

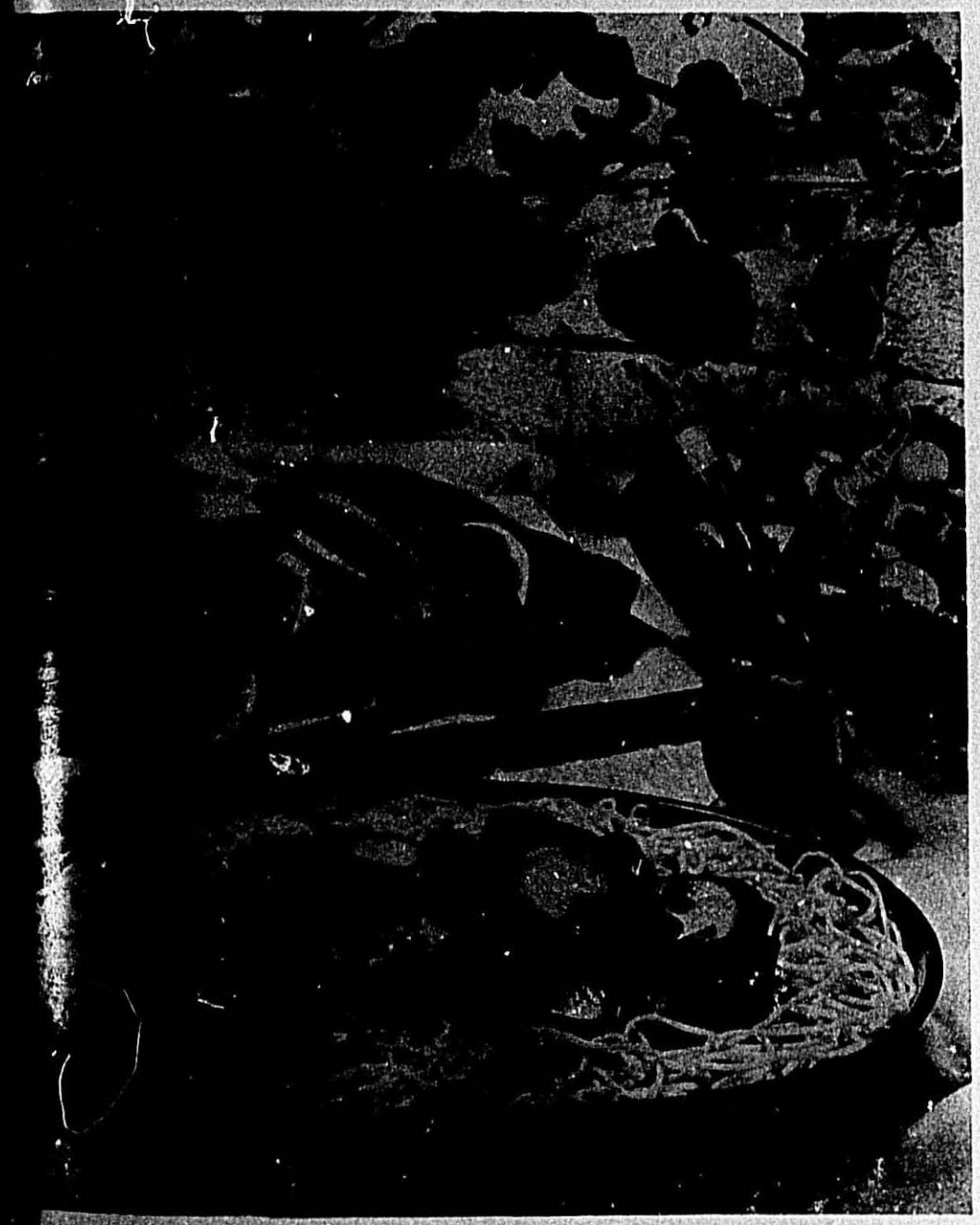
**THE
MACARONI
JOURNAL**

**Volume 58
No. 5**

September, 1976

Macaroni Journal

SEPTEMBER, 1976



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SEPTEMBER, 1976

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Comments on Small Business

Hearings have been held on small business as it related to the economic and social ideals of American life. The committee heard experts in various fields discuss why and how the institution of small business reflects, reinforces, and responds to the values of the American people, and heard recommended changes in public policy in order to assist small business.

Among the many comments supporting the concept of small and medium-scale firms were the following:

"At the present time we are witnessing our cities falling into economic and social disarray. . . . One suspects a principal cause of these disasters may be the moral indifference to community and to an environment of 'absentee' ownership and/or management which characterizes giant corporate existence. . . . Smaller units of industry and business are more apt to be controlled and managed by persons who make their homes in the same community and must, in order to remain human, temper the profit motive with community responsibility." —Dr. Robert Seidenberg, State Univ. of New York.

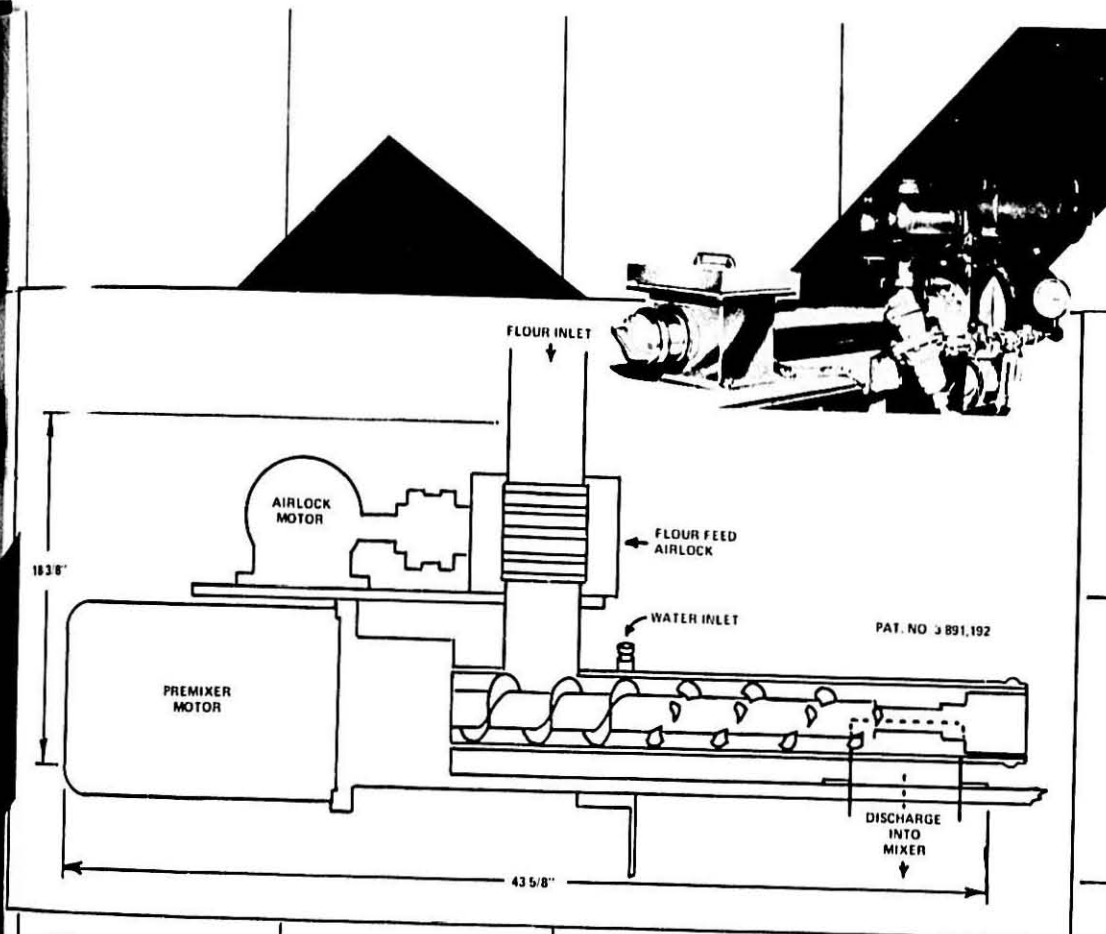
"If we are not able to humanize corporations, the future will be bleak for our society. If we care about our quality of life, it follows that we will make every effort to create new models for business." —Dr. Michael Macrobly, Director, Harvard Project on Technology, Work and Character.

"Small firms are more responsive to environmental, social, and economic changes, both in accuracy of perception and response to it." —Dr. Barry Stein, Center for Social and Evaluation Research, Univ. of Massachusetts.

Dr. Stein also told the committee that, even though smaller single plant firms can produce goods as economically as large, multiplant firms, the larger firms are not as likely to pass their cost savings on to the consumer. Stein also asserted that diseconomies of scale exist in highly concentrated industry, "where major technical developments tend to come from smaller firms."

Small business must make itself heard. Utilize the opportunity of meeting with Washington representatives at the NMMMA Meeting in Washington, D.C., September 16. See page 21 for details.

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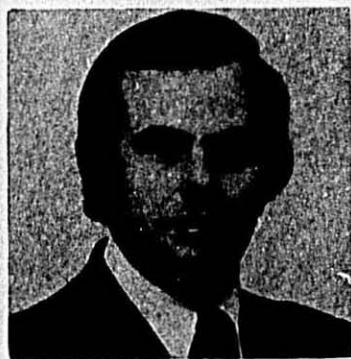
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Ray V. Rose



Jerry Mickelson



William G. Thompson

Grocers' Panel at the Annual Meeting

Larry Williams introduced the Grocer's Panel: Ray V. Rose, President of King Soopers, Denver; William G. Thompson, Executive Vice President and General Manager, Associated Grocers of Colorado, Denver; and Jerry Mickelson, General Manager, Western Grocers, Inc. Denver.

Ray Rose: Good morning and I would like to take this opportunity to welcome you to Colorado and hope you enjoy every minute of your stay here. We have 40 stores in Pueblo, Colorado Springs, Denver, Fort Collins, Boulder and Greeley. We operate reasonably large stores, in fact in the last few years, since 1969, the smallest store we have built is 37,000 sq. feet. The newest stores we are building now are between 45,000 and 55,000 sq. feet. Our pricing policy is everyday low discount prices and we have had this policy since 1968. Our merchandising as far as specials is concerned is a program which we call manufacturer's specials, in which we pass to the consumer the allowances given to us by the manufacturer. We are part of the Dillon Company with headquarters out of Texas and Kansas. We do all of our own distribution and a great deal of our own manufacturing. We operate grocery, produce and frozen food warehouse, a pharmacy warehouse, a cattle merchandise warehouse, our own milk processing plant, a meat processing plant. We operate our own bakery and we also do our own film process-

ing. We are looking seriously at getting into the macaroni business!

Bill Thompson: I think Ray is being humble when he fails to say that his company is the leader in the field. The Associated Grocers of Colorado is a retail member-owned cooperative. Our headquarters are in Denver and we have a distribution center of 700,000 sq. feet in Denver. We have another in Pueblo of 100,000 sq. feet and one in Albuquerque of 250,000 sq. feet. Our distribution centers supply all departments for our members. We operate in six states. Our heavy volume is in Wyoming, Colorado, western Nebraska and New Mexico. We touch western Kansas and eastern Arizona. We have a wide variety of membership in that we supply convenience stores as well as members who purchase individually \$6,000,000 a year. We also supply the Albertson stores.

Jerry Mickelson: Western Grocers is a voluntary wholesaler of Colorado. It is newly formed. We bought the distribution center of the National Tea Company. Western Grocers is wholly owned by Kelly Douglas of Vancouver, British Columbia. We started our company with a built-in business. We service and have signed a management agreement with the National Tea Company to manage 33 of their stores here in Colorado. We supply retail stores, both chains and independents, fast food trade, institutional business and the military. Our

distribution center is in excess of 400,000 sq. feet and we will get a trade area of those states immediately surrounding Colorado.

William A. Henry: I am president of Skinner Macaroni Company. As you know, we market in about 22 states. Our primary brand distribution runs from Phoenix to Charlotte. We are a full-line manufacturer. We use mostly flexible packaging. We are fortunate in some growth markets like Phoenix, Houston, Tulsa, Dallas. We are retail oriented. We do not sell the restaurant trade at all. We do sell a few select industrial customers. We are represented primarily by brokers. We have one or two salaried territories. Where we have a broker we may have a working district manager who trains, works on assets, displays drives, etc. with the broker.

Paul A. Vermyle: I am president of A. Zerega's Sons in Fair Lawn, New Jersey. We are primarily private label producers of pasta and we supply industrial and institutional customers. We do have our own brand but it is a very small part of our business. limited primarily to specialty items. What I am saying is that we will make and sell macaroni to anybody that wants to buy it from us. We are a customer manufacturer. I venture to say that we make more different shapes and sizes than the average advertised brand. The area that we supply which is primarily the eastern seaboard



"Dialogue with Grocers" panel, left to right: Ray Rose, president, King Soopers, Inc.; William G. Thompson, executive vice president, Associated Grocers of Colorado; Jerry Mickelson, general manager, Western Grocers; moderator Larry Williams, president, The Cromette Company; Nick Rossi, president, Proclino-Rossi Corporation; Paul A. Vermyle, president, A. Zerega's Sons; William A. Henry, president, Skinner Macaroni Company.



Small groups meet with panelists around the table following the "Dialogue with Grocers". Panelists and audience conversed on topics such as advertising, merchandising, institutional and industrial sales.

some of the product we make for our industrial customers certainly find their way into nationwide distribution. This is an interesting end of the business, but very much a behind-the-scenes function. We have been at it a long time because we are the oldest producer of pasta in the United States.

Sauces Help Sales

Nicholas A. Rossi, president of Proclino-Rossi Corporation, makers of Proclino & Rossi brand macaroni. We have regional distribution—New York State, Vermont, Ohio, Pennsylvania, New Jersey and Maryland. We are primarily a house-brand producer with very little private label. We make a full line of products and have been in business since 1916. Our distribution is mixed between wholesalers, chains and direct to stores. We service a lot of the larger independents on a direct basis. We do make spaghetti sauce—not in the class of Ragu—and we are striving to sell it primarily.

Sauces Help Sales

Ray Rose: I made the comment this morning at breakfast that I think one of the best things that's happened to macaroni products has been Ragu sauce. Our sales of Ragu Sauce are unbelievable. We happen to believe that the sauce is what makes the end product. Another thing that has been true for macaroni products is the use of packages of seasoning—spaghetti sauce mix, stroganoff, etc. It makes it simple to use and makes a sauce in a hurry. It has helped the convenience of a product that is convenient to be used with. We think these products have helped the sale of yours.

Open Dating

Paul Vermyle: We are very much concerned about the question of open dating. Macaroni products are a non-perishable type of food and we are afraid that we are going to be swept into the necessity of open dating. We would like to know your point of view and to know what your attitude is. Is it necessary?

Ray Rose: Yes, I do feel that you need it on your products. I feel you need it on almost all products for several reasons. One is I think that you build confidence and credibility as far as your company is concerned. Incidentally, in our markets the vendor or supplier does not stock the shelves. We have a union agreement that does not allow him to do that and so we take care of our own shelves. We were probably one of the first people in the United States to go across the store with unit pricing. Within three weeks an independent survey in our marketplace showed that 60% of the customers claimed they were using it. We are not that sure, but it's there—they can use it and some people have been asking for it. It's the same with open dating—it will help build confidence as far as the customer is concerned.

Jerry Mickelson: We are in the business of selling merchandise to consumers. We have found that she wants to buy that merchandise no matter what it is, in a fresh state. Open dating is the vehicle by which she can do that. Many times you hear what the consumer says and what she does are two different things. I agree with that, but we have found that the consumer does want and uses

open dating. From the consumer standpoint and also to the employees that work in our store, open dating is important.

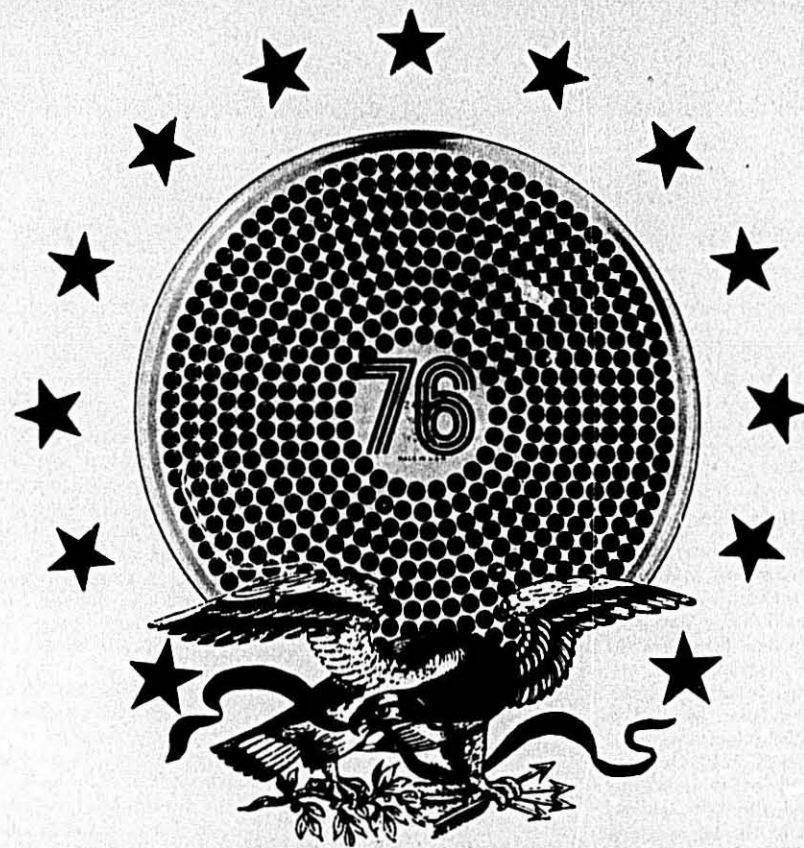
Private Label

Bill Thompson: There seems to be some conflict of information—the slides we saw from Progressive Grocer showed a gain in private label sales. I saw an SMI release a week ago where it was stated that private label products did not gain all that much over national brands and I am wondering if anyone here can clarify this apparent conflict.

Paul Vermyle: It is a bit difficult to draw a sweeping conclusion on private label because so much depends on whether you are talking about the overall attitude of the chain insofar as private label is concerned or if you are referring to the activity of a given private label line. Without revealing any deep secrets of ours, I really don't see private label item by item or line by line increasing dramatically. What may be happening and may have resulted in Progressive Grocer's conclusion is that chains may be becoming more wedded to the idea of private label and may be more enthusiastic about the overall picture.

Bill Henry: Several marketing research outfits do not agree with Progressive Grocer's conclusions. I was at the Greenbrier a couple of weeks ago and heard about the deemphasis of private label at a major chain. I can tell you that with the concentration of warehousing that Progressive Grocer talks about, the small regional chains are going into a wholesale (Continued on page 10)

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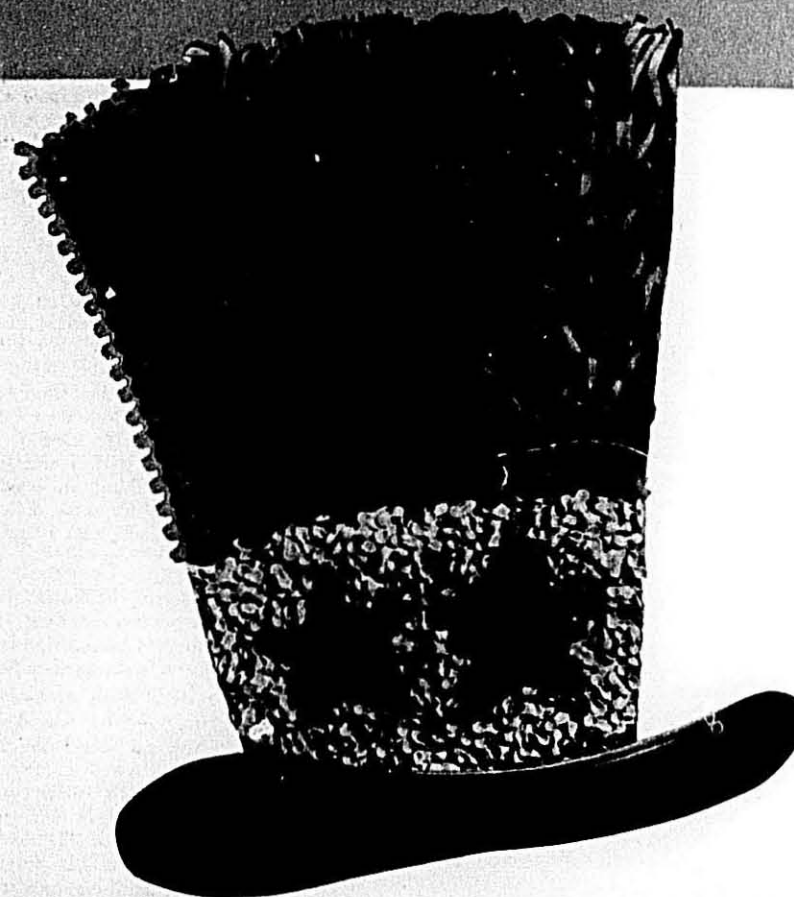
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Grocers' Panel

(Continued from page 7)

operation now for distribution and warehousing. There will be a natural shrink in the numbers of brands of private label. Your have some strong statements from mass distribution operators who indicate that private label is on the downtrend.

How's Business?

Larry Williams: How has business been this year compared with last?

Bill Thompson: I think our situation is somewhat unique in that we have had considerable attrition this year. The allied stores which were members left the Denver area. The 7-11 stores which were a lot of units and small total volume of purchases left in the early part of 1975. Tonnage is down about 7%, but in face of that we have seen a lot of improvement in the individual stores that we service. That will help us throughout the rest of the year. Our fiscal year ends the first of November and we expect in dollar sales to be ahead of a year ago.

Ray Rose: We are very pleased with our sales this year and in fact they are improving. We have opened new stores in the marketplace. We try to open four or five new stores a year and we will accomplish that this year. Our private label is growing in all product categories faster than our total business. We do not feel that we give any special emphasis to private label. We are landlords and we are leasing out space to renters. Private label has to give us the same return as other products. I don't think people should kid themselves about the growth of private label.

Jerry Mickelson: Earlier this year there were projections made that real growth would be somewhat around 6% but that inflation would be 1/2% by the end of the year. As a company we are exceeding the growth rate, but again referring to productivity requirements of the Progressive Grocer report we saw that is not enough and we will do what we can to make our distribution center more productive.

About Merchandising

Bill Henry: When tuna fish is on feature and it is on many times during the year, do you see anything wrong with double size ads featuring a tuna fish casserole with noodles

or when Chef BoyArDee has a special deal and you hitch-hike on that with some long goods items such as a spaghetti and tie the two together to get a merchandising workable package in the ad—how do you feel about that?

Jerry Mickelson: No matter what anyone says this is an extremely competitive business. Tradition has been and it still is that you have an item like tuna fish on which you do not make a great gross profit you try to merchandise something with it, a tie in item that will give you additional sales. Pasta has always been and still is one of those items that will give you those additional sales and gross profit. We continue to have the tie-in ads—for example, a month ago we had an Italian Week here in Denver where we tied items together and it was very successful. Getting back to the supply area and what macaroni makers can do. Pasta people run ads separately and the sauce people run their ads. Maybe you can tie in together and run one ad where if you buy the pasta you get cents off on the sauce. We are seeing an increase in this kind of advertising and it is working.

I would like to add a point on the aspect of convenience. Studies have shown that there are more and more working women. You produce the basic ingredient of a convenience food. The sauce is another convenience item. So when the housewife comes home from her busy day at work she combines the two, puts it in her microwave oven and has her dinner. More of these things need to be exploited.

Ray Rose: We do very little of that type of merchandising. We will have 90 feet of pasta products—next to that we had 15 feet of seasoning—next to that 8 feet of sauces. This is what we do in our stores.

Bill Thompson: One of the concerns in our business is that buyers instead of being merchandisers and developing excitement and imagination are becoming mechanics—they are tied to that machine and we have to get away from this.

Lead Time

Nick Rossi: I would like to ask a question of the panel, in regards to lead time on advertising, when we put up a promotion how many weeks lead time do you need?

Ray Rose: Generally speaking we almost have to have a month. Some times we can do it in three weeks but four weeks is better.

Bill Thompson: Give us four weeks because it takes that time to pull things together.

Jerry Mickelson: Agreed

Ray Rose: How long is it going to take to get us the product after we order it? I would like to touch on this delivery matter for a moment from our standpoint. We have 24 hour lead time from our stores. From the time they order until they receive merchandise. Out of stocks are extremely critical situations for us. One of the things we need from all vendors is for those deliveries to be on time and be on a consistent basis.

Cosmos Up Date

Larry Williams: In 1971, Jerry Henderson of King Soopers told us about Cosmos. Could you give us an up-date, please, Ray?

Ray Rose: Cosmos is a computer program that was developed by the National Association of Food Chains and is based on profit by movement of products. I have touched a little on service levels and our concern for out-of-stocks. The computer program of Cosmos was developed to be a merchandising tool from the standpoint of space as far as the product was returned to you and still basically is, however, our use of Cosmos today is primarily one that is a computer program for space allocation of movement of products. We do a couple other little things that we have been in the Cosmos program and, incidentally all of our laid out in the Cosmos category of products, we have changed our shelving completely. When we went into the program we had 19 inch bases. We anywhere from 22 to 32 and all of our stores are out off of this computer program.

About Brokers

Ray Rose: I would like to say something about brokers. What do you really do? Are they really worthwhile? I would like to say to you as manufacturers that you should support your broker. Many times a broker has a very difficult situation doing what he says he can do and would like to do because he does not get the support from his principals that he should have. He is the agent of the consumer.

representative between you and us—support your sales people so they can give up to our standards and service levels—let's we would like to have and they can give us.

About Consumers

Larry Williams: What is going on in the stores today to cope with the consumerist movement?

Jerry Mickelson: Consumers have become more vocal. They get other people to chime in and then you have a group of activists. As I said earlier, we are in the business to serve the consumer so we have to be constantly aware of what he needs are. We have spent over the past year and a half a considerable amount of time in this area. We have a consumer relations manager. She conducts on a regular basis consumer panels, interviews and research because one of the things we find that it is very difficult to separate what the consumer says and what he actually does in the marketplace. We are spending a lot of time in this area doing a lot of research. One of the things we found is that prior to remodeling or building a new store to get consumer representation from that area to work with you to help you build that store.

Ray Rose: In my opinion the consumer movement is probably the greatest thing that has happened to the grocery business. It has made us better merchants. It has also made us better manufacturers because it made us do things we should be doing.

When we installed unit pricing there was a kind of speculation as to what it was going to cost our industry. I had one consumer leader tell me that she was positive that it would cost \$100,000. It cost us money to take the existing price off of the shelves, clean up the new unit pricing and the whole computer program together. The labor was most expensive.

In the future consumers who are concerned about their own energy bills, are going to become concerned about the supermarket's energy bill, and I think they will be doing something about it.

Bill Henry: I think we must develop a good seller relationship between the folks and us with the common

goal being the interest of the consumer. We really don't sell products to you—but through you and you are the agent of the consumer.

Super Market Industry Speaks

The 1976 edition of "The Super Market Industry Speaks", the annual industry status report, has just been published by Super Market Institute and is now available to the industry.

This year the report is available in booklet form and also as a slide/tape presentation, which includes 100 slides and a 30-minute tape with a written, cued script.

"Speaks '76" covers the industry's vital signs and is divided into three major sections—external forces that impact the industry—overall industry performance—and typical company operations.

Included in these sections are reports on the economy, the food supply situation, inflation, consumer attitudes, trends in sales, operating costs, profits, store development and merchandising trends.

This year's report also examines four special areas—the trend in food eaten away from home—the DuPont Model for Financial Analysis—the impact and measurement of inflation—and a status report on the measures of labor productivity used in the store and dry grocery distribution center.

Input for "Speaks '76" is based on the results of several surveys including the annual survey of Super Market Institute members which provided the bulk of the research data. The survey drew responses from approximately 40 per cent of the Institute's U.S. and Canadian member companies. These firms operate 10,278 food stores.

A second booklet offers supporting tables for the facts and figures reported on in "Speaks '76". In "Detailed Tabulations of The Super Market Industry Speaks", over 30 tables break information down by dollar volume, type of operation and geographic region. Each table is self-documenting and contains base numbers as well as per cents.

For information on ordering and costs, contact the Education Division, Publication Sales, Super Market Institute, 303 E. Ohio St., Chicago, Ill., 60611. Telephone: (312) 467-7150.

Super Market Institute Study

Supermarkets last year had a before-inflation sales gain of 6 per cent, compared with 1 per cent in 1974, although post-inflation figures indicate 1975 sales growth was down to 14.8 per cent from 16 per cent the year before. Super Market Institute's annual study of 265 companies, operating about 38 per cent of all U.S. supermarkets, revealed these statistics. The SMI report also showed that the gross profit margin, which has averaged around 21 per cent in recent years, rose to 22.3 per cent. Direct store labor costs and fringe benefits remained the same at 8.1 per cent and 1.4 per cent of sales. The average cost of an hour of labor at store level increased from \$3.69 to \$4.25. The greater productivity suggested by the rising dollar rate and the stable wage rate as a percentage of sales may be partially explained by increased supermarket use of labor saving technology. Supermarkets may well outstrip all other industries over the next 10 years in the conversion to labor saving techniques, said Clarence Adamy, president of the National Association of Food Chains.

Markups Slid at NARGUS Stores

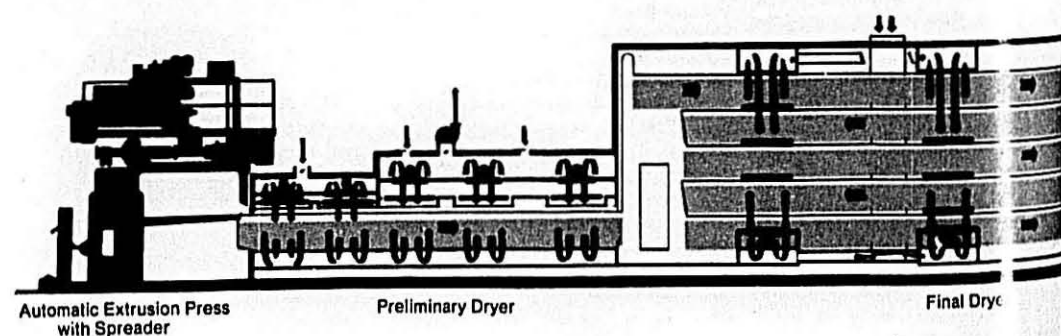
Gross margins of virtually every major supermarket department declined last year among a representative group of independent retailers, as the average store markup declined to 19.1 per cent from 19.4 per cent in 1974.

The figures are based on a semi-annual survey of 106 National Association of Retail Grocers members operating 198 stores with approximately \$535 million in annual sales. The stores' volume ranged from less than \$20,000 a week to more than \$100,000.

The average operating profit of all participating stores last year was 1.9 per cent, compared with 2.4 per cent.

The average gross margin in groceries declined to 17.2 per cent from 17.5 per cent in 1974. Meat was down to 10.9 per cent from 20.8 per cent, while bakery dropped to 42.9 per cent from 49.9 per cent. Produce was the only major department to show a gain, increasing to 28.5 per cent from 28 per cent in 1975.

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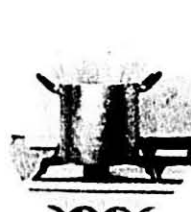
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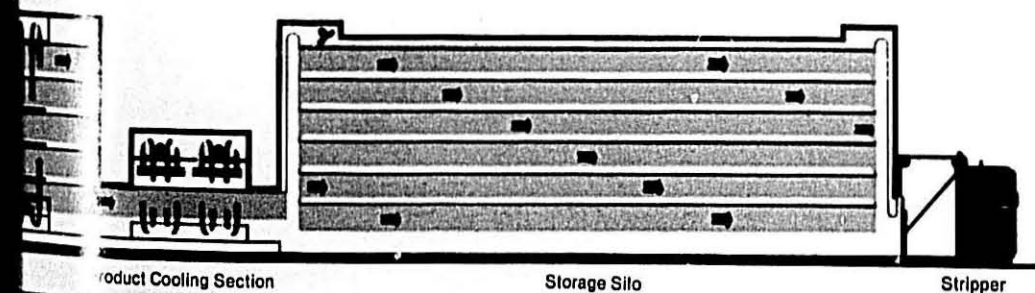
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Trend Away from Larger Stores

The trend toward building larger stores, which had been observed for several years, was reversed last year, or at least interrupted, according to Super Market Institute.

The conclusion was revealed in SMI's 23rd annual Facts About New Super Markets, just published. The study is a companion to the broader one, The Super Market Industry Speaks, 1976.

SMI notes that 38 per cent of its members participated in the Speaks study.

SMI acknowledges that the few firms which closed large numbers of stores did not participate in the survey, but says its sample of stores is representative of closings for the rest of the industry.

It notes that 70 per cent of the stores closed were operated by firms with annual sales over \$500 million. Approximately 23 per cent were operated by companies with sales of \$100-\$500 million. Companies with lower volume, operating fewer stores, did not play a significant role in store closings.

The closed stores were either vacant (35.3 per cent) or bought by another retailer and reopened as another food store (32.4 per cent). Another 21.3 per cent were taken over by a different type of retail operation.

Most stores closed were significantly smaller than the typical market, averaging 10,372 sq. ft., with weekly sales of \$30,004, compared with \$68,000 for the typical supermarket. Sales per square foot were \$3.23 as opposed to \$5.33.

Average weekly volume of markets opened in 1975 was \$76,999, compared with \$80,220 the previous year, which was a record. Current versus estimated sales of these stores was a plus 7.7 per cent against a plus 3.1 per cent.

Sales per square foot of selling area was \$4.50, compared with \$4.22. Average selling area of the new markets was 17,000 sq. ft. against 19,023. The average market has 24,360 sq. ft. total area, against 26,035 sq. ft.

Overage Investment

Overage capital investment per store was \$649,530 against \$414,200. Building cost was \$451,802 against \$414,200. Building cost per square foot

for the average market opened last year was \$20.35, compared with \$16.90. Rent as a percentage of sales stayed constant at 1.5 per cent.

Of the 85 companies participating in the survey, 90 per cent reported stores opened, and less than 40 per cent closed stores. About one-third of the firms reported data on openings and closings. The study showed 62 per cent of the stores reporting only openings, and 7 per cent only closings, while 31 per cent both opened and closed stores. The greatest amount of activity for both openings and closings was reported by firms with retail sales over \$500 million.

Shopping Centers

The majority of stores closed, 59.3 per cent, were freestanding—23.3 per cent in community shopping centers, 16 per cent in neighborhood centers and 1.3 per cent in shopping centers.

About a fifth of the new stores were in Middle Atlantic of Southern states. Slightly over 10 per cent were in the West North Central, West South Central or East North Central region.

Market Sizes

Companies with annual sales over \$500 million reported building larger stores. The largest new markets are in Canada and the Northeast and Pacific regions. Freestanding markets tended to be smaller than those in shopping centers. Selling area averaged 70 per cent of the total area, and ranged from a low of 67 per cent to a high of 80 per cent.

The average size of the parking lot for the new market last year was 117,000 sq. ft. (390 cars.) Companies with high annual sales had the largest parking lots; the smallest average size was for freestanding stores. The largest average size was reported by Canadian stores. SMI notes that 62.9 per cent of the new stores share the parking lot with other businesses.

Average volume per checkout of the new stores in the first year of operation was \$9,971. The Mountain states and Canada had sales of more than \$11,500 per checkout. The Southeast, West North Central and West South Central regions had sales of less than \$9,000 per checkout the first year.

Volume per customer transaction for markets opened last year was \$9.71. Average sales ranged from about \$8 for companies with sales under \$10 million to approximately \$14.50 for new Canadian stores.

Average number of checkouts per store opened in 1975 was 7. The larger markets, such as superstores, averaged 12.5 checkouts. Stores operated by companies with sales over \$500 million had 8.4, and freestanding stores had only 5.6 checkouts.

Almost half (46 per cent) of the markets opened last year had electronic cash registers, compared with 29 per cent in 1974 and 16 per cent in 1973. Last year, 50.4 per cent of the ECR's were tied to in-store computers. Two years earlier, the figure was 44 per cent. Fewer than 3 per cent of the ECR's are considered to be temporary or test installations.

Selling Area

In stores opened last year, the percentage of general merchandise in the selling area was about the same as in 1974—10 per cent. The larger the company, the greater the selling space devoted in new stores to general merchandise. For example, companies with sales of \$250-\$500 had about 3 per cent of the selling area in general merchandise, while firms with sales of \$10-\$30 million opened stores averaging less than 5 per cent of selling area in general merchandise.

Universal Product Dollars

If not coupons, what can grocery manufacturers use to promote products?

Some 40 major packaged-goods makers have embarked on a test in Southern California of a cash refund program developed by Universal Product Dollars Inc., a Greenville, S.C., concern. What makes the promotion program different is that it utilizes the technology developed for the Universal Product Code, a marketing system for goods that eventually will make it possible for fast tabling of bills at supermarkets through the use of scanning devices.

Under Universal Product Dollars program, shoppers collect coupons of various values from products.

Arrangement Announced

Walter Villaume, president and sole owner of Jenny Lee, Inc. has announced an arrangement has been made with the Prince Macaroni Company to manufacture and merchandise Prince products in the Twin Cities market in addition to the Jenny Lee line.

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MACARONI PRODUCTS—Upswing in per capita consumption, unit sales

As good wheat crop helps hold prices steady, suppliers use stepped-up promotions as competitive tool

from Chain Store Age, Super Market Sales Manual

"Macaroni products are recovering from the rocket ride they took when meat prices were at a peak and are returning to normalcy", observes a spokesman for Skinner Macaroni Co., Omaha, Neb.

Though 1975 sales in this category did not register the dramatic gains experienced in 1973 and 1974—when soaring meat prices led many consumers to seek alternative, cheaper meals—last year's sales were still on the upswing.

Sources peg 1975 tonnage gains for pasta products at between 4% and 6%, while per capita consumption continues to rise. "This increase in consumption—while only marginal last year—is significant", observes one supplier, "because overall food consumption in the U.S. was down in 1975".

(According to statistics compiled by Super Market Institute, per capita food consumption fell about 1% in 1975, bringing the figure to 1968's level. Practically all of the reduction was in red meat.)

Retailers across the country report increased movement in macaroni products for 1975, citing both stable prices and increased manufacturer promotions as major spurs to sales.

Though packaging—especially in petroleum-related polyethylene—and distribution costs continue to rise, manufacturers feel they can absorb these rising expenses if ingredient costs remain stable.

Wheat production in 1975 rose to nearly 19% above the previous year, and suppliers foresee a good crop next year, both in the domestic and foreign markets.

Robert Green of the National Macaroni Manufacturers Association notes that pasta prices in general are at a much higher level than they were around 1972-1973 (from an average of 29¢ a pound then to about 49¢ a pound now) due in part to the poor wheat crop of three years ago. He notes, however, that "prices have held steady for over a year now and consumers have adapted to it".

"Since prices across the board are stable", notes a spokesman for Lipton, "there has been a lot more emphasis

The Following Chart Shows Each Macaroni Product Category's Share of Total Unit Movement, Measured in Units Per Store Per Week

Category	Share of Total Unit Movement (%)	Estimated Units Per Store Per Week
Macaroni Dinners	18.04	172
With Cheese	15.72	150
All Other Macaroni Dinners	2.32	22
Noodle Dinners	4.71	45
With Meat	1.15	11
All Other Noodle Dinners	3.56	34
Spaghetti Dinners	2.20	21
With Meat	1.26	12
All Other Spaghetti Dinners	.94	9
Noodle Mixes	N/A	N/A
Macaroni	27.04	258
Elbow	10.48	100
All Other Macaroni	16.56	158
Noodles	14.78	141
Flat	13.00	124
All Other Noodles	1.78	17
Spaghetti	25.47	243
Regular	19.60	187
All Other Spaghetti	5.87	56
Meat Extenders	.94	9
Pizza Mix	1.68	16
One-Pot Dinners to which Fresh Meat/Fish is added	4.51	43
With Noodles or Macaroni	2.10	20
With Rice	.21	2
All Other One-Pot Dinners	2.20	21
With Meat/Fish Added	.42	4
Noodles with Sauce Mixes	.21	2
All Other Pasta Dinners	.21	2
TOTAL	100.00	954

in the category on aggressive promotions as a means of competing".

The type of promotion most favored by macaroni and noodle suppliers are tie-in promos with manufacturers of related items, such as glass-packed sauces, tuna, etc. (The National Macaroni Institute reports that 98¢ worth of pasta can yield as much as \$7.69 in related-item sales.)

The Creamette Company, Minneapolis-based supplier of macaroni and egg noodle products, ran cross promotions last year with Ragu sauce and Chicken of the Sea tuna. One promo featured a coupon on Creamette packages toward the purchase of Ragu sauce, supported by joint magazine ads.

Lipton launched a tie-in promo with Breakstone sour cream, offering consumers new ways to use its product.

Retailers have been reaping the benefits of this stepped up promotional activity. As a spokesman for a major Eastern chain points out, "Our macaroni and noodle sales were up last year, even though meat prices were down, as were other forms of carbohydrates, such as rice and potatoes. When this happens, pasta can hit a slump but this didn't happen

because there were always promotions going on".

Basic macaroni, spaghetti and egg noodles were the big sellers in 1975 and for the first six months of this year. Sales of add-to dinners are continuing a downward trend though some manufacturers still remain strong in the category. General Mills has added a new variety—Spaghetti Flavor—to its Hamburger Helper line.

Retailers are continuing to reduce shelf space for this category, however limiting their selection to one or two brands.

A buyer for a Midwest chain notes "a significant dip in add-to dinners. It seems that consumers are just not willing to pay the extra price for the added convenience these products offer. This is true in many other areas of the supermarket, as well."

Some market sources predict another surge in the price of red meat, which may cause pasta sales to swell again as they did three years ago. (Macaroni sales rose by 12% in 1973). But whether or not this prediction is accurate, most retailers and suppliers feel that pasta sales will continue a moderate upward trend, as long as basic ingredient costs remain stable.



Food critics always give good reviews when the cook serves up good-tasting, wholesome noodle dishes.

The cook with fussy customers has to use her noodle.

Sometimes the people hardest to please are sitting right around the family table. So the smart cook really uses her head...and serves up good-tasting noodle dishes.

But the best noodle dishes begin long before they reach the table. They begin on the farms of the northern plains, where the nation's best durum wheat is grown.

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MACARONI/PASTA PRODUCTS: 1975 Performance \$1 Million Supermarkets

from Chain Store Age,
Super Market Sales Manual.

	SALES		PROFIT		ASSORT- MENT Items/Brands Sizes at Warehouse	GROSS MARGIN Avg. Gross Margin (% Retail)
	% of Dept. Sales	Dollar Volume (Millions)	% of Dept. Gross Profit	Gross Profit Dollars (Millions)		
Macaroni Dinners	12.30	\$ 75.9	10.55	\$ 13.26	7	17.0
w/Cheese	10.47	64.9	8.53	10.72	5	16.0
All other Macaroni Dinners	1.83	11.3	2.02	2.54	2	22.0
Noodle Dinners	4.99	30.8	5.25	6.59	7	21.0
w/Meat	1.00	6.2	1.26	1.58	2	25.5
All Other Noodle Dinners	3.99	24.6	3.99	5.01	5	20.4
Spaghetti Dinners	2.67	16.5	2.95	3.70	3	22.4
w/Meat	1.67	10.3	1.77	2.22	1	21.6
All Other Spaghetti Dinners	1.00	6.2	1.18	1.48	2	24.0
Noodle Mixes	.05	.3	.04	.05	1	19.5
Macaroni	27.25	168.2	26.08	32.77	24	19.5
Elbow	11.13	68.7	11.04	13.87	8	20.2
All Other Macaroni	16.12	99.5	15.04	18.90	16	19.0
Noodles	15.14	93.4	16.14	20.29	21	21.7
Flat	13.47	83.1	14.21	17.86	16	21.9
All Other Noodles	1.67	10.3	1.93	2.43	5	23.6
Spaghetti	25.93	160.0	25.49	32.03	15	20.0
Regular	20.11	124.1	19.75	24.82	10	20.0
All Other Spaghetti	5.82	35.9	5.74	7.21	5	27.0
Meat Extenders	1.17	7.2	1.54	1.94	3	27.0
Pizza Mix	3.00	18.5	3.40	4.27	6	23.1
One-Pot Dinners to which Fresh Meat/Fish Is Added	6.50	40.1	7.34	9.24	17	23.0
w/Noodles or Macaroni	3.16	19.5	3.61	4.54	10	23.3
w/Rice	.34	2.1	3.61	4.54	10	23.3
All Other One-Pot Dinners	3.00	18.5	.39	.49	1	23.4
w/Meat/Fish Added	.50	3.1	.65	.83	3	26.8
Noodles with Sauce Mixes	.50	3.1	.57	.72	1	23.4
All other Pasta Dinners						
TOTAL	100.00	\$617.1	100.00	\$125.69	108	20.4
% of total store volume—0.60%						

Industry Statistics

John J. D'Asaro of Ernst & Ernst declared at the Annual Meeting that 75% of pasta manufactured in the United States is covered by the industry data being supplied to the accounting firm. "While 75% provides a good barometer of what is happening, we are hoping for 90% within the near future," Mr. D'Asaro said. "The information will be more significant after a cycle of a year," he said, "to provide comparisons after building up a history."

Based on the results of the NMMA Sales Index Study for June, released by Ernst & Ernst, some recovery was made from the low level of activity experienced in May. The results show:

Sales Index (Average Sales for 1972 = 100.0)

	May	June	Six Months
Government	64.1	54.6	55.1
Industrial-Institutional	84.2	107.5	103.8
Grocery Trade	108.4	119.1	125.1
All Sales	103.0	115.3	119.5

With the exception of sales to Government accounts, June sales were stronger than May, compared to average 1972 sales. The largest gain in terms of index points was in sales to Industrial-Institutional accounts, where sales once again rose above the average volume for 1972.

Through the first half of 1976, overall sales volume was approximately 20% greater than the average half of 1972. Grocery Trade business was strongest, being one-fourth greater than 1972 averages. Sales to Government accounts continued to lag behind 1972 averages.

The index numbers, again, are based on reports from companies whose total sales of pasta products represent an estimated 75% of the industry volume. The indices are derived by dividing current year's sales by the average sales for 1972.

Imports Up, Exports Down

Data for the past ten years from the U. S. Department of Commerce shows the Durum Mill Grind in the year's 1974 and 1975 were about 13%

Year	Durum Mill Grind (bu.)	Macaroni Exports (bu.)	Macaroni Imports (bu.)
1966	29,038,000	1,706,000	13,671,000
1967	28,538,000	1,100,000	17,721,633
1968	28,368,000	1,278,499	18,839,446
1969	29,762,000	1,524,928	22,876,359
1970	32,052,000	1,381,099	27,601,965
1971	32,236,000	1,466,044	29,207,752
1972	33,621,000	1,863,540	42,238,505
1973	37,622,000	2,546,900	45,513,409
1974	32,995,000	3,218,800	47,252,140
1975	32,993,000	2,101,736	53,493,259

higher than in 1966. Wholesale blending with other hard wheats began in 1973 when price controls went into effect on July 1 and drove the price of durum up from \$1.90 a bushel to \$9.00 in the Minneapolis cash market.

Exports picked up in 1973 and 1974 after remaining on a plateau for the previous seven years, but dropped last year as durum prices eased.

Best customers of the United States in 1975 for macaroni products was Canada taking 615,589 pounds, the Bahamas with 354,604 pounds, Japan with 337,583 pounds, and 11 other countries 793,960 pounds.

Imports have jumped from 13 million pounds in 1966 to 53 million pounds in 1975. Leading importers are Canada with 24,971,785 pounds, Italy with 10,515,548 pounds, and Mexico with 7,281,937 pounds.

Turn your packaging line into a profit center. Turn to Triangle.

It's that simple. Triangle systems operate themselves, delivering zero underweights and giveaway savings you can bank. Set them and they're on their own, monitoring and

adjusting themselves continuously. Round the clock for as long as you want. No attention needed. You can pay less and get less, day after day. Or you can turn to Triangle and

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Color coded lights on the faces of PC boards blink in sequence as functions occur, making trouble shooting a snap

NEMA 12 CONTROL CABINET
Dust and drip tight cabinet means added safety and sanitation, and extends system life

SANITARY FRAME & WEIGHER
Frame designed to shed fines and particles, and gasketed weigh cell, main system can be hosed down for a really thorough clean up

DIGITAL WEIGHT READOUT
As precise as the Flexitron weigh cell, showing weights in 100ths of an oz

LIGHT INDICATE SCALE READ
These lights identify the scale responsible for the weight appearing on the digital readout

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Detects the approach of film runoff, and stops the system automatically

SAFE ENCLOSURE
Keeps hands, clothing, etc. well away from moving parts

PULSATOR GENERATOR
Replaces the often difficult-to-adjust cam shaft. You just dial tune the adjustment you want, even while the system runs

BAG RELEASE IDENTITY
These lights tell which scale made the package just formed and released

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Flexitron 1600 net weighers • Volumetric and Auger Feeders • Pulsamatic form fill seal equipment • CBH Conveyors • and related high performance equipment

Early Harvest

By the end of July harvest had begun for Minnesota, through South Dakota and into the southern counties of North Dakota. The abnormally early start was due primarily to the drought conditions that had prevailed in this area during the season forcing the crop to mature rapidly. Early reports of yields have been mostly poor to fair with test weights from light to normal. Yields will improve significantly as the harvest moved northward into the later seeded fields in northern and western North Dakota where moisture has been ample. Conditions have been good in Montana where the harvest began in early areas in the last week of July.

All wheat production was estimated by the United States Department of Agriculture as of July 1 at 2,040,456,000 bushels. This will be the second largest crop of record and only 4% below all-time high produced in 1975.

Durum production is expected to set a record of 128,920,000 bushels, up 5% from last year's peak. On the prospect of this bumper crop durum prices in Minneapolis dropped below the \$4.00 level for the first time in three years.

Canadian Crop

Canada's 1976 wheat crop will total 736,000,000 bushels, second only to the record 807,000,000 produced in 1966, United Grain Growers, a large Canadian grain farmer's cooperative, forecast. Wheat output in 1975 was 624,000,000 bushels, according to Statistics Canada, a federal government agency.

Durum wheat output was forecast at a record 118,000,000 bushels, up 26.9% from the previous record of 93,000,000 last year.

European Prospects

Great Plains Wheat, Inc. reports that the western European drought continues despite spasmodic rains that made little impression areas that have seen virtually no rain in months. Drought has cut estimates of the French durum crop to about 600,000 tons, about 100,000 tons less than last year, but of better quality. With the large surplus of durum still available from last year's crop, this will mean a reduced need of European Economic Community for imported durum.

Russian Crop Study

A threeman team of crop evaluation specialists sponsored by the U.S. Department of Agriculture left Washington for the Soviet Union where they will visit spring wheat areas to assess U.S.S.R. crop conditions. The team will return to Washington Aug. 9. Team members are Arthur Shaw, U.S. extension service, Montana State University, Bozeman, who is team leader; Vance V. Goodfellow, Crop Quality Council, and Edwin J. Stone, International Multifoods Corp., both of Minneapolis. The trip was arranged in accord with the U.S.-U.S.S.R. Agreement on Cooperation in Agriculture. A similar team visited the Soviet Union some weeks ago to examine winter wheat conditions. Based on that team's finding, the Soviet 1976 wheat crop is estimated at 80 million tonnes, against 68.1 million last year; winter wheat, 34 million, against 36.8 million, and spring wheat, 46 million, against 29.5 million.

In Tunis

Wheat production in Tunisia in 1976 is tentatively estimated at a new record of 1,150,000 tonnes, up 11% from the 1975 harvest, the Foreign Agricultural Service indicated. The prospective crop is made up of 900,000 tonnes of durum wheat and 250,000 bread wheat.

The F.A.S. said that if the crop is realized, Tunisia will probably have 60,000 to 100,000 tonnes of durum wheat available for export but will also have to import around 300,000 tonnes of bread wheat.

Egg Production

The nation's laying flock produced 5.3 billion eggs during June, 3% below the previous month, but 1% above June, 1975, according to the Crop Reporting Board. The number of layers during June totaled 1% fewer than a year earlier but eggs per 100 layers were 1% above a year ago.

The number of layers on July 1 was 267.6 million, 1% below both the year earlier and the previous month. Rate of lay on July 1 at 65.5 established a new record high.

Egg-type chicks hatched during June, 1976 totaled 41.9 million up 2% from the 40.9 million produced a year ago. Eggs in incubators on July 1 at 34.5 million were up 1%.

Food Marketing Alert

The United States Department of Agriculture reported the supply situation in August showed beef plentiful and pork light, although up about 10% from the unusually low level of a year earlier. Broiler and fryers were plentiful. Eggs were adequate with August output likely to be slightly above both last year's level and the most recent three-year average for the month.

Summer production of fresh potatoes was expected to be 7% more than the 1975 crop, but slightly less than the three-year average.

Rice is plentiful because of record 1975 production and reduced exports.

Dried beans are plentiful as a result of reduced export shipments. Dry peas were plentiful because of a large carryover of stocks and reduced exports. Farmers planted one-third fewer acres this year.

In Super Market News

The National Macaroni Institute has launched an advertising program in Super Market News with a monthly mention of related sales ideas.

The initial placement in August calls attention to National Macaroni Week, October 7-16, and urges grocers to Push Pasta and Ground Beef in October to sell pasta, meat, canned goods, vegetables, spices and cheese.

Successive months will have other specific suggestions for tie-ins to create interest, traffic and profits.

On Regulation

Ed Ney, chief executive of Young & Rubicam International, the advertising agency, discussing government regulation in an interview with Madison Avenue Magazine:

Without any regulations, we operate in a jungle. With them, we're frequently in a straitjacket. In our view there are too many regulations poorly administered, which end up putting a half nelson on the free enterprise system and not generally benefiting the consumer.

Rail Rates to Rise

Railroads probably will apply to the Interstate Commerce Commission in late August for a 5% rate increase on commodities unaffected by rises averaging 4.7% earlier this year, an industry source said.

Mill Expansion in New Prague

International Multifoods Corp. on July 4th announced a major capacity increase at its flour mill in the southern Minnesota community New Prague where the company began 84 years earlier.

Athert Bean, grandson of the company founder and current chairman of Multifoods' Executive Committee, announced the \$3 million expansion plan in an address prepared for delivery at New Prague's Bicentennial celebration.

He said Multifoods will begin work immediately on the free-standing facility adjacent to the company's existing flour mill.

The new unit will have a daily capacity of 4,000 cwt. (hundredweights) of flour. Completion of the project is estimated for Fall 1977.

It will replace more than 50 percent of capacity lost in the May 1975 explosion at the company's flour milling complex in Davenport, Iowa. That facility has been demolished, and the property has been sold.

The New Prague unit will produce specialty blends of flour to be used by bakers in making a variety of products including breads, rolls and ethnic baked goods.

It is expected that the new facility will employ approximately 20 persons when completed.

Multifoods began operating as the New Prague Flouring Mill Co. in 1892. It grew to become North America's largest flour milling company during the 1960s.

Today it is a broadly based, \$800 million company selling in the Away-Home Eating, Consumer, Industrial and Agricultural markets.

IRM Split

International Multifoods Corp. declared a two-for-one split of its common stock in the form of a 100% stock dividend. It also increased its cash dividend by 13 1/2%.

The stock dividend will be distributed on or about Sept. 3 to Multifoods shareholders of record Aug. 9, except that the stock dividend entitlement for shareholders of Smoke-Craft, Inc., Albany, Ore., whose merger into Multifoods was approved by the board of directors, will be determined by the merger agreement.

A 2 1/4% quarterly cash dividend on the split shares will be payable Oct. 15 to shareholders of record Sept. 20, subject to the same entitlement date provisions with respect to Smoke-Craft shareholders. The company also declared the regular dividend on each series of its preferred stock with the same record and payable dates.

"Our dividend actions reflect both our first-quarter performance and our optimism about reaching corporate objectives for the full year," said William C. Phillips, Multifoods chairman. The 2 1/4% cash dividend, equivalent to an annual rate of 85% per share, represents a 13 1/2% increase.

The stock split follows shareholder action at the Multifoods annual meeting June 18 increasing the authorized common to 10 million from 5 million shares.

ADM Gains

Net earnings of Archer Daniels Midland Co. in the year ended June 30 increased 61% over the previous year and net income per share of common stock showed a rise of 49%, according to a preliminary unaudited statement.

For the 1976 fiscal year, ADM reported net earnings totaling \$65,120,000, equal to \$2.28 a share on the common stock, compared with \$40,474,000, or \$1.53 a share, in the previous year.

An average of 28,599,491 shares of ADM common stock was outstanding in the year ended June 30, 1976, compared with 26,409,463 in the previous year. Earnings for fiscal 1975 were restated to reflect the acquisition of Tabor & Co. on a pooling of interest basis and for a three-for-two stock split effected in December, 1975.

William A. Julien Retires

William A. Julien, district sales manager for the durum department, retired as of June 30. It was announced by ADM Milling Co. Mr. Julien, who had spent his entire career at ADM, had worked for the company since March, 1936.

Originally in the traffic department, Mr. Julien's career included assignments in the grain and milling firm's export, millfeed, and bakery flour sales departments, attaining the position of durum department district sales manager in 1959.

Washington Meeting

The National Macaroni Manufacturers Association holds its annual meeting in Washington, D.C. Thursday, September 16.

There will be a legislative briefing at the Mayflower Hotel at 11:00 a.m. and then delegates will meet with their Senators and Representatives at the Rayburn House Office Building on Capitol Hill for a buffet luncheon.

A business meeting back at the Mayflower will review the World Outlook, Energy Policy and Conservation, Handbook 67 Revision, Net Weights, Metrification, and the status report on the Baker's comments for Good Manufacturing Practices.

A reception will be held in the Presidential Room of the Mayflower from 7:00 p.m. to 8:00 p.m. to socialize with the Washington Representatives.

Small Business Tax Cuts

The Senate has voted to make permanent several tax cuts that were proposed by Senator Gaylord Nelson (D-Wis.) to help small businesses survive the 1975 recession.

Under the cuts:

- Tax rates were reduced 9% on corporate earnings below \$25,000 and by 40% on earnings between \$25,000 and \$50,000.

- The amount of used machinery eligible for the investment credit was doubled from \$50,000 to \$100,000.

- Permissible accumulated earnings not subject to a penalty were increased from \$100,000 to \$150,000.

These tax cuts—the largest for small and medium-sized business in a quarter century—became law for the 1975 tax year after Nelson and five other senators who serve on both the Small Business and Finance committees, which handles tax legislation, were able to convince their colleagues to provide significant tax relief for small business. Nelson is Small Business Committee chairman.

Under the recession plan originally proposed by the Administration, virtually all tax benefits earmarked for business would have gone to big business.

Because of the Congressional shift in emergency aid, small companies received about \$1.3 billion in tax breaks in 1975, or approximately 37.5% of the \$3.5 billion in tax benefits that Congress specified for business.



Pasta Masters.



Super cool summer salads start with pasta made by Peavey experts from our line Semolina and Durum flours.

At Peavey, there's a longstanding tradition of searching out ways to make our products perform a little better for you. In our miniature macaroni press and dryer operation, for example, our own pasta experts actually make test batches of pasta so they can precisely analyze its color, nutritional content, and shape retention. We've found this is a proven way to constantly improve our products. (We're also very willing to work with our customers on their new product ideas, using our miniature equipment. Naturally, we're very discreet about keeping their secrets.)

Another reason why Peavey's such a popular name with pasta manufacturers is the consistently high quality of our King Midas Semolina and Durum flour. We start with Durum wheat from the North Country. Then mill it in our modern, well-equipped facilities that were designed specifically for producing the best Semolina and Durum flour available today.

Our pasta masters even develop recipes utilizing pasta in mouth-watering new ways, as in the cool summer salads shown here. Recipes are available to you without obligation. Just drop us a line and we'll rush them to you, plus answers to any questions you may have.

Peavey Technology. Continuously probing the future to get better results for you.

Peavey

Industrial Foods Group

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Spaghetti, Spareribs Supper

Illustrated on Front Cover

Outside, the gentle aroma of charcoal smoke drifts through the lazy summer evening. Inside, the bubbly sound of boiling water announces that the spaghetti is cooking and will soon be ready to join the barbecued meat for a delicious supper on the patio. On the grill are lamb spareribs being done just right with a gutsy seasoning of crushed red pepper. And simmering near the pot of spaghetti is a colorful sauce of zucchini and fresh tomatoes. In the refrigerator is a big bowl of tossed green salad awaiting the final flourish of tossing with its dressing.

The scene is set. The food is ready. And so begins another happy outdoor summer meal, with Spaghetti Spareribs Supper on the menu.

Spaghetti Spareribs Supper (Makes 6 servings)

1½ tablespoon salt
4 to 5 quarts boiling water
12 ounces spaghetti
¾ cup margarine
1 medium onion, sliced
1 cup chopped celery
1½ pounds zucchini, sliced
2 large tomatoes, peeled and cubed
¾ to 1 teaspoon salt
½ teaspoon each
oregano leaves
basil leaves
¼ teaspoon instant minced garlic
Grilled Lamb Spareribs*

Add 1½ tablespoon salt to rapidly boiling water. Gradually add spaghetti so that water continues to boil. Cook uncovered, stirring occasionally, until tender. Drain in colander.

Meanwhile, melt margarine in large skillet; add onion and celery and saute until almost tender. Add zucchini, tomatoes and remaining seasonings. Cover and cook over medium heat 10 minutes; uncover and cook 5 minutes, or until zucchini is tender. Combine with spaghetti. Serve with Grilled Lamb Spareribs,* recipe given below.

* Grilled Lamb Spareribs: Cook 4½ pounds lamb spareribs with 2 teaspoons instant minced onion in boiling salted water to cover 45 minutes, or until tender; drain. Brush lamb with 2 tablespoons lemon juice; sprinkle liberally with salt, then lightly with crushed red pepper. Grill or broil 4 inches from source of heat 8 minutes per side, or until well browned. Garnish with lemon wedges.



Two New Alphabet Soups

Two new Campbell's condensed soups being introduced nationally this month spell "fun" for kids' lunches.

"Campbell's" new Chicken Alphabet and Meatball Alphabet Soups are the newest additions to the Company's popular line of red-and-white label condensed soups.

"The new soups are designed to appeal specifically to children, although consumer testing indicates they will also be popular with the entire family," according to Paul N. Mulcahy, Campbell Soup Company's marketing manager for canned soups. "Home-use testing among homemakers gave both new soups high ratings for their good flavor," he said.

"Chicken Alphabet and Meatball Alphabet were developed to broaden the appeal of the popular condensed alphabet soups among children ages 2 to 12, who account for a substantial part of all soup consumption," Mulcahy said. "Test market performance indicates the new soups represent high volume additions to our red-and-white soup business," Mulcahy said.

Chicken Alphabet contains chicken and alphabet macaroni in a full-flavored golden broth. Meatball Alphabet contains Campbell's little meatballs and alphabet macaroni with vegetables.

A coupon worth 10¢ toward the purchase of either of the new soups will appear as part of full-color advertisements in September Sunday supplements of major newspapers with more than 46 million circulation.

Network prime and daytime television commercials will also support the national introductions of the new soups during a 30-week follow-up

period beginning in September. Point-of-sale material will include can posters, case cards, shelf talkers and a display spectacular.

Prince Holds Meeting

A three-day management meeting of key executives of all the divisions of Prince Macaroni Manufacturing Co. was held in the firm's main office in Lowell, Mass., recently.

Key executives from Hartford, Providence, Portland, New York, Chicago, Rochester, Detroit, Allentown, and New Jersey attended the conclave.

The seminar was devoted to sales management and advertising. Two films, "Charge" with Arnold Palmer, and "The Distribution Game" were shown during the meetings.

Joseph P. Pellegrino, president of the macaroni company, addressed the gathering. The group was taken on a harbor cruise to view the "tall ships" anchored in the Boston Harbor, and also played golf at the Vesper Country Club.

Joint Coupon Ad

Homemakers can save 20¢ on a summertime meal recipe from The Creamette Company and George A. Hormel & Co. through a full-color page ad in August Family Circle that offers a cool summer salad idea and 10¢-off coupons on the two main ingredients—Creamettes Brand Macaroni and Hormel's Spam Luncheon Meat.

The recipe calls for a 7-ounce package of Creamettes and a 12-ounce can of Spam mixed with cheddar cheese, sweet peas and assorted condiments served on lettuce greens.

Grocers will receive 10¢ for each coupon redeemed, plus 5¢ each for handling from Creamettes and Hormel.

On Small Business

"Thousands of viable, responsible, energetic small businesses are a healthy antidote to the dominance of a handful of corporate giants operating from a handful of headquarters cities. . . . Small business contributes to worker satisfaction. Work, in turn, is a primary influence upon the quality of human life."—Harold S. Williams, President, Institute on Man and Science.

Washington Meeting
September 16, 1976

THE MACARONI JOURNAL

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Report of the Director of Research

by James J. Winston

The past few months have subjected the Food Industry as well as our own industry to a series of new regulations and startling events which are characteristic of the changing times. The Standards Committee has been motivated to meet frequently in order to review pertinent matters and make decisions which will be favorable to members of our industry—large and small.

Permit me to review some of the significant aspects which will affect the course and practices of our industry.

Good Manufacturing Practices

For the past eight months our industry has been actively engaged with the Food & Drug Administration in preparing proposals for Good Manufacturing Practice regulations. You probably are aware of the fact that in 1967 the Food & Drug Administration published in the Federal Register under Section 128 "Current Good Manufacturing Practice in Manufacture, Processing, Packing or Holding." Based on this regulation, the Food and Drug has already published specific manufacturing practices for the Cacao and Confectionery industry and has issued proposals for GMP's for bakery foods and is in the process of issuing proposals for the dry mix and for the pasta industries.

My first meeting with the Food & Drug Administration on this matter took place in the latter part of 1975. At this meeting, I met with Dr. Kauffman, Harold Salwin, and several other members of the Food Technology Department. It was suggested that our industry play a cooperative part in the promulgation of GMP regulations. This was followed by a draft of GMP's which was presented to the Board of Directors at our meeting in Florida which was revised and presented to the Food & Drug Administration for their consideration.

It must be emphasized that these regulations are of the utmost importance and once accepted by both the FDA and our industry, they become law. Therefore, the most careful consideration should be given to



James J. Winston

the regulations which pertain to sanitation, quality control, coding, packaging, warehousing, so that each company in our industry will be able to abide by them without being embarrassed in the course of a Food and Drug inspection.

The members of the Standards Committee have been working very closely with me on this matter and at the same time have been putting in a great deal of time and effort plus travel. I would like to mention these men, who are all making a significant contribution to the formation of GMP's for our industry. Paul Vermeylen, who is Chairman of the Standards Committee is president of A. Zerega's Sons, Inc.; Val Bremer, Technical Director of the C. F. Mueller Company, Mickey Skinner, Vice President of the Skinner Macaroni Company, Albert Ravarino, President of Ravarino & Freschi, Inc., Luke Marano, President of Philadelphia Macaroni Company, Inc., and Charles Niskey, Vice President of San Giorgio Macaroni, Inc.

Our first meeting with the Food & Drug as a committee took place in February, 1976, where we met with about ten representatives of different divisions of the Food & Drug Administration. We reviewed our proposed regulations with the members of the FDA while listening to some of their evaluations and criticisms. We were asked by the FDA to revise our proposed regulations in line with the

proposed regulations for bakery foods which had recently been proposed. We then spent another 5-6 weeks revising our proposals for the GMP's for our industry and a copy of these proposals was sent to each member of the Board for their evaluation and comment. This was dated March 29, 1976 and was entitled "Draft for Proposals and Good Manufacturing Regulations for Macaroni and Noodle Products."

I think that you will be pleased to learn that in our definition of macaroni-noodle products, the members of the FDA have agreed with us that we should specifically refer to macaroni-noodle products as a form of pasta which is prepared from a formed dough. This does away with the words "Alimentary Paste" which have always been an unacceptable expression.

The Standards Committee and I met again with the members of the Food & Drug Administration in April to review the draft that I had sent them on March 29th. Dr. Shaffner and his associates spent the entire day with us in Washington going through each paragraph of my draft, and at the same time they injected some of their thoughts which they thought should qualify some of our proposals. Unfortunately, they also made suggestions which we did not approve because it was our opinion that some of their suggestions would inject an inflationary impact and/or environmental impact.

The definitions of these terms are in order, so let me explain what is meant by these impacts. By inflationary impact, it is understood that new regulations would not increase the retail costs of the product more than 100 million dollars a year and would not cause a "major" increase in competition in the particular industry. By environmental impact, the consumption of energy would not be significantly affected and should not trigger the threshold for increased energy consumption, and should not exceed 1/10 of the total domestic consumption for the industry.

Specifically, we vehemently took exception to the suggestion of the Food & Drug when they deemed it pertinent to inject the following

"Fans and other air-blowing equipment shall be located and operated in such a manner that does not cause contamination of raw materials, regrinds, packaging materials, and finished products by air-borne contaminants."

In a letter which I sent them on June 2, I suggested that the word "fans" be injected in the following paragraph: "Drying rooms, dryers, grinders, containers, utensils, other processing equipment, dead spaces in equipment and storage and processing areas shall be cleaned and free of filth, and insects, rodents and other animals to prevent raw material or product contamination." I recommended that the word "fans" in this paragraph follow the word "dryers," and my explanation was as follows:

After studying the constructions of our long goods and short goods dryers, we take exception to your suggested paragraph on page 8 which reads, "Fans and other air-blowing equipment shall be located and operated in such a manner that does not cause contamination of raw materials, regrinds, packaging materials, and finished products by air-borne contaminants." The construction of long goods dryers indicates the immensity and impossibility of your proposal when we consider the following: In each preliminary component of a long goods dryer, we have approximately 12 fans in operation. These fans are the essential elements which rotate at different speeds for the dispersion of vast quantities of air. In addition, each preliminary dryer has one intake fan.

In some of our companies, we have 30 preliminary long goods dryers which will result in a total of 360 fans. In addition, in each long goods operation we have a finishing or final dryer which contains approximately 32 fans making a total of 288 fans.

A review of short goods dryers, likewise, indicates the tremendous number of fans in operation, namely; in the short goods preliminary dryer we have approximately 10 fans and intake fans resulting in 12 electric fans; followed by 32 electric fans for each finishing short goods dryer of the same line. Therefore, 10 drying units would result in a total number of 440 fans.

It is our opinion that any changes in drying relative to the fans will undoubtedly bring about an inflationary and an environmental impact.

I want to leave you gentlemen with this important thought—that it is the purpose of our Standards Committee to make every effort to insure the promulgation of regulations with which we can comply. It will be incumbent upon every manufacturer to read with great care the proposals on pasta products when issued by the FDA, and to be ready to take exception to regulations which will not be pertinent to the processing of our products.

Vitamin Enrichment and Iron

The matter of enriched macaroni and noodle products complying with the Federal Standards has been a matter of great concern. This was emphasized recently in our relations with the New York State Department of Agriculture and Markets. Apparently, the laboratory of this department has been analyzing macaroni and noodle products, and the results, in many instances, indicated that the enrichment levels particularly for iron exceeded the maximum tolerance as stipulated under the Federal Standards of Identity. This, unfortunately, was a disconcerting situation since in many instances, the Director of Food Control sent letters to distributors of supermarkets where some of these noodle products were being sold complaining that they were selling to the public a product that was substandard.

I wrote a letter to the Director of Food Control, Dr. L. Crowell, indicating that the flour being used for noodle manufacture was being enriched at the highest level. Our Standards provide for a minimum amount of Thiamine, Riboflavin, Niacin and Iron per pound with the 25% addition quantity to insure compliance with the minimum standards at all times. What has been happening is that the millers had been enriching to the maximum level; therefore, the flour in many instances had anywhere from 16 to 17 milligrams of iron per pound. The addition of 5½% of egg solids tends to increase the iron content by another 3-4 milligrams; and the finished noodle product, in many instances, showed an iron level rang-

ing anywhere from 19-22 milligrams per pound.

Also, I discussed this matter, personally, with Mr. Duane, who is the assistant to Mr. Crowell. His opinion was that the pasta manufacturers should make an effort to conform with the minimum and maximum Standards of Identity. I therefore, sent a message to Durum Millers on February 26th, suggesting that the enrichment levels in Durum Flour with emphasis on iron be monitored on a more frequent basis to insure compliance with the requirements. This letter went out to each Durum Mill and apparently, the response was good because the iron enrichment level has been reduced slightly. However, the most important thing to note is that the New York State Department of Agriculture & Markets has deemed it pertinent to follow the pattern of the Food & Drug Administration and they are now more inclined to tolerate higher levels than the stipulated maximum. I hope that the millers will continue to exert every effort to keep the enrichment levels within the specified minimum and maximum tolerances.

Sanitation

A few weeks ago, I sent my bulletin No. 466 to each member of the industry, and extra copies of this bulletin are available. This bulletin is entitled "FDA's Super Measure-Act-Measure Program," a very outstanding and conspicuous name. This bulletin indicates that the Food & Drug Administration has started its so-called Super Measure-Act-Measure Program for seven commodities, and in this program 2200 establishments throughout the United States are to be inspected primarily for sanitation purposes. Unfortunately, in the past 2000 inspections made by the FDA, quite a large number of companies were found to be violative and not adhering strictly to good sanitary practices. The FDA has compiled a list rating seven different industries and unfortunately, our products lead the list with 20% violations present in the industry during the course of the inspection.

Many of you manufacturers are already aware of the fact that the Food & Drug has started its intensive inspection campaign because the FDA has started to survey different maca-

roni and noodle plants. I trust and I hope that you manufacturers who in the past have been found lacking in certain respects of sanitation, have revamped your programs to make certain that at the present time you will be in compliance. For many years, I have been "preaching my sermon" and often I feel that I have been a voice crying out alone in the wilderness. The cooperation which I have desired often, has been lacking at times, but it is gratifying to note that in the past year many manufacturers have augmented their programs by hiring and training men to take complete charge of sanitation as well as quality assurance. These two aspects of the food business are paramount today and it is prudent not to compromise the principles of sanitation just to comply with your production demands. Every company should have a definite program where a schedule has been promulgated to take care of the different components of the sanitation program and this is a must that should be done faithfully. It is my opinion that within 60 days every macaroni and noodle manufacturer will have been surveyed in order to complete this current program called "Super MAM" of the Food & Drug Administration.

Shelf Life or Pull Date of Pasta Products

Several months ago, I was in touch with the Defense Supply Agency of the U.S. Army because of their demands that companies selling food commodities to the U.S. Army overseas commissary stores imprint on their packages or cartons a shelf life or expiration date. This was something that was very disconcerting because our products have always been categorized and are still being classified as a non-perishable commodity. I wrote a letter to Colonel Barker who is in charge of this activity at the Defense Supply Agency outlining my thoughts on this requirement. I stressed the fact that our experience with pasta products has indicated that the shelf life is of no definitive period and when properly stored can be acceptable and fit for human consumption for a number of years. It was my opinion that the new regulations setting a perishable date should not be made applicable to pasta products. I also recommended that this regulation, if applied to our products, should

be held in abeyance pending a study to review the evidence to support their thesis.

The reply that I received from the DSA was that all the products that are being purchased whether perishable or non-perishable must have an expiration date in line with the new requirements and they admitted that macaroni and noodle products are in the non-perishable commodity group. They still insisted that this date should be made part of packaging requirements. It may be worthwhile to review what I consider to be reasonable storage shelf life dates for our products. Macaroni and Spaghetti products or any macaroni product without eggs, in my opinion, can be maintained for 36 months at 70°F without any spoilage. Egg noodle products can be maintained under storage conditions of 70°F for a period of 24 months without any undue spoilage. As a matter of fact, these views are in accord with those held by the investigators of Defense Supply Agency of the U.S. Army.

Net Weight

Net weight of our products is becoming an increasingly important problem and also a disturbing one, due primarily to the regulations maintained by different states. As a matter of fact, several months ago a very important case was decided by the U.S. Court of Appeals regarding net weight of flour. The decision involved short weight of flour. The defendants were General Mills, Pillsbury & Seaboard Allied Milling vs. J. W. Jones, director of weights and measures, County of Riverdale in California. This case dealt with net weight deficiency of the flour shipped by the three mills in question. The court's decision was favorable to the mills and reversed the lower court's decision which had been favorable to the County in California. The higher court's decision took cognizance of the hygroscopic nature of flour and declared that the flour at the time of shipment had the required net weight and contained the normal amount of moisture. The flour therefore, was in accord with the net weight regulations when it left the mills. This is a most important case because it is to a great extent contrary to the thinking of many different states who have their own regulations regarding net weight. The states maintain their own

views and attitudes in spite of the federal regulations on net weight which states that reasonable variations caused by loss or gain of moisture during the course of good distribution practice or by unavoidable deviations in Good Manufacturing Practice shall be recognized. Variations from stated quantity of content shall not be unreasonably large. Certain states give a deviation from the declared net weight of 1%, some 2% and the state of New Jersey goes to the extremes where they give you a deviation which should not exceed 1/4 of 1%. Now 1/4 of 1% is extremely small. On a pound basis it would be a little over 2 grams which is insignificant particularly when you realize that you pack macaroni and noodle products at 12% moisture and loss of 3% moisture will result in a net weight loss of approximately 1/2 ounce. The Federal Government on the other hand, has always taken cognizance of moisture loss due to storage in dry areas and on occasion will determine the moisture content of your products and recalculate the net weight based on the original moisture content. Also the Federal Government will tend to examine anywhere from 20-24 packages at one time and note what the deviation is and determine the average net weight.

The states have a different attitude on all these matters because in many instances the states are able to impose a fine and also compel a replacement of merchandise held in a supermarket or warehouse. The National Bureau of Standards has come forward with a proposal under their handbook #67. It is a draft for review and comment regarding the determination of net weight of different commodities. This is very thorough and consists of 81 pages and can be secured from the Office of Weights and Measures of the National Bureau of Standards, Washington, D.C. In this handbook #67, a thorough description is made of sampling and testing for net weight and it is my opinion that it would be in the interests of our industry to recommend that a 5% variation be made applicable to pasta products. This 5% deviation or variation would include moisture losses and other changes which may take place during storage and be equitable in the interests of the manufacturer and consumer.

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Pasta Progress in Israel

One year ago OSEM started operating its fourth plant at the eastern slopes of Mount Carmel, near Haifa. The new plant is one of the most advanced plants of its type in the pasta products and biscuits manufacturing range.

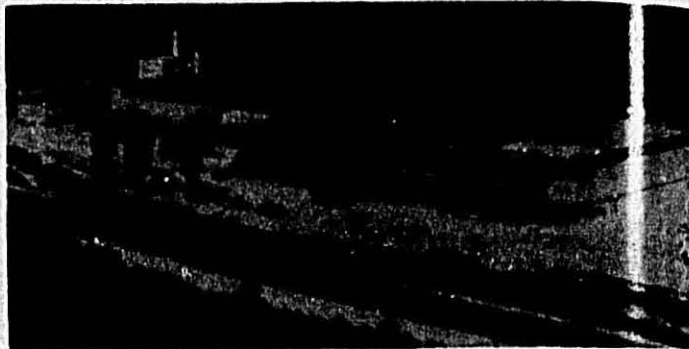
The constructed area of the new plant is 9,600 square yards sited on a 28,000 square yard plot, leaving plenty of room for future expansion. Also, the production lines were planned so that another line can be installed next to each of the three major lines making use of all the existing pipe lines, air ducting and electricity installations, all installed between the ceiling and the roof. Thus, no pipes are seen along the walls of the factory, which make it easier to keep clean.

The inner panels of the walls are coated with a special coating which again contributes to the high standards of hygiene in Osem's new factory. The prefabricated building was imported from West Germany with special isolation panels suitable for local climate and is so constructed that it does not require supporting pillars in the middle of the halls, the advantage of which is large clear spaces around the whole width of the production and packaging halls. The factory has no windows, apart from the office block, and is centrally aerated and air conditioned. The factory has its own well for water supply, thus guaranteeing quality of the water. The 19 mm high silos obtain daily supplies of flour in bulk, which is taken in and forwarded by a highly sophisticated electronically controlled pneumatic system.

The flour is sieved twice and entoltered before being processed. The mixture of various flour species is electronically controlled by a formula which can be altered for every production line according to specifications.

Capacity Doubled

The new plant almost doubled Osem's capacity in pasta and biscuits, compared to the existing plants in the Tel Aviv area. Osem started in 1942 as a result of a merger of several pasta manufacturers who first combined their sales activities and in 1947 opened the newly created and, even then, the most modernly equipped factory in Bnei Brak, near



Osem macaroni plant, Haifa, Israel

Tel Aviv, where the central laboratory and R. & D. Department are also located.

Osem supplies over 90% of Israel's factory of pasta products and biscuits, the biggest flour processor in the country and the new factory almost doubled production capacity.

Osem supplies over 90% of Israel's pasta consumption and 100% of Israel's exports of pasta. The increased production capacity enables Osem to cope with export commitments and supply the demand for the Israeli local market quite a few years ahead.

Three Main Lines

Three main production lines now operate in the new factory: one line for macaroni and spaghetti, now manufactured in five varieties, one line for noodles and short cut macaroni, which are available in a wide range of shapes, and a third 100 m long automatic line for biscuits.

Osem's comprehensive range of pasta products includes both press-sheeted noodles and noodles from sheet-formers, macaroni, spaghetti, spaghetti, lasagne, pasta-bologna and a wide selection of short cut macaroni shapes.

Products

Amongst Osem's pasta products there are some specialities in the form of toasted short cut macaroni like "Israeli Couscous Shapes," "Israeli Ricettes" and "Israeli Haimishe Farfel" which are prepared in a pan with oil and chopped onion instead of being cooked in water.

At the present time Osem's pasta products account for 50% of the group's turnover, the rest consists of dehydrated groups and sauce mixes, savoury snacks of various types, bis-

cuits, cookies and crackers, instant dessert mixes such as instant pudding and quick jelly, food specialties like ready fried onions, pancake mix, soy sauce and Oriental snacks and dips like instant hummous with tahina and falafel mix.

Corrugated References

Three basic references for users of corrugated containers and automatic packaging machinery have been updated and re-issued by the sponsoring trade associations. They cover such subjects as: measurement of tolerances for top-opening regular slotted containers; care and maintenance of automatic packaging machinery; storage and handling of empty boxes; and storage and application of adhesives.

The Voluntary Standard on "Tolerances for Top-Opening Regular Slotted Corrugated Fibreboard Containers (RSC)" provides the acceptable measurement variances for use of these containers with automatic opening and loading equipment.

"Recommended Practices: General Notes on Care and Maintenance of Automatic Packaging Machinery and on Storage and Handling of Empty Corrugated Fibreboard Boxes," an 8-page brochure issued in 1971 by the Fibre Box Association and the Packaging Machinery Manufacturers Institute, has also been re-issued.

The third bulletin, "Recommended Practices: General Notes on Storage, Maintenance and Application of Adhesives Used in Conjunction with automatic packaging machinery."

(Continued on page 38)

How much change does our American Economic System need: A lot? A little? None?

You may be reassured—or troubled—by how a number of your fellow citizens answered this question recently.

A recent study shows that an overwhelming majority of Americans have a basic faith in our economic system. Only a relatively small number favor major structural changes. Yet almost all—92%—feel some modifications are needed.

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Did you know? • With 6% of the population, America uses 30% of the world's energy production. • The U.S. economy created 26 million new jobs between 1950-1975. • In 1975, the U.S. imported about \$96 billion of goods—exported over \$107 billion.

PROCEDURES TO BE FOLLOWED DURING FDA INSPECTIONS

by Charles J. Niskey, Vice President for Manufacturing,
San Giorgio Macaroni, Inc.

Editor's note: The same subject assignment as Mickey Skinner had in California was given to Charles Niskey at Dearborn Inn. He has embellished the basic ideas with his own thoughts so it is given in its entirety.



Charles J. Niskey

Procedures to be Followed During FDA Inspections, can be handled in a number of ways:

First, you could plan to cry a lot or you could handle the situation much as the South Dakota businessman, Ray Godfrey, did when he was called upon by an agent of the OSHA (Occupational Safety and Health Administration) for inspection of his premises. Godfrey handed the agent a form entitled "Official Public Servants Questionnaire." Among other information, the form requested the agent to list his name, address, criminal background, and name of the person requesting the inspection. The agent balked, Godfrey refused the inspection, and the matter ended up in court.

At that point federal judge Andrew Bogue ruled that a business has a right to protect itself against phony inspectors and said a written record of identification was permissible as long as it was "reasonably related" to the identification.

We suggest a third and perhaps better way to greet an FDA inspector that may come to your plant. This is our purpose in being here this morning and we hope that we can suggest to you a better way to handle an FDA inspection.

Let's assume that the phone rings on your desk and your secretary informs you that an FDA inspector is in the lobby of your office. He has stated to the receptionist that he is here to make an inspection:

1. The inspector should be received and greeted by an individual appointed by senior management and with the same courtesy you would approach a guest in your home.

2. Examine inspector's credentials, copy his name and identification number, if any. This will not be necessary if his handwriting is legible, as upon entering he is supposed to give you a signed form #FD482, which is entitled "Notice of Inspection" and will include date, signature, and number of inspector.

3. Request information as to the purpose of inspection (such as routine, follow up of complaint, or special purpose).

4. Call predetermined personnel to advise that an inspection is in progress.

Please be aware that in your management alignment you should have an individual or individuals who are assigned that very task of handling FDA or other regulatory inspections.

5. Treat the inspector cordially and cooperate by permitting inspection, sampling, and taking of notes.

6. Notes should be as complete as possible.

A. All questions asked.

B. Responses.

C. Details of areas or items given special attention.

D. Criticisms and explanation.

E. What steps were taken regarding any criticisms or recommendations.

F. Reports on above typed at the end of each day.

7. Do not leave the inspector alone in the plant at any time, but make sure a responsible member of plant management accompanies him at all times.

8. Samples—Permit sampling of raw materials in process and finished products.

A. Request purpose of the samples.

B. Ask what tests are to be performed.

C. Grant permission to take samples with the condition that two identical samples be drawn at the same time to provide you the opportunity to perform the same tests and retain identical sealed samples as a "file" or "reserve" sample. Identify the samples.

9. Formula information—If requested, provide orally the ingredients in descending order; but it is not necessary to provide a copy or the exact quantities. If the inspector insists on quantitative information, obtain advice of your legal counsel. In no case should photographs or exact copies of formulae be permitted. There are very few cases where exact amounts or the order of combining are needed by regulatory agencies.

10. Names and addresses of customers, bills of lading, etc. should be furnished if requested, but it is not necessary to show invoices which include selling prices.

11. Legal status of firm: Provide, upon request, corporate information such as State in which the business is incorporated or registered, names and addresses of officers, and responsible plant management personnel.

12. The inspector's recommendations as to methods, procedures, or practices should be written down and read back to him to be sure they are accurately recorded.

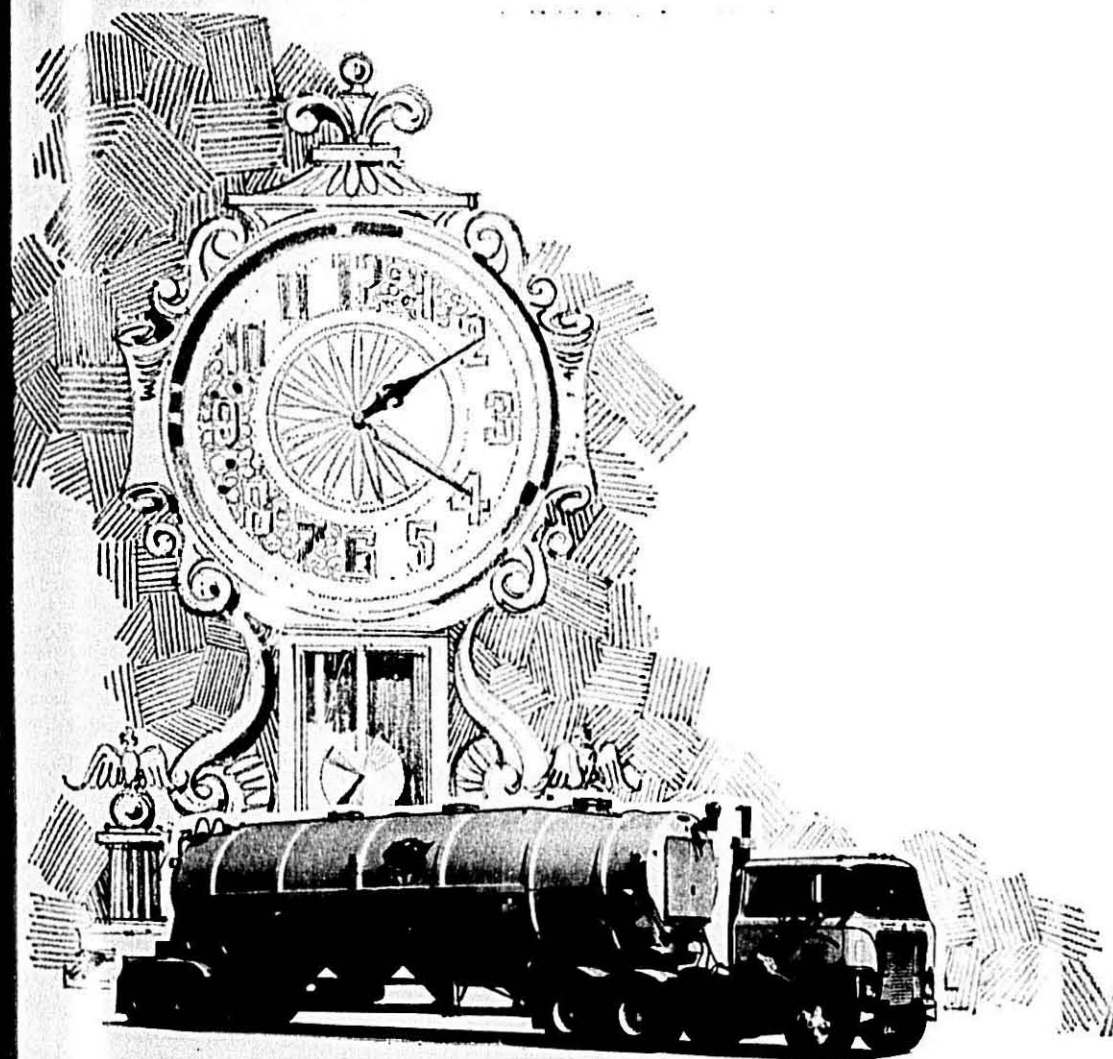
Evaluate these, respectfully and courteously, and immediately put into effect those which are practical.

Any suggestions you know to be impractical or undesirable for materials or methods used by you should be discussed by you, and their impracticality should be explained to the inspector in a friendly and cooperative manner.

For example: Some inspectors have recommended washing flour handling equipment, silos, etc. and following such advice could create mold and mildew problems.

(Continued on page 34)

THE MACARONI JOURNAL



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When FDA Inspector Calls

(Continued from page 32)

Such explanations can be helpful in educating the inspector and should prevent his making the same impractical suggestions in the future.

13. Provide the inspector with name and address of any consulting laboratories who do bacteriological, chemical, or other laboratory testing. Describe the work performed for you by such outside services—but it is not necessary for confidential reports to be shown. If the inspector insists, first discuss the release of this information with your legal counsel.

14. Names and addresses of suppliers of flavors, colors, ingredients, sanitary supplies, etc. are legitimate information for the inspector to acquire. The best source of such information is the label on each product in the warehouse or in the batch dispensing area.

15. Pesticides—The inspector has a right to see names, suppliers, ingredient lists, and your actual method and frequency of application of all pesticides (Rodenticides, insecticides, fungicides, disinfectants, and deodorants).

16. Labels—The inspector may request label exhibits. This is a legitimate request. If there is any deviation from ingredients printed on labels you may be required to make a full explanation.

17. Laboratory and Quality Control Procedures—Be prepared to provide exact methods and procedures used, including any variations from "official" or other published methods.

If permission is requested to review or copy laboratory report books, or the reports from outside laboratories, do not permit this without obtaining a written request including the reasons so advice of your legal counsel can be obtained prior to making a management decision. Usually the inspector will be satisfied with summary or tabular reports frequently referred to top management. The other records should be subpoenaed to avoid "self-incrimination" in case the regulatory agency deems the data to disclose damaging information.

18. "Complaint files" may be requested. These should not be produced except with the advice and consent of your legal counsel.

19. Photographs—Many trade associations and attorneys have advised against permitting any photographs of equipment, processing, storage, records, or anything inside the plant. A firm but courteous explanation that photographs are against the policy of the firm usually results in acceptance by FDA.

It is the policy of our plant and that of the Skinner Macaroni Corporation to prohibit photographs in the plant. The only pictures taken in our plants are those taken by our own personnel or by an outside photographer for the benefit of annual statements or some other corporate directive.

20. Use of ultra-violet lights for examining products, containers and equipment, use of sampling devices, and balances for determining net weights are routine in regulatory inspections and there seems to be no reason to object to their use.

The procedures should be observed and notes taken of any fluorescent spots showing under ultra-violet light. Double the samples taken by the inspector should be taken for plant use and reserve; you should record the net weight readings of any materials or products weighed.

21. In addition to usual inspections of plant facilities, certain other problems are being examined. Some questions covered are as follows:

- A. Air ducts, air intake, and air contamination.
- B. Handwashing and sanitizing facilities.
- C. Sinks in production departments.
- D. Scrap and reject material handling.
- E. Waste and trash disposal.
- F. Cleaning schedules for plant areas and for equipment.
- G. Coding methods and ability to trace product from raw material.
- H. Adequate packaging for public health protection.
- I. Hand contamination during processing and packing.
- J. Storage of raw materials.
- K. Quality control methods used in inspection.
- L. Employee uniforms, head coverings, and general hygiene.
- M. Laboratory controls, bacteriological tests, and general program.
- N. Compliance with GMP's (Good Manufacturing Practices).

22. One method used during an inspection is to follow a product from raw materials through to the finished packaged finished item. In these cases samples may be taken of raw materials, in-process product, and finished product. These are then tested in FDA laboratories.

And you should also take duplicate samples either before or after the package is taken. Take them from the same case where possible.

23. If you have any doubt as to the reasons for the specific question or the purpose of the inspector's procedure, ask him. If you have any qualms as to giving the information requested, ask for time to clear with your legal counsel. There is no need to be concerned about this procedure as it is better for their inspection and for you as well to clarify all questions before answering.

24. After the inspection is completed the inspector will provide you with a written list of items which he considers questionable or objectionable (FD 483). If you disagree, tell him so but, of course, use diplomacy and be courteous. He (or she) will make a record of your comments in the report.

25. If he has taken any samples, he will give you a receipt for those samples. Formerly, FDA offered to pay for the samples but recently we notice this has not been their procedure.

26. During the inspection certain goods may be found to be contaminated and you may decide to "voluntarily" destroy them.

If a statement is requested of you provide one in exchange for a written statement from the inspector that he observed the "voluntary" destruction and that he promises for FDA that no press release or other publicity will be given the matter. Should you simply assure him that you "voluntarily" dispose of any unfit material or product but you see no advantage to document the action and rising unfavourable publicity.

27. At the completion of the inspection (or at any time during the inspection, if things seem to be going badly) call your legal counsel.

28. Keep the permanent file of the inspection papers and results. The notes taken by all persons accompanying the inspector should be typed and the designated individual should sign.

(Continued on page 35)

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When FDA Inspector Calls

(Continued from page 36)

marize the inspection. Obviously you would want to have some type of staff meeting with your management people in which corrective measures would be agreed upon where indicated and these should be written up with a time table for each item. This should be followed up and evaluated as each step is completed and all documents, including laboratory test results, should be filed for reference if needed. Under no circumstances should any of the information be withheld from top management.

29. In many cases State and Local authorities make similar inspections and under the new programs State inspectors will be making regular FDA authorized inspections. Therefore, all inspections should be treated in a similar manner.

All the suggestions that I have just given you may sound horrendous at first hearing, but let me assure you that those of us who have worked with FDA under the Cooperative Quality Assurance Program can vouch for the honesty and integrity of these individuals.

These people have a job to do and we as food manufacturers must realize that we have a common program in providing good, clean food for our customers. FDA's purpose in inspecting food locations is to guarantee as nearly as they can that all food will be produced in sanitary and proper conditions. Is there anyone in this room who would like to stand up and say that he is for dirty plant conditions and dirty food supply? I think not.

Mickey Skinner said it so well in California and I would like to repeat his closing remarks of his presentation and I quote: "A knowledgeable and detailed, pre-planned policy on how you will receive and treat a regulatory inspector will not only prevent mass confusion, but will help indicate to the agent that a carefully organized compliance program is being followed to the last detail. Can you honestly say this is actually true in your plant?"

Product Recall Assistance

A service to assist grocery manufacturers in recalling defective products has been developed by Equifax Services, a unit of the international

business information company, Equifax Inc.

Designed along Grocery Manufacturers of America (GMA) guidelines for product recall, the new service will aid grocery manufacturers in quickly locating and removing defective products from distribution channels and points of purchase.

Permanent Task Force

A permanent Product Recall Task Force has been established at the Company's home offices in Atlanta to work with manufacturers in performing Class I, II or III recalls.

More than 5,000 full-time Equifax field representatives, backed by local managers and augmented by part-time field workers, can be activated by the Task Force in a matter of hours to carry out product recalls in any part of the country, an Equifax spokesman said.

Working from more than 1200 North American locations, Equifax employees will use manufacturers' shipping records to call or visit wholesale distribution points, so that warehouse products can be held, and lists of jobbers and retail outlets which have received a defective product can be obtained.

Teams of Equifax workers will then be sent to retail outlets to recover the recalled product. Complete written records of all contacts made by Equifax representatives will be maintained for analysis and documentation.

Daily reports by telephone from each Equifax branch office involved in the product recall will be made to the Atlanta-based Product Recall Task Force, which will remain available to the recall manufacturer on a 24-hour-per-day basis until any recall is completed.

Equifax, one of the nation's largest suppliers of information-related services and market research for a majority of GMA's 150 members. The Company developed its product recall service to add to grocery manufacturers' resources during critical product recall periods, a spokesman said.

AOAC Publishes Bacteriological Analytical Manual

The Association of Official Analytical Chemists (AOAC) has scheduled

publication of the Bacteriological Analytical Manual (BAM), fourth edition, for July 1978. These methods, developed in U.S. Food and Drug Administration laboratories, will provide Federal and State regulatory and industry quality control laboratories with effective means for qualitative and quantitative detection of microorganisms and certain of their metabolic products. Applicable primarily to foods, the manual will be updated by supplements issued to users at no additional charge.

Plate Counts

The first four chapters of the manual cover sampling and sample handling, preparation of food homogenate, microscopic examination of foods, and aerobic plate count. Bacteria included are coliform organisms, enterococci, Salmonella (both cultural and fluorescent antibody methods), Shigella, Vibrio parahaemolyticus, Vibrio cholerae, Yersinia enterocolitica, Staphylococcus aureus and its enterotoxins, Clostridium botulinum, Clostridium perfringens, and Bacillus cereus.

Yeast & Molds

The manual also discusses enumeration of yeasts and molds in foods, examination of canned foods, examination of sterilized or microbiologically stable milk products, direct microscopic examination of eggs, and detection of penicillin and other microbial inhibitors in milk and milk products. Appendices cover culture media, reagents and diluents, staining procedures, most probable number tables, and tables of logarithms.

With analytical methods being developed at a fast rate they can be validated, measures in this manual have an official AOAC status through collaborative testing. However, a valuable resource to the analyst because they represent the methodology currently in use in FDA laboratories.

The manual is available from the AOAC at a cost of \$10 per copy including postage and handling. Supplements will be forwarded automatically to users at no additional charge. Orders may be sent to: AOAC, Box 540, Benjamin Franklin Station, Washington, DC 20044.

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FOR SALE—83 page book on Macaroni, Noodles, Pasta Products by James J. Yfinston, \$8.00 postpaid if check is sent with order. P.O. Box 336, Peatline, Ill. 60067.

Portland Pasta Maker Dies

Sam C. Scarpelli, retired president of the Porter-Scarpelli Macaroni Company, Portland, Oregon, died at his home on July 24 at the age of 94. On July 15, as a token of their affection for their retired boss, his employees had purchased an advertisement in the Portland Oregonian honoring him on his birthday.

Mr. Scarpelli came from Cosenza, Italy to the United States at the age of 15. He laid rail on several railroads, worked in a gold mine, and around 1912 met the Porters, who thought that an Italian would be an asset in a macaroni business. The Porters sold him their share of the business a couple of years later and Scarpelli sent for his brothers in Italy. He retired from active leadership of the firm last year after 60 years at the helm.

Mr. Scarpelli married his wife Amelia in Spokane although she had been born and reared in Cosenza. He died on her 81st birthday. They had observed their 64th wedding anniversary June 24.

A son, Ernest, died last year after working in the family business, the only macaroni manufacturing firm in Oregon.

Surviving, besides Mrs. Scarpelli, are two daughters: Mrs. Teresa S. Olsen and Margherita Scarpelli; a sister in Italy, Mary; eight grandchildren and nine great-grandchildren.



Vincent Price

Creamette Spokesman

Actor Vincent Price has signed a three-year contract with The Creamette Company to serve as advertising spokesman for its line of pasta products.

Price, most widely known for his film roles, is also an actor in legitimate theater and a lecturer. During his worldwide travels, he became interested in recipes prepared at famous restaurants and has established himself as an authority on fine foods.

He and his wife, Mary, consequently wrote "A Treasury of Recipes," a gourmet cookbook that has sold more than half a million copies.

For The Creamette Company, Price will initially appear in three 30-second and four 10-second TV spots. The first television markets are Pittsburgh, St. Louis and Los Angeles.

Point-of-purchase materials utilizing Price are shelf talkers, banners and stack cards.

He will be pointing out the advantage Creamettes Brand Macaroni and Spaghetti has with the hard, lean wheat used in producing the pasta.

"We not only have a well-known

personality, but someone who knows a lot about foods," said L. Westerberg, vice president of The Creamette Company. "We're sure he will be very credible in representing us, and we know that our products justify his speaking for us."

The Creamette Company, founded in 1908, manufactures the most widely distributed pasta products in the world. It has three plants in the Minneapolis area and a fourth in Winnipeg, Canada.

GMA Officials

William O. Beers, chairman of Kraftco Corp., Chicago, was elected chairman of the board of Grocers Manufacturers of America, Inc., national trade association representing producers of food and non-food items sold in grocery stores. Thomas S. Carroll, president of Lever Brothers Co., New York, was elected vice-chairman. James L. Ferguson, chairman and president of General Foods Corp., White Plains, N.Y., was named treasurer, and R. Hal Dean, chairman and chief executive officer of the Ralston Purina Co., St. Louis, was named secretary.

Schmidt of FDA to Resign

Dr. Alexander Schmidt, Food and Drug Administration commissioner, will resign his post to return to academic life, FDA sources announced.

Dec. 1, Schmidt will become vice-chancellor, health services, at the University of Illinois.

Before Schmidt became head of FDA in April 1973, he was dean of the medical school at the same university.

An FDA spokesman said Schmidt's decision to resign had been "his own personal choice," and added, "he is more comfortable in academia. He never planned to stay in FDA beyond this Administration."

The secretary of the Health, Education and Welfare Department will appoint the next FDA commissioner.

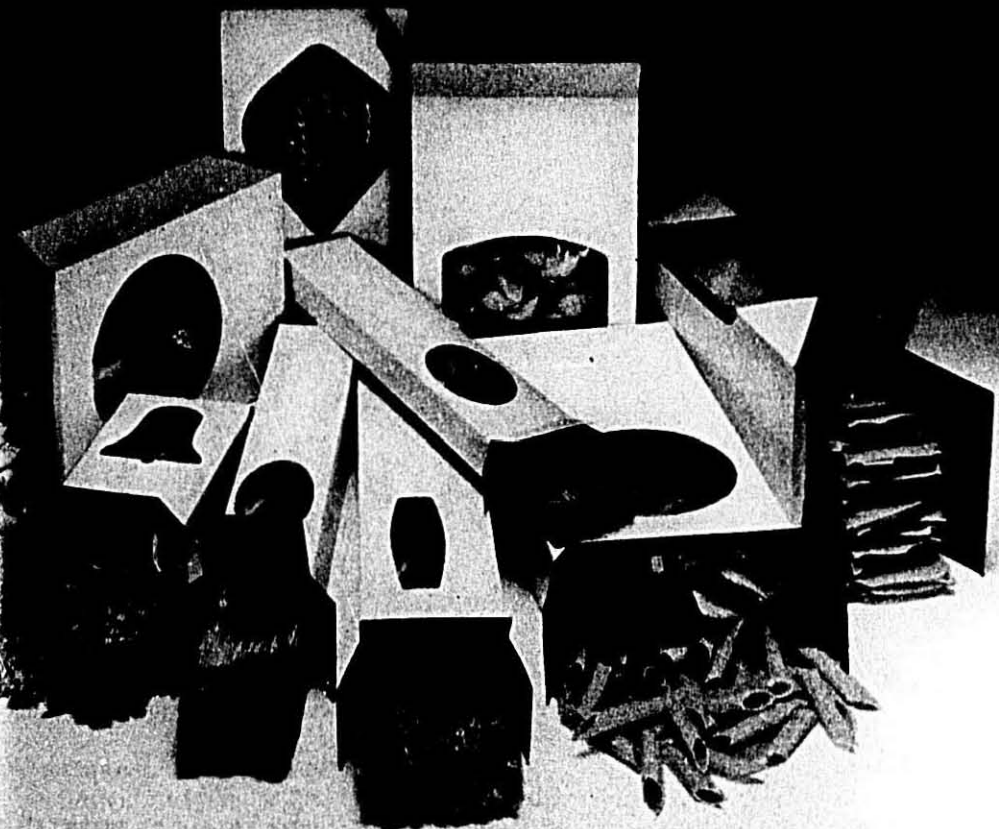
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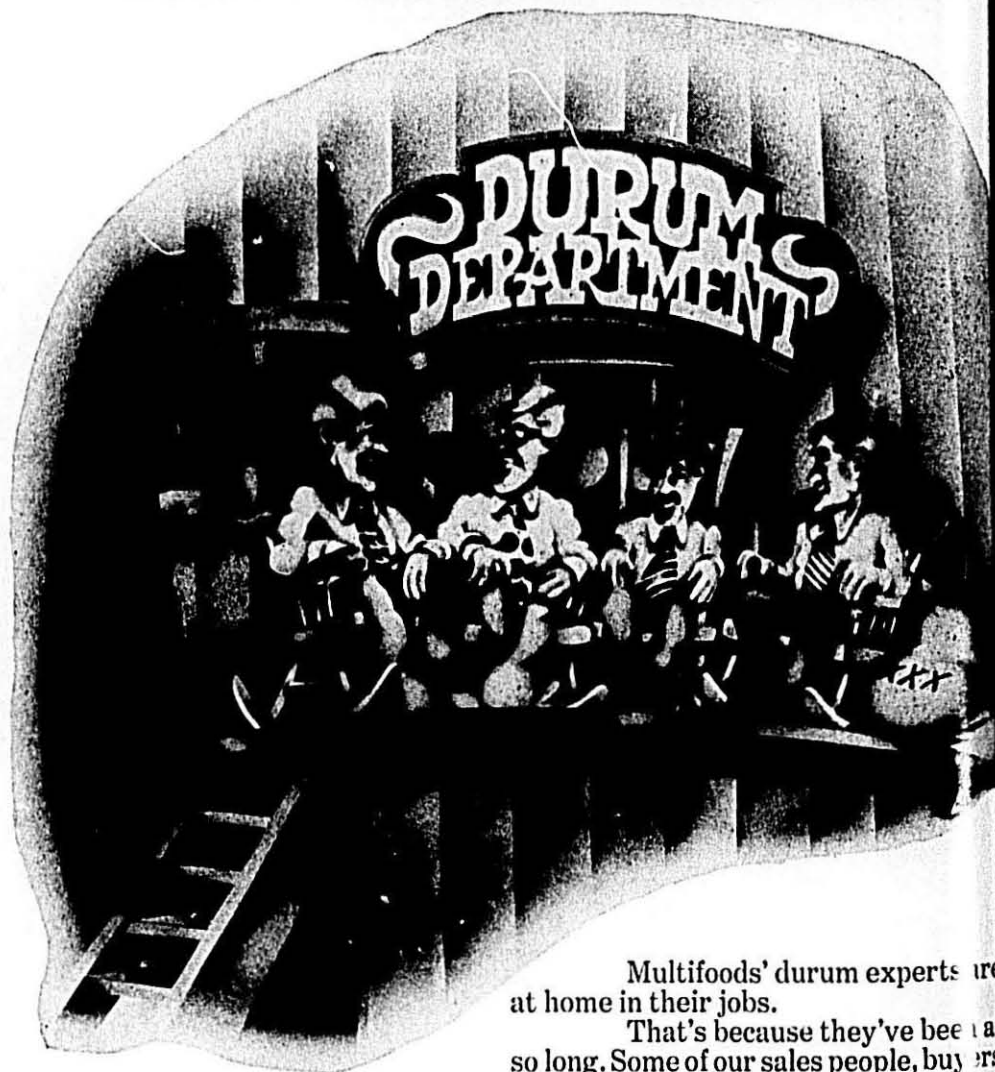
Copies of the bulletins are available free from any of the sponsoring organizations: Fibre Box Association, 224 South Michigan Avenue, Chicago, Ill. 60604; Packaging Machinery Manufacturers Institute, 2000 K Street N.W., Washington, D.C. 20006.

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