivot irrigation. Within this context, improved irrigation techniques brought with it clearly recognized benefits to both farms and communities. While other states most certainly experienced similar phenomena, what made Nebraska’s an effective driving force in new policy creation and self-regulation was the state’s legal and policy factors. According to Stephenson, researchers observing other states had incorrectly concluded that a district’s inability to act was based on an unwillingness to act. While substitute water sources, existing knowledge, belief systems, and dynamics of conflict – what Stephenson called situational factors – were present in NRDs across the Plain States, Nebraska’s NRD benefitted from favorable policy factors too. These key policy factors were the Nebraska NRD’s unique boundary rules, decision rules, regulatory rules, financing rules, and monitoring/enforcement mechanisms.\(^{47}\)

Boundary rules were beneficial because the NRDs’ legal boundaries closely coincided with the physical boundaries of the resources in question, enabling more effective resource management programs. The NRDs in question could also more easily capture the benefits from any programs implemented. Researchers found that in other states, Texas in particular, districts were too small to adequately control groundwater levels. In addition to this, Stephenson found

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\(^{46}\) Center-pivot irrigation, also called circle irrigation, is a method in which irrigation equipment rotates around a pivot and crops are watered with sprinklers. The technique, which is used internationally, was invented in Nebraska.

that the NRDs in Nebraska had a smaller, more manageable number of board of directors. Furthermore, these NRDs had a very open and participatory process of rule-making. Promotions of information meetings and public hearings were commonplace, helping to build trust and diffuse divisions among irrigators. As previously discussed, Stephenson found that the NRDs’ vast regulatory powers proved to be beneficial for regulation efficiency and effectiveness, with just enough legal flexibility for local districts to properly design water use and access rules. NRDs are also given clear authority to enforce their regulatory rules. Stephenson found that Nebraska’s NRDs showed little reluctance in exercising this authority, consistently issuing cease and desist pumping orders to irrigators who exceed groundwater allocations. Lastly, Stephenson examined that Nebraska NRDs held sufficient financing powers to properly design, execute, and enforce regulations. This is because the NRDs have the power to levy property taxes. Even though this tax typically comprises only one to two percent of all property tax collections at the county level, the tax base generates sufficient revenue nonetheless. The NRDs in Nebraska may also somewhat benefit from economies of scale, as they can consolidate many related administrative and natural resource functions.48

Between 1980 and 1995, more Nebraska counties experienced rises in their water table levels than did counties experience declines, and for the vast majority of the state water levels remained unchanged.49 This is partly because of location and favorable weather conditions, but it’s also partly because of the state’s efficient and effective natural resource management systems. Nebraska proved once again to the skeptics of local control and small government that

good governance can be carried out at regional and local levels. Moreover, Nebraska proves that conservation efforts are not only possible at the state level, but that they ought to be desirable at the state level too. It was not the federal government which outright created Nebraska’s public power system or natural resource districts, even if it helped to finance it in certain instances; and it was not the state government which guaranteed the successful implementation of these ideas either. While the federal and state government created an environment in Nebraska that was favorable to the creation of local institutions of governance, it was ultimately the people who determined whether such local institutions were to succeed or fail and whether they were to be efficient and sustainable in the long-term. When populists cry for more power to the people, government officials, businesses, banks, and various other groups with power and wealth all cringe with skepticism at best, and with vehement opposition at worst. Nebraska’s populist tide may have arrived and resided nearly a century ago, but it left a lasting impression. When people claim local control or a certain idea is unworkable – something that is ‘playing with fire’ – it’s important for them to be redirected to Nebraska, a state which not only played with fire and learned how to harness it, but one which continuously dares to be different.

Conclusion

On March 1st, 1867, Nebraska became the first state to be admitted into the Union since the beginning of the Civil War. Admission to statehood, however, was initially vetoed by President Andrew Johnson not once, but twice. He opposed the statehood bill because Nebraska’s proposed constitution deliberately disenfranchised blacks. Congress subsequently overrode both of Johnson’s pocket vetoes; but even so, the Nebraska Legislature removed the provision that had restricted suffrage to white males in order to garner Johnson’s blessing. What
was unique to Nebraska’s statehood process what that it became the first and only state to have been admitted using a congressional override of the executive.\(^5\) In that historic moment, Nebraska gave America an opportunity to be better. It was a state carved out using the most direct power of the people: the United States Congress.

Incidentally or coincidentally, Nebraska boasts the nation’s only nonpartisan and unicameral legislature, a house of the people which does not hesitate to strike the executive branch using hefty powers endowed to it from the people and the Nebraska State Constitution. Not only is the unicameral legislature an impressively powerful branch of government, but its senators are an equally independent and powerful bunch too. In Nebraska, it is the parties which are subject to the politicians. Three time presidential candidate of the Democratic Party and world-renown orator William Jennings Bryan was Nebraska’s earliest well-known political voice at the national level. Directly following him, the author of the 20\(^{th}\) Amendment to the U.S. Constitution, the founder of the Tennessee Valley Authority, and a promoter of nonpartisan unicameral legislatures for states across the nation, the progressive republican U.S. Senator George W. Norris became the next leading political voice from Nebraska. These two men – who were both affectionately and dismissively labeled as populists, progressives, and rebel rousers – not only created a new national discourse, but also trailblazed new paths for their young home state and left on it everlasting impressions. Chief among these impressions is that the people not only have a right to rule themselves in the most direct and democratic manner possible, but also that the common people ought to desire this for themselves because of the knowledge that the special interests, monopolies, big banks, party bosses, and other self-interested men and women

of power are actively working against them, the people. History and policy shows us that Nebraskans more than anyone else understand the risks associated with fallible human governments.

Today, Nebraskans have continued to trailblaze into the 21st century. They not only preserved what was given to them by earlier generations, such as public power, but they have continued to build on it. By maintaining flexible state oversight of the largely autonomous public power systems and natural resource districts, Nebraskans have been able to successfully adapt their principles concerning small, local public institutions to present modern-day challenges and obstacles. Nebraskans, not lofty state officials or the federal government, are best suited to craft the policies needed for a prosperous and sustainable economy. Nebraskans, by acting through their locally elected institutions, are able to produce their own electricity, manage their own natural resources, and self-regulate their own harmful behaviors. They are a testament to the belief that the people are not only sovereign, but are capable of exercising that sovereignty.

Nebraska’s unique political ideology and unusual political structure has enabled it to craft efficient and effective public policies and to build a nationally-leading economy. This is because a local government is a knowledgeable government. Politicians in Lincoln have recognized their inability to efficiently and effectively legislate on all matters concerning the state and its people. Nebraska’s state government understands that some matters are just simply too complicated, too heated, and too specific for the high level state government to intervene. Sandhill ranchers know what’s best for them, not Omaha lobbyists or state politicians from faraway districts. Likewise, Omaha’s residents who know how best to manage their own natural resources, not Sandhill ranchers. These are important lessons for the federal government and the other 49 states to take note of. Whatever the issue, when the “big guy” says that the “little guy” can’t do it, and the
people accept that notion, we have failed as a nation. Empowering the individual to act on behalf of himself or herself is the principle duty of our domestic governments. This is so that when states are marred in things like corruption or debt, they can look to others, such as Nebraska, for a model to emulate.

In just 150 years, Nebraska went from “the Great American Desert” to the state with the most irrigated farmland in the nation. Nebraska tamed the private monopolies and special interests that had hindered the development of a more principled government. In just 150 years, Nebraska went from an empty windswept prairie to a major center of human civilization. Both individually and together, Nebraskans continue to be pioneers, building on what they affectionately call “the good life.”

“I do not remember crossing the Missouri River, or anything about the long day’s journey through Nebraska. Probably by that time I had crossed so many rivers that I was dull to them. The only thing very noticeable about Nebraska was that it was still, all day long, Nebraska.”

– Willa Cather, My Ántonia
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