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A BIGGER, BLEAKER PICTURE

by Jonathan Wilson

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Like it or not, we are caught up in macroeconomic forces of unprecedented proportions. The evidence is unmistakable and unsettling. Fully 80% of the American electorate, not known for sophistication in such matters, believes we’re headed in the wrong direction. Got that right at least. It shouldn’t be a hard sell that we face some daunting challenges that threaten the very foundations of our way of life. Effective solutions will prove to be a harder sell.

We have seen the collapse of Enron; bankruptcies of United Airlines, and now Lehman Brothers; the liquidation of Merrill Lynch; the implosion of Fannie Mae and Freddie Mac coupled with taxpayer bailouts using borrowed money—to be repaid (if ever) by our grandchildren; skyrocketing costs of crude oil and pump prices; increasing foreign demand for energy that bodes ill for those prices ever returning to levels of just a year ago; accelerating foreclosures in the mortgage markets as housing prices plummet; federal budget deficits; US trade deficits; a crumbling infrastructure punctuated most recently by the failure of a major bridge serving one of our interstate highways; and a military stretched literally around the world to the breaking point. Access to quality, affordable healthcare is reserved for citizens of other industrialized nations; and quality, public education (the indispensable underpinning of an enduring democracy) is no longer free or even generally available in urban centers of this country.

Perhaps the most disquieting thing I’ve read recently, that has received virtually no coverage in our news media, was a single article in the **New York Times** on September 4, 2008, that disclosed that the Central Bank of China, the holder of \$1,000,000,000,000 (that’s TRILLION) in US Treasury debt and mortgage-backed securities issued by Fannie Mae and Freddie Mac, is finding itself strapped for capital. It’s cash-on-hand is a meager \$3.2 billion. It’ll be difficult to go to China’s Central Bank to borrow the money needed to bail out AIG and Wall Street, as well as Fannie Mae and Freddie Mac. Price tag: another \$1,000,000,000,000 (TRILLION). The bail-outs will almost certainly require our government to fire up the currency printing presses.

Now before anyone thinks smugly that we can simply enough pay off our debt to China using inflated dollars, recognize that inflation hurts us too; it’s nothing more or less than a tax by another name on our savings and earnings. Ultimately, there’s no way to avoid paying the piper. And, if there’s going to be a tax increase, as there will have to be eventually, it should not be disguised and regressive. It should be done intentionally and made purposefully progressive so that those who have most benefitted by the decisions that got us here will pay the bulk of the bill to correct things.

We got where we are easily enough. In fact, we got where we are precisely because we

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CALENDAR

▼ The next FFBC meeting is 7:00 A.M., Friday, October 3, 2008 at Hoyt Sherman Place.

Our guest speaker will be Fred Hubbell of the Iowa Power Fund.

▼ R.S.V.P. by Wednesday, October 1 to JonathanWilson@davisbrownlaw.com or 288-2500 by phone.

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have been consistently choosing the easy path. We have repeatedly bought the proverbial “pig in a poke”—with or without lipstick. We have gotten where we are thanks to the Reagan-Republican philosophy, adopted with a vengeance by the Bush Administration, of borrow-and-spend rather than paying-as-we-go. There are, of course, legitimate reasons to borrow money. It’s appropriate to borrow to get through a *short-term* rough spot. It’s appropriate to borrow some for longer-term infrastructure needs. It’s even okay to borrow money to create jobs as was done to end the Great Depression. It’s *not* defensible to borrow money merely to avoid taxation needed to balance the budget. It’s *not* defensible to borrow money in order to issue “economic stimulus” checks, a transparently flawed and purely inflationary exercise. It’s *not* defensible to borrow money for current energy needs in the absence of a plausible, comprehensive plan to achieve energy independence. It’s *not* defensible to borrow money for ineffectual conventional wars while giving tax cuts to the wealthy and to those profiting from the wars.

Government is *not* the problem. Bad government is the problem. The Bush Administration and fellow Republicans have given us the worst of bad government. McCain, in the name of change, offers us more of the same. He has supported the Bush Administration 90% of the time, and as a candidate has turned pandering into an art form, has turned “flip flopping” into cartwheels, and has turned “maverick” into a loose canon. If you want to see the look on Nero’s face when he was fiddling as Rome burned, check out the smiling face of John McCain who says we’re better off now than eight years ago. Or, if you want to see “clueless” on any of these weighty topics, check out his running mate who, by her own account, has relevant international experience because she can see Russia from Alaska.

The solutions to our plight will require unprecedented, collective effort. It will require a leader who can define the complex, inter-related problems, chart and sell a shared vision, and motivate us. It will require good government. It will require us, as an electorate, to be better than we have been at the polls. ▼

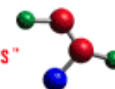
You are stuck with a debt if you can't budge it. Most people get into debt trying to keep up with people who already are.



Better Living Through Chemistry



INSPIRED MOLECULAR SOLUTIONS™



by Bruce Carr

Our September speaker was Libby Nelson, Vice President and General Counsel of Kemin Industries, an international manufacturer of nutritional ingredients begun and still headquartered right here in Des Moines.



Libby Nelson

Ms. Nelson, who is a daughter of the family-held firm’s founders, R.W. and Mary Nelson, and who was raised here and educated at Dowling Catholic High School, Washington University in St. Louis, and the Drake University College of Law, is a lawyer with an extensive career in business and labor law with the Ahlers Law Firm and in government service—primarily the Department of Justice—for the State of Iowa. She gave a straightforward but fascinating account of Kemin’s beginnings and operations—and its values—as it has grown and prospered over the 47 years since its founding.

The business—initially called Chemical Industries—was a family effort beginning in 1961, based on developing innovative agricultural products and marketing them throughout the mid-western United States. Early products included mold inhibitors and flavors and grew to encompass a full line of ingredients for animal feeds. Spurred by a robust agricultural climate in the US during the 1970s, Kemin Industries enjoyed an era of rapid expansion. As “ag” commodities skyrocketed and cattle prices set all-time records, the distribution of Kemin crop preservatives experienced phenomenal growth. In response to the times, the sales force increased to cover the whole of the United States. The Des Moines manufacturing facility underwent two expansions. A new plant was built in Texas.

Entering into international business expanded the line of Kemin products in response to the needs of production agriculture around the world. Building on its early success in the US, Kemin Industries embarked on its first export sale of products during the late 1960s. The company’s earliest overseas markets were the United Kingdom and Spain where Kemin

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products were sold through European distributors. By 1973 product demand necessitated a European sales and production site which was built in Herentals, Belgium. A second major overseas manufacturing plant was built in Singapore in 1988.

The early eighties brought changes as well. A second generation of the Nelson family brought a renewed focus on science. Libby's brother, Dr. Chris Nelson entered the scene as R&D director at Kemin Europa, introducing the new science of biochemistry. There, Chris built the Kemin research program and oversaw the construction of a new R&D facility. He also developed a mold inhibitor still marketed by Kemin today.

Although Kemin emerged as a leader in agrifoods, over the past four decades it has evolved into a global organization meeting the needs of a growing number of industries. The unifying vision behind the multi-faceted growth is the Kemin commitment to improving the nutrition of the world. The 1990s was a significant period in reaching toward this goal. Backed by compelling research, FloraGLO® brand lutein was introduced for human use in 1995, and a new business unit was formed to establish the new market within the vitamin and dietary supplement industry. A pet food division emerged to address manufacturers' needs for pet food palatability, nutritional quality, and extended shelf-life.

During the late nineties, Kemin formed a new agrifoods division in India, initiated ground-breaking research in biotechnology, and began production of a rosemary-based antioxidant in the Americas. Expanding into the human foods arena, Kemin preservatives were introduced to bakeries and tortilla manufacturers. Subsequently, lutein was marketed as an ingredient for functional foods and beverages.

Recent years have seen the development of a pharmaceutical division in Europe and a new business unit in China. Kemin has also invested heavily in sophisticated laboratories in the US, Europe, Asia, Africa, and India. Recent successes have included a foray into the consumer market with Kemin's new satiety aid and the launch of natural antioxidants in the pet food industry.

The values reflected in Kemin's *Vision and Value Statement* are the bedrock upon which Kemin was founded and

"All that is thought should not be said, all that is said should not be written, all that is written should not be published, all that is published should not be read." —Menachem Mendel Morgenstern

is operated. The first, and most important, of these values is "integrity and respect with employees, colleagues, customers and suppliers." Integrity is "our own truthfulness with ourselves and those around us. Our competitive excellence begins and ends with this commitment," the *Statement* asserts. Another aspect of the corporation's integrity is its absolute commitment to equal-opportunity hiring—clearly evidenced by several FFBC member who are or have been important executives in the company.

A third aspect is Kemin's insistence on community service wherever its facilities are located, both as a company and through its individual employees, who are materially urged to "give back" to the communities where they live. Besides teaming with the World Food Prize, Kemin has fostered the Iowa Foundation for Agricultural Advancement (IFAA), Youth and Shelter Services (YSS), and the United Way in the US, the To Walk Again Foundation in Europe, 'kom op tegen kanker' Cancer Foundation in Belgium, Clube Viver in Portugal, and The Society for the Physically Disabled in Singapore. A truly inspiring, world-wide model of success and compassion, and based here in Iowa. ▼

You always pass failure on the way to success.
—Mickey Rooney

BRIEFS & SHORTS

Be sure to RSVP for the October 3 meeting no later than October 1. E-mail JonathanWilson@davisbrownlaw.com or call him at 288-2500. Our speaker will be Fred Hubbell of the Iowa Power Fund.



Thanks to Larry Schlatter for his introduction of our September speaker, Libby Nelson of Kemin Industries.



Thanks to Hy-Vee catering for stepping in at a moment's notice and providing breakfast for the September meeting.

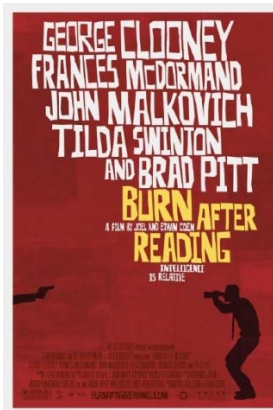


A reminder to both members and non-members to designate FFBC when filling out your United Way pledge card.



Burn After Reading

Review by Gary Kaufman



The Coen Brothers have followed up their Best Picture winning film, **No Country for Old Men**, by returning to their comedic roots in the film, **Burn After Reading**. It is difficult to know what to tell you about the plot of **Burn After Reading**, because a lot of the fun of the film is following the twists and turns of the plot. Suffice it to say that the film shows how far a woman will go in order to obtain a full body makeover!

Linda Litzke (Francis McDormand) is unhappy with her body and wants to have a 4-step cosmetic surgery, including liposuction, breast augmentation, eliminating crows feet, the works! She is infuriated that the insurance provided through her employer, Hardbodies Health Spa, considers these elective procedures and won't agree to pay. She decides she just has to find the money for the procedures so she can transform her body and her life. When her exceedingly goofy co-employee, Chad Feldheimer (Brad Pitt), analyzes the contents of a compact disc that was found on the floor in the women's dressing room, he believes he has found the answer to Linda's money problems.

I don't want to tell you too much more, but it involves a fired CIA employee, Osbourne Cox (John Malkovich), a Treasury Department employee, Harry Pfarrer (George Clooney), their wives and extra-marital partners, the CIA, the Russian Embassy, and lots of plot twists based on misinformation.

George Clooney is especially good at portraying Harry Pfarrer, a somewhat paranoid womanizer that manages to bed almost all the females in the film. Francis McDormand is also incredible as the crazed Linda Litzke, who will seemingly do anything to get that new body. Brad Pitt allows himself to be really geeky as the seemingly hapless co-schemer, Chad. John Malkovich's Osbourne Cox borders on the edge of insanity and then crosses that edge.

It is a definite A-list cast that does A-list work. It is also good to see the Coen Brothers get back to comedy. Of course, there is still a little blood-and-gore as only the Coen Brothers can provide, but often to a comedic end. This is a definite Fall must-see movie. ▼

This Isn't The Type Of Change

We Had In Mind

*More than just a platform,
real change involves substance*

by Randy Happel

I'm in marketing and I take pride being involved with a successful new product launch. What I do, however, is not without its challenges. For most of us in the business of informing and, yes, occasionally influencing consumer decisions, there remains an element of integrity. Every time I set out to write ad copy I consider my responsibility for accuracy above my ability to assemble words that may entice people to buy something they could live without.

That said, you can imagine how I felt listening to the acceptance speech of Alaska Governor Sarah Palin. As a writer, I recognized the skills of the individual(s) who wrote the speech. But as a communications professional, I found it appalling.

Post-speech we learn that Governor Palin actually supported the infamous "bridge to nowhere," a project even McCain opposed openly on the floor of the U.S. Senate. After Congress itself deemed the project wasteful, her position changed. Yet she somehow managed to secure the earmarked funds anyway and spent them on other things in her state. The jet didn't sell on E-Bay as she claimed, but rather in a private transaction resulting in a loss for Alaska taxpayers. And the chef on the state payroll that Palin supposedly fired has kept right on cooking...for the Alaska legislature.

And then there's that now infamous "lipstick on a pit pull" analogy. Gee, that's just the image I had in mind for an individual who, God forbid, may be sent to negotiate peace treaties or trade agreements with leaders of other countries. I think the Republican Bush Administration has already done enough damage on that front.

I'm amazed how one speech, albeit skillfully delivered, has elevated a virtual unknown to the forefront of national politics and a chicken bone away from the Oval Office. She's a politician—she should be able to follow a teleprompter. But the tactical approach of the message was classic GOP—

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"It is better to be hated for what you are than loved for what you're not."

—Andre Gide (French Author & Critic)

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misleading, long on rhetoric, and lacking any substance. And this is change?

Less than a year ago, Governor Palin told **Newsweek Magazine** that she wasn't enthusiastic about anyone in the GOP field—a safe position at a time when Senator McCain was languishing at 7 percent among those vying for the nomination. Palin went on to say that she could understand why the country was enthralled by the race between Obama and Senator Clinton. “When you talk about the Republican Party needing appealing candidates, darn right they do!” Palin said. “The Democrats, whether you like them or not...there is some dynamic there, and it's something that the Republicans I think have lacked for some time.” (**Newsweek**, Sept., 15, 2008, “An Apostle of Alaska”) I'm guessing this is one of the rare occasions where she and I will ever agree.

Her vendetta against adversaries (i.e., ‘troopergate’) have since been well documented—a leadership trait with which Americans are all too

“I'm amazed how one speech, albeit skillfully delivered, has elevated a virtual unknown to the forefront of national politics and a chicken bone away from the Oval Office.”

familiar. FactCheck.org, a widely respected, nonpartisan, truth-telling website, recently issued a statement saying McCain's campaign was being “less than honest” in a new TV ad citing the Arizona Senator's accomplishments. In the release, Fact Check states, “It's now an objective observation: McCain's campaign is playing by its own rules, with its own facts.”

An editorial by **National Journal** columnist John Mercurio suggests that Obama hasn't made his own case for the “change” position, an objective Obama has owned since he first announced his candidacy. I concur. There've been a lot of eloquent speeches but, so far, little of substance.

With the convention pep rallies now behind us, the candidates have returned to the stump. I have a fourth-quarter game plan for the Obama team to consider. It's time to show us what you've got.

My strategy would involve an informational campaign based on straight talk and real solutions. Tell us your plan to turn the current economy around and return to the surpluses of

the Clinton years. Tell us your tax plan and its effect on all income brackets. Show us the steps you will take to provide affordable health care and insurance coverage for *all* Americans. Disclose how you'd improve our sub-standard educational system, repair our crumbling infrastructures, keep our nation safe, and regain the support of our historic allies abroad.

Webster defines change as: to make different in some particular position, course, or direction; to reverse; to replace with another, to undergo transformation. So far, I remain unconvinced that either McCain or Obama has been able to demonstrate entitlement to being the needed agent of change. The candidate who actually embraces the definition will emerge as the leader voters will ultimately embrace and trust.

Despite all the voter apathy and cynicism that exists about government and mediocre leadership, I contend that ours is a nation of mostly optimistic people. At a time when approval ratings of both Congress and the Executive Branch are at the lowest levels in our country's history, Americans are in desperate need of hope. In need of real change, if you will. ▼

Q: What does it mean when the man in your bed is gasping for breath and calling your name? A: You didn't hold the pillow down long enough.

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sailor killed in battle. The 1989 accident, during a peacetime demonstration of fire power off the coast of Puerto Rico, stained that former remarkable record.

Service aboard the ship was not all war, however. When the ship was re-commissioned in 1984 and refurbished as a modern warship, it sailed the world, visiting various ports as a goodwill ambassador. President Reagan boarded the ship for its appearance at the 100th anniversary and re-dedication of the Statue of Liberty in 1986.

The Capitol tour guides interviewed and recorded many of the veterans' experiences while serving on this remarkable ship, and plans are underway to produce a video that will keep these men's stories alive for later generations.

—Steve Person

Tact is for folks who are not witty enough to be sarcastic.



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News & Views
Des Moines, Iowa*

OCTOBER 2008

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From the Editor

BB61

September 10-12 brought a special group of people to Des Moines: a reunion of former sailors who served on the battleship **Iowa** from 1943 until its decommissioning in 1990. What a fascinating bunch they are!

The veterans, many accompanied by spouses and family members, came from all areas of the United States and converged on the Capitol to reminisce and to view the Navy's scale model of the **USS Iowa** that is on display in the Capitol's west wing. The **USS Iowa**, officially known as BB61, was the premier battleship in a group dubbed, "Iowa Class Battleships." Its sister ships include the **USS Wisconsin**, the **USS New Jersey**, and the **USS Missouri**.

The men told fascinating stories of war and unique experiences shared on the 887-foot-long ship. The oldest veterans, now in their eighties, served on the ship during World War II. They talked of battles in the Pacific Theatre of the war and were very disappointed when the surrender with Japan was signed aboard the **USS Missouri** in Tokyo Bay. The **Iowa** sat alongside its sister ship that historic day but was relegated to the status of "bridesmaid." Had President Roosevelt lived through the conclusion of the war, the surrender would have been signed aboard the **Iowa**. Indeed, the ship had been specially outfitted for FDR when he sailed in 1943 to the war time conference in Tehran. Because Roosevelt was disabled, a bathtub and elevator were installed aboard the **Iowa** to accommodate him since he couldn't stand up to take a shower and couldn't go up and down stairs. As it was, President Truman hailed from Missouri, so the surrender naturally was signed aboard the ship named after his home state.

Among the group who attended was the sailor assigned to assist Roosevelt during that 1943 voyage. He said he got so excited about meeting the President that he peed his pants! He further said that FDR was very understanding and immediately put him at his ease. It was during that trip that one of the strangest events of the war took place and was covered up for many decades. While sailing near Bermuda, the flotilla of destroyers deployed alongside the **Iowa** to act as defense against enemy submarines, put on a demonstration of their firepower to impress the President. During that exercise, the **USS Porter** accidentally fired a torpedo aimed directly at the **Iowa**. The captain of the **Iowa** deftly heaved his huge warship out of the way of the torpedo, and the lethal weapon exploded in the terrific wake created by the **Iowa's** severe turn.

Later veterans spoke of the horrible 1989 accident aboard the **Iowa** when one of the huge gun turrets supporting the sixteen-inch guns malfunctioned with the resulting explosion killing 47 sailors. Even with all its history in wartime situations, the **Iowa** never had a single

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