

**THE
MACARONI
JOURNAL**

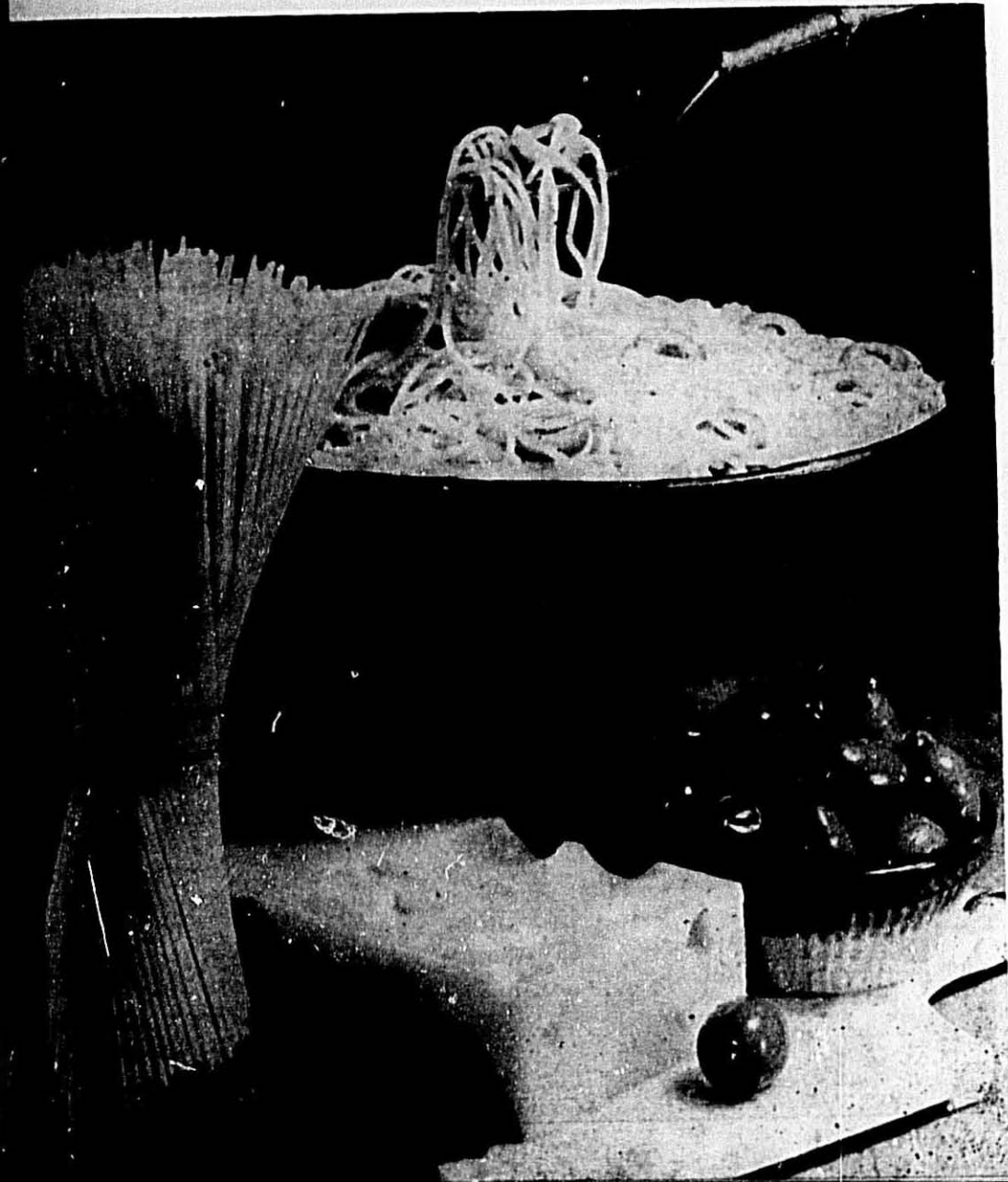
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Macaroni Journal

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JUNE, 1980



For The Survival of Small Business—Free Enterprise

Specifics of a broad legislative program Congress needs to enact in order to assure the survival of American small business formed the first item on the agenda of the 68th Annual Meeting of the Chamber of Commerce of the United States in Washington, D. C., April 28.

At a breakfast session Frank Morsani, chairman of the Chamber's Council on Small Business, provided the business audience with a summary of the Chamber's comprehensive Small Business Legislative Action Program. The Program embraces legislation the 96th Congress needs to enact this year, he said, as well as longer term measures essential to the health of the nation's small business community.

At the same time, he invited all the delegates who could to join with a group of the Chamber's small business leadership in visiting Congressmen and Senators on April 30, to impress on them the need for enacting the Program and to try to secure the elected officials' commitment for passage of the legislative package.

Morsani, a member of the Chamber Board of Directors, is president of Automotive Management Services, Inc., Tampa, Fla.

Legislative Proposals

Legislative proposals that form the "most urgent priorities" are both "mature in the legislative process" and "can be enacted by the 96th Congress," the Chamber program notes. These priorities embrace six broad categories, with one or more specific moves Congress needs to enact in each of the categories. The six are: (1) Budget reform; (2) Tax reform; (3) Regulatory reform; (4) Innovation; (5) Occupational Safety and Health Act (OSHA) reform, and (6) Economic policy.

Under budget reform, the Chamber Program calls for a reduction in outlays during Fiscal 1981, specifically by enacting H.R. 5371, the bill to limit spending in that fiscal year to 21 percent of gross national product (GNP) and to 20 percent of GNP in subsequent years.

As to tax reform, the business federation called for adoption of a simplified accelerated capital cost recovery system, the so called "10-5-3"

formula proposed in H.R. 4646 and S. 1435. Further action needed includes the reduction of individual and corporate tax rates; an improvement in the tax treatment of savers and investors, plus a revision of estate and gift tax laws to encourage continuity of small family-owned businesses and farms.

Regulatory reform measures need-

Regulatory Reform

ed, the Program continued, include enactment of legislation containing: (1) A Congressional veto of agency actions and regulations; (2) A two-tier proviso scaling regulations to the size of activity to be regulated or of those being regulated, the so-called "regulatory flexibility" feature; (3) "Sunset" provisions to assure periodic review of regulatory bodies' effectiveness and need; (4) Authorization for a small business to claim reimbursement for attorney and other expenses if it prevails in a suit against the government, and (5) Broader judicial review of regulatory actions.

Amending the Occupational Safety and Health Act by passage of S.2153 and H.R. 6692 is another of the program's "urgent priorities," as is enactment of S.1880 and H.R.5607, bills designed to foster and encourage further innovation by small business. The OSHA reform bills would exempt employers from routine safety inspections if they maintain a good safety record, and would waive first instance citations.

Economic Policy

In the field of economic policy, the Program calls for specific opposition to enactment of wage and price controls.

Continuing efforts will be pursued to assure that the needed reforms and changes in the laws are put in place, Morsani underscored. For, as the formal Action Program itself concluded, "Small business does not need examination of its problems; it needs effective legislation action. . . .

"By removing the obstacles hampering small business, Congress will also alleviate difficulties faced by Americans at large. Delay can have only one certain effect—the problems will become more damaging and the solution more difficult to achieve.

"The time to act for small business is now."

Profile of a Voter

What kind of Americans are most likely to vote?

The Bureau of the Census made an in-depth study of voters in the 1976 congressional elections and came up with these answers:

- Homeowners are twice as likely to vote as renters—59 percent and 29 percent, respectively.

- People who have lived in the same house for a long time vote more than those who have recently moved.

- Married couples with families are more likely to go to the polls than other relatives living in their households and twice as likely as nonrelatives.

- College graduates are more than twice as likely to vote as those who did not complete elementary school—64 percent and 29 percent, respectively.

- White-collar workers vote more than those in other occupation groups.
- People 65 years and over vote nearly three times as likely to vote (56 percent) as 18 to 20-year-olds (20 percent).

Employee Motivation Techniques

How to motivate employees has been studied for years. One factor continues to surface again and again as a prime motivator—a genuine pep on the back. Studies show that an employee will surpass his contemporaries for recognition via a trophy, certificate or plaque more so than for any monetary reward. Being recognized publicly among fellow workers will propel a person to excel far beyond the "little something extra in the pay envelope." According to Business Digest and Forecast, when considering taxes, FICA and other withholdings that cut into the paycheck, the employee will work much harder for the recognition than what's left over monetarily—and the employer invests less in the award.

N.M.M.A. Washington Meeting
Mayflower Hotel
September 18, 1980

THE MACARONI JOURNAL

Keynote Address by Jay VanAndel, Chairman of the Board Chamber of Commerce of the United States

The economic woes of America today are many. Interest rates have soared to levels unimaginable even a year ago. Productivity has stagnated to a zero rate of growth. Taxes spiral steeply upward as we witness this year the largest tax increase in our nation's history. Inflation eats at the vitals of our free society with ever hotter fires. American industries become increasingly obsolescent and unable to contend with foreign competitors. Energy costs continue ever upward, and political manipulation makes supplies increasingly uncertain.

Real growth of American family income has slowed to a crawl. Government spending goes higher and higher with no limits and seems out of control. Huge federal deficits persist year after year. Business staggers under a regulatory burden that has long ago failed cost-benefit tests. Prices rocket upwards, propelled by inflation and regulatory and energy costs. Savings and capital accumulation dip to historic lows under pressure of inflation and taxation.

The leaden weight of ever bigger government suppresses freedom and destroys incentive. Most American families now need two wage earners just to stay even. The great American dream—the promise of a better tomorrow of opportunity for all—diminishes the eyes of many as they are told we can have no further growth—as they are told that from now on we must all back our expectations—that from now on we must busy ourselves with what's left rather than creating more.

Yet all of this need not be. There is one common culprit behind all the economic horrors I just recited—it is government. Government in many years now has lost its moral authority—that has taxed and taxed and spent and spent—and regulated and regulated and inflated and inflated—until it is now sucking the very life out of our free society and our free enterprise system.

Free Enterprise

Free enterprise—capitalism if you wish—first came on the world scene only 200 years ago. Until that time,

for all the years of recorded history, human per capita output had hovered around \$200 per year. Free enterprise—coupled with its Siamese twin personal political freedom—changed all that. And it reached its zenith in America. The result has been the highest standard of living ever achieved in the history of the world, and the longest sustained and largest free society the world has ever seen.

The free enterprise system has helped us to be the best fed, best dressed, and best endowed people in the world. We have built tens of thousands of great schools, and provided our children with an education that even the most privileged few could not obtain 100 years ago. We have built thousands of great hospitals and conquered disease in a way beyond the wildest dreams of the medical practitioners of a century ago. We have built tens of thousands of churches and staffed them with dedicated people to minister to our spiritual needs. We have added fifty percent to our life expectancy; split the atom; planted our flag on the moon; created great literature, exciting architecture and enduring music.

We have built hundreds of thousands of miles of roads, and a fleet of a hundred million autos and trucks to transport us and our goods. We have crisscrossed the country with railroads, built fleets of jet airplanes and great airports to service them—invented the means of sending voices and music and pictures through the air to bring the world to our living rooms.

A hundred million buildings have been constructed to house us and to house the great factories that produce our wealth. Millions of acres of land have been cleared and the greatest agricultural production the world has ever seen has been created. Mines and wells and dams have been built, to provide the energy and raw materials to operate our great industrial machine.

But above all, the most important product of free enterprise is personal liberty. Political freedom is impossible without economic freedom. They are

Siamese twins. We have had the blessings of both.

The Free Market

The essence of free enterprise is the free market. It's the most democratic system in the world. People vote every day in the free market. When they buy your product, they vote for you. When they refuse to buy, they vote against you.

But free enterprise has enemies, despite its productivity. One of its worst enemies is overgrown government. When government inflates the currency, goes overboard on income redistribution, tries to regulate the marketplace, and to manage business, it fails despite good intentions. The American government has so failed. We must now restore freedom to the marketplace and fiscal responsibility to government.

We live in a time of great crises in our country and in the world. But unless we conquer the economic crisis in America, we will be unable to meet the other serious challenges of this world.

Like Paul Revere

As your chairman, I have crisscrossed the country this last year with a message that has reached millions. I have been likened to an economic Paul Revere. My message has been one of alarm and hope. Like Paul Revere, I have called attention to the danger and called citizens to action. Because finally, the government is us. And if government has run amok, then it is we, the people, who will have to put it back on course.

I have warned that inflation will not only destroy the economic fabric of America, but will destroy our free society. Ultimately, inflation always results in economic collapse, political chaos, and a desperate turn to authoritarian government. Democracy cannot survive inflation.

I have warned that the federal government causes inflation—specifically the Congress with deficit spending and monetized debt. A stable money supply is fundamental to a stable government. We have had zero inflation in the past—as recently as 1955—

(Continued on page 8)

Len DeFrancisci says: The important thing to know about our "conventional" Demaco macaroni driers is that they're not so conventional any more.

Some people have recently been making a big thing about a "new" technology for drying pasta (with microwaves, to be specific), and comparing it to the "conventional" way — our way — to their benefit, of course.

Well, we'd like to say a few things about our way of drying pasta, and when we're finished, you can make your own comparison.

To begin with,

our way of drying pasta has been getting less and less "conventional" for quite some time.

True, we still use pipes filled with hot water to heat the air which dries the pasta.

But we've been developing better and better ways to insulate and seal our driers so that less heat is lost.

Better instrumentation and better air exchange techniques make it easier to maintain the optimum drying conditions inside the drier.

Only 338 BTUs per pound!

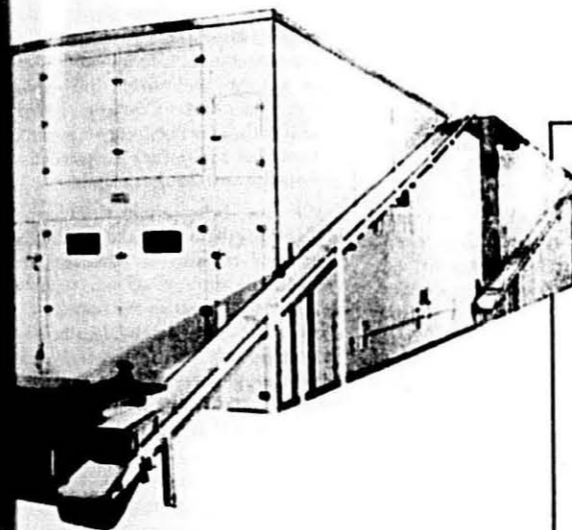
What all this has been doing has been making our driers constantly more energy-efficient. And this has been going on for a long time. We measured how much heat it took to dry pasta in our driers, which were designed and built five years ago, and it came to only 338 BTUs per pound, which is comparable to the new technology drier. And since then, what with all the new insulating materials and technologies that have become available, such as improved sealing, improved air exchange techniques and higher drying temperatures, we're quite confident we've reduced that figure by at least a third. When we make our next test, which we plan to do with our latest model now going on the market, we fully expect it to use less than 200 BTUs per pound.

We believe in "gentle" drying.

By gentle drying we mean the entire process — which takes into account the normal production problems inherent in any macaroni run. Our process has been perfected to the point where we now achieve a 98% efficiency rate, which means that 98% of the product coming out of our drier can be packaged and sent to stores around the country. That's about as free of waste as you can get.

We're convinced — and almost 70 years experience making equipment for pasta-makers backs us up — that you have to be gentle with pasta to get the best results.

One other point about Demaco driers: you can use them to dry any kind of short goods. Absolutely any kind. Without exception.



Low costs, right from the start.

When you make your comparison between ours and theirs, be sure to include costs, and that means both initial costs and maintenance costs.

About initial costs, all we want to say here is, give us a call and we think you'll be pleasantly surprised.

As for maintenance costs, well, if you've ever had any dealings with us you know that our basic design philosophy is based on the word "simple". That means every part of everything we make is straightforward and uncomplicated — and built to last. Every part is easy to get to, for cleaning and repairing. If you need a replacement part, all you have to do is pick up the phone, and it will be on its way to you the same day. And there are no major high-cost parts (like magnetron tubes) in our driers. So we can say with confidence that our maintenance costs are lower than anybody else's.

We welcome comparison.

If you'd like to start your comparison between ours and theirs by getting more information about Demaco driers, please don't hesitate to call us.

DEMACO

DEFRANCISCI MACHINE CORP.
260 Wallabout St. Brooklyn, NY 11206.
212-963-6000. TWX: 710-584-2449.
Cable: DEMACOMAC NY.
Western Rep: Hoskins Co.,
Box F, Libertyville, IL 60088. 312-362-1031.

Keynote Address

(Continued from page 5)

and we must insist upon a return to zero inflation.

The road to that goal is sharply reduced government spending, sharply reduced taxes, and balanced government budgets — coupled with constitutional limits on spending and taxation.

I have warned against trying to cure inflation with the fool's gold of wage and price controls. Controls result in shortages, black markets, police state enforcement, and eventual explosion. They deal with the symptoms — not causes. Politicians have tried them throughout 4000 years of recorded history, and they have always failed.

And I have warned that voluntary guidelines are window dressing — a diversion to create the impression that in some way business and labor are the causes of inflation, instead of the victims as they truly are.

I have warned that we have taken the wrong road to plentiful energy. Government intrusion in the energy business has caused lower supplies and higher costs. To make America independent of the rest of the world in energy is a necessary and realizable goal. But we won't get there by taxing oil companies, regulating nuclear power into oblivion, designing Detroit's automobiles in Washington, controlling energy prices at artificial levels, prohibiting the building of refineries, demanding unrealistic and unnecessary pollution controls, and spending \$10 billion of the taxpayers' money annually on an energy department that has yet to produce a barrel of oil. Let's get the government out of energy, and private enterprise back in.

I have warned that our senseless system of taxation has sapped our incentives, reduced productivity to a frightening zero growth rate, saddled our industry with obsolescent, non-competitive plants and equipment and created an army of tax collectors who pry into our personal and business lives with increasing arrogance. Inflation creep drives American wage earners into higher and higher tax brackets without a real wage increase to offset it. Increasingly, taxation is

used to attain social goals rather than to collect revenue.

Taxes need to be sharply reduced, and the system of taxation greatly simplified. The bias toward consumption must be removed. The power to tax is truly the power to destroy, and Americans must regain control of that power at all levels of government.

Problems Still Here

And so, you see, the problems I addressed in my remarks here last May are still with us. The leadership in Washington has failed to accept most of our recommendations. Yet, everywhere I traveled this last year, editors, reporters and audiences of every description listened intently to our message. They accepted our programs as more in keeping with the traditions and objectives of this Republic than the programs and promises offered by our political leaders in power.

News reports of my speeches were comprehensive and objective, and editorials in city after city endorsed the positions we advocate. Over 25 million people heard, saw, or read my message.

It is for these reasons that, as I conclude my year as your chairman — and despite all of the disappointments we have experienced as an organization and as a nation — I am convinced that there is a consensus among the people of this nation . . . among working men and women, among business people, among opinion leaders . . . that the solutions to America's economic problems are those that we have been proposing. I believe that there is also a realization among Americans that representative government demands their involvement, that it requires intensive participation by all citizens.

Further, it is obvious to me that the people are ahead of their leaders. The people recognize the problems, but more important, they know the solutions, and they realize that present government policy does not embody those solutions.

But even more important, a majority of Americans now realize that inflation, bloated big government, energy shortages, high taxes, low productivity, and high prices have been created by government and specified

by the past actions or inactions of the Congress, aided and abetted by the executive branch from time to time. They now realize that if we are going to bring about change in programs and policies, we need some changes in Congress.

It is Congress that must reduce spending, stop inflating, reduce taxes, reduce regulation, free up energy, balance budgets and shrink the size of government. Only Congress can do this. But there is not today a majority in Congress with either the conviction or courage to bite these bullets.

We must bring about the changes in Congress that will make the present dangerous majority a minority. The very future survival of our republic depends on it. And so the opportunity races which have been identified by the Chamber's political action committee point out to us the course of action we must take if we want free enterprise and freedom to survive in America.

Country Is With Us

So the message I bring you from across our land today is that the country is with us. People everywhere share our goal to perpetuate free government in America. They know it can be lost and they are searching for the leadership to prevent further erosion of that freedom. The Chamber of Commerce of the United States has the program and the means by which to achieve our common goal . . . to provide the leadership, to enlist public support, to move elected officials in the proper direction.

The U.S. Chamber, through its member companies and affiliated organizations, represents some five million Americans — a powerful force for change in the 1980s. We have the means to communicate our ideas . . . *Nation's Business*; our new weekly business newspaper, *Washington Report*; the nationally syndicated television program, "It's Your Business"; and Chamber broadcast and editorial materials which reach millions through radio and newspapers each week.

But our most important resource — and the most important resource the nation possesses — is you . . . and millions like you in cities, towns, and rural areas all over our country . . . sym-

bol of the continuing promise of America . . . the manifestation of the dreams of generations past, to whom this land offered hope, opportunity and reward.

This country was founded by those who wanted more . . . they yearned for greater opportunity and more personal freedom. They left England with a determination to attain it here. Later, they rebelled against the Mother country because even after escaping the geographical confines of England, they had still not achieved the economic and personal freedom they sought.

And so the last 200 years have been years in which free Americans have enjoyed the opportunity to live and prosper in a free enterprise environment. The result has been the miracle of America — the one place that all the oppressed millions of the world still dream of entering one day.

Now some may be critical that production of material wealth should not be a major goal in life. But only when a nation produces surplus wealth is it possible to develop all the other aspects of the good life — better education — better health — more leisure — cultural activities — music — art — literature — churches — schools and hospitals. All these depend on surplus wealth. Without it, we fall back to a primitive existence.

The free enterprise system is the best wealth production system the world has ever known. Even the poor in a free economy have more than the rich in other systems. A rising tide does raise all boats, large and small. But — most important of all — free enterprise makes possible that priceless possession — personal freedom.

What About the Future?

But what of the promise for today's young people and for future generations? Some say we cannot expect to continue to grow and to create a better tomorrow. They say we are running out of resources. They argue that we must turn back the clock, lower our sights, and reduce our standard of living. They say we have reached the limits to our growth. They are wrong — totally, dismally wrong.

To them I offer these words, attributed to Abraham Lincoln:

"You cannot bring about prosperity by discouraging thrift,

You cannot strengthen the weak by weakening the strong.

You cannot help the wage-earner by pulling down the wage payer.

You cannot further the brotherhood of man by encouraging class hatred.

You cannot help the poor by destroying the rich.

You cannot build character and courage by taking away initiative and independence.

You cannot help people by doing for them what they could and should do for themselves."

This nation has deviated from its course before and we have always found the way to return to our proper heading. We can do so now. During the past ten to twenty years, we have overburdened our economic capacity through unwise, if well-intentioned actions. Having recognized the mistakes, it's time to rectify them.

The Challenge

Each step in our lives presents a new challenge. Today, the challenge is to restore that which has given us the ability to achieve greatness — personal and economic freedom . . . free enterprise and with it a rejuvenated production capacity.

If the people I have met during this year are representative of most Americans — and I believe they are — the time is right for a return to the principles upon which this country was founded. The nation seeks leadership to move in that direction. We of the business community must respond.

I shall close with the same words I have used throughout the nation this past year — because they are even more appropriate today.

It is a human characteristic that we take for granted resources as precious as freedom . . . until it is too late. Benjamin Franklin said:

"When the well is dry, we know the wealth of water."

We must not wait until the well is dry of our personal and economic freedoms. We must continue to work as leaders of American business, to preserve our free enterprise systems and its Siamese twin — personal liberty. There is no greater inspiration to do so than that contained in the

words of Winston Churchill as he spoke of another compelling challenge at the onset of World War II:

"Still if you will not fight when you can easily win without bloodshed, if you will not fight when your victory can be sure and not too costly, you may come to the moment when you will HAVE to fight with all the odds against you and you have only a precarious chance of survival. There may even be a worse case; you may have to fight when there is no hope of victory because it is better to perish than to live as slaves."

Begin Again

During those long ago dark days when Washington's men were freezing at Valley Forge, Tom Payne told his fellow citizens "we have it in our power to begin the world over again." We today have that same power. We can begin our world over again or take the chance that perhaps one day if we don't we will have to face our children or our children's children when they ask us where we were and what we were doing on the day that freedom was lost in America.

I leave you this challenge:

One man awake,

Can awaken another.

The second can waken his next door brother.

Surplus to Shortage Seen in Ten Years

While world food supplies are ample today, serious shortages may follow in ten or 15 years, warns the Organization for Economic Cooperation and Development.

The techniques that dramatically improved agricultural productivity in recent years have run their course, the Paris-based 24-nation group says. "Unless there are further major breakthroughs . . . it will be difficult to produce all the food that will be needed in coming decades."

The near-term outlook, however, is quite different. Experts foresee five to seven years of surpluses, which, they fear, may lull governments and farmers into reducing productive capacity that will be badly needed later.

PROGRAM

76TH ANNUAL MEETING
National Macaroni
Manufacturers Association
Wentworth-by-the-Sea
Portsmouth, New Hampshire



Wentworth-by-the-Sea, Portsmouth, New Hampshire

WEDNESDAY, JUNE 25

- 3:00 p.m. Board of Directors Meeting—Clipper Room
 7:00 p.m. Reception—Ball Room
 8:00 p.m. Dinner—Main Dining Room
 Address by President Paul Vermylen

THURSDAY, JUNE 26

- Business Session—Ball Room
 9:00 a.m. **The Economic Outlook**—
 Ross B. Kenzie, President
 Buffalo Savings Bank, Buffalo, NY
 10:00 a.m. **The Energy Situation**—
 Ronald D. McMullen, Eastern Regional
 V.P.—Amoco Oil Co., Baltimore, MD
 11:00 a.m. **The Political Scene**—
 John Sheehan, Director of Political
 Affairs, U.S. Chamber of Commerce,
 Washington, D.C.
 12:00 noon National Affairs Committee Luncheon
 1:30 p.m. Departure for Strawberry Bank,
 Viking Cruise
 6:00 p.m. Suppliers' Social and Clambake
 On the shore—Casual clothes
 9:00 p.m. Dancing at Avenida

FRIDAY, JUNE 27

- Business Session—Ball Room
 9:00 a.m. Progressive Grocers' Report on the
 Grocery Industry
 9:30 a.m. Consultant William A. Henry
 moderates a panel discussion with
 Kenneth G. Abrahams, President,
 Food Marts, Holyoke, MA;
 David B. Jenkins, President, Shaw's
 Supermarkets, Brockton, MA;
 Gerald P. Linsner, V.P. Sales and
 Merchandising, Peter J. Schmitt,
 Buffalo, NY
 11:00 a.m. Product Promotion Report
 Elinor Ehrman, Burson-Marsteller

FRIDAY, JUNE 27—(Continued)

- 12:00 noon Product Promotion Committee
 Luncheon
 2:00 p.m. Tennis Mixer at the tennis courts
 6:30 p.m. Suppliers' Social—Ball Room
 7:30 p.m. Dinner—Main Dining Room
 9:00 p.m. Italian Serenaders in the Ship

SATURDAY, JUNE 28—Ball Room

- 9:00 a.m. Seminar on Strategic Planning
 conducted by Professor George Odiorne,
 University of Massachusetts, Amherst
 12:00 noon Board of Directors Organizational
 Luncheon
 6:30 p.m. Suppliers' Social
 7:30 p.m. Dinner—Main Dining Room
 Dancing in the Ship

SUNDAY, JUNE 29—Clipper Room

- 9:00 a.m. Board of Directors Meet
Golf Tournament score can be turned in
 Wednesday, Thursday, or Friday. Score
 card stamped by Pro before starting.
 You may be in a twosome, threesome
 or foursome for attesting scores. No
 husband-wife combinations
 Green fees \$11—Carts \$12.
 Prize pool \$5
Tennis Mixer—2:00 p.m. Friday
 Mixed doubles: change partners after
 each round
 Prize pool \$5.00
 Convention Registration: \$100
 Non-members: \$200
 No fee for wives and children
 Wives are invited to all sessions

About the Speakers

Ross B. Kenzie is a native of Prattsburg, New York. He received his degree from West Point in 1953 and served as a lieutenant in the Army for four years.

He was with Merrill Lynch from 1957 until 1979 having been Manager of the Akron office in 1964, Cleveland in 1968 and Metropolitan Regional Director in 1973 covering New Jersey Connecticut and Metropolitan New York.

He came to Buffalo Savings Bank in August 1979 as President and Chief Operating Officer and was elected to the Bank's Board of Trustees.

He and his wife Langly have one daughter.

Ronald D. McMullen is regional vice president of Amoco Oil Company's Eastern Region headquarters in Baltimore, Maryland. He directs marketing and distribution of petroleum products in 15 states from Maine to Virginia.

A native of Pekin, Illinois, and a graduate of the University of Illinois, McMullen joined Amoco in 1950 as a sales trainee. During his thirty year career he has advanced through various marketing positions. He came to Baltimore in 1972 as director of marketing and was appointed regional vice president in 1978.

Mr. McMullen is a naval veteran of World War II and Korea. He and his wife Norma have one daughter.

John Thomas Sheehan is a graduate of Western New England College in Springfield, Massachusetts and presently serves as Director of Political Affairs, Chamber of Commerce of the U. S. in Washington, D.C. He has participated in numerous leadership development programs and has served as lecturer in small business management at Western New England College. Mr. Sheehan has served as Chairman of the Springfield Democratic

City Committee, Vice Chairman Hampden County Democratic Committee and Advisor, Massachusetts Young Democrats. He also served as President of the East Forest Park Civic Association, and Director of the East Longmeadow Jaycees.

The Grocers' Panel will be moderated by William A. Henry, consultant of Omaha, Nebraska, president for the past ten years of Skinner Macaroni Company.

Panelists will include:

Kenneth G. Abrahams, President, Food Marts, Holyoke, Massachusetts; **David B. Jenkins**, President, Shaw's Supermarkets, Brockton, Mass.; **Gerald P. Linsner**, Vice President of Sales and Merchandising, Peter J. Schmitt, Buffalo, New York.

Eleanor Ehrman, senior Vice President, Burson Marsteller, has been in charge of women's activities of the New York office of the public relations firm that was originally known as Theodore R. Sills, Inc. She has supervised the macaroni account for many years.

Dr. George S. Odiorne is Professor of Management of Business Administration at the University of Massachusetts at Amherst. Prior to joining the staff of the University of Massachusetts, he was Dean of the College of Business and Professor of Management at the University of Utah for five years. Previously he was Director of the Bureau of Industrial Relations at the University of Michigan for ten years. He has taught management and economics at Rutgers and New York Universities.

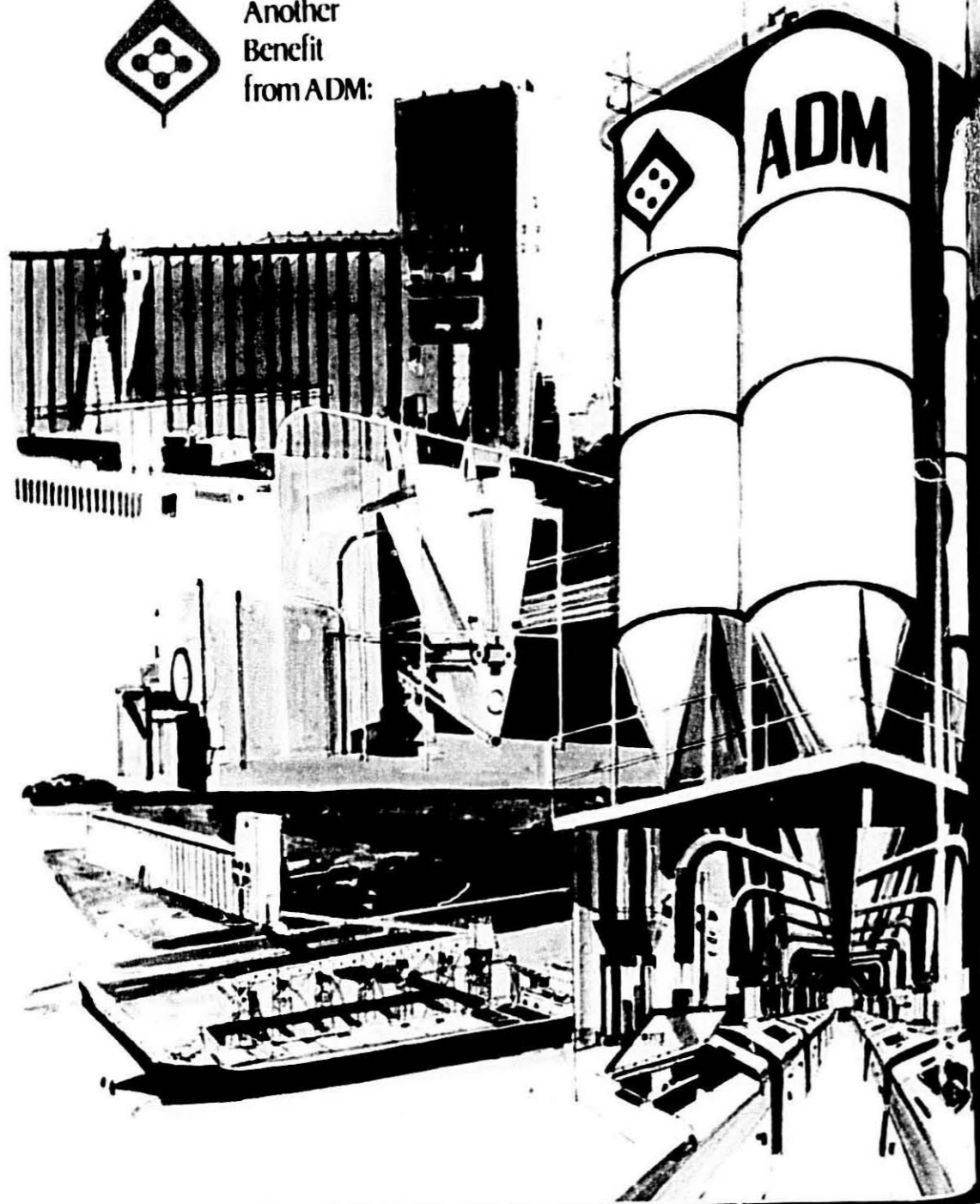
His business experience has included associations with General Mills, American Management Association, and American Can Company. He has served as a consultant to major American corporations.

He is the author of ten books and over one hundred articles on management and managerial leadership.

ADM's 14 milling centers provide quicker, better service— assure total quality control.



Another
Benefit
from ADM:



ADM only believes that a milling company should be in a position to provide customers with fast, convenient service.

That's why there are now fourteen ADM milling centers in ten states. Each milling center is strategically located to serve ADM customers better—providing distinct, unique professional advantages in quality, service, and delivery.

For example:

There's probably an ADM milling center not too far from you — and that means you have quick access to consultation, professional product testing, and custom blending.



And, since ADM is probably closer than many other sources, you can count on prompt delivery and the availability of emergency supplies.

ADM's wide-spread milling center network is backed up by four huge flour terminals which provide storage capacity, thereby assuring year-around delivery of the products you need.

In these respects — and in many others — ADM Milling Company is unique in the market.

But all you really have to remember is that ADM assumes total responsibility for and maintains total control of — the quality and availability of its products.

And that's a definite advantage to you.



ADM Milling — supplying Breadwinners since 1902.

ADM MILLING CO.

4550 W. 109th Street • Shawnee Mission, Kansas 66211 • Phone (913) 381-7400

ADM also supplies quality baker's shortening, corn sweeteners, soy protein and vital wheat gluten for the baking industry.

COMMENTS ON LABELING
The Following Brief Was Filed April 19

Hearing Clerk
(HFA-305) Food and Drug
Administration
Room 4-65
5600 Fishers Lane
Rockville, Maryland 20857

Re: Food Labeling; Tentative Positions of Agencies; (Docket No. 78N-0158). 44 Fed. Reg. 75990 (December 21, 1979)

The National Macaroni Manufacturers Association, Inc. (NMMA) hereby submits these comments with respect to the food label "blueprint" published by the Food and Drug Administration in conjunction with the Federal Trade Commission and the United States Department of Agriculture on December 21, 1979. NMMA is the trade association of the nation's leading manufacturers of macaroni products.

NMMA has examined the agencies' "blueprint" and finds it to represent a most ambitious endeavor by the agencies. NMMA cautions that the significant regulatory and legislative initiatives contemplated by the "blueprint" would carry with them substantial costs to be occasioned by food manufacturers and of necessity, to be passed on to consumers. Although several of the anticipated revisions in food labeling regulations might prove to be beneficial to consumers, it is important that such revisions be accomplished slowly and carefully so as to minimize costs, confusion and technological difficulties. This is especially important since FDA's own consumer labeling survey demonstrated that a distinct minority of consumers are dissatisfied with current labeling practices and few are willing to pay the price for the kinds of changes in labeling that the agencies are considering.

NMMA will not comment upon all of the issues that the agencies have under consideration but will await publication of specific regulatory proposals upon which the Association will comment, where appropriate. In this regard, the Association endorses, in principle, the comments originally

offered with respect to these issues by the Grocery Manufacturers of America, Inc. (GMA) in November, 1978. NMMA will briefly address three issues of particular interest to the macaroni industry — percentage ingredient labeling, open date labeling and nutrition labeling — and will emphasize one issue of greatest concern to the industry — imitation labeling.

1. Percentage Ingredient Labeling

NMMA believes that, at least for most food products, not only is percentage ingredient labeling unnecessary, but it is technically infeasible, often misleading, and potentially extremely expensive.

It is important to note that, where the listing of the percentage ingredient composition of a particular food product would clarify potentially misleading information or appearances, or where the proportion of a particular ingredient or component in a food has a material bearing on price or consumer acceptance of the food, current FDA regulations already require percentage declaration. In addition, and of particular relevance to the macaroni industry, several food standards of identity already prescribe specific mandatory amounts of basic ingredients. Therefore, consumers are assured that such standardized products — assuming that the products comply with the prescribed standard of identity — contain non-varying amounts of characterizing ingredients. For instance, FDA regulations require that noodle products contain a minimum of 5.5 percent egg solids on a dry basis. So long as FDA enforces these standards of identity, percentage declaration of characterizing ingredients in such foods is unnecessary.

Percentage ingredient labeling is technically infeasible for most foods because, among other things, a food manufacturer must be able to modify a product's formulation in order to respond to natural variations in raw materials, while still producing a uniform product. Percentage ingredient labeling would severely inhibit the manufacturer in making such formulation modifications. Therefore, consumers would either have to pay high-

er prices at times when certain ingredients become less readily available or, at certain times of the year and depending upon the region in which a product's raw materials are produced, consumers might have to accept non-uniform products. Further, current food technology does not permit the kind of analysis of a finished food product that would be necessary in order to arrive at appropriate percentage weight declarations.

Percentage ingredient labeling is also potentially misleading as it suggests to consumers that the percentages or amounts of a particular ingredient in a food product are reflective of the product's quality. Indeed, what is far more important than quantities in making quality determinations with regard to different products are factors such as nutritional value and palatability. In many cases, smaller quantities of particular ingredients result in more palatable food products than would large quantities of the same ingredient, even though percentage ingredient labeling may lead consumers to believe that more means better.

Finally, the analyses, labeling changes and food formulation inhibitions to be occasioned by percentage ingredient labeling makes such labeling extremely expensive for most food products.

Therefore, NMMA could not support mandatory percentage ingredient labeling.

2. Open Date Labeling

NMMA believes that open date labeling is appropriate for foods with relatively short shelf lives (e.g. less than 60 days). However, for products such as macaroni products, that have a shelf stability of virtually indefinite duration, assuming they are stored, handled, and distributed without unnecessary abuse, open date labeling can be both misleading and expensive. Therefore, NMMA would not support mandatory open date labeling for such non-perishable food products.

An open date might provide a useful guide for estimating potential freshness of perishable foods since such foods are likely to deteriorate in terms of taste, aroma, flavor, texture, and nutritional value relatively rapidly.

(Continued on page 16)



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Comments on Labeling

(Continued from page 16)

ly. However, food preservation technology has a primary goal the production of a relatively stable product that does not decline in such quality factors except extremely slowly — so slowly that such deterioration cannot even be predicted in a meaningful fashion.

Further, for non-perishables, storage and handling conditions have far greater influence on shelf stability than does time. For instance, a macaroni product that is stored in a relatively cool, dry environment will remain fresh for a virtually indefinite period of time. A food manufacturer, unable to predict storage and handling variables, would have great difficulty in arriving at a meaningful open date.

While open date labeling for non-perishable food products is not meaningful, it is still expensive. The costs of such open date labeling include costs of analyses, labeling changes and destruction of outdated, but still fresh and wholesome food. Once again, consumers would be forced to pay this price in return for which they receive valueless information.

Therefore, NMMA would not support open date labeling for non-perishable food products.

3. Nutrition Labeling

NMMA supports current law and regulations regarding labeling of nutrition information. In this regard, NMMA believes that where nutrients are added to a product or where a nutritional claim is made for a product, nutrition information should be provided. In this regard, since most macaroni products are made with enriched wheat flour, most macaroni products bear nutrition labeling.

With respect to the format for providing of nutrition information, NMMA would urge that the current format continue to be utilized until FDA has acquired sufficient data to demonstrate that an alternate format would be useful to and used by consumers. In addition, NMMA would not support any additional nutrition labeling, or any modification of the current format, until the Agency has embarked upon an adequate consumer educa-

tion program designed to teach consumers how to use the nutrition information for which they are already paying.

Specifically with respect to the Agency's considering requiring nutrition labels to bear statements of a food product's sodium content, NMMA urges that, if sodium content declaration is to be required, it only be required for those foods in which salt or a sodium compound is an added ingredient. In this regard, sodium is not added in the manufacture of macaroni products. However, sodium is a natural constituent in some of the raw materials used to manufacture macaroni.

Unfortunately, sodium content varies depending upon the water quality used in the manufacture of the product. Sodium content of water varies depending upon the region from which the water source is derived. Therefore, macaroni products manufactured in different parts of the country will necessarily have different sodium contents. Many food manufacturers have plants in several regions of the country. Therefore, the sodium contents of their products will not likely be uniform. As a result, different labels would likely be required for the same company's products depending upon the part of the country in which each product was manufactured. Obviously, consumers would be paying for this unfortunate quirk of nature, if the declaration of sodium content were required for macaroni products.

4. Imitation Labeling

NMMA supports FDA's current policy regarding the labeling of imitation foods. If a food imitates, resembles or otherwise purports to be, in labeling or in advertising, a food for which FDA has established a standard of identity, and such "imitation" food does not comply with the subject standard of identity, that food should be designated as an "imitation" food. NMMA does not object to the use of a "fanciful" name for an "imitation" food that is nutritionally equivalent or superior to the food that it imitates. However, where a "fanciful" name is used, such "fanciful" name should be in no way similar to the name of the standardized food. Moreover, under no circumstances should such "imita-

tion" food, regardless of its "nutritional equivalence", be permitted to bear, in its trade name, the name established for the standardized food.

The "standard of identity" concept represents an extremely important consumer protection device. This concept has served well to protect consumers from the debasement of traditional foods for decades. Perhaps more importantly, this concept has provided consumers with some guarantee that, if a food product bears the name set forth in a standard of identity, that food must meet certain criteria. Of course, as food standards of identity have been amended to permit the use of various optional ingredients, manufacturers of standardized foods have not had to strictly adhere to specific formulations. The flexibility afforded by the "optional" ingredient approach is a necessary flexibility that encourages — and does not inhibit — food product innovation. Such flexibility is extremely important, enabling the production of new foods and the use of newly developing ingredients. This approach, moreover, is compatible with the concept of "standards of identity" and FDA's prevailing "imitation" labeling policy.

However, FDA's "imitation" labeling policy and the "standards of identity" concept are only viable if FDA regulations promulgated to implement these policies are complied with by the food industry and enforced by FDA. In this regard, FDA has ignored its own standard of identity for noodle products — which has been in existence for more than thirty years — by permitting so-called "oriental noodles", a product that clearly fails to comply with the standard of identity for noodles, to use the word "noodles" in the names declared on the labels of these products. Instead, "imitation noodles" should be labeled as "imitation noodles." Since these products are nutritionally inferior to standardized noodle products, even the use of a "fanciful" name including the term "noodles" would be inappropriate. However, at least the use of a "fanciful" name not including the term "noodles" would not mislead consumers to believe that "oriental noodles" and standardized noodles are comparable products.

If, as some "oriental noodle" manufacturers have asserted, "oriental nood-

les" are not imitations of real noodles but are entirely different products, then, at the very least, FDA and the FTC should insist that the word "oriental" appear in the trade name of every "oriental noodle" product that currently includes the term "noodles" in the trade names of products the manufacturers of which concede — indeed, insist — are not "noodles."

Before the Agency moves forward to modify its current labeling requirements and to request from the United States Congress expanded labeling authority, the Agency should enforce its current regulations. Until this is done, NMMA is not inclined to support the Agency in its quest for any new authority.

NMMA appreciates this opportunity to comment and, hereby, offers to assist the Agency in any way it can as the Agency considers current regulations and anticipates potentially new regulations affecting the labeling of noodle and other macaroni products.

Sincerely,

Leighton Conklin Lemov
and Jacobs
Gary J. Kushner
Counsel to the National Macaroni Manufacturers
Association, Inc.

"Oriental Noodle" Petition Denied

On April 16 Counselor Gary Kushner received a letter from the Food and Drug Administration responding to the NMMA citizen's Petition regarding the labeling of oriental noodles. The Agency denied the petition on the following grounds:

1. FDA considers "oriental noodles" to be an entirely different product than standardized noodles, and, therefore, does not consider "oriental noodles" to be subject to the noodle standard of identity;
2. FDA considers "oriental noodles" to be a common or usual name for this distinct food product as that name has been established by common usage for more than 30 years;
3. FDA is not convinced that consumers are being misled to believe that "oriental noodles" are standardized noodles as the Agency has received no consumer complaints to this

effect nor has the Agency received any "hard" evidence of consumer deception.

Despite the denial there are positive results from our work.

First, from the publicity that this cause has generated, we have brought to the attention of FDA, the FTC, and consumers the fact that so-called "oriental noodles" are not "the real thing." In particular, we have explained that "oriental noodles" are nutritionally inferior to standardized noodle products.

Also, we have successfully enlisted the aid of "oriental noodle" manufacturers themselves through the formation of their trade association, the National Association of Manufacturers and Distributors of Oriental Noodles (NAMDON) in policing the marketplace and insisting upon compliance with FDA's labeling requirements for "oriental noodles." Apparently, NAMDON has taken this matter seriously and has actively urged its members to comply with the law, as it is currently written.

Finally, and perhaps of greatest importance, the "oriental noodle" cause has significantly increased NMMA's prestige and visibility in Washington, an accomplishment that cannot be overstated as it represents a most positive investment upon which the Association will be able to rely when it seeks to resolve future concerns of the macaroni industry.

Instead of considering the FDA denial the "final word" in this matter, the "oriental noodle" situation should be reasserted at every opportunity. We should continue to monitor the marketplace and bring to FDA's attention those products that do not comply with the Agency's current compliance guidelines. Finally, we should continue to try to convince FDA and/or FTC to require that the trade names of "oriental noodles" also include the qualifying terminology required by FDA's compliance guideline.

In commenting on the recent action Food Chemical News states that the FDA Associate Commissioner for Regulatory Affairs has written NAMDON cautioning them as follows: "Continued noncompliance with Guide 7102.02 may result in increased consumer deception to a degree which could necessitate the FDA significantly alter its policy with respect to ap-

propriate labeling for 'oriental style' noodles."

Oriental Noodle Market Goes Flat

Advertising Age reports oriental noodles appear to have reached a new bend, one that several marketers think will lead to a new growth by "Americanization" of the category.

At the same time, the market for oriental instant noodles — in the oriental style that first brought them attention — is continuing to grow with new entries.

"Americanization" is showing up in the appearance of wider, flatter noodles and meat-based sauces. Grand Imperial's Take Five instant noodles started the trend among oriental noodle makers based in Los Angeles, and Nissin Foods picked it up with new Hearty Cup O Noodles coming in several new flavors, including minestrone, and uses wide noodles instead of traditionally thin, oriental-style noodles. Ads via Dentsu play up the change.

Kraft's Miracle instant noodle dishes in a cup, being tested in Denver, not only use the flatter noodle but Kraft makes no mention of an oriental heritage. Varieties include macaroni and cheese and brown gravy and mushrooms. Nestle's Lunchtime reportedly is undergoing new testing in North-west markets.

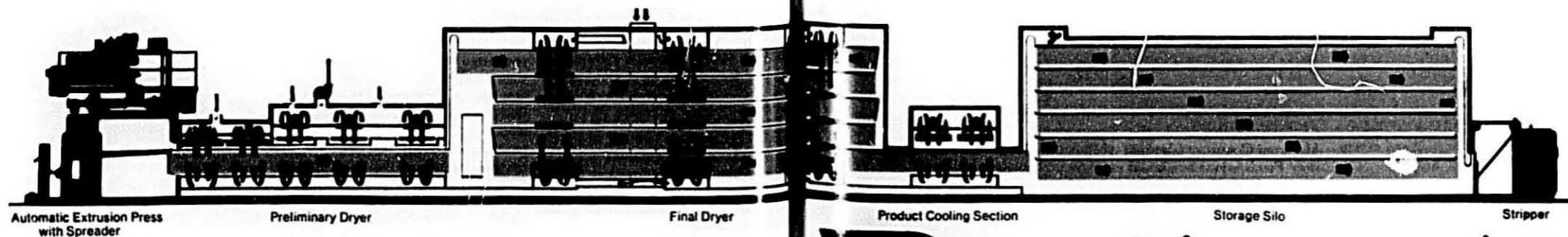
Sanwa Foods, one of the Los Angeles-based competitors, is leaning toward introducing a flat noodle version of its Noodles to Go and thinks the trend is growing.

In the meantime, Sanwa has redesigned its packaging and will introduce "sleeve" packs shortly. Foote, Cone & Belding/Honig handles, though no new advertising is planned at present.

Also coming out with new packaging is Maruchan Inc., whose Instant Lunch brand will be backed by heavy couponing in a new "Get snippity with us" newspaper drive via Siteman/Brodhead/Baltz, Beverly Hills.

A new entry in the oriental noodle race is sticking to the traditional oriental style. Miyoko Foods of America, New York, is introducing a brand of oriental instant noodles called Oh My Goodness in Pittsburgh, Cleveland and upstate New York markets with newspaper and some tv support.

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Manus M. Gass

President of Buitoni, U.S.A.

Manus M. Gass has been named president of Buitoni Foods Corp., South Hackensack, N.J. Mr. Gass, who will be in full charge of Buitoni's U. S. operations, has been executive vice president.

Buitoni is a processor and packager of a wide variety of canned and frozen food products, including sauces, pastas, pizzas, convenience frozen foods and other retail and food service products.

Marco Buitoni has been named chairman of the board of the company which is a division of Industrie Buitoni Perugina, S. p. A. a multi-national company headquartered in Perugia, Italy.

Mr. Gass noted that the company had shown considerable growth in recent years and that plans are underway to strengthen the company's position in the United States even further with the introduction of several new and exciting products.

Mr. Gass, who joined the company in 1966 as treasurer-controller, was appointed vice president of finance and administration in 1972 and executive vice president in 1977.

Skinner Manager in Kansas

Charles Paxton has been appointed District Manager for the state of Kansas and the Kansas City marketing area for the Skinner Macaroni Company, according to Skinner National Sales Manager Richard Lorimer.

Paxton will supervise Skinner sales in this area, reporting to Midwest Director of Sales Lou Kinerk.

Skinner Macaroni is a division of San Giorgio-Skinner, Inc., a subsidiary

of Hershey Foods. Skinner's plant and headquarters are in Omaha, Neb.

A native of Topeka, Paxton has spent more than 20 years in food sales, working for such companies as Shasta Beverage and Standard Brands.

Paxton, his wife and three children will continue to reside in Topeka.

Skinner Regional Manager

Don Comes has been named Regional Manager for Oklahoma and Arkansas for the Skinner Macaroni Company, according to National Sales Manager Richard Lorimer.

Comes will be responsible for field sales supervision of Skinner sales activities in the two-state area and will report to Skinner Director of Sales/Southwest Chuck Berry.

Comes has been with Skinner for four years, serving as Western Regional Manager for Skinner in California, Nevada and Arizona.

Prior to joining Skinner, he spent over 30 years in sales, most of that time with Spice Island Company and food brokers.

Brands Manager

Mary Noller has joined San Giorgio Macaroni, Inc., a Hershey Company, in the newly created position of Brands Manager for the Delmonico and P & R brands. Ms. Noller was formerly with Skinner Macaroni Company, Omaha, Nebraska. In her new position she will be working on the marketing and promotion of the product lines at headquarters and in the field.

Ms. Noller has been actively involved in marketing with the Skinner Macaroni Company (also part of Hershey Foods) since her initial employment in 1977. Her particular areas of expertise were promotion planning, market research, and sales analysis.

According to Clifford K. Larson, Vice President Sales & Marketing for Hershey Foods Macaroni Division, "Ms. Noller will be an important addition to the sales and marketing function at both Delmonico, our Louisville, Kentucky based company, and P & R Macaroni in New York State. We plan to support both brands aggressively and need the day-to-day marketing help that she can provide."

A native of Topeka, Kansas, Ms. Noller holds a Masters Degree in Business Administration from Creighton University, Omaha, Nebraska.

Hershey Steps Out

From Forbes Magazine

If big company money and promotion power aren't enough to crack the fiercely independent pasta business there's going to be considerable disappointment in Hershey, Penna. Headquartered there in the green rolling hills of Pennsylvania Dutch country is the \$1.2 billion (sales) Hershey Foods Corp., which was the first big outside company to invade the macaroni business. Since 1966, when it made two small acquisitions, Hershey has been slowly expanding in the business. With its San Giorgio, Delmonico, Procino-Rossi and Skinner brands, it now claims a 10.2% market share, second only to the 18% share of C. E. Mueller Co., a subsidiary of Foremost-McKesson, Inc. Macaroni last year brought Hershey about \$65 millions in sales.

Hershey remains essentially a chocolate company, with 70% of its sales (\$815 million) in that business, but it is trying hard to break out of that mold. Early last year it paid \$164 million in cash to buy Friendly Ice Cream Corp., a New England-based chain of 620 moderately priced family ice cream parlors and restaurants. It was a steep price, 19 times the previous year's earnings, but so far it has worked out well for Hershey. Last year Friendly produced roughly \$5 million in pretax earnings for its new parent. Hershey paid for Friendly with the proceeds of \$75 million in 9.5% debentures and the rest with cash for its bulging treasury. Even allowing for interest costs — an interest foregone — Friendly last year made a substantial net contribution to Hershey's bottom line and helped produce a 25% increase in earnings (to \$3.78 a share). With a return on equity of nearly 19%, Hershey is among the most profitable specialty food companies.

Not Always So

It wasn't always so. In the early Seventies the price explosion in cocoa beans, Hershey's main raw material

(Continued on page 22)

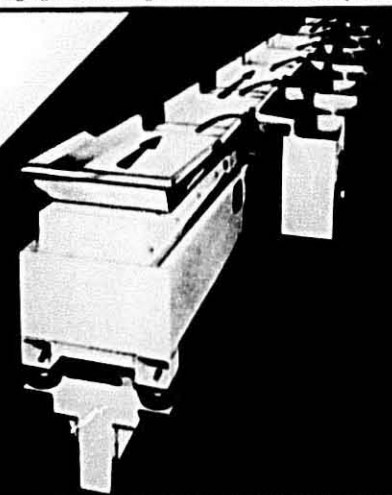
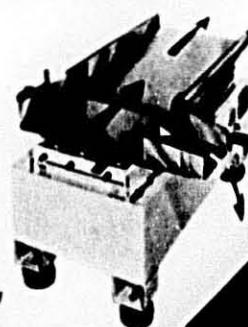
THE MACARONI JOURNAL

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JUNE, 1980

Hershey Steps Out

(Continued from page 20)

sent earnings plunging 30%. Another jolt came from privately owned Mars, Inc. which buried Hershey in a blitz of advertising and promotion and ousted it from the number one spot in U.S. candy sales.

In 1976 Hershey got a new Chief Executive officer, William E. Dearden, who with his right hand man Richard A. Zimmerman made some basic decisions: Hershey would not conglomerate; it must lessen its dependence on the cocoa bean; it would become a major food company.

The remaining leg of Hershey's diversification is relatively small but quite profitable: Cory Food Services, which provides coffee service in some 75,000 business and institutions. Cory last year brought in about \$50 million in sales.

Can Hershey build major diversification on coffee service and pasta? As for the Friendly restaurants, they have proven a great success in New England and, to a lesser extent, in the Middle-Atlantic states, but is the quaint-homey formula exportable to other parts of the country? These are unanswered questions.

From the Hershey Annual Report

Pasta is made from flour milled from durum wheat, a specialized wheat grown almost exclusively in North Dakota. Although the supply of this wheat was adequate during 1979, its price increased more than 60% during the year forcing two general price increases. Even with these higher durum wheat costs, which are expected to continue, pasta still offers an excellent consumer value which can be particularly appealing when family food budgets are strained.

Because of the outstanding unit growth in recent years, expansion programs are under way in both the Omaha and Louisville manufacturing and warehousing facilities.

San Giorgio's Light 'n Fluffy egg noodles were first introduced in selected areas in 1978. As production permitted, they were introduced into additional major market areas with outstanding acceptance. By the end of

1979, this product ranked as a solid member of the San Giorgio line.

Hershey Sales and Earnings

Hershey Foods Corporation announced consolidated net sales of \$331,759,000 for the first quarter ended April 1, 1980, compared with \$277,848,000 for the same period in 1979. Income for this period was \$13,253,000 (\$.94 per common share) compared with \$12,352,000 (\$.87 per common share) in 1979.

Results of Friendly Ice Cream Corporation, acquired in early 1979, have been included in the consolidated results of Hershey since the beginning of February, 1979. Thus, comparative figures for the first quarter of 1979 include only two months of Friendly's operations.

Also the Corporation declared a regular quarterly dividend of \$.35 per common share, payable June 13, to stockholders of record May 23, 1980.

"All divisions reported increased sales revenues," said William E. Dearden, Vice Chairman and Chief Executive Officer. "Significantly, unit volume growth in the Hershey Chocolate Company represented a predominant portion of the Corporation's sales increase."

"While both sales and earnings have exceeded those of the first quarter of last year, our operating margins decreased during the first quarter of 1980," Dearden said. "These margin decrease resulted primarily from the general increase in the cost of doing business and a precipitous rise in the cost of sugar. These cost increases have outweighed the favorable impact of lower cocoa bean costs."

Price Increases

Dearden said that in response to declining margins, the Hershey Chocolate Company, in early March, announced price increases for many of its confectionery and grocery items effective March 31 and that chocolate bar weights are being reduced. Other divisions also instituted price increases to combat erosion of their margins. He said all price increases are in compliance with the guidelines of the President's Council on Price and Wage Stability.

"Our business is progressing well despite the adverse conditions now prevailing in the nation's economy, and we are optimistic regarding the remainder of 1980. However, our optimism is tempered by the business uncertainties associated with the current state of the economy," Dearden added.

Canned Foods Pull in One Billion for Campbell

The Camden, N.J.-based Campbell Soup Company and subsidiaries currently produce approximately 750 products for retail and institutional markets, including soups (which account for 40% of Campbell's worldwide sales) juices, beans, canned pastas and gravies, pickles, relishes, and prepared frozen foods. As evidence of its Canned Food Division's successful growth, over the last five years the Campbell Chunky Soup line has increased dollar sales by 60% and has grown about 50% in the number of cases sold. The Swanson line of canned poultry and meat products has grown by nearly 85% in the same time period, while sales of V-8 Cocktail Juice have doubled. During 1979 the Canned Foods Division accounted for more than \$1 billion in sales, or about half of the company's business.

Cream of mushroom soup production makes Campbell the largest user of mushrooms in the U.S., according to company spokesmen addressing the Washington Society of Investment Analysts. The firm currently operates seven mushroom farms, and sees the branded fresh mushroom business as a step toward marketing additional fresh vegetables under the Campbell label.

Pasta Producer

In 1979 the firm acquired Genesee Village, a pasta company to fill their pasta requirements as well as to enter the institutional or retail pasta markets.

To serve customers in southeastern sections of the country more quickly, the firm opened a 250,000-sq. ft. distribution center in Maxton, N.C., and is considering building a major production plant on the site.

THE MACARONI JOURNAL



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When it comes to eating pasta, everybody's an "expert." When it comes to making good pasta products, you're the expert; and when it comes to making good semolina and durum flours, Amber's an expert. Call Amber, now!



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Jim Sandstrom with his Creamettes T-Shirt.



Creamettes is right at the finish line for the American Birkebeiner VII.

Birke Skiers Get Big Lift From Creamettes

Hundreds of cross-country skiers who participated in the seventh annual American Birkebeiner 55 kilometer race in Hayward, Wisconsin, on February 23, got off to a fast start and a strong finish thanks to a special "Carbo-load" training table set up at the main lodge at Tele-Mark Ski Resort by The Creamette Company, Minneapolis-based pasta company, a division of Borden, Inc.

The Creamette dinner, set out for athletes from 37 states and 12 foreign countries, featured Creamettes brand macaroni, spaghetti and other favorite pasta varieties.

"Never has so much pasta been consumed so rapidly by so many skinny people," said Jim Sandstrom, a competitor from Minneapolis who knocked three full hours off his time in last year's race and finished in just four hours and thirty-two minutes.

Sandstrom gets no fee for that testimonial but he does get to keep the snazzy new T-shirt he's holding in the picture. Jim is the media buyer for Martin/Williams, the advertising agency for Creamettes.

"We feel that the Birkebeiner gave us a great opportunity to demonstrate that pasta is a terrifically good tasting and nutritious dish for active, vigorous people," said John Ohnmacht, Creamette Sales Assistant. "I can't recall a promotion we've been involved in that gave us such good results. The event was covered by television, the media, even by a feature magazine show, P. M. Magazine, and all of them took notice of the Creamettes

training table. We plan to be back again next year to watch those skiers eat us out of house, home, and pasta."

Borden Sets Plans for '80's

Borden, Inc., in the 1980's will be positioned more firmly as a consumer goods and specialty chemicals company, according to the company's annual report for fiscal 1979, which also notes the intention "to exploit our skill and experience in adding value through the manufacturing process."

Borden Foods — the division which includes pasta, snack, baking, and sugar operations — posted increased sales and operating income in the fiscal year ended Dec. 31, 1979, the annual report shows.

Net earnings of Borden declined for the first time in 10 years, Eugene J. Sullivan, chairman and chief executive officer, states in the annual report. Net income totaled \$134,015,000, equal to \$4.31 per share on the common stock, off 1% from \$135,827,000, or \$4.38 per share, in fiscal 1978. Net sales aggregated \$4,312,533,000, up 13% from \$3,802,559,000.

In commenting on fiscal 1979 operations, Mr. Sullivan notes that all four company divisions improved operational performance over a year earlier. The decline in earnings, he says, is attributed to the required accounting treatment of a major devaluation of the Brazilian cruzeiro with a resulting drop in International Division earnings.

New policies, strategies in '80's

Mr. Sullivan, who succeeded Augustine R. Marusi last September as chair-

mand and chief executive, states that "the policies and strategies of the Seventies, right as they were for their times, will not suffice for the Eighties." His comments on the outlook for Borden include the following:

"Cheap and abundant energy is gone forever. Agricultural commodities have been politicized worldwide, making their prices and supply more volatile and unpredictable than ever. Sadly, because of inflation and reduced capital investment (itself a consequence of tax policies) productivity of American workers has diminished, reducing ability of American business to compete with foreign business both at home and abroad.

"For Borden, these realities have already prompted changes in our ways of doing business. We are investing long-term in our own sources of energy, and at the same time limiting our investment in basic chemicals to those areas that indicate above average growth or support our downstream production capabilities. In the food area, we are further reducing our dependence on commodities; in 1979, we halted vegetable canning operations and potato processing in favor of co-packers.

"During the '80's, we will position Borden more firmly as a consumer goods and specialty chemical company. We intend to exploit our skill and experience in adding value through the manufacturing process, thereby reducing the cost of raw materials relative to the selling prices of finished products.

"Accomplishing this will require substantive change in product mix and possibly changes in our geographic

areas of operation as well. It will require far more aggressive efforts in new product development and marketing. We will be abandoning low-growth areas, without regard for history or tradition. But we will remain comfortably within our sphere of competence."

Food Division Income to \$57.4 million

The Borden Foods Division in fiscal 1979 had operating income of \$57.4 million, up from \$56.2 million in 1978. Sales totaled \$1,209.1 million, against \$1,067.8 million the previous year.

The grocery products group, the largest unit in the Borden Foods Division, "enjoyed its best year ever," the report says. "Almost every product category within the group experienced improved results.

"The Creamette pasta line marked its first year under the Borden banner with gains in sales and income to new highs, market extension into areas of the Midwest and Southwest, and deeper penetration of its existing markets."

Pillsbury Sets Records

Restaurant and Agri-Products groups paced The Pillsbury Co. to record sales and earnings in the third quarter and nine months ended Feb. 29, with third quarter earnings of Agri-Products more than double year-ago levels.

Net income of Pillsbury in the third quarter totaled \$19,844,000, equal to 99¢ per share on the common stock, up 2% from \$15,454,000, or 88¢, a year ago. Sales aggregated \$751,710,000, a 57% gain from \$478,647,000.

In the nine months ended Feb. 29, Pillsbury had net income of \$79,261,000, or \$3.96, up 29% from \$61,488,000, or \$3.51, a year ago. Sales aggregated \$2,221,389,000, a 52% gain from \$1,460,883,000.

"The very satisfying third quarter performance once again is indicative of our portfolio balance, with Restaurants and Agri-Products outdistancing the profit gains of Consumer Foods," William H. Spoor, chairman, said.

Noting that the Burger King restaurant chain had sharply increased sales and earnings in the third quarter, Mr. Spoor credited much of the

success to the specialty sandwich line. Burger King, he said, is testing both an expansion of the sandwich line and a breakfast menu. Steak and Ale dinner houses had significantly higher earnings in the quarter, he added.

Agri-Products Gain

Volume in Agri-Products grain merchandising increased about 50% from last year's third quarter, which was impacted by severe weather. Expanded transportation capabilities, Mr. Spoor said, more than offset effects of the Soviet grain embargo. Agri-products also benefited from improved margins in flour milling and a strong showing in rice milling, he said.

Consumer Foods also posted gains in sales and earnings, Mr. Spoor said. Highlights included a 26% gain in unit volume by frozen pizza over a year ago and substantial sales increases for cake and frosting mixes.

Pillsbury announced it has acquired Desobry Biscuit Co., a Belgian company whose baked foods are sold in Belgium, West Germany and France. It will be operated by Pillsbury's Gringoire/Brossard cookie and pastry subsidiary in France.

Excellent Gains for General Mills

Food processing, restaurants and specialty retailing operations of General Mills, Inc., continued to achieve "excellent gains" in profits as the company posted record sales and earnings for the third quarter and 39 weeks ended Feb. 24.

Net income of General Mills in the third quarter totaled \$31.3 million, equal to 62¢ per share on the common stock, up 38% from \$22.7 million, or 45¢, a year ago. Sales aggregated \$975.4 million, up 15% from \$846.9 million.

In the 39 weeks ended Feb. 21, General Mills had net income of \$252.2 million, or \$2.69, up 13% from \$221.6 million, or \$2.32, a year ago. Sales totaled \$3,153,000,000, up 10% from 2,848,100,000.

E. Robert Kinney, chairman, said that each of the company's five major business areas contributed to the sales gain. Only creative products opera-

tions trailed the prior year's contribution to operating profits.

New Food Products

Food processing results exceeded cumulative objectives and reflected major programs to increase volume through new product efforts and market expansion, Mr. Kinney said. Unit volume gains of more than 4% were achieved by domestic package, frozen and refrigerated foods. Mr. Kinney said volume gains of nearly 10% by ready-to-eat cereals, benefiting from excellent consumer acceptance of new products, had the most profound impact on year-to-date food processing results.

Restaurant Performance Up

Restaurant performance accelerated in the third quarter, Mr. Kinney said, and resulted in 39-week gains exceeding 20% in both sales and earnings. Red Lobster Inns led the restaurant group gains, he said.

Creative products operations in the third quarter suffered from domestic retailer caution and from weak markets in Europe. Mr. Kinney said, although cumulative operating earnings remain ahead of last year. Specialty retailing and other consumer products, he noted, benefited from broad-based gains in the seasonally important third quarter with sales and operating gains exceeding cumulative company average.

In expressing confidence that General Mills in fiscal 1980 will meet its long-term objective of better than a 10% earnings per share gain, Mr. Kinney said that since the final quarter of fiscal 1979 included a tax credit of \$10 million, or 20¢ per share, it is doubtful that fourth quarter per share earnings in fiscal 1980 will reach the 60¢ level of a year ago.

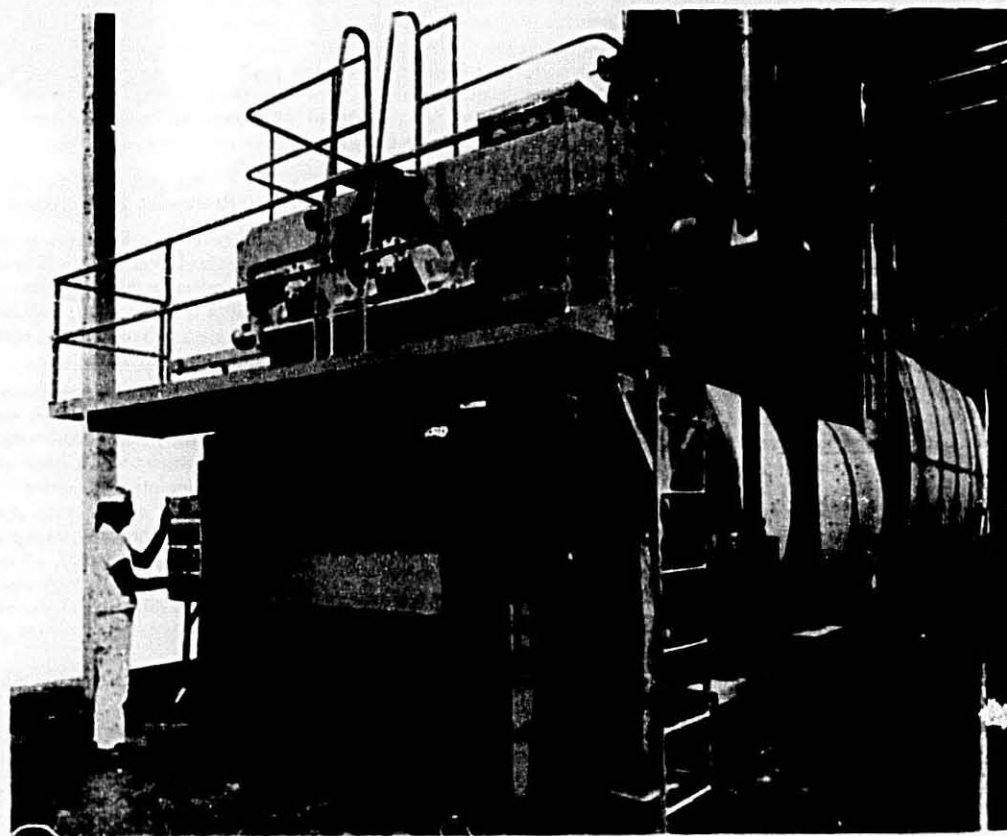
Mature Adults Will Be Prime Marketing Target

The prime marketing target of the 1980s will be mature young adults, according to Sales & Marketing Management magazine.

"The 35-to-44 year olds, a high-income, free-spending group, will be the fastest growing market throughout the decade," the magazine says.

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THE MACARONI JOURNAL

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And from the time our golden King Midas Semolina and Durum flour start on their way to becoming your golden pasta, Peavey is following through with the fastest, most reliable service possible. And we're working to be better. Our modern King Midas Semolina and Durum flour mill at Hastings, Minnesota, rounds out a distribution network second to none.

It still comes down to this. We want you to keep putting Peavey in your pasta, right along with your pride.

the Pure, Golden Color of Quality

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and filtering processes that make Durum run on a Semolina mill something special. Processes that mean pure, golden pasta with fine eating characteristics. And at



the Peavey mills, automation of virtually all processes means that quality levels are maintained all the way. We wouldn't have it any other way.

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Durum Planting Intentions Up Sharply

U.S.D.A. projects plantings for durum and spring wheat sharply higher than actual 1979 seedings, and up substantially from January estimates. Prospective durum plantings, at 5,555,000 acres, are 37% higher than 1979 seedings and 15% above January estimate. Projection, in fact, calls for largest acreage in modern times, and the second largest of record, exceeded only by 5,738,000 acres in 1929, the first year records were kept.

Spring wheat acreage is also higher, but not so much as durum. April 1 survey results estimate plantings of spring wheat other than durum at 17,091,000 acres, 10% higher than 1979 plantings and 9% up from January estimate. At the same time carryover of spring wheat loomed much larger than for hard winter or soft red; indications are that as of May 1, carryover of hard spring will amount to about 85% of annual usage.

Early Hot Weather

Although the latest period of spring wheat planting is generally in early May, record-shattering hot weather in North Dakota created urgent need for moisture. As of April 20, 95% of the state's counties were reported short of subsoil moisture, but supplies had been adequate at same period of 1978 and 1979. More strikingly, a record 84% of the counties were short of topsoil moisture.

Considerable interest in durum production has been generated by the obvious price advantage and potential for greater producer returns as compared to the major alternative crops grown in North Dakota — Hard Red Spring, sunflower and barley. Minneapolis prices for cash durum have been 70¢ to \$1.00 higher than prices for 14% protein HRS since late in the summer of 1979.

Sunflowers Slip

Sunflower was one of the more promising crops at this time a year ago and many producers cut their HRS and durum acreage in favor of sunflower production. However, following a year of substantially increased production and heavy carryover stocks, sunflower prices have de-

creased from the highs of 1978 and early 1979 to 8-8.5¢ per pound in 1980. It now appears that a sizeable portion of last year's sunflower acreage will return to durum production this year. Early planting intentions in Canada also indicated increases in durum, HRS and barley acreage with the most sizeable gain in durum and barley.

Durum Sales to Tunisia At Record Levels

Purchases of U.S. durum wheat by Tunisia for shipment during the 1979/80 marketing year (June/May) have reached a record 288,000 tons, making that country the second largest importer of U.S. durum this season after Algeria. The U.S. Wheat Office in Morocco reports that, in its April 3 tender, the Tunisian Cereals Office booked 40,000 tons of Number 3 Hard Amber Durum at \$194.58 per ton f.o.b. St. Lawrence for May 5-25. The import total, which includes 32,000 tons of durum purchased under P.L. 480 Title 1, is nearly double the previous record of 180,000 tons delivered in 1977/78, and is three times greater than last season's low level of 95,000 tons. Combined with the current sales total of 123,000 tons of Soft Red Winter wheat, the U.S. share of the Tunisian wheat market is placed at 57 percent of total imports estimated at 720,000 tons. The Cereals Office also purchased 40,000 tons of Turkish wheat at \$157.50 f.o.b., April 20 - May 31 shipment, rejecting offers of EEC wheat at identical price and delivery terms. Also rejected were bids on U.S. Hard and Soft Red Winter wheats reported at \$158.60 f.o.b. Gulf ports or \$187.60 c&f. Due to the export subsidies reflected in the Turkish and EEC f.o.b. offers, the current freight differential of from \$12-\$16 placed the U.S. bids well out of competition.

Durum Markets in April

No. 1 Hard Amber Durum Range from \$4.75 to \$5.10 per bushel, Minneapolis with semolina quoted at \$13.30 to \$13.80 granular 15¢ less, durum flour 40¢ less.

Manufacturers Vote 107 To 74 For Wheat Research And Education Program

Manufacturers of wheat-based foods have voted to fund a nationally coordinated wheat and wheat foods research and nutrition education program, Assistant Secretary of Agriculture P. R. Smith said.

Smith said the order setting guidelines for such a program was approved in a mail referendum held March 17-28.

There were 107 yes votes and 74 no votes. Yes votes represented 59 percent of those voting and 68.4 percent of the volume of processed wheat used by all voters.

The order could have been approved in one of two ways: by at least two-thirds of those voting or by a majority which represented at least two-thirds of the volume of processed wheat used by all voters in assessable end-products, Smith said.


At least 50 percent of eligible registrants had to vote for the referendum to be valid. The number of manufacturers voting was 181 or 64 percent of 281 eligible registrants. A list of 301 eligible registrants was published in the Feb. 14 Federal Register. However, Smith said, the number eligible was reduced because of challenges.

The program, authorized by the Wheat Research and Nutrition Education Act of 1977, will be financed by assessment in processed wheat purchased by certain manufacturers of products such as bread, cake, cookies cereal or pasta.

A 20-member Wheat Industry Council composed equally of wheat producers, processors, end-product manufacturers and consumers will develop and administer the program. USDA's Agricultural Marketing Service will monitor the program.

Smith said any organization representing wheat producers, processors, end-product manufacturers or consumers can ask for certification to nominate members of the Wheat Industry Council. Certification request forms can be obtained from the Livestock, Poultry, Grain and Seed Division, USDA, AMS, rm. 2610-S, Washington, D.C. 20250. Deadline for receipt of certification request forms is June 2.

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James J. Streetar

Promotions at Multifoods

James J. Streetar has been promoted to national account executive for the U.S. Industrial Foods division of International Multifoods Corp. Streetar is responsible for flour and semolina sales to pasta manufacturers in the United States. He was formerly sales administrator for the division.

Robert M. Streed, who has been production scheduling supervisor, has been promoted to succeed Streetar as sales administrator. In his new position, Streed will be responsible for coordinating national accounts sales.

In other action, Kenneth C. Johnson has been promoted to manager - test bakery for the same division. He was previously a test baker leader for the group.

The U. S. Industrial Foods division of Minneapolis-based International Multifoods produces and markets wheat, rye and durum flours, prepared bakery mixes and supplies, and sells a line of equipment for commercial bakers.

International Multifoods

International Multifoods Corp. reported sales from continuing operations of \$1.0 billion for its fiscal year ended February 29, 1980. This compares with \$868.2 million in sales last year. Earnings from continuing operations increased to \$25.6 million or \$3.16 per common share in fiscal 1980 from last year's \$24.5 million or \$3.07 per common share.

Net earnings for the year for the total company were \$18.8 million or

\$2.31 per common share after provision for discontinuance of its decorative accessories and King Foods meat processing businesses. This compares to \$24.5 million or \$3.06 per common share earned last year.

Results for the fourth quarter show earnings from continuing operations of \$8.3 million or \$1.02 per common share compared to last year's \$8.0 million or \$1.01 per common share. Fourth quarter sales were \$285.6 million as compared to \$227.3 million last year.

Strong Increases

William C. Phillips, Multifoods' chairman and chief executive officer, said that, although fiscal year 1980 was difficult, continuing businesses showed some improvement despite sharply increased interest expense, continued price controls in Venezuela, as well as government mandated wage and benefit increases in that country which exceeded \$1 million.

According to Darrell Runke, president and chief operating officer, Multifoods' Industrial and Away-From-Home market segments showed strong increases in operating earnings. The Consumer market segment contributed earnings essentially level with last year while operating earnings from the Agriculture market segment declined. Sales in all four market areas increased from last year.

Industrial Earning Up

The Industrial market segment increased operating earnings by almost 34 percent. The greatest improvement came from earning of bakery and export flour, although earnings rose in nearly every product area. Unit volumes also were up in almost every product area.

Earnings in the Away-From-Home Eating market area rose by 21 percent as unit volumes increased and established businesses expanded as planned. Mister Donut opened 88 new shops worldwide and at year-end has 783 shops, up from 728 last year. Six Boston Sea Party restaurants opened during the year, bringing the total in operation to 11.

The Consumer market segment enjoyed very strong earnings improvement in Canada, although earnings in the U.S. and International market areas were down. The major reasons for the decline in U.S. Consumer



Robert M. Streed

earnings were sharply increased raw material costs and consumer resistance to higher prices.

The decline of operating earnings in the Agriculture market segment was principally due to lower margins in formula feeds sold in the U.S. and losses in veterinary supply operations. Earnings of this market area in Canada were up significantly over last year.

Negotiating Financing

"The Company currently is negotiating a \$15 million, 12-year private placement financing which will be used to retire short-term debt in the United States," said Phillips.

"Because the Company is financially strong and broadly based," Phillips said, "and because we have taken the steps necessary to terminate unprofitable businesses, Multifoods is now in a position to continue its earnings per share growth and to re-establish its historical momentum despite the uncertain outlook in the current economic environment."

New Mill Completed on time

A challenging four-year reconstruction with business-as-usual project at Peavey's flour milling complex at Hastings, Minnesota, moved smoothly to completion virtually on schedule and on budget as the second quarter began.

The five-phase project, decided in early fall of 1976, called for the construction of a completely new flour

(Continued on page 34)

THE MACARONI JOURNAL

Quando, sotto pasta, arriva la Mama



When Mama puts together a pasta (a slightly different one for each and every dish), she knows exactly how much of everything to put into the pot without measuring! A pinch here. A dash there. She gets it right, every single time. Not from instinct. From experience. From years of lasagne, fettucini Alfredo... ravioli... rigatoni con salsa.

What Mama does with pasta is an art. What we do with pasta at Diamond Packaging Products is an art—and a marketing science.

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You and Mama know that all pasta is not the same. At Diamond, we know that all cartons and labels are not the same. Let us give you the Diamond recipe for a perfect pasta package. Call (513) 422-2772 today. We're waiting to serve you.



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PACKAGING PRODUCTS DIVISION
407 Charles Street, Middletown, Ohio 45042
Attn: Marketing Dept.

New Mill

(Continued from page 32)

mill, around the old milling facility, without interruption of regular flour production or service to customers throughout the entire renovation period.

The new complex contains a totally new whole-wheat, a rye and two hard wheat flour production units, as well as new truck loading, warehousing and packaging operations. Daily milling capacity has been increased more than 25 per cent with installation of the four newest milling units. The new complex adjoins a modern durum milling unit built in the early 1970's.

A final portion of the project, remodeling the administrative offices and quality control laboratory, will be completed this summer.

The Hastings mill is the largest of Peavey's nine flour mills. Other mills are located at Alton, IL; Billings, MT; Buffalo, NY; Denver, CO; (two); Ogden and Salt Lake City, UT; and Superior, WI.

Use of "Food As a Weapon" Has Dangers

Peavy Chairman Bill Stocks, asked recently to comment publicly on government use of U.S. food production as a political weapon in foreign relations, had this to say . . .

" . . . agricultural productivity is our nation's greatest economic asset and the U.S. has benefited in more ways than anyone else from world food demand during the 1970's. Perhaps the greatest benefit has been the effect on our balance of payments as agricultural exports offset part of the cost of oil imports.

"Government intervention into the world grain marketing system, as it closes off markets for U.S. food production, reduces prospects for favorable world prices. We saw this happen most recently when grain became much more available, at lower prices, on world markets the instant the Russian grain embargo was announced. The farmer responds to over-supply and lower prices by reducing his production. Eventually he will stop producing a surplus. Talk of food as a weapon becomes academic. We must be careful not to turn our greatest economic asset into a weapon wielded against ourselves."



William G. Stocks

ADM Gains

Archer Daniels Midland Co. in the third quarter ended March 31 posted net earnings of \$30,532,000, equal to 53¢ per share on the common stock, more than double the year ago net of \$12,856,000, or 37¢ a share, adjusted for the 5% stock dividend in September, 1979.

In the nine months ended March 31, ADM had net income of \$82,704,000, or \$2.93 a share, compared with \$40,544,000, or \$1.17, a year ago.

Provisions for federal and state income taxes in the first nine months totaled \$47,399,000, against \$18,027,000 a year ago.

Average number of common shares outstanding at the end of the third quarter was 36,536,901, compared with 34,570,706 a year ago.

ADM Executives

Five executives at Archer Daniels Midland Co. have been assigned new responsibilities in a series of corporate changes announced Thursday, April 17, by the company's board of directors.

Named or elected to new executive posts at the company were the following:

• Ralph Bruce, executive vice-president, was elected a director.

• Richard E. Burkett, vice-president, was named assistant to the chairman.

• Michael D. Andreas was elected group vice-president and assistant to the president.

• Burnell D. Kraft was elected president of Archer Daniels Midland

International, S.A., ADM's overseas trading corporation.

• Charles T. Bayless was named president of the ADM Soybean Division.

First joined company in 1936

Mr. Bruce, the new ADM director, joined the ADM Grain Division in 1936 and after military leave during World War II rejoined the company in 1945. He was elected an assistant vice-president in 1955, corporate vice-president in 1957, group vice-president in 1973 and executive vice-president in 1975.

Mr. Bruce has held responsibilities in processing and merchandising areas of ADM's domestic and international grain and oil-seed operations. He attended Dartmouth College and the University of Minnesota.

Burket in marketing, corporate posts

Mr. Burket, named assistant to the chairman, joined ADM as a corporate vice-president in 1969 and was named vice-president and assistant to the president in 1974. He has held marketing, research and corporate administrative positions. Mr. Burket is a graduate of Oberlin College.

Andreas joined company in 1971

Mr. Andreas joined ADM in 1971 and was named president of the ADM Soybean Processing Division in 1973. He has held positions in commodity trading, soybean processing and export. Mr. Andreas is a graduate of Blake School in Minneapolis and received a bachelor's degree from Northwestern University.

Kraft continues in Tabor Grain post

Mr. Kraft, who in becoming president of ADM International will continue as president of Tabor Grain Co. He joined Tabor Grain in 1953, was elected vice-president in 1959 and became executive vice-president in 1961.

He was elected president in 1970 and continued in that position when Tabor became a subsidiary of ADM in 1975. Mr. Kraft was named president of Smoot Grain Co., an ADM subsidiary, in 1976. He is a member of Chicago Board of Trade, Chicago Mercantile Exchange, National Grains Council and U.S. Feed Grains Council. He received a bachelor's degree from Southern Illinois University.

(Continued on page 36)

THE MACARONI JOURNAL

Our dried eggs are a solid success!

Our customers make breads, cookies, cakes, candies, pasta, mayonnaise, salad dressings and doughnuts. As they are the largest and smallest of companies, we ship in their choice of poly-lined 50 pound boxes and 150 or 200 pound fibre drums. You, too, can have your eggs any way you like them. Choose between spray albumen, spray dry yolk, spray dry whole egg and spray dry blends of which we have four. Our popular NEPCO #10 has a rising quality. If your formula requires a particular blend, call us. We will make it for you according to your individual specifications. We can also provide you with liquid whites, yolk or whole egg shipped in selected temperature controlled tank trucks. You have only to write us or call us. We guarantee you will be well pleased with our eggs, our quality control and our service.

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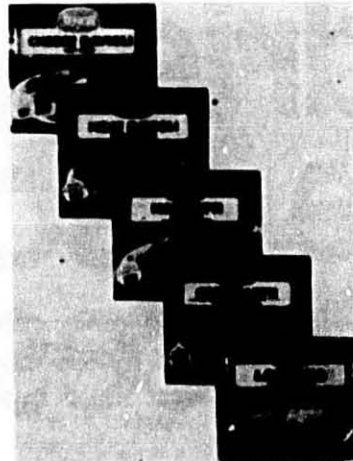


ADM Executives

(Continued from page 34)

Bayless in merchandising, processing

Mr. Bayless, new president of the ADM Soybean Division, joined the company in 1957. He was named vice-president of the Soybean Processing Division in 1970 and executive vice-president of the division in 1976. He has held positions in both merchandising and processing areas of the company's soybean operations. A member of the Chicago Board of Trade and a member and past director of the National Soybean Processors Association, Mr. Bayless attended Southern Illinois University.



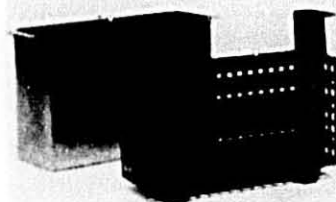
Lasagna Cooker

The inventor of this time and trouble-saving utensil Joan Brett, commented, "Everytime I had to cook lasagna, I went crazy. No matter how much oil I used, the strips stuck together, and it was one long battle pulling them apart."

Now all chefs, housewives, etc., can cook Lasagna noodles in this new product. The unit consists of a strainer type carrier that holds up to 16 lasagna strips. The colander will be placed into a pot which will be 2 inches deeper than the strainer to allow proper immersion of the noodles. The strainer will be teflon coated on the inside to permit non-sticking of the noodles. It will look much like a double-boiler. This device will enhance the ease of preparation of the Lasagna strips. After cooking, this device will permit the strips to separate easily.

This lasagna cooker is a must for all kitchens. Sales representation is needed in some areas and licenses are available.

For further information contact: Pixonic Corporation, 22 Walter Street, Pearl River, New York 10965. Photographs available upon request.



Frozen Italian Entrees For Microwave

Just imagine Lasagna with Meat Sauce from freezer to microwave oven to table in about three minutes! Jen's, Inc., makes it possible with a complete new line of frozen Italian entrees in single-serving packages, formulated for heat-and-serve preparation in microwave or conventional ovens.

Jen's, world's leading packer of pizza products, is now introducing five popular varieties of frozen Italian entrees: Lasagna with Meat Sauce, Manicotti, Cheese Ravioli, Meat Ravioli, and Cappalletti. Each entree is flash frozen in its own special sauce, packed in dual-oven paperboard trays. Serving suggestions, menu suggestions, and complete instructions for preparation in microwave or conventional ovens are on each package.

One in Four Have Microwave

John W. Parr, Executive Vice President-Sales for Jen's, Inc., said Jen's Italian entrees were developed to meet the needs of consumers who are looking for meals that are quick to prepare and cook, tasty, easy to serve, and require minimal clean-up. "By 1981 it is anticipated that one home in four will have a microwave oven," Parr said. "To keep pace with changing lifestyles and family preferences, we developed a convenient, high-quality line of single-serving entrees which can be heated quickly in either conventional or microwave ovens."

At Marshall Foods

Robert H. Jackson, president of the Foods Group of Marshall Foods, Inc. (ASE-MFI), has been elected to the board of directors of the company.

Jackson, 48, who joined Marshall Foods last July, heads the diversified food company's egg processing, food service and meat products operations. Prior to joining Marshall, Jackson, who holds a Ph.D. in food science/biochemistry and a B.S. and M.S. in food plant management, spent over twenty years as an executive in the food industry.

Egg Production

The nation's laying flocks produced 5.95 bil. eggs during March, 1% more than a year ago, according to the Crop Reporting Board. Production included about 5.34 bil. eggs for table or commercial type eggs and 611 mil. hatching eggs.

Campbell Soup Net Up

Campbell Soup Co., parent company of Pepperidge Farm, Inc., posted net earnings of \$42,838,000, equal to \$1.30 per common share, in the second quarter ended Jan. 27, up 9% from \$39,400,000, or \$1.18 per common share in the second quarter a year ago.

Sales totaled \$692,424,000, up 16% from \$595,628,000.

In the six months ended Jan. 27, Campbell Soup had net earnings of \$76,345,000, or \$2.32, up 9% from \$70,330,000, or \$2.09, a year ago. Sales totaled \$1,314,259,000, a gain of 16% from \$1,128,634,000.

Foodservice Industry Sales Growth

The National Restaurant Association makes the following five year growth projection for the Foodservice Industry:

Industry Segment	Average Annual Percent Change		
	1976-1979	1977-1979	1980-1985
Commercial Foodservice	9.4	9.7	12.9
Eating Places	10.5	10.3	10.0
Full Menu Restaurants	8.9	8.6	9.2
Limited Menu Restaurants	14.3	13.6	11.5
Institutional Foodservice	7.7	9.1	8.3
Total Foodservice Industry	9.0	9.5	9.8

NORTHRUP KING SAYS "..."

"Our Clybourn cartoners helped us meet the demands of an expanding market, yet control manpower costs through automation.

"We depend on the accuracy of our Clybourn cartoner with net weight scales to carton grass seed. For packaging corn, peas and beans, we get very uniform performance from the two Clybourn volumetric filling machines we are using. These machines require very little maintenance. We are now adding automation equipment to a Clybourn machine that has served us for more than 11 years!

"We especially like the compactness and simplicity of the Clybourn design, which saves space and makes operator training easy."

Bob Moran

BOB MORAN
Plant Superintendent
Northrup King Co.
St. Louis, Missouri

"Your product packaging could benefit from the same weight accuracy, uniformity and dependable operation enjoyed by Northrup King. Join the family of satisfied Clybourn customers. For more information, or a quote, call or write us today!"



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(312) 677-7800

GOLDEN GRAIN SAYS "..."

"We Prefer Clybourn... to carton all our products!" "We have eight Clybourn cartoners at work in Illinois and several more on the west coast. We use them to package our complete product line including macaroni and cheese, Rice-A-Roni®, Noodle-Roni® and more."

"Our Clybourns range in age from 12 years to recent deliveries of two fully-automatic vertical cartoners with volumetric fillers. All the machines are operating efficiently. Our oldest Clybourn is still running at original speeds and delivering the accuracy we require."

"We prefer Clybourn for its simplicity of design, dependability, and the quick service we get when needed. . . . And we'll be buying more Clybourns in the future."

Carlo Varesco

CARLO VARESCO
Plant Manager
Golden Grain Macaroni Co.

If your product packaging could benefit from the same accuracy, sift-proof seals and dependable operation enjoyed by Golden Grain, join the family of satisfied Clybourn customers. For more information, or a quote, call or write us today!



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ARM & HAMMER SAYS "..."

"We like our Clybourn cartoners because they are easy to maintain, adjust and clean.

"We run all of our products on Clybourn vertical cartoners with volumetric fillers. The products include Arm & Hammer Baking Soda, Laundry Detergent and Washing Soda, in carton sizes from 8 ounces to 4 pounds. The machines have taken considerable pounding over the years, yet still give us the weight accuracy, carton sealing and overall performance we expect.

"And one of the big reasons we are so satisfied with Clybourn is good service. We always get a quick response when a problem arises."

Robert J. Stock

ROBERT J. STOCK
Project Manager
Church and Dwight Company, Inc.
Piscataway, New Jersey

If your product packaging could benefit from the same weight accuracy, sift-proof seals and dependable operation enjoyed by Arm and Hammer, join the family of satisfied Clybourn customers.

For more information, or a quote, call or write us today!



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Fortification Guidelines

Recently, the Food and Drug Administration published fortification guidelines which the food industry is encouraged to follow. This is an interim step designed to help ensure that the American public receives an adequate daily intake of micronutrients through food, while at the same time protecting the public from overfortification. Basically, this new FDA recommendation states the following.

1. The FDA considers it inappropriate to fortify fresh produce, meat, poultry, fish products, sugars, and snack foods such as candies and carbonated beverages.
2. Only the following nutrients can be selected for fortification. Depending on the specific guideline being followed, these can be added separately or totally.

- Protein
- Vitamin A
- Vitamin C
- Thiamine
- Riboflavin
- Niacin
- Vitamin D
- Vitamin E
- Vitamin B₆
- Folic Acid
- Vitamin B₁₂
- Biotin
- Pantothenic Acid
- Calcium
- Iron
- Phosphorus
- Iodine
- Magnesium
- Zinc
- Copper
- Potassium
- Manganese

Fortification Guidelines

1. Selected nutrients may be added to appropriate foods if the fortification is to correct an acknowledged dietary insufficiency in the population. This insufficiency does not have to be proven clinically. The key is to identify the population groups and the nutritional need, and to substantiate that the food selected is consumed by the target population and is therefore a logical ve-

hicle for fortification. Food manufacturers are urged to check with the FDA before proceeding under this guideline. Furthermore, the proposed fortification of the food cannot violate current standards of identity.

2. Nutrients may be added to a food to restore such nutrient(s) to a level (s) representative of the food prior to storage, handling, and processing. This principle can be applied only on the basis of scientific data that show that the nutrient losses were at least equal to 2% of the U.S. RDA (and 2% of 2.5 grams of potassium and 4.0 milligrams of manganese, when appropriate) in a normal serving of the food. When employing the principle of restoration, all nutrients lost in a measureable amount (i.e., at least 2% of the U.S. RDA) must be replaced. There cannot be selective restoration, nor can the restoration violate existing standards of identity.

3. Nutrients may be added to a food that replaces traditional food in the diet. For example, a processed food may replace orange juice. In cases such as this, the fortified food replacing the natural food should contain all the nutrients contained in the natural food, and the fortification can add nutrients only to the level found in the natural food. Nutrient representation in the fortified food is the key.

4. In the absence of any other applicable regulation governing the enrichment of a food, the nutrient-to-calorie balance concept may be applied. This guideline has been established as a general principle for new or fabricated foods which have not yet been categorized and which are not subject to any other federal regulations, including standards of identity.

If a manufacturer elects to use this guideline, the following conditions must be met:

- a) The normal serving of the food must be at least 40 kilocalories (2% of the daily intake of 2000 kilocalories).
- b) All approved nutrients must

be added to the level of 5% of the U.S. RDA per 100 kilocalories. The only exceptions are proteins, vitamin D and iodine, which are optional; all other approved nutrients are required to be present in the proper ratio.

These guidelines are effective immediately. To what degree they will be utilized by food companies at this point is unknown, as is their commercial practicality. Some authoritative sources have already offered the view that current analytical methodology cannot measure some of the levels proposed in these guidelines.

The guidelines also contain some labeling provisions. It should be noted that, unlike the original proposal, the words "enriched" and "fortified" are considered interchangeable and are not assigned different meanings.

Sanitation

Director of Research James J. Winston urges management to re-evaluate its sanitation program in order to insure maximum compliance with FDA's regulations particularly with the approach of warm weather.

The essentials of a thorough sanitation program should consist of the following:

1. The rejection of any car of farinaceous ingredient showing the presence of infestation, mold or grit.

2. Periodic micro-analysis of raw material and finished products to insure a good sanitation index. In general, the findings in the finished product should parallel those in the farinaceous material.

3. Bacteriological examination of products to conform to good manufacturing practice requirements.

4. Periodic surveys and written reports and recommendations to management by a consulting sanitarian.

5. A reputable exterminator to perform services as per plant's requirements.

6. A trained sanitation crew under the supervision of an executive trained in sanitation principles and practices.

7. An effective insecticide containing in the proper proportions, natural pyrethrins, piperonyl butoxide and synergists.

You won't find the top name in pasta in any pot.



TRIANGLE

You're always ahead when you start with the very best

Sanitation

(Continued from page 38)

8. The use of an effective germicide for the elimination of bacteria from machine parts and as an adjunct in the personal hygiene of employees.

Recently, the FDA instituted a recall of eggs contaminated with chlordane pesticide residue. Manufacturers should insist on a letter of warranty from egg suppliers regarding freedom from pesticide residue.

New Synthetic Pyrethroid

New Cross Fire™, a 3% multipurpose spray from Penick, is a synthetic pyrethroid that kills food storage pests at half the cost of natural pyrethrum. It's designed for application in ULV equipment, mechanical misting sprayers or thermal foggers, and can be used alone as a flush/fogger, or in concern with a residual pesticide.

While showing no harmful effects on man in normal application, Cross Fire™ is highly effective against a wide range of insects, including roaches, fleas, silverfish, ants, spiders, crickets, grain weevils, flour beetles, grain mites, carpet beetles, and many other pests. Cross Fire™ has a USDA "S" classification for use in food processing plants and warehouses.

For more information, contact your local pesticide chemicals distributor, or write: Penick Corporation, Pesticides Division, 1050 Wall Street West, Lyndhurst, N.J. 07071.

What to Do About Your 50% Productive Warehouse

Overstaffing, underproductivity, too much of the wrong handling equipment, too little of the right, supervisors who stay in the office when they should be out on the floor — these are all symptoms of the underproductive warehouse. And in a typical manufacturing firm with warehouses or distribution centers at multiple locations, underproductivity and inefficiency may be multiplied many times. With current warehousing costs averaging \$4.61 per hundredweight — and rising — the total expense is something few firms can afford.

Four approaches for identifying underproductivity and inefficiency and for taking corrective action are set

forth in a recent issue of **Davis Database**, a newsletter published by the management consulting firm of Herbert W. Davis and Company, Englewood Cliffs, N.J. The Davis firm specializes in marketing, physical distribution including warehousing, and the computer sciences, and maintains a cost database of warehousing, inventory carrying costs, transportation and related expenditures by principal industry groups.

Copies of **Davis Database**, which includes a breakdown of warehousing costs by major industry group, are available without charge from Herbert W. Davis and Company, 120 Charlotte Place, Englewood Cliffs, N.J. 07632, telephone 201/871-1760.

DOT Supports Backhaul Loads

The Department of Transportation has lent its support to an Interstate Commerce Commission proposal to temporarily allow truckers to carry freight on both legs of two-way trip.

Truckers are currently subject to complex regulations that restrict their opportunity to carry backhaul loads—freight that could be hauled on the return trip after the original cargo is delivered to its destination.

DOT officials contend that the regulations waste fuel by requiring inefficient empty backhauls and duplicative service.

Several controversial proposals to deregulate the trucking industry permanently have been bottled up in a committee dispute over jurisdiction between two powerful committee chairmen who are sharply divided on the issue.

Comments on Energy Proposals

The National Food Brokers Association told the Department of Energy that the agency's proposed Standby Federal Energy Conservation Plan poses some serious threats to the distribution channels for food and grocery products.

NFBA President Mark Singer, testifying at the DOE hearing on behalf of NFBA's 2460 member firms, stated that "much of a food broker's essential function is directly connected with

interstate commerce of food and grocery products, which are a necessity to consumers. Adverse energy conservation measures that disrupt food supplies and add to consumer prices should be avoided."

Specifically, Mr. Singer's statement outlined the opposition of the National Food Brokers Association to the following four points:

1) "NFBA supports, in the event of severe energy supply interruption, standby consideration measures that include public information on gasoline conservation, minimum fuel purchase requirements, odd-even motor fuel purchase restrictions, 55 mph speed limit enforcement."

NFBA agrees that consumer education about fuel economy measures is beneficial. Food brokers already utilize these measures in an effort to control business costs. Minimum purchase amounts are one method to control panic buying, but NFBA suggests that escalating fuel costs dictate minimum purchase amounts be raised.

The NFBA statement recommended that there should be some flexibility in odd-even gas purchase plans for contiguous states. This would prevent the unnecessary stranding of business personnel from firms operating in more than one state when on an interstate business trip.

Enforcement of the 55 MPH speed limit has not adversely affected food broker operations, according to the NFBA statement. However, the Association has reservations about further reduction of 5 MPH in the speed limit.

2) "NFBA is opposed to the use of sticker plans' unfair discrimination against food brokers and other commercial enterprises that use vans and light trucks. NFBA supports the expansion of the commercial vehicle exemption under the vehicle sticker plan to include all commercial vehicles. Section 477.47 (d) (1) should be amended to read: "Single-unit commercial vehicles with six tires contacting the road surface with a gross vehicle weight rating of 10,000 or more pounds. This plan would restrict the use of other vehicles by one, two or three days per week."

"Food brokers and other businesses need to conduct their business just as

(Continued on page 42)

THE MACARONI JOURNAL

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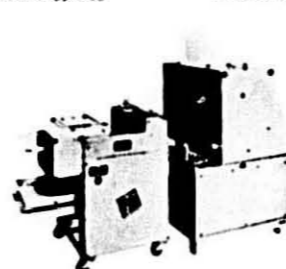
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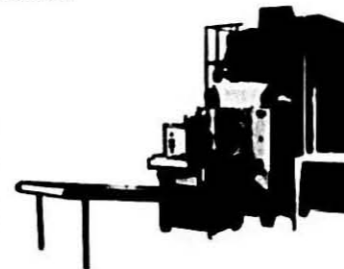
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Energy Proposals

(Continued from page 40)

much as other owners of exempted vehicles. The plan could terminate commercial automobile business performance for almost one-half of the week," Mr. Singer stated at the DOE hearings.

3) "NFBA is opposed to the proposed compressed workweek. The compressed workweek is an excessive measure in light of alternatives employers could adopt short of business closure. The compressed workweek exceeds the bounds of managing gasoline shortages and attempts to restructure the whole business economy."

The NFBA statement pointed out that the proposed compressed workweek poses massive interference with interstate commerce. The plan asks that food brokers and others adjust their business operations to maintain productivity as well as conservation. Longer working days would not result in gasoline savings. The NFBA statement points out that additional leisure time created by this plan could result in more, not less, discretionary driving. An alternative to the plan might be to allow employers to stagger schedules of individual employees and continue business operations.

4) "NFBA has consistently supported the inclusion of distribution of food and related products to consumers as an integral part of agricultural production. The Department of Energy's proposed gasoline rationing plan, compressed workweek, and vehicle sticker plan do not include agricultural distribution. NFBA is opposed to those provisions unless agricultural production is changed to 'Agricultural production and distribution'."

Failure to exempt the distribution of food and grocery products will disrupt the flow of those products in interstate commerce. Food brokers and other vital segments of the food industry need to be exempt in order to continue agricultural production and distribution for the benefit of 220 million consumers, according to the NFBA statement.

In closing, Mr. Singer noted that food brokers and NFBA recognize the importance of conserving energy. He suggested that "market prices are

more likely to constrain motor fuel consumption in our inflationary, cost-squeezed economy than federal regulations."

"In the event of a severe energy supply interruption, standby energy conservation regulations should be implemented that minimize adverse impacts on interstate commerce. NFBA believes that recommendations offered on behalf of food brokers will assist in obtaining that goal."

Food Retailers Urge Exemption from Compressed Work Week Plans

To keep the food pipeline open to consumers during fuel shortages, federal regulators need to exempt food retailers and wholesalers from a plan to compress the business work week to four days, a food marketing spokesman told the Department of Energy.

Under present DOE conservation regulations, an exemption is already provided to farmers and food processors, but none is granted retailers and wholesalers, Food Marketing Institute Energy Conservation Manager Todd S. Mann testified at a hearing at DOE's Office of Conservation and Solar Energy.

This omission would force supermarkets to close one day during the business week and would create a backup of perishable product shipments. They are received by warehouses which operate up to 18 hours a day, seven days a week.

The failure to specifically exempt food distributors from DOE's short work week plan stems directly from DOE's regulatory definition of enterprises within "agricultural production." Under this high priority classification, both farmers and processors are exempt. But Mann urged that Standard Industrial Codes (SIC codes) for both retailers and wholesalers be added to those receiving exemptions as firms involved in "agricultural production."

Aside from hardships imposed on the public by closing food stores one day a week, the short work week would save little fuel, Mann said. He cited DOE studies on private automobile use that showed only 11 percent of all fuel consumption is for house-

hold transportation, and that only four percent is for commuting. Most significant, he said, was that shopping trips consume only 0.8 percent of all fuel.

However, supermarkets could help in conservation efforts by placing corporate offices on a four day work week if necessary. Food marketers would also be willing to encourage car pooling to transport employees. Retail stores could also serve as outlets for public education on energy conservation.

Food Marketing Institute, a non-profit organization conducts programs in research, education and public affairs on behalf of its members - food wholesalers and retailers, from corner stores to supermarket chains - and their customers. FMI's 1000 member companies operate 24,000 stores with a sales volume of \$90 billion yearly, half of all grocery sales in the United States. FMI membership includes food chains, independent grocers, voluntary wholesalers and cooperative in the United States, Canada and about 30 foreign countries.

FMI Releases Scanning Guide

Supermarket companies considering installation of scanner checkout systems can draw on a new source industry - wide experience with scanners - the new *Guide to Scanning* published by Food Marketing Institute (FMI) in cooperation with the Thomas J. Lip-ton Company.

The comprehensive manual was developed by FMI's Industry Task Force on Scanning. It explores and outlines the broad scope of management commitment required to establish a successful scanner program.

"There is no better roadmap to scanning than the new guide," said Stanton Davis, Scanning Task Force Chairman and Chairman of Shaw's Supermarkets, Inc. He added, "It is not a magic formula for scanning success, but it is the single most valuable tool now available for an operator considering scanning for the first time."

The "Guide," based on research by the management consulting firm of Booz, Allen & Hamilton, pools and organizes knowledge gathered from

(Continued on page 46)

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Scanning Guide

(Continued from page 42)

companies that have successfully implemented scanning programs. It provides a plan for a start-up phases of scanner operations and sets objectives for the post-installation evaluation period.

The "Guide" is not designed to stand alone as a scanning operations manual. Rather each operator is urged to customize the plan suggested in the "Guide." Subjects covered by the 34-page publication include: management planning; capturing scanning benefits; scanning and the Universal Product Code and implementation steps for a company's first scanning venture.

The FMI Scanning Task Force was formed early last year to examine issues connected with scanning, including consumer concerns.

The Task Force is comprised of FMI members and staff consumer affairs, public information and operation executives.

All FMI members will receive copies. Non-members may order copies from the FMI Publications Department at \$5.00 per copy.

New Survey for Independent Operators

Food Marketing Institute has just released a new survey entitled *Operating Results of Independent Supermarkets, 1976-1978* which offers detailed store-level operating results for independent operators.

"FMI's object," said Research Director Doyle Eiler, "is to provide independents with comparative financial and operating information, which can be used in the management of their business. Until now there has been no study which provides the depth of information contained in these reports."

Results have been broken out by geographic areas and published in five separate books. Within each book, separate reports provide information by sales volume and profitability level.

"There is no need to compare apples and oranges," explained Eiler. "Each company can compare its own results with companies equal in size and performance in their own area."

GOING PUBLIC . . . LOGISTICALLY

Physical distribution management is accustomed to paradoxes: small shipments cost more than large ones, the most expensive transportation is sometimes the cheapest, and the long way around may be the shortest. So, it's entirely consistent that most public warehouses are in fact private firms . . . and that the public warehouseman himself is not infrequently a herself. And that the warehouse—traditionally described as a place for storage—may be the site of a number of specialized activities suggesting something far more dynamic than the static picture the word "storage" connotes.

For the truth is that public warehousing—public distribution warehousing—has evolved as a major component of the distribution systems of most U.S. manufacturing firms. In the meantime, the public warehousing industry continues to perform an economic function as old as commerce itself: inventory positioning. And a function that is more important than ever today.

In The Beginning

Although the earliest merchants probably did not employ such terminology as "positioning" and "inventory," they were quickly recognized the necessity of performing two basic functions characteristic of warehousing.

1. Accumulating goods that become available over a period of time for sale and/or use at a later time. For example: food.

FMI has run seminars in each region covered by the survey in order to discuss the results and show operators how they can be used. A new series of seminars is scheduled to begin next fall.

Operating Results of Independent Supermarkets was planned as an annual publication. The 1976-78 period covered in the current survey will become the base period for reports to be released each summer.

The current study draws on responses from 440 stores from throughout the U.S. The data was analyzed by Purdue University.

2. Holding goods that are received all at one time for sale over a period of time, or at favorable market times. Example: goods received over trade routes at lengthy intervals.

These early merchants also recognized—although without calling it that—a basic physical distribution principle called "capacity utilization," meaning, in the case of warehousing, that a typical warehouse is, on the average, only used to half its capacity. That is, if the warehouse is filled to capacity at the beginning of a cycle and then emptied over a period of time, its average occupancy is only 50 percent. The same is true of a warehouse which is empty to begin with and then filled over a period of time. This can be very uneconomic, particularly as business grows.

The alternative is what we now call public warehousing: a warehouse owned by a third party who makes space available to merchants whose storage cycles are complementary—i.e., the "peaks" of one matching up with the "valleys" of the other—with the result that a much higher degree of utilization can be achieved, and overall warehousing costs reduced for merchants.

In addition, early in commerce it was recognized that a third party might perform valuable fiduciary functions which would stimulate commerce, for example, holding and protecting the first party's goods as security against a loan by the second party. The practice was so successful as a form of financing that today, some centuries later, public warehouse receipts as collateral are generally recognized as the next best thing to hard currency itself.

Of course the integrity of the public warehouse operator is implicit in such cases, as indeed it is in any situation where a merchant entrusts goods to a third party for safekeeping. The fact that the practice has survived over so many centuries is proof that such integrity does in fact exist.

The "Family Store"

The fiduciary nature of the public warehousing business may account for another unique feature of the public warehousing business that sets it off

from most other industries: the fact that the vast majority of public warehouses are entrepreneurial or family undertakings rather than publicly held corporations or subsidiaries of such corporations.

And it is also a fact that some physical distribution executives today prefer to use public warehouses where an owner or member of his or her family is directly involved in the firm's operations. This is not to say that there are not some excellent publicly held public warehouse operations, for indeed there are; rather, in a day in which many businesses are characterized by a certain degree of impersonality, the involvement of family members is seen by some as assurance of a higher degree of motivation and concern.

The "family" nature of public warehousing generally is also a contributing factor to the earlier statement that the public warehouseman is often a "she." At a time when avenues to the executive suite were seldom open to women, family entrepreneurship not only made such management participation possible but also in some cases required it. Although warehouses acquired a "down by the tracks" image over the years, the emergence of women in management positions made it clear that they were equal to whatever challenge the nature of the business might bring. Today, of course, the number of women managers from outside the family is on the increase, the "down by the tracks" image has largely dissipated, and women warehouse managers and executives have proven themselves—often against far greater odds than their male counterparts.

State of the Art

It should not be assumed, from what has been said so far, that today's public warehouses are "mom and pop" enterprises. Far from it; they are modern business organizations in every sense of the word, both in their internal information systems and in their handling and storage technology. Their executives could well have come from any of a number of Fortune 500 companies—in fact many have come that way.

So, let's take a look at that contemporary public warehouse, to see what it does, where it fits in . . . why it is important to today's economy. First, it should be stressed that storage is only one of many functions per-

formed by public warehouses, and in some respects it is far from being the most important. From a physical distribution point of view, the public warehouse performs two main functions: economic, and marketing.

The underlying economic function of the warehouse—and of course this applies to private, company-owned warehouses as well—is to enable distribution at the lowest cost. This usually means that warehouses are strategically placed in relation to markets so that long-haul, high-volume transportation opportunities can be maximized between plants and warehouses, while minimizing the relatively expensive short-haul deliveries to individual customers in small lots. Additionally, because it is unlikely that any one plant manufactures a firm's complete product line, the warehouse often serves as a "mixing point" for the products from a number of different plants. This in turn enables economic order assembly and the economies of a single delivery.

A variation on this function is to ship products in bulk from a plant to a public warehouse in order to achieve maximum long-haul transportation economies, and then perform the final packaging operation at the warehouse prior to local delivery. Typical examples of this would be bagging of dry flowable products and bottling of liquids at the warehouse after receiving the products in hopper or tank vehicles. A similar service may be the assembly and installation of machinery and equipment which is shipped disassembled to reduce transportation costs. In some cases, testing and adjustment services may be provided.

An important economic function provided by many public warehouses is freight consolidation and delivery to customers. Because a public warehouse is in fact a neutral third party, it can legally consolidate shipments from competitive firms to common customers. This provides substantial economies of both sellers and buyers. In this connection, some public warehouses also offer regular traffic management functions.

Public warehousing may also be used to minimize the impact of local personal property taxes assessed against goods in storage. One example of this is the locale where goods stored in public warehouses are actually exempt from such taxes, while those in

private warehouses are not. A more conventional example is the "freeport" public warehouse, usually located adjacent to but not in a state which imposes such inventory taxes generally. The freeport public warehouse maintains stocks close to market, minimizing tax impact. A related type of service is provided by the public bonded warehouse, which holds either import goods or liquor in bond, and enables deferral of payment until such time as the products are released and move in commerce. Specialized warehousing operations will also be found for chemicals and hazardous materials, frozen and refrigerated goods, and records storage. Public warehouse operators have also expanded into real estate activities, as well as fleet leasing.

Marketing: Customer Service

Many of the marketing functions performed by a public warehouse for its customers closely parallel what those firms might do themselves, and may in fact do at some locations. It's not unusual for a firm to use a "mix" of public and private warehouses, for example, and to have public warehouse personnel performing typical customer service functions like order processing and fulfillment, inventory management, customer contact and the like. In some instances, the manufacturing firm may actually place its own customer service personnel in the public warehouse; in others, the public warehouse may assign customer service personnel to work exclusively on a particular customer's account.

Another important marketing function performed by public warehouses is to provide a capacity for test marketing new products without acquiring a major investment in physical facilities and personnel. If the firm test marketing a product decides to withdraw from the market, it does not have to worry about recouping that particular investment. In fact, overall marketing flexibility provided by public warehouses can be an important asset for many firms: for example, providing the ability to warehouse extra stocks in a market in anticipation of short-turnaround reorders at Christmas or holidays, or to reposition such stocks from market to market.

One marketing-type function performed very well by public ware-

(Continued on page 50)

SAVE OVER \$1 MILLION IN TEN YEARS!

WITH EACH MICROWAVE DRYER

- Up to 4 times the production in the same feet of floor space (a bargain in itself with construction costs in the \$40 sq. ft. range)
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- Other factors of increased flexibility less waste from spillage more exact moisture control

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Finally we have the capability we've been trying to achieve for hundreds of years—drying macaroni products from the inside out. Until now we have had to wait for the product to sweat or rest so that the moisture would migrate to the surface, when we could again dry some more in small stages. We had to be careful not to case harden the product so the moisture would not get trapped, thereby causing the product to keep drying on the outside, but not properly and to check at a later date when that moisture finally did make its escape.

Microdry actually produces a better product than does conventional processing. The superiority is in the cooking strength and texture when ready to eat, and the enhancement and microbiological stability when presented in the package. We will be pleased to submit samples of product made on the press same die, same raw material but dried in conventional Microdry units. You will readily see the color difference, cooking time differences, and taste measure for yourself the difference in each product.

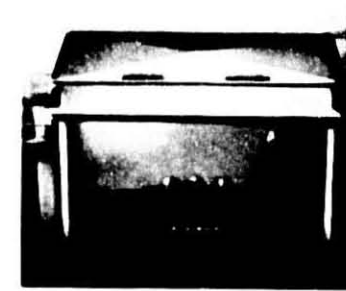
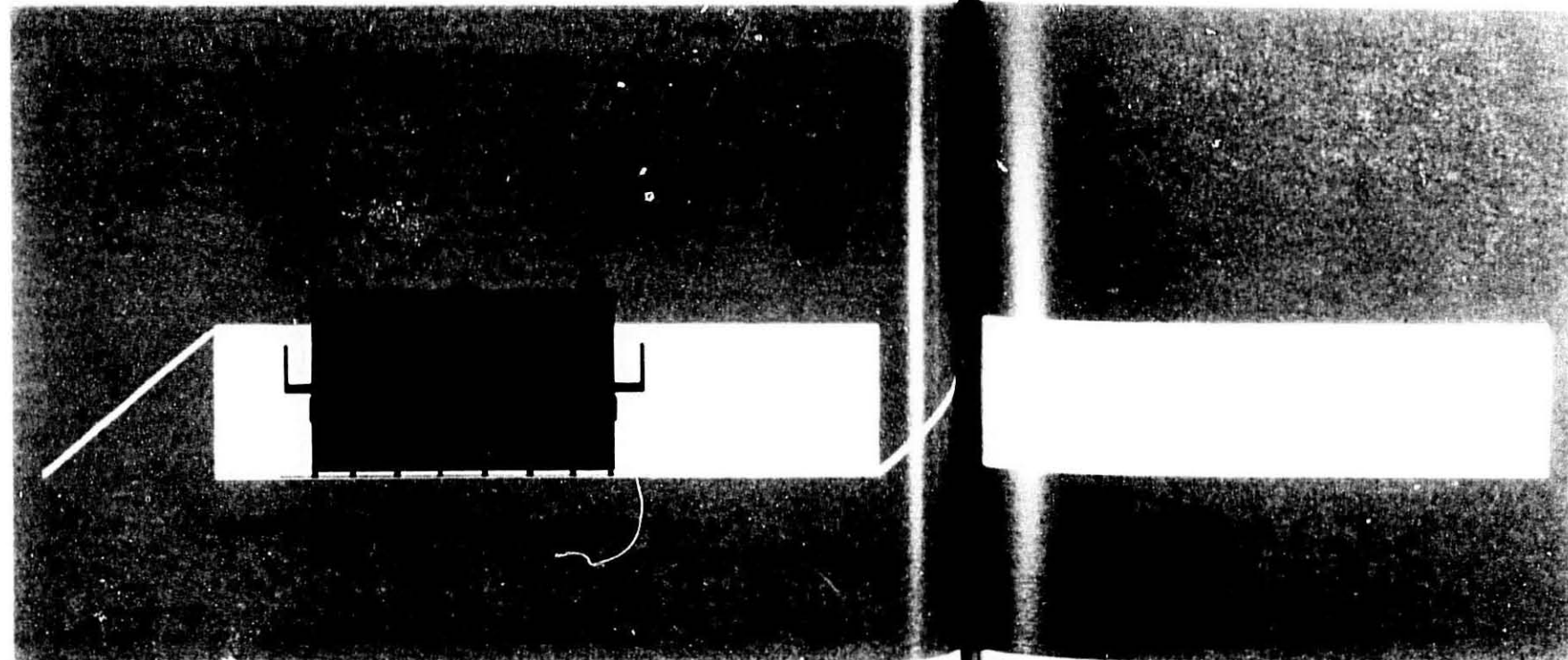
- Kills all weevils—eggs and adults
- Kills all salmonella, Staphylococci and Coliforms. Greatly reduces total microbial counts
- Makes a product with better color

WHAT USERS SAY:

- Lowest downtime: We keep an accurate record of all downtime and express it as a percentage of time down to time scheduled. Microdry leads the list at less than 2%.
Plant Manager of a leading mid-west operation.
- All future equipment will be Microdry.
Technical director of a large pasta plant.
- I guess the greatest compliment I can pay to Microdry is that if we were going to install another Short Cut line in our Operation, it would definitely be a Microdry Microwave Dryer.
Executive Vice President, pasta manufacturer.

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Going Public Logistically

(Continued from page 47)

houses, but one which is frequently overlooked, is management of product recall activities when products must be brought back in and disposed of because they are obsolete or defective, or for specific marketing seasons. The public warehouse is often better equipped than the private facility to serve as a collection point, to segregate the stocks and dispose of or salvage them, along with the appropriate paperwork and controls. Using a public warehouse to perform recall activities, which are generally intermittent and unpredictable, also avoids work overloads and management and control problems at a firm's own warehouses.

Further paralleling what a firm might do in its own warehouses, some public warehouses offer desk and office space as well as display rooms for use by a firm's salespersons—in effect serving as a full-service branch office, but without a long-term commitment to land and buildings. This type of arrangement can be advantageous for firms entering a market on a small scale and anticipating further growth to a point where it may be more economic to have their own facilities. A variation on this is to use public warehousing space for repair of office machines, appliances and the like.

These are a few examples of the marketing services offered by public warehouses. Flexibility is of course a public warehouse's long suit, and many operators will design and operate special services for their customers.

Special Services

Typical special services might include specialization in a particular type of storage—refrigerated, food, liquor, commodities, automobiles, export-import products, etc. For reasons of consolidation opportunities as well as the expertise required, it is often beneficial for a manufacturer to deal with a specialist public warehouse in one of these categories. For example, there are public warehouse organizations specializing in appliances, others specializing in computers and office equipment, and still others in chemicals. In each of these instances it may be desirable to deal with a specialist

with the appropriate handling and storage equipment as well as the related systems, procedures and controls—and of course experience in the particular trade customs or industry practices.

Many public warehouses also perform production-related functions such as storing parts, components or subassemblies pending their use in nearby plants' assembly lines. Because of the high operating costs of many assembly lines, and the extremely high cost of production downtime due to insufficient parts, this "reservoir" function of public warehouses to keep production lines running is vital in keeping costs down.

New Guide to Complaint Handling Now Available

What's the most obnoxious expression a complaint handler can use? How do you handle a complaint when the customer is clearly at fault? What's the best way to deal with an irate customer? How do you say "no" to a customer and still keep his or her business? What about "third party" complaints from Congressmen and other officials? And . . . how do you handle complaints all day long and still keep from going up the wall?

These and some 127 other questions about complaint handling—in person, by phone and by letter—are the subject of a new book written specifically for those unsung heroes of businesses large and small: the men and women whose job it is to resolve customer complaints quickly and fairly, without alienating customers . . . and without "giving away" the company.

Written for industrial concerns as well as retail organizations, wholesalers and distributors, in fact any organization receiving and handling complaints, *133 Ways to Handle Customer Complaints* is a lively, 112-page book containing numerous illustrations, charts and checklists emphasizing practical, useful techniques that can be used in a variety of specific situations involving unhappy or irate customers. A particular goal is to "contain" complaints before they escalate into more serious and time-consuming, expensive claims or lawsuits.

Recognizing that the stress and pressures of the complaint handler's job often lead to morale and turnover problems among employees, *133 Ways to Handle Customer Complaints* includes a chapter headed "How to Keep from Going up the Wall" and offering a number of tips for reducing stress and enjoying the job as an engaging, challenging way of helping people while contributing to the success of the firm in an increasingly competitive marketplace.

133 Ways to Handle Customer Complaints is available directly from the publisher, Marketing Publications Incorporated, National Press Building, Washington, D.C. 20045 on a money-back guarantee. Price is \$9.95, plus \$1.50 handling and shipping. Phone orders are accepted from rated firms 202/628-8646.

(The most obnoxious expression a complaint handler can use, according to the authors of *133 Ways to Handle Customer Complaints*, is to preface a reply to a customer's complaint with the words "You'll have to . . ." implying that the customer, rather than the company, has the responsibility for resolving the complaint.)

Letter of Credit Alternative Proposed

The net effect of using a letter of credit could provide substantial savings in the USDA budget and increase the quantity of domestically-produced agricultural commodities utilized in domestic federal food programs if the savings are channeled into letters of credit for food. We find that a letter of credit approach would be fully consistent with the Congressional mandated objectives of the federal government's price support and surplus removal programs as they relate to domestic food donations for the National School Lunch, School Breakfast and other programs." This was the finding of a report released in Washington, D.C. by the National Frozen Food Association. The report was prepared by the Washington-based consulting firm of Schnitker Associates. Its title is "Improving Federal Food Procurement and Distribution Programs."

The National Frozen Food Association is a trade association composed of almost 1,400 food industry companies

THE MACARONI JOURNAL, 1980

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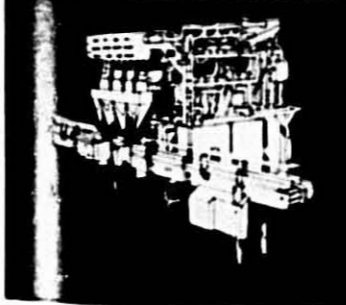
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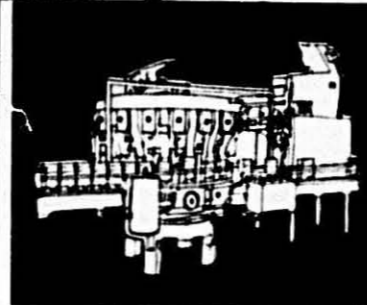


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INDEX TO ADVERTISERS

	Page
A D M Milling Co.	12-13
Amber Milling Co.	23
Asacco Corporation	21
Braitenti Corporation	18-19
Buhler-Mieg Corp.	26-27
Clyburn Machine Division	37
Cooley Sales Company	31
DeFrancisci Machine Corporation	6-7
Diamond Packaged Products Div.	33
Di Cecco	31
Fold Pak Corporation	2
International MultiWoods Corp.	54
Malden & Sons, D., Inc.	45
Microdry Corporation	48-49
National Egg Products Corporation	35
North Dakota Flour Mill	15
Pavvy Company	22-29
Rossotti Consultants Associates	53
Seaboard Allied Milling Corp.	43-44
Triangle Package Machinery	39
Valpi & Son Machine Corp.	41
Winston Laboratories	31
Wright Machinery Div.	51

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Coming Events:

N.M.M.A. Washington Meeting
Mayflower Hotel, Washington, D.C.
September 18

National Macaroni Week
October 9-18

International Durum Forum
Remede Inn, Minot, North Dakota
November 11-12

National Food Brokers
Association Convention
Las Vegas, December 5-10

N.M.M.A. Winter Meeting
Boca Raton, Florida
February 4-8, 1981

Letter of Credit

(Continued from page 50)

Company members of the Association are wholesale distributors, packer/processors, brokers, warehousemen, food service operators, transporters and retailers.

Schnittker Associates is an economic and management consulting firm specializing in food and agriculture and related policy issues. The project was directed by Dr. John Schnittker, President of the company and former Undersecretary of Agriculture.

The goal of the Schnittker Associates report to NFFA is to explore how the Congressionally-mandated objectives underpinning the price support and surplus removal programs of the U.S. Department of Agriculture, as they relate to the National School Lunch Program and other domestic outlets, can be maintained and improved. The report describes how the existing system of Congressional objectives and much of the USDA's present procedures for establishing those foods in need of price support or surplus removal can be easily adapted to a new system (letter of credit). This new system would utilize normal commercial channels of food procurement, processing and distribution to obtain the highest quality food for the funds spent.

The objectives of the proposed letter of credit system as they relate to the price support and surplus removal programs of the USDA and the National School Lunch Program are the same. They are: to increase the consumption of United States perishable agricultural commodities and prevent waste; to procure foods for the National School Lunch and other federal food programs as efficiently as possible; to enable improved timing of procurement and better management of inventories; to provide latitude for maximum local choice in selection of foods for school lunch and other programs in line with local needs and within established meal guidelines and standards, and to utilize regular commercial channels of trade.

Specifically, the Schnittker Associates report examines the feasibility of establishing a letter of credit system for all or most of the commodities which are now bought and distributed by USDA to school lunch and other outlets. The report also provides an outline and description of a workable

letter of credit system that would meet the Congressionally-mandated objectives of price support and surplus removal, be administratively feasible, and provide nutritionally adequate and personally satisfying foods to school children at the lowest possible cost.

The report notes a clear trend in federal food programs over the last 35 years away from systems in which USDA buys and donates commodities to systems using cash or cash-like instruments such as letters of credit or vouchers.

"The logic of widespread transitions in federal food programs from USDA purchases and donation of commodities to cash and cash-like instruments such as vouchers or letters of credit is simple and powerful. It is derived from a recognition that a high degree of individual choice, in a framework of meal and nutritional guidelines together with financial accountability, is superior to a program in which an important part of the food choices for school children and other program participants are made by federal officials," the report says.

The Schnittker Associates report is the second consultant report on the USDA's Food Distribution and School Lunch Programs released by the National Frozen Food Association over the months. In November, NFFA released results of a report by Kansas State University on how cash instead of USDA bought foods fared in eight school districts across the nation as part of a USDA sponsored and Congressionally-mandated test. The KSU report focuses on the results achieved by these school districts comparing their lunch costs with cash during the 1978-79 school year to costs with government bought foods during the 1977-78 school year. The Kansas State University report projected annual savings of up to \$162 million in food costs for schools with cash rather than donated government-bought foods.

Copies of the Schnittker Associates report, "Improving Federal Food Procurement and Distribution Programs," are available from the National Frozen Food Association's Government Relations Office, 1019 19th Street, NW, Suite 800, Washington, D.C. 20036. Charge for the Schnittker Associates report is \$4.50 for single copies. Volume discounts are also available.

THE MACARONI JOURNAL

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