

**THE
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SEPTEMBER, 1982



JOSEPH P. VIVIANO
President, National Pasta Association

78th Annual Meeting Report

(Continued from page 3)

come down before our bad times end. He expressed great concerns about the ability of small and medium business to get capital and declared it was essential for them to have access to funds as they are the entrepreneurs who take risks. He said: "I like competition and believe in Adam Smith." He also observed it was a political year, and "your view of the truth is always partial."

Congressman Tim Wirth

Congressman Tim Wirth of Denver wears three hats in the House: he is on the budget committee, telecommunications committee, and energy committee. He observed that the Democrats lost view of growth in the 70's and concentrated too much on the division of the pie. He complained that too few people are thinking long term and that congressmen think more about running for office every two years than making long-term plans for the country. His comments appear on page—

George Sinner

George A. Sinner of the Northern Crops Institute and North Dakota farmer reported that crop prospects are good — even excellent — although late plantings run the risk of frost damage and wet weather at harvest. This was confirmed by Vance Goodfellow of the Crop Quality Council with a phone call from a field trip in the Upper Midwest.

Mr. Sinner said world food supplies are an amazing paradox. Production goes up and prices go down. Many of the world's poor cannot afford the food they need, and food delivery systems need improvement. Institutions no longer carry inventories. The first producer holds reserves which causes serious trouble for farmers confronted by high interest rates. The Northern Crops Institute has been organized to promote products of the leading agricultural states for foreign and domestic trading teams.

Jim Feeney

Jim Feeney, Chairman of the Millers' National Federation, reported that that organization, founded in 1902, is consolidating staff and reviewing objectives. He declared they will be selective of the issues to pursue, including technical matters and consistency

with U.S. export policy in an effort to increase productivity of their 50 flour-milling members. Roy Henwood will be the new president as of August 1.

Mr. Feeney said that the romance of wheat calls for partnership of growers, millers, and pasta manufacturers. The big challenges are to reduce imports and to tell consumers about grain-based products.

Bob Mathias

Bob Mathias, director of the Olympic Training Center in Colorado Springs and last fall's spokesperson for the National Pasta Association at the International Durum Forum, stated that athletes are getting better every year because they are bigger and stronger with better diets, better coaching, better techniques, and better equipment. The U.S. now has 37 co-operating sports units working with the Olympic Committee in helping amateurs represent this country. His advice to all athletes, but especially golfers, was to make every stroke count.

Norad

Lt. General Kenneth J. Thorneycraft, Deputy Commander-in-Chief of the North American Aerospace Defense Command, and his aide Clifford Zacharias had a fascinating audiovisual presentation on the defense system in Cheyenne Mountain behind the Broadmoor that tracks all aircraft entering the North American continent and tracks missile launchings worldwide.

Louis Raffel

Louis B. Raffel, President of the American Egg Board, showed t.v. commercials for the incredible edible egg. Their program of eight years is a marketing order calling for a contribution of 5¢ per 30 dozen/case eggs which gives them a \$5 million budget. He pointed out that breakfast cereals spent more than \$165 on television, so the egg industry is now considering increasing its assessment to 7.5¢ per case. Target audience is women 18-54 with children at home, so they utilize daytime t.v. as well as radio and print advertising. State and regional programs are designed for 30 states. They will be pleased to work on cooperative efforts with the National Pasta Association.

Joan Reynolds

Joan Reynolds, Executive Director of the Wheat Industry Council, re-

ported that that group is now debt-free and ready to launch its spokesperson programs. Focus groups have indicated that they like wheat-based foods and want permission to use them. Basically consumers want nutritional information so they can make their own decisions on what to eat.

Elinor Ehrman

Elinor Ehrman of Burson-Marsteller reported on the National Pasta Association product promotional program.

Campaign theme for 1982-83 is "Pasta's All That - and Only 210 Calories per Serving." The attributes of nutrition: versatility, economy, convenience, flavor, will be emphasized.

Pat Muldowney, Director of Radio and T.V. for Burson-Marsteller, described the electronic media program planned. He reported that the most surprising reaction from various media people is that pasta is not a fattening food and that the scepticism means opportunities when the doubters are convinced. The 1982-83 electronic campaign will include one or more spokespersons for network and syndicated t.v. talk shows, news clips, public service announcements, with same sound tracks used for radio.

Carlo Middione, an Italo-American born in Buffalo and now a restaurateur in Glendale, California, will be one of the spokespersons demonstrating how to cook, how to sauce, and how to eat pasta products. Brynn Thayer, a soap opera celebrity from Texas, married to an Italo-American, will be an alternate spokesperson. Clips were shown that will be distributed this fall.

Rick Silverman

Rick Silverman, general counsel for the N.P.A., reported that the pasta case is being heard in Geneva, Switzerland, and that thus far things have gone well toward resolving the problem of Common Market subsidies for processed foods for export.

Winners

Chris Ronzoni won the top prize in the tennis mixer. Joe Hale and Nancy Thurston took the Sills' trophies for low net in golf.

Thanks go to the hosts of the Suppliers' Socials which preceded the

(Continued on page 16)

THE MACARONI JOURNAL

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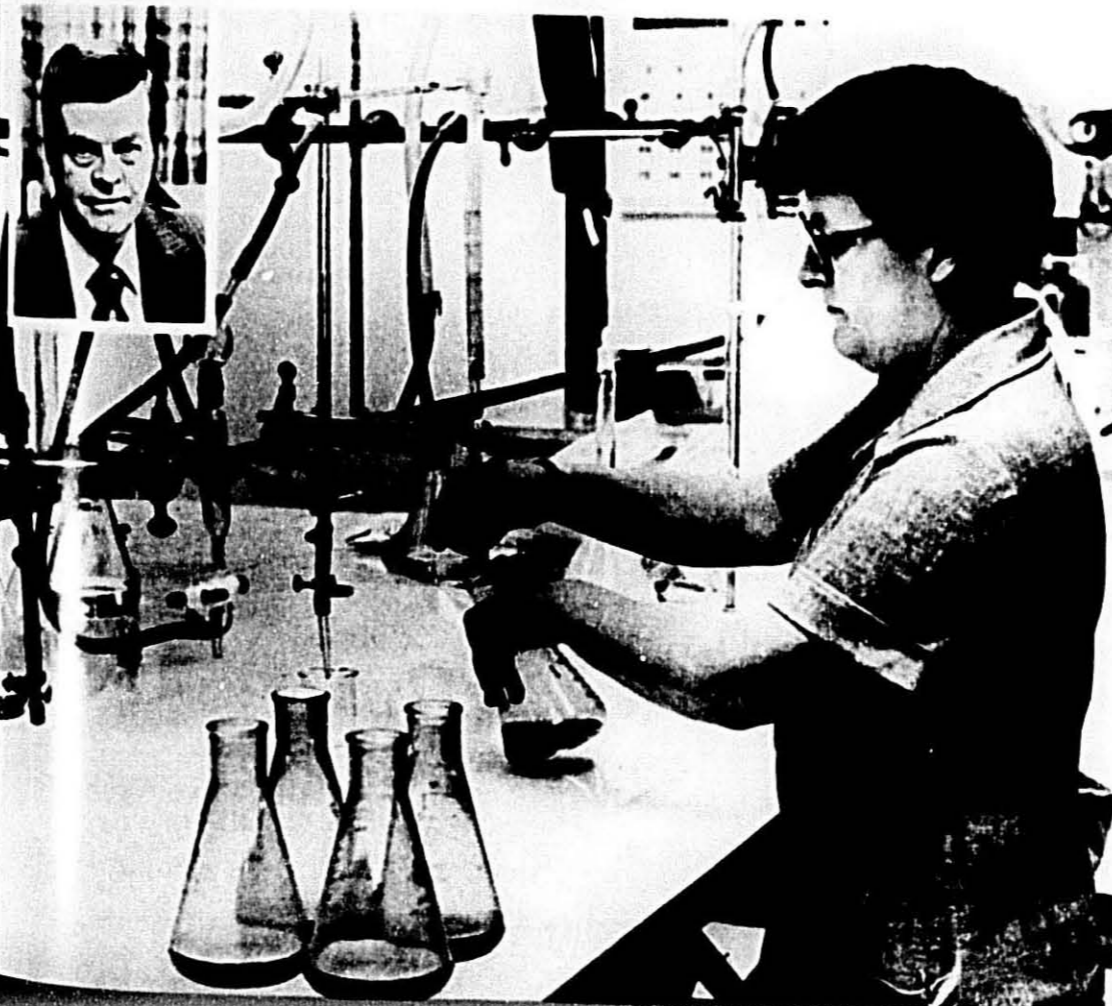
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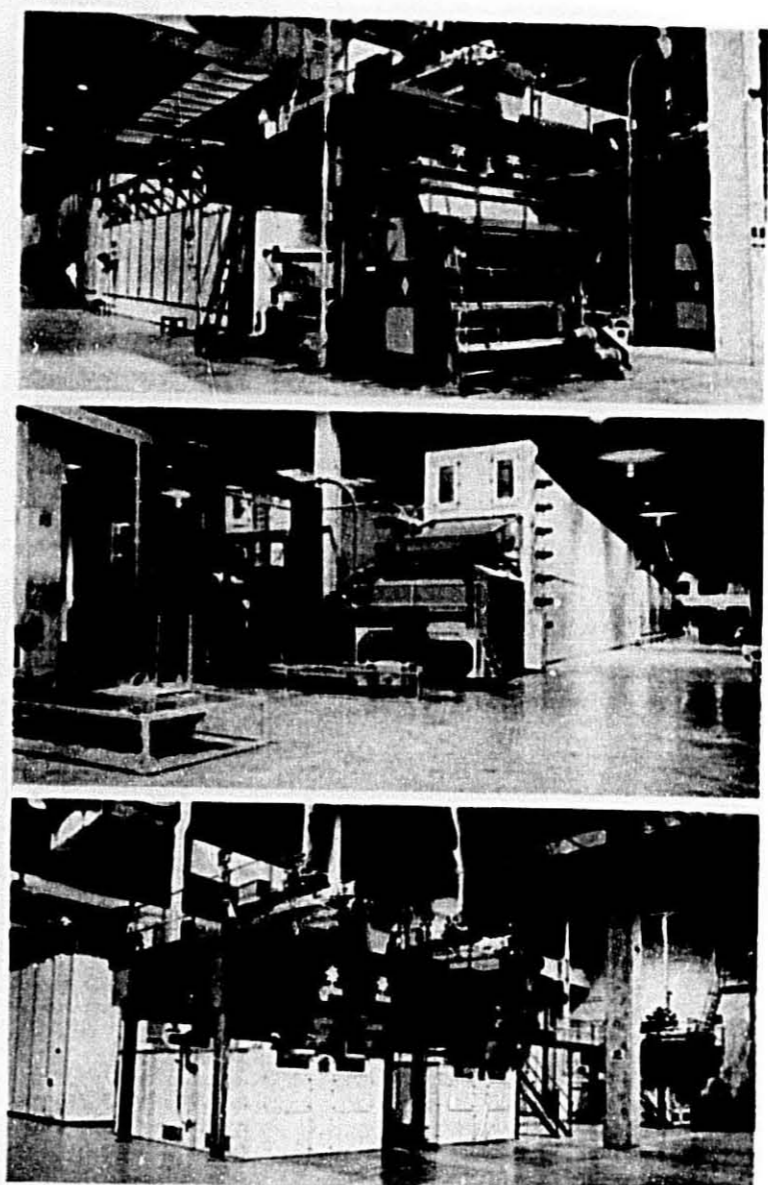
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SEPTEMBER, 1982



Joseph P. Viviano

THE PRESIDENT'S INAUGURAL ADDRESS

Joseph P. Viviano

Maybe the best way to start is to introduce myself. I'm President of San Giorgio-Skinner, a Division of Hershey Foods. Our Division is comprised of four family-owned companies: San Giorgio, Skinner, Delmonico and P & R. My entry into this corporation came with Hershey acquisition of our family-owned business in Louisville, Ky., Delmonico. My father, Peter Viviano, was President of this association from 1968 to 1970. I believe Pete and I represent only the second Father-Son combination to serve as President. But I'm open to any good memories who recall other Father-Son combinations.

I'd like again to introduce my wife, Paulette. We have three children: Lisa, Joe and Stephanie, 16, 15 and 12.

My first official duty as NPA President is to recognize a great individual — a friend of mine — a friend of the Association and a friend of all of you . . . a man whose untimely passing concluded 35 years of dedicated service to the food field and to our Pasta Industry as our Technical Director. I speak of Jim Winston. I think it appropriate to read a resolution passed by our Board as a tribute to Jim.

Whereas The National Pasta Association and its member companies wish to honor the memory of its departed colleague James J. Winston who, for over 35 years, served this industry through his tireless efforts and assisted this industry in the development of standards of production, nutritional content and a variety of other matters and,

Whereas James J. Winston assisted member companies, large and small, in adhering to regulatory requirements and worked with the regulatory agencies to insure reasonable regulation of the pasta industry and,

Whereas James J. Winston was actively involved, throughout his entire professional career, in scientific and technical societies from whom he received numerous tributes for his valued contributions and,

Whereas James J. Winston was not only a professional colleague but personal friend as well.

Be It Therefore Resolved that the National Pasta Association in honor of its departed friend and colleague, James J. Winston, purchase and make a gift, in his memory, to the North Dakota State University of scientific equipment to be used for the ultimate benefit of the pasta industry and that such equipment bear suitable plaques and inscriptions to this effect.

Now a change in pace . . .

banquet was held in our Delmonico plant in Louisville. At that convention Jack Wolfe stepped down as president following the longest term of anyone who has held this office. He began his term in 1941 and he was one of the main reasons that the association was held together during World War II.

At any rate, my folks told me to put on my best tennis shoes and attend the convention dinner with them. It was that day that Jack Wolfe, because of his extraordinary service to the association spanning eight years, was given an unusual gift, a 1948 Buick—Roadmaster — Yellow — Convertible — Automobile.

Remember that at that point in history, about the only color automobile that you ever saw, was black. And the impact that automobile made on everyone was substantial — but on me, an eight-year-old kid, well, I thought it was simply fantastic. I was completely captivated. I thought, this has got to be heaven, and what success is all about!

I think my fate with the association really was sealed when I comprehended that automobile and its significance. Maybe it will tell you something about me to know that I have a 1948 yellow convertible in my garage today.

Strange? Perhaps, but all true.

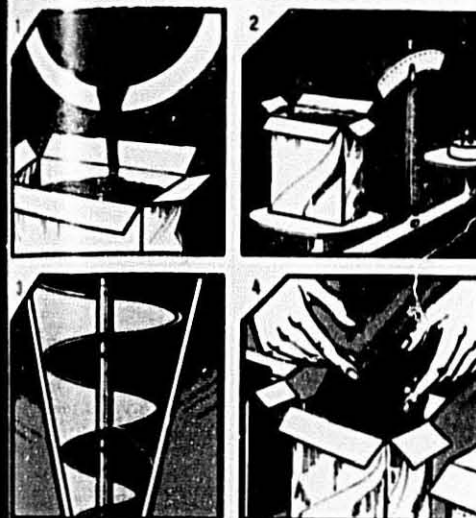
Into Reality

I'd like to shift out of the nostalgic and into reality. I'd like to speak very frankly about the association and its membership.

Change is something we must deal with every day in our personal lives. Change is difficult, trying, painful. It is a time of greatest opportunity. The past several years this industry has had more than just a little change. We are undergoing a true metamorphosis.

When I first set eyes on that yellow Buick convertible, every step of this industry was being taken by a family. That has changed, and now the industry includes several large corporations, new personalities, new and different points of view, along with many of the original family-owned companies.

(Continued on page 8)



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The President's Address

(Continued from page 8)

At the same time, all of business has changed, become more complicated and sophisticated.

Just think of how each of these elements has changed over the past 10 years:

Government
Customers
Consumers
The Economy
Transportation
Our plants, production machinery and methods.

Our industry and our association are going through some growing pains. The membership is altering some of the operations of the association in an attempt to be successful amid today's changing environment.

My observation is that this process over several years has tended to develop typical responses and several schools of thought.

One position believes that many of the changes should not be made, that they are not necessary.

These members perhaps question the increase in dues, they are hesitant about moving the association's future headquarters, maybe they are uncertain of the value of our Strategic Plan, and all the sophistication it implies.

At the other end of the spectrum is the position that changes do need to be made, that the association does need to get bigger. These members do want to set more goals, accomplish new objectives, become more aggressive.

They believe the association should get closer to the seat of government, believe we need to increase our influence in the trade through interaction with other associations, that an expansion of our programs and activities will serve the membership better.

Then, of course, there is another group — somewhere in the middle. In favor of some change, against other change. These members are willing to try new roads, want to keep up and improve, believe that progress comes from joint efforts in which everyone can participate, that there is a common ground.

Three separate visions of the truth and of the future — best summed up by Colorado Treasurer Roy Romer when he said, — "Your view of the truth is always partial."

The changes in our industry over the years have been significant.

I suspect that the future of the association is at some form of crossroads right now. A crossroads brought about by many things: The economy, new ownership, new points of view and new priorities, changing times. But our long-term Strategic Plan is our road map.

I'd like to make you aware that this consideration will be of paramount importance in my administration. A single, major objective that I have is to consolidate these positions and to unify them into one of general agreement — so that we will all continue to move forward, together, as one force.

I made some references to my past at the beginning and I felt it was significant beyond nostalgia — for this reason: The name of Viviano has been in the pasta business in America throughout this century. If anyone has a sense of family, a sense of tradition, a feeling for the history of this industry and this group of people, I think I qualify.

At the same time, for the last 10 years, I have been a part of that corporate world as well. Hershey acquired our family's macaroni company in 1966 and I have worked for the fine folks at Hershey since that time. That service has not altered my sense of family, but it has given me a clearer understanding of the position and attitude of the corporate members to go with my understanding of the family business.

In my two years as President, I will attempt to understand and recognize the differences of opinion that do exist, and will seek to bring us together on the course that is best for our association.

The Association Needs You

Does the association need you, the member?

Of course it does.

But more than that — you, the member, need the association.

The birth of any association comes about through the banding together of its eventual members in legitimate needs they are unable to provide on their own. It may sound like I wrote that last thought for this speech. In fact, that exact thought was delivered in an inaugural speech to this association in 1968 by a man named Peter

Viviano. Maybe change only reminds us that there is little new in the world.

And in our case, it is together that we are a force to increase our sales and serve the consumer better through programs that:

- Build consumer acceptance and consumption
- Fight unfair competition from imports, and I pledge that to be a key objective.
- Provide educational forums in technical disciplines
- Resist unwarranted intrusion and regulation by government
- Improve the quality and availability of our raw materials.
- Address issues of nutrition
- Provide meaningful statistics and measurements of the industry impact and importance
- Develop uniform product standards
- Provide, through these conventions, a forum for joint programs of the industry and its members including our vital suppliers.

Major Objectives

My major objectives in the next years are to establish professional representation in Washington, D.C.; to hire a director of the association, our current and valuable director, Bill Green, begins a transition into retirement as our Senior Executive Consultant; to have our new organizational system of councils and committees functioning smoothly, and to have our allied suppliers and producers playing a greater role within the association.

One of the most significant accomplishments of the past administration is the establishment of a strategic plan. I can tell you from my experience with Hershey and our Pasta Division that strategic planning is an absolute necessity, and a means not only to achieve our goals, but identifying in the exact what those goals are. Congressman Wirth hit the nail on the head when on Monday's program he criticized the current mentality in the nation's government and industry: "Too few people are thinking about the long term; too much emphasis on the short term." Our industry now has some good, formal long-term thinking.

I expect to continue the emphasis on planning that Les has established. It will not, however, be able to devote

(Continued on page 13)

THE MACARONI JOURNAL

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The President's Address

(Continued from page 10)

much time as he had, and that means that I must require a time commitment from each company at least equal to its dollar involvement. Let me emphasize that: I must require a time commitment from each company at least equal to its dollar involvement.

When I opened my talk with nostalgia, it was not just to entertain you, and not just to entertain me. It was to remind you of the roots of this industry — in my personal case going back three generations. Among at least a few of the people in this room, those roots descend even deeper into history.

This industry has been a good place to earn a living, raise a family, grow a business. We have a big tradition to uphold.

If, in the future, the industry is to do for you, your family, your company, your corporation what it's doing today — then we must prepare now for that future and manage the change that always comes with a future.

To operate your business effectively requires an involvement in the association. Industry matters affect your business directly. Another speaker of the last three days compared our business and industry to a pie. Your business man probably is to get a bigger piece of the pie, he said. And I say, as a member of the industry, you have just as big an obligation to protect that industry pie and to increase the size of the whole pie.

I hope you will remember some of these words when I call on you. And I hope that you will respond favorably and positively so that you and I, together, can work for everyone in this room.

I want your help. I need your help. I will expect your help.

We together will develop a unified and aggressive industry that is in agreement on where it is going and how it will get there.

Presentation to Mr. Thurston

Les, it is traditional to give the outgoing president two things — a plaque in appreciation of his service which commemorates your term as president of the National Pasta Association from 1980 to 1982, and a bound volume containing copies of the Macaroni Journal for these years.

With tradition satisfied, I now want to make another presentation to you,

THE STATE OF THE ECONOMY

by Timothy E. Wirth

Congressman from the Second District, Colorado



Rep. Timothy E. Wirth

I am delighted to be here today and welcome all of you to Colorado.

I am sure that as you attend this convention, you are concerned, as all Americans are, about the state of the economy, and how we can bring it back to health again.

In the Congress, I am fortunate to wear three different hats, each of which brings me in contact with present economic issues, and provides me with the opportunity to look beyond the present toward a rapidly changing future economy.

As a member of the House Budget Committee, I have spent an enormous amount of time in the past few months developing proposals for cutting the size of the federal deficit nearly in half

and in doing so, I'd like to make this comment.

In the course of human events there comes along the right person at the right time. Our president, Les Thurston, and the National Pasta Association's need for future direction and planning both came on the scene in 1980. The timing was perfect. The association and its members can never forget the dynamic Strategic Plan that you, Les, have given us. We will follow this plan and make sure of its accomplishment. We thank you for it.

I do not have a yellow convertible for you. But this is a very special gift, a magnificent gold watch, and we hope you will wear it proudly and think frequently of the association and all of your friends.

— critical to lower interest rates and bringing about sustained economic recovery.

As chairman of the House Telecommunications Subcommittee, I am deeply embroiled at present in trying to pass a bill which is critical—if all Americans are to be spared sharp increases in the cost of local telephone service, and if the fruits of the communications revolution are to contribute to our future.

The third hat I wear, and the one I would like to put on for a few minutes, is that of chairman of the House Democratic Caucus' Long Term Economic Taskforce, and co-chairman of the Democratic National Committee's Task Force on Promoting Economic Growth and Opportunity.

These duties have provided me with the opportunity to focus on the long-term course of our economy and the changing roles of the private and public sectors.

One of our problems is that few of us plan very far ahead. Too often businesses are preoccupied with this quarter's bottom line. Average families are concerned about paying this month's bills. The Congress of the United States has a watchful eye on the next election and frequently becomes bogged down in coping with this month's crisis.

We have paid too little attention to profound economic trends which offer your industry and our whole society a chance for sustained economic growth, if we match our policies and practices to their demands. I would like to outline briefly some of these changes and what I believe we as a nation must do in order to capitalize on them.

Internationalization

First is the internationalization of our economy. A generation ago we faced little economic competition. The United States was largely self-sufficient and we were the undisputed economic leader of the world. American money was spent on American goods manufactured from largely American resources using American energy. Strong American markets absorbed the majority of American goods.

That has changed during the past decade. We no longer are the single

State of the Economy

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dominant economic power. All around the globe are new, technologically advanced, aggressive centers of economic power and resources.

Today, West Germany leads the world in exports of manufactured goods; Japan exports the biggest share of manufactured goods to the less developed countries.

And today, America is no longer energy self-sufficient. American industries which long had the advantage of cheap supplies have had to adjust to a world of expensive energy. In addition, we send \$80 billion a year to foreign governments for oil, and our economic strength is dependent on a vulnerable oil lifeline which begins virtually on the borders of the Soviet Union and threads its way through the most unstable region in the world.

Our nation is still the strongest, most productive economic power in the world. But this position is no longer assured. With further internationalization of the economy, we will continually have to meet new challenges to our economic leadership.

We cannot stop this move toward the internationalization of the economy, and we should not want to. It presents a host of new opportunities. But we must move to become more aggressive trading partners. One American job in six now depends on foreign trade, and the export of American goods and services has become an increasingly important foundation for our economy.

At present we are doing relatively well, especially in agricultural products where exports account for 25 percent of farm income. Were it not for our huge oil import bill, we would be in a strong, surplus condition.

To shrink that bill, we must continue to support vigorous incentives toward energy independence. Earlier this week, I participated in the ground breaking ceremony for the Solar Energy Research Institute Research facility in Golden, Colorado. This new national laboratory must receive adequate funding to move solar and other renewable energies from the drawing boards to competitive reality. The federal government must play an active role in research and development of new energy supplies without returning to the days of ineffective, burdensome

regulation of the energy marketplace. Businesses and individuals must be given continued incentive to invest in energy conservation and alternative energy.

Improving our nation's balance of trade will depend on our ability to forge and carry out a coherent export policy. We live in a world of aggressive international competition from foreign governments, and have to re-think the ways in which the public and private sector work together to encourage exports of all kinds, including:

- Encouraging growth in areas in which we have a competitive advantage, such as your business of processed foods
- Reducing barriers to U.S. exports and investment overseas
- Agreements to reduce the export subsidies of other countries and make sure U.S. firms, including small businesses, are able to compete overseas
- Researching and exploiting market opportunities abroad more aggressively
- Exploring and possibly implementing appropriate tax credits to encourage exports

These steps would, I believe, help our nation improve our position in an international economy and help us take fullest advantage of this major change in our economy.

Economic Foundations

The second major change we need to address is in the foundations of our economic strength. A century ago, the industrial revolution transformed America from an agricultural to a manufacturing economy. Today, a technological revolution is again changing the nature of the American economy.

From hand held calculators to telephone answering machines, from electronic bank tellers to man-made bacteria that can eat oil spills, from econometric modeling to national real estate data banks, from satellite transmitted newspapers to laser-read video discs, our lives are being transformed by new technologies.

And so is our economy. A generation ago, the American economy was divided about evenly between white-collar jobs and blue-collar jobs, between goods and services. Industries like steel, autos, textiles, machinery, mining, construction and agriculture

together accounted for most of the nation's exports, half of its output, and half of its jobs.

But in the last generation, one out of every ten jobs created has been in the service and information sectors. More than two-thirds of the rise in real GNP over that period was contributed by these new economic forces.

The world-wide demand for knowledge and the advanced high technology which conveys it, has created burgeoning new markets in industries like computers, communications, electronic components, aerospace, pharmaceuticals, material science, energy bioengineering, photosynthesis, fiber optics, international finance and data base management. Your industry is also part of these changes, and you rely on the high technology services they have spawned — services like advertising agencies, marketing networks, consulting firms, accountants and more.

The profound shift in our economy has already created impressive new growth and job opportunities across the nation, including the Front Range of Colorado, where near the Broadmoor and stretching up north of Denver high technology firms have sprouted in what was farmland; microchips are as important as Durum Wheat.

But the importance of these shifts for our economy, and the things we must do to compete in this age of information are not widely known.

We need to take steps to improve our ability to compete in this age of technology, including:

—Rededicating our commitment to education at all levels. Our people's minds are our most abundant resource and in this new age of information, the trained mind is the keystone of national economic growth.

—Improving our sagging laboratory base through investment in upgraded laboratory facilities, additional graduate research fellowships and increased support for research and development in key federal agencies. I developed a package of investments which would have accomplished these goals as part of a bipartisan package I proposed in the House in May.

—Establishing incentives to draw talented teachers to areas of our special needs — science, mathematics, foreign languages — into our public schools.

(Continued on page 16)



Perfection can only start with palatable pasta products.

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Macaroni masters know what they want...and demand it: Nutritious, economical, good-tasting pasta products.

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The State of the Economy

(Continued from page 14)

—Emphasizing computer literacy and the technical skills we need to develop in education at all levels.

—Re-structuring job training programs so that they are community based and start from actual private sector needs, and provide opportunities for retraining workers whose jobs have been eliminated.

These are some of the steps we need to take if we are to improve our ability to compete in an increasingly technological world.

Rapidity of Change

The third major challenge we face is the sheer rapidity of change in today's world economy.

Less than two decades ago, we built the most advanced machinery and the greatest manufacturing potential of any nation on earth. Today, by world standards, our industrial facilities are, in large part, obsolete and cannot compete with the state of the art factories of our competitors.

Today "state of the art" manufacturing processes are constantly changing and may become technologically obsolete before they become physically obsolete. New techno are replaced regularly by newer technologies.

Even a generation ago, change, though considerable, came at an understandable pace. Today change in our world economy comes at such a rapid-fire pace that it is no easy task to keep abreast of it.

To do a better job of coping with change, we need to make firm commitments to marshalling the resources of government, business and labor, to abandon unproductive adversarial relationships and strive together toward common goals. Among them must be: —The need to make our basic industries competitive. We cannot afford to become a nation without its own auto and steel and other basic industries. It would be bad for our workforce and intolerable for our national security. We also must safeguard our nation's agricultural industries, for they are critical to continued growth.

—The need to replenish our nation's supply of capital through tax policy emphasizing savings and investment. Rapid change has also outpaced the regulatory structure governing our nation's financial institutions—a structure created during the Great Depres-

sion which badly needs to be updated.

—The need to rebuild our economy's arteries. I'm sure all of you are aware of the problems caused by a deteriorating infrastructure in getting goods to market. One in five bridges needs replacing and over half the nation's roads are in disrepair. Without returning to pork barrel public works projects, we must invest in those projects which will bring maximum benefit to our society and encourage the private sector to also contribute. The involvement of government in rebuilding our deteriorating infrastructure should be largely through self-financing mechanisms.

—The need to bring public policy up to date with the rapid change all around us. That is the major goal of HR 5158, the Telecommunications Reform Act of 1982, which is designed to update a law passed in 1934 but still governing communications. It is hopelessly out of date, and my bill would encourage greater competition in this exciting growth field, while protecting rate payers from huge increases in telephone rates, which are quite possible if legislation is not passed to supplement the proposed settlement of the long-standing antitrust suit against AT&T.

Forward looking policy in telecommunications—which Congress, not the courts or AT&T should set—can contribute to helping our economy keep up with the rapidly changing world we live in. And it will enable you to keep better tabs on your business in far flung parts of the nation and world by spurring new innovation through service competition, making new services available to all of you for marketing, purchasing and other important decisions.

Despite the many economic woes in our present economic circumstances, and the magnitude of the challenges ahead, there is reason for optimism. American entrepreneurs and businesspeople, working with an active, reasonable government can meet these challenges. In public policy, we need not look backward at our failures or become bogged down in present frustration. Instead, we must build upon our traditions to create new public-private partnerships to meet the new challenges ahead. All of you have an important role to play, and I look forward to working with you, as together we enter this exciting new age.

Thank you.

Convention Report

(Continued from page 4)

Italian Dinner Sunday evening, the Monday night cookout, and Wednesday evening dinner dance

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St. Paul, Minnesota

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Faust Packaging Company
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North Dakota Mill
Grand Forks, North Dakota

William H. Oldach, Inc.
Cherry Hills, New Jersey

Peavey Company
Minneapolis, Minnesota

Rossotti Consultants Assoc.
Fort Lee, New Jersey

Seaboard Allied Milling
Shawnee Mission, Kansas

Volpi & Son Machine Corporation
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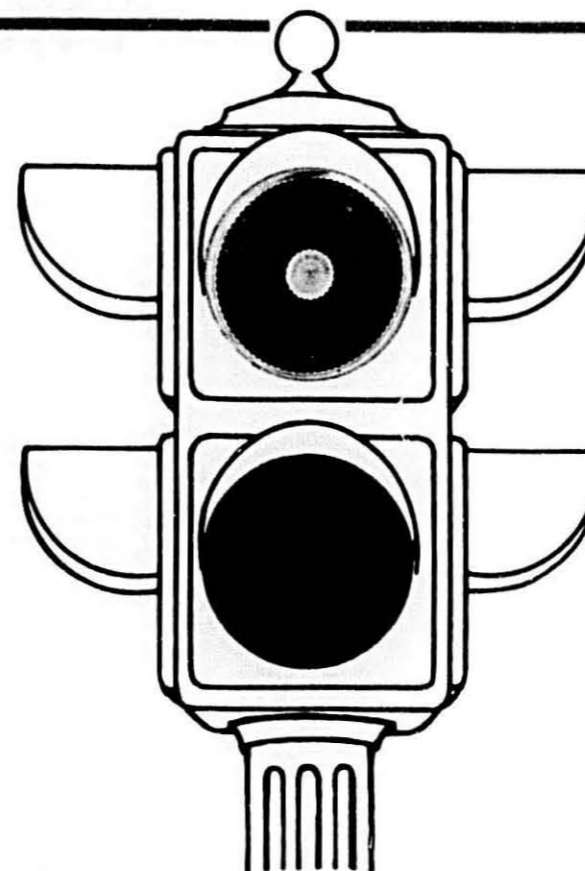
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REPORT FROM NORTH DAKOTA

by George A. Sinner, North Dakota Farmer and
President of the Northern Crops Institute



George A. Sinner

I'm sure that more than anything else that I might say, you are interested in the crop prospects in North Dakota, where about three fourths of the U.S. durum crop is raised.

In a word the crop looks good—even excellent. There have been some heavy rains this past week that caused a small amount of crop damage, but from what I can find out the benefits far outweighed the damages. Hail hit a pretty large area in Walsh County in northeast North Dakota, a small area in Cass County just north of Fargo, and again a larger area in Richland County in the southeast corner.

There is a pretty large area that had later than normal planting dates that could be vulnerable to an early frost . . . but I believe most experts agree that unless the cool temperature syndrome extends into the fall a frost that would severely damage the durum crop is unlikely.

North Dakota yield projections are around 100,000,000 bu. and the U.S. projection is for around 140,000,000 bu. It is much too early to speculate about quality. I'm sure that you have all seen the carryover figures. They are untypical of other crops in terms of percentage of annual consumption. The fact that they were so high coming into this season I'm certain explains the fact that U.S. acreage this year is only three-fourths of what it was last year. The moral of that story is that we had better all get busy selling. Having looked briefly at this year's durum crop which is only a minute part of the world's vast food production fields, it

might be well if I spent a few minutes on the subject of world food in general.

World Food Supply

When one looks at the overall supply of food in the world . . . and how that supply has changed in the last twenty years . . . one sees that there is an amazing paradox that has developed. I am not sure that I understand it. In fact I'm sure that I do not, but you may be interested in what I see.

Those of us in agriculture seem plagued by our ability to produce more than the world can consume. We are constantly reading, as you did in last week's Pasta Association News Letter that "the carryover is up" or that "reserve stocks are ahead of last year." And, of course, we are all used to hearing on our tractor radios that "commodity prices are sharply lower today."

There is no doubt that prices are lower. We all know that. But there is a question about carryover. Carryover measured in terms of days supply of food in the world is not up at all. It has disintegrated with amazing speed over the last twenty years, as you will see. That is why you periodically will read that "good times are ahead for agriculture." That is why I see such a strange dichotomy now between overall shortend supply and yet lower prices.

I remember studying the writings of Thomas Malthus in college. Malthus, an English economist of the late eighteenth century, predicted that population expansion would soon outstrip food production capability. As a matter of interest Charles Darwin's Theory of "Survival of the Fittest" was a derivative of Darwin's study of Malthus' teaching. But Malthus had little credibility. His doomsday predictions proved wrong in the 19th century and even into the twentieth. In spite of ongoing distribution problems, surplus has been more often the problem than shortage. And so it has seemed to most of us even to our own time.

And yet I have been periodically hearing and reading about world food stocks declining for years. Two years ago, Dr. Norman Borlaug, the re-

nowned plant geneticist, developer of dwarf wheats and 1972 Nobel Peace Prize recipient, spoke in the Fargo Moorhead area. I had the honor of moderating an afternoon lecture session at Concordia College in Moorhead. Borlaug, now most of all an authority on world food needs, spoke at a great length of impending danger in world food supply. When he finally stopped for questions a student asked him about the dangers of farm chemicals, particularly 2-4-D and 2-4-5T. She embellished her question at some length and spoke of the hazards to plants and animals and birds as well as to people. Borlaug listened patiently and then suddenly erupted in anguished concern. "My dear young lady," he pleaded, "if we lose one major farm chemical in the commercial production areas of the world, we will trip the world into the most devastating food shortages known to man. There will be shortages that will affect the developed countries as well as the underdeveloped. They will result in chaos that boggles the mind," he concluded. The student was stunned and so was I. I knew that Borlaug was widely respected and yet market analysis and daily price quotes spoke only of "long supply." I was confused.

Not long afterwards, in Washington, I read a piece (which unfortunately I failed to clip) by Dr. Lester Brown, longtime USDA analyst and now I believe, with the World Bank. Brown wrote essentially the same story: generally that the world's food reserves are dwindling rapidly. I believe it was he who said that a crop failure in one major producing country would send prices soaring; a crop failure in two major producing countries would bring global disaster. I was again impressed, but again market prices encouraged disbelief.

It was finally an article in the San Francisco Chronicle that made a believer of me. I was paying a parental visit to my Stanford freshman son last winter and bought the Sunday Chronicle. In the magazine section I ran across the article that has not ceased to trouble me . . . and to make me wonder why we, as a nation, remain so unconcerned . . . why the voices of

Norman Borlaug and Lester Brown and the Chronicle author Orville Freeman have been only "voices crying in the wilderness."

Orville Freeman, as you know, was Secretary of Agriculture under Kennedy and Johnson. He is now chairman of the board of Business International, a global information and research firm. Freeman's article spelled out in statistical terms the alarming decline in food stocks. Borlaug and Brown perhaps did too . . . but not in so meaningful and dramatic terms.

In Twenty Years

Look at what has happened in the last twenty years. In 1960 we had food reserves for 102 days . . . or about 28% of annual consumption. By 1980 we had dropped to a reserve of only 40 days . . . or about 11% of annual consumption. Freeman writes: "the world is currently in a dangerous position. The food-people balance is precarious. The carry-over reserves in days of world consumption, has dropped from 102 days in 1960 to 40 in 1980. At no point after the extreme emergency of the 1973-1974 period have reserves recovered to more than 61 percent of their 1960 level. Total reserves dropped over the 20 year period from 234 million metric tons to 151 million metric tons. And the grain equivalent of idle cropland in the United States, the world's main supplier, has shrunk from a 36 million metric ton potential to zero."

"Today the world is literally living from hand to mouth." End of quote. The thrust of Freeman's article deals with the perplexing problem of the starving of the world. And his message is clear. The situation is scary . . . for all of the world's people.

An outstanding new book by Morris West, called "The Clowns of God" is the story of a nuclear holocaust as a derivative of not oil shortages or political struggle, but of food shortages in Eastern Block nations. It is comforting to know that West has been a super novel filled with ageless wisdom . . . and I recommend it highly to you. "The Clowns of God," by Morris West.

The recent World Food Conference in Mexico was also a meeting of concern about food stocks. Unfortunately the press coverage I read was accu-

rate, there was little accomplished, except perhaps a reiterating of political and ideological differences.

Incredible Paradox

I do not wish to belabor this longer. The incredible paradox is obvious: sharply lower supplies . . . and sharply lower prices. And of course why the lower prices? Why the paradox? How can food reserves decline from 28% of annual consumption to 11% and have depressed prices? I think I see some clues . . . and they are worth mentioning, but they do not remove the concerns.

First; obviously, a great many of the world's people cannot afford the food they need. That goes without saying. And still Freeman's figures refer to actual consumption, so poverty is not an answer to declining prices.

Second: food delivery systems are improved.

Third: Institutions, both public and private, which has historically carried sizable inventories no longer do so . . . the pipe line between producer and consumer is empty and to me that is very very significant. There are some obvious reasons for this, I believe. Although there seem to be incessant rumors of war, and although the world is rarely without some local armed conflict, it is significant that for almost forty years there has not been a serious threat to food movement world wide. Through the years processors and governmental food purchasing agencies have become more and more accustomed to ready, accessible supplies, supplies waiting anxiously for buyers. There has been less and less reason to carry large inventories for other than speculative reasons. But if anyone had any doubts about the wisdom of reducing inventories, the arrival of 15 to 20% interest rates quickly removed them. Who will invest money in an inventory when money will double in four to five years . . . with no or little risk. And so first producers hold all of the remaining reserves. And they, plagued by the same burdensome interest costs on all of their borrowed capital, force-feed a reluctant market, and, in spite of vastly reduced stocks, this over anxious selling depresses markets week after week. The result is serious trouble on the farm. In my judgment, it is this forced reduction in inventories throughout the pipeline, that has resulted from the

high interest rates, that has negated the effect of reduced stocks on the market and has driven prices lower. My partners and I run a cattle feeding operation in addition to our crop production. I know what we have done with feed inventories. And I think I know what each of you have done with your inventories.

Big Trouble on the Farm

Whether or not my analysis of what has happened is accurate or anywhere near complete, the fact remains that there is big trouble on the farm . . . and there is big trouble threatening in world food supplies. And it is my sincere belief that all of you must pay more attention to preserving a healthy agricultural sector in America. It is absolute folly to let the situation worsen. If it is not economically feasible for us to improve our production methods . . . and if there is no meaningful investment by our nation in protecting the most successful system in the world . . . then it will not be saved . . . and bountiful production will not continue . . . and the crisis feared by Borlaug and Brown and Freeman will be upon us. We who are involved in public affairs in agriculture simply must have your help in our efforts to develop workable farm programs that have a vision of tomorrow based on an awareness of history as well as on economic reality. They must be programs that keep American Agriculture on the move and in the forefront of food production.

Northern Crops Institute

There is a third part of my report to you that derives from the somewhat desperate mood that exists in rural states. Those who care and who can are determined to do something about developing stronger markets . . . for our raw products and for the processed products made from them.

The idea of a marketing institute for Hard Red Spring Wheat has been kicking around the Upper Midwest for a number of years. As you perhaps know there is an institute at Kansas State that concentrates on educating buying teams and marketing people about wheat generally, but primarily about winter wheat. There is one other facility of the same kind in Winnepeg. It is owned and operated by the Cana-

(Continued on page 22)



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Report from North Dakota

(Continued from page 19)

dian government and it also is concerned with wheat exclusively.

We have had for a few years in North Dakota a council made up of leadership people from the various crop commodity groups. It has been called the North Dakota Crops Council. When the idea of supporting a new wheat marketing institute came to the council, we discovered some interesting facts. We discovered first that North Dakota is without question the most agricultural state in the nation. It derives a higher percentage of its new wealth from agriculture than any other state. When the region around North Dakota is taken into consideration the importance of this agricultural base becomes even more pronounced.

But North Dakota alone leads the nation in the production of all wheat (alternating for that honor with Kansas); it is Number 1 in Hard Red Spring Wheat, Number One in Durum, Number One in Sunflowers, Number One in Barley, Number One in Flax, Number One in Pinto Beans, it is also Number One in the production of the Highly special crops of rape seed, Canary grass, mustard seed and buckwheat. North Dakota is Number Two in the production of Navy Beans, and Number Four in Sugar Beets, oats and rye and number six in potato production.

When the crops council realized that not only did North Dakota lead in the production of these crops but actually produced a high percentage of some of them, it was clear that we had an important job to do. And so we set out to develop a place and a plan that could tell foreign buying teams as well as domestic marketing people about our northern crops and about the products made from them.

We saw a need to provide a place to discuss ordinary marketing problems such as the quality confusion that developed due to sprouting a few years ago. And we saw a need to help some foreign teams understand the entire complex system of American merchandising and movement of crops and crop products.

In January of 1981 we went to the North Dakota Legislature. In spite of tight money the legislature agreed. It was time to move, time to do some-

thing new. A million and a half dollars were appropriated for a building. It is in the process of being built on the campus of NDSU in Fargo . . . adjoining the Cereal Tech Building.

It will have an auditorium equipped for simultaneous translation and equipped for sophisticated video and sound transmission. It will have a large professionally done display area. It will have hands on laboratories as we can furnish them. It will be hopefully a place where producers and processors and purchasers can meet to discuss Northern crops and Northern Crop Products.

The building and the staff will be paid for by public monies. But there will be an ongoing need for support from commodity groups and related businesses who might benefit from affiliation with the institute. Already the commodity groups of North Dakota and Minnesota have put up nearly \$100,000 to bring a director on board a year early. He started work on July first. He is Dr. Brendan Donnelly who came to the Institute from North American Plant Breeders. He will be preparing programs, after learning the needs of domestic and foreign buying teams and if all goes well we will be in the building in February.

We all know that we have undertaken an incredibly ambitious program. It will take a genius to give fair play to all of the commodities involved and the many facets of interest in each commodity. We are fully aware that if we do not serve you the processors as well as the producers we will really have served no one. We will eventually perhaps be asking for your financial help. We would welcome it at any time. But we most certainly solicit your advice now as we begin this very complex undertaking.

I, as chairman of the governing council, am the first to admit that our course is far from charted. I know that we will make some mistakes . . . But we will learn from them. We are determined to move boldly, but openly with class and with integrity. I hope you will come and see us.

I am deeply honored to have been asked to be here with you. We are most assuredly partners in the task of feeding the world. We must remember that and always work together in every possible way.

Wheat Commission Elects New Chairman

George Howe, a Casselton, N.D., wheat producer, was elected chairman of the North Dakota State Wheat Commission and will serve as a producer member on the U.S. Wheat Associates board of directors along with three other North Dakota Wheat Commission district representatives.

The other North Dakota producer board members elected to oversee and direct the foreign market development effort for USWA are J. Ole Sampson, Lawton, N.D., Henry Nesheim, Berthold, N.D., and Don Giffey, Roseglen, N.D. The four producers will serve one-year terms on the USWA board of directors.

USWA is the foreign market development arm of the U.S. wheat industry. Supported by per-bushel check-off funds from wheat producers in North Dakota, Idaho, Kansas, Minnesota, Montana, Nebraska, Oklahoma, Oregon, South Dakota, Texas, Washington and Wyoming; and by funds from the Foreign Agricultural Service of the U.S. Department of Agriculture, USWA operates throughout the world developing markets for U.S. wheat from 12 foreign offices.

Carryover Up

Carryover of durum (included in all-wheat stocks) on June 1 was 107,079,000 bus, up 79% from 59,918,000 bus. the year before and 75% above the 1980 carryover of 61,011,000 bus. Durum disappearance during 1981-82 was 138,779,000 bus, up 2% from 109,488,000 bus. in 1980-81.

Stocks of durum held in North Dakota represented 79% of the national total, against 73% a year earlier and 77% two years back.

On-farm durum holdings in North Dakota accounted for 90% of the state's total stocks, against 82% of June 1, 1981.

Plantings Down

Durum plantings were estimated at 4,350,000 acres, down 26 percent. In North Dakota at the end of June durum was rated 32 percent very good to excellent; 60 percent good; 8 percent fair.

In Canada durum acreage fell to 3.9 million, off 8.3 percent.

REMARKS OF JAMES J. FEENEY

Chairman, Millers' National Federation



James J. Feeney

As an Allied Member of the National Pasta Association through General Mills' milling activities in the Western part of the United States, and by General Mills' active membership in the Association due to John Herick's Lancia Bravo operation in Canada, I have more than an outsider's interest in your industry. My comments, however, will center around my activity as Chairman of the Board of the Millers' National Federation.

Objectives

I would first like to outline for you the Federation's objectives and strategies—our organizational structure—and relate our activities to those of your Association. I will then make some observations concerning the pasta industry from a miller's point of view, comment briefly on the outlook for the milling industry.

The Federation consists of 50 flour milling companies, with 130 mills producing flour in 36 states. We are in our 81st year, and our primary purpose is the same as it was in 1902: to promote the welfare of the flour milling industry.

For many years our main office was located in Chicago, where we maintained a large staff and operated test kitchens. We were heavily involved in recipe service and end-product promotion through our Wheat Flour Institute, in addition to carrying out an extensive program of services to the membership. We had a small office in Washington monitoring governmental affairs.

Eight years ago, coincidental with the retirement of some of our top

management, we moved our entire operation to Washington, consolidating our staff, eliminating the test kitchen activity, and contracting with outside suppliers for many of the services needed to carry out the objectives of the Wheat Flour Institute.

Public Affairs

We gave priority to our role in Public Affairs, and we have added emphasis in this area—learning as we proceed to develop good working relationships in the nation's capitol. It has enabled us as a Federation to move from a reactive to a proactive stance on several key problems facing the industry. We are comfortable that our presence in Washington is such that we can carry out an effective public affairs program.

We provide the membership with information concerning the industry, and we evaluate emerging issues and develop an analysis of action to be taken. If it is the consensus of the membership to pursue an issue, we make follow-up contacts with the executive departments and regulatory agencies. Because of our lean staff, it is necessary for us to be selective on issues where we choose to take a position. In some cases, it is necessary to engage outside consulting services in order to aggressively and effectively follow through. We believe that we have been effective in dealing with issues pertaining to technical matters, dealing with problems before they arise and working on a day-to-day basis in representing the industry with regulatory and other agencies.

For example one of our major continuing efforts is the attempt to maintain the legal right to use ethylene dibromide as a spot fumigant in flour mills. Another is hidden infestation in grain which continues to be a concern, and our role is to continue to bring this to the attention of Government.

With respect to agriculture policy, we will be monitoring U.S. trade policy positions and encouraging a consistent U.S. export policy, particularly with regard to fair access to foreign markets for our agricultural exports. By increasing the export markets for flour, we increase production, run the mills

at a higher rate of capacity, and thus increase the productivity of the milling industry.

New Stages of Development

We are now moving into a new stage of development in our organization and have recommended Roy Henwood to our board as our new President, effective August 1, of this year. Roy, who has been a Vice-President of the Federation working on our staff for the past 10 years, started out in our satellite Washington office prior to our move from Chicago. He is well known to the members and has an excellent rapport with Washington department staffs and with related associations. We are supporting him with a Director of Trade Activities, including Agriculture Policy and Export, along with a Technical Director responsible for technical issues. In addition, we have a Director of Member Services who serves as Secretary-Treasurer of the organization in addition to other responsibilities.

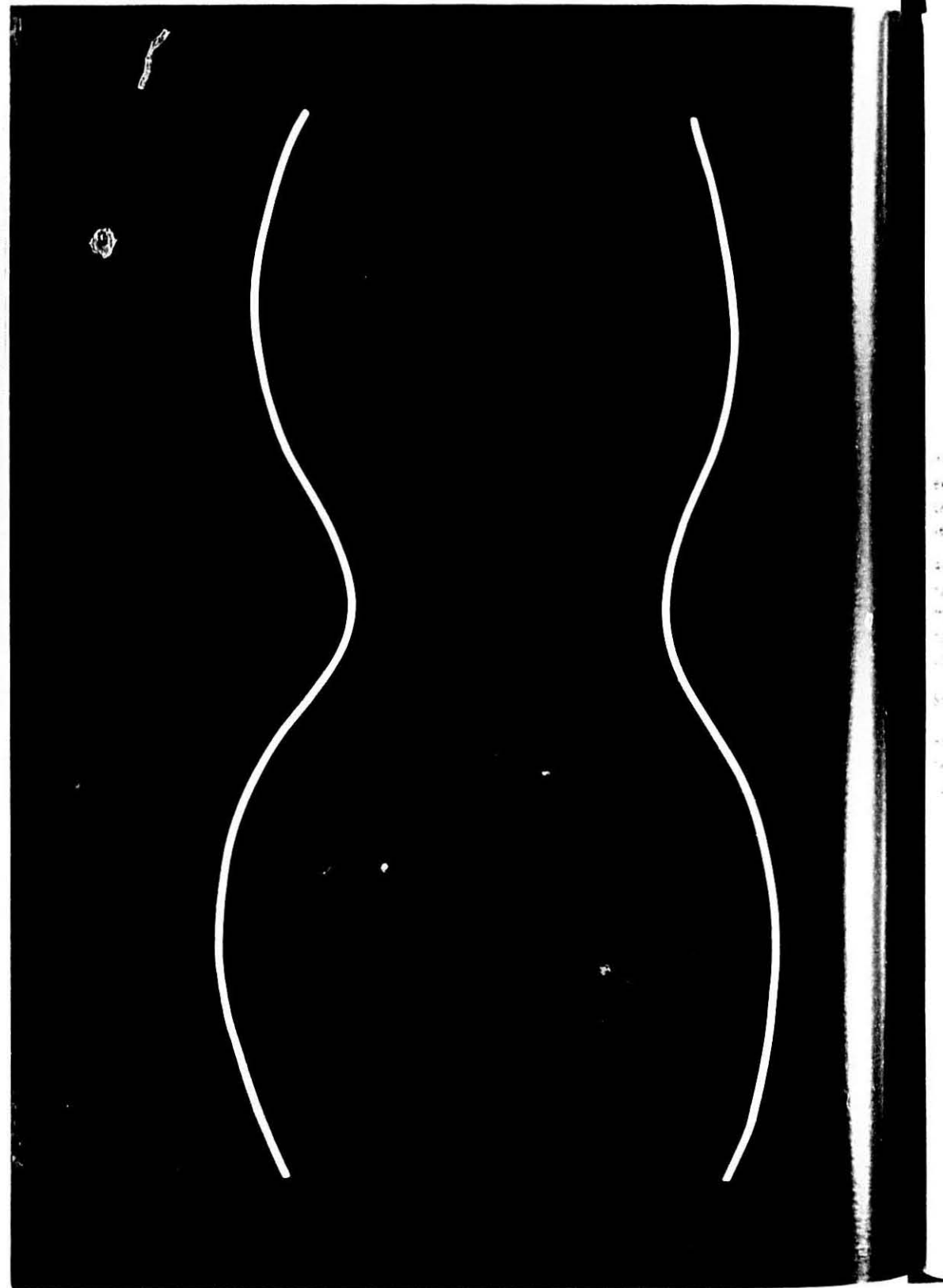
The Director of Trade Activities will carry out the new Charter for the Wheat Flour Institute, with several guidelines. The Institute will increase the favorable perception of the public about the industry and its products. It will promote a favorable climate for the industry with Congress and the Regulatory Agencies, and it will help the industry through a variety of media to communicate with the government and the public.

The main change in guidelines involves a de-emphasis on such end-product promotion activities as the National Sandwich Idea Content and Bread Fairs. We believe that these activities can be carried out more effectively by cooperating with the Wheat Industry Council. I understand that the program recommended by the Council is about to get under way. We now believe we are effectively positioned in Washington, and we look forward to working with your staff in areas of mutual benefit.

Pasta is Exciting

You are involved in an exciting industry that has shown great growth. It has emerged from predominantly

(Continued on page 26)



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James J. Feeney

(Continued from page 32)

family businesses to attract the attention and interest of companies not historically involved in pasta. The pasta industry became interesting because you ran your businesses so well and made them attractive.

To this observer, the success story of the pasta industry is fascinating and encouraging. It's fascinating because you've taken what was once regarded as a starchy, fattening food and turned it into a nutritious, exciting staple. It's encouraging because, as representatives of an important segment of the food industry, you've shown many of us how marketing and skillful promotion can dramatically increase volume and consumer sales.

I don't intend to smother you with too many numbers. But I'm impressed that pasta sales at the retail level have been growing at a rate four times faster than all other dry grocery products.

The compound annual growth rate for pasta over the last decade has been 1.9 percent, compared with 1.3 percent for family flour, a fact that has particular meaning for me and for General Mills.

Your own association reports that per capita consumption of Pasta in 1981 was a healthy nine pounds, of which two pounds are imported. Another report shows retail sales of pasta products in 1981 at \$775 million, up 144 percent since 1973.

Those are excellent statistics, and together they create a story of your industry that causes others to look for the reasons. Good business practices and hard work are two of those reasons. Just as important have been your own promotional efforts and changing attitudes toward nutrition.

New Interest in Nutrition

You'd have to be Rip Van Winkle to be unaware of how the nutritional interests of Americans have changed in the last several years. As a complex carbohydrate, pasta is increasingly recognized by nutrition experts for the important role it plays in our diet—primarily in supplying energy and nutrients. Short years ago we said the image of pasta was changing. I think we can say today that it has changed, though I know you'll not relax your efforts in communicating the qualities

of pasta to new generations of consumers.

There's a cautionary note in a 1980 Marketing Science Institute Survey indicating most consumers believed that the average U.S. family should eat fewer carbohydrates. A Roper study the same year indicated that more than one-third of all adults felt they ate more than they should of starchy foods. Thus it is obvious that there remains a sizeable portion of the population that still doesn't understand the true nutritional benefits of pasta.

Our nutritionists at General Mills advise us that carbohydrates have the same number of calories as protein and only about one-half as many calories as fat. Besides containing no more calories than one cup of rice or potatoes, pasta also has protein, Niacin, Iron, and other vitamins and minerals, but is low in fat. It is also low in sodium if prepared without salt in cooking water. The Pasta Association is to be commended for encouraging members to list salt as an optional ingredient in cooking instructions.

Great Publicity

Obviously, the attractiveness of pasta has increased tremendously in the last few years. And apart from nutritional considerations, consumers are responding to the great variety of pasta products, to imaginative recipe development, and to new interest in ethnic foods.

For unofficial spokespeople, you have representatives from the glittering world of entertainment. The entirely credible Sophia Loren gave pasta a plug with this memorable line. She said: "Spaghetti can be eaten most successfully if you inhale it like a vacuum cleaner." Now that won't win any etiquette awards, but it does convey the robust, healthy, enjoyable quality of pasta products. On another occasion Sophia related, "Everything I have I owe to spaghetti." Now there's a quote to get us all thinking!

In addition to celebrities, you've had the best media relations effort of any food product in memory. From *Reader's Digest* to *Time* to the best-known newspapers in this country, the story of pasta—its good taste, variety, contribution to nutrition, and low cost per serving—has been told often and well. *Time* in a recent full-page article referred to the pasta avalanche, saying

Italy's love food had become an all-American passion.

This extraordinary publicity is possible only when there is a groundswell of consumer interest. Your various promotional efforts have helped to build that interest. National Macaroni Week and several other programs, some dealing with the theme "Eat Light with Pasta," have been extremely well-accepted.

Some Distance to Go

There is, however, some distance to go. Fine, Travis and Associates recently concluded a qualitative additional study for the Wheat Industry Council. It revealed mixed perceptions about pasta products, though the improving climate was clear. One paragraph from the summary caught my attention. It reads:

Most people said they would like to eat more pasta than they do. Therefore, the goal of communication about pasta is to enhance pasta's nutritional image by providing some 'natural goodness' links to grain. The double-barrelled approach that suggests itself is: Presentation of authoritative new positive nutritional news about carbohydrates; linkage with wheat and the romance of wheat. Give consumers permission to use a product which most would like to eat more of.

That struck me as a call for a new sense of teamwork involving producers, millers and your association.

Present Economy

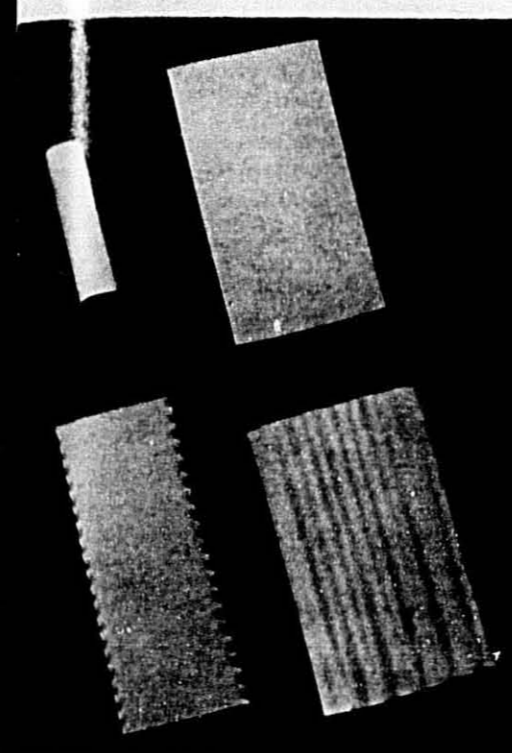
I'd like, however, to say something about the dynamics—or lack of dynamics—of our present economy.

For the last two years the United States' economy has been unimpressive. Unemployment today of 9.5 percent is the highest since the early 1970's. Interest rates are holding at double digit levels while inflation has eased. The real cost of borrowing has risen to record levels. Growing federal and state budget deficits are giving politicians and everyone else fits—politicians because they want to be re-elected this fall, and everyone else because they don't want an increase in tax burden or cut in entitlement payments.

I believe we are in a very important transitional period, with a deep commitment of lessening the underlying

(Continued on page 28)

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James J. Feeney

(Continued from page 26)

rate of inflation in the U.S. We are moving from a society that rewards accumulation of debt, because it can't be paid back with ever cheapening dollars, to one that rewards savings and investing.

Businesses, faced with high borrowing costs, are looking for ways to reduce working capital usage and upgrade the productivity of their assets. Labor demands are focusing less on the size of wage increases and more on security. These actions can have long-term positive effects on the rate of inflation in this country.

While car and house purchases stand out as bearing the brunt of lack of consumer interest, within the food industry restaurant traffic has been off for the past year, as has the purchase of frozen foods such as fish and pizza. Consumers are giving up convenience and searching out basic value. Pasta, cereal grain and flour products are enjoying good performances.

Price and value conscious consumers, encouraged by the already documented nutritional benefits, are making pasta and specialty breads winners in the marketplace. It all bodes well for our future.

Speaking as a member of General Mills, our Consumer Foods group has just reported one of the best years in its history. Surely the economy is working in the favor of General Mills' foods business—and it's working in the favor of pasta manufacturers.

Challenges Ahead

We have challenges ahead, however, and one of your biggest is to reduce the level of imports through increased productivity and greater efficiency. Those two imported pounds per capita might be reduced to one pound, which would benefit your industry greatly. Together, we might continue to explore imaginative ways of telling the consumer about grain-based products. In this case, we can clearly learn as much from you as you can from us.

What's good for pasta manufacturers is good for millers. That's as simple as I can state the case. We have an exciting opportunity, and I want to thank you for the invitation to come here and to share our prospects with you. Thank you very much.

General Mills Has Record Earnings

General Mills, Inc., achieved record sales, earnings and earnings per share in the fiscal year ended May 30, with four of the company's five business groups setting new earnings records. Overall gains were led by the Consumer Foods group.

Net income of General Mills in fiscal 1982 totaled \$225.5 million, equal to \$4.46 per share on the common stock, up 15% from \$196.6 million, or \$3.90 a share, in fiscal 1981.

Sales for the year aggregated \$5,312.1 million, up 9% from \$4,852.4 million a year ago. In the fiscal year ended May 25, 1980, General Mills had net income of \$170 million, equal to \$3.37 per share, on sales of \$4,170.3 million.

In the fourth quarter ended May 30, General Mills had net income of \$34.7 million, or 68¢ per share, off from \$37 million, or 73¢ a share, in the fourth quarter of fiscal 1981. Sales totaled \$1,238.6 million, down from \$1,263.6 million. Fourth quarter and fiscal year earnings were reduced \$17.6 million and \$20.1 million, respectively, from a program to dispose of assets "that do not fit well with the company's ongoing strategy."

H. Brewster Atwater Jr., chairman, noted that the fiscal 1982 results marked the 20th consecutive year of increased earnings before extraordinary items. Return on average shareholders' equity was at a record level of 19%, he added.

Mr. Atwater attributed the year's record performance to "the underlying strength of General Mills' balanced diversification and aggressive marketing efforts that brought strong volume gains in a weak economy."

Pillsbury Earnings Rise

Net income of The Pillsbury Co. in the fiscal year ended May 31 was a record \$136.3 million, up 14% from the 1981 fiscal year and marking the 11th consecutive year of earnings gains.

In announcing the fiscal 1982 results, Pillsbury said operating profits for the year were led by gains in Consumer Foods, International and Restaurants. Agri-Products operating profits declined significantly as weakness in the agricultural transportation segment of the economy continued, it said.

Lower interest rates due to reduced borrowing requirements, primarily in Agri-Products grain merchandising operations, plus proceeds from the issuance of 1.6 million shares of common stock, also contributed to the earnings gain, Pillsbury said.

Net income of Pillsbury, at \$136.3 million, was equal to \$6.29 per share on the common stock. That compares with \$119.6 million, or \$5.95 per share, in fiscal 1981 and \$104.7 million, or \$5.22, in fiscal 1980. Average shares outstanding at the end of fiscal 1982 was 21.7 million, up 8% from 20.1 million a year ago.

Net sales in fiscal 1982 totaled \$3,385.1 million, up 3% from \$3,301.7 million in fiscal 1981 and compared with \$3,302 million in fiscal 1980.

"Pillsbury's fiscal 1982 sales and earnings growth reflects the balance in our portfolio of food businesses," William H. Spoor, chairman and chief executive officer, said. "This 11th consecutive year of higher sales and earnings was a significant accomplishment considering the difficult economic environment in which we operated throughout the year."

"While we expect to face a challenging economic environment in fiscal 1983, we anticipate a continuation of our growth record."

Operational highlights for year

Pillsbury pointed to the following operational highlights in fiscal 1982:

- Profit gains for Consumer Foods, including International, were led by dry grocery, canned and frozen vegetables and consumer exports. Increased sales volumes in refrigerated products also contributed to a successful year.
- Restaurant profit improvement was led by outstanding performance from Steak & Ale and Bennigan's full-service restaurants. Burger King also recorded profits.

- Agri-Products' profits decline reflected recession-driven softness in the U.S. agricultural economy. Weak commodity prices and excess transportation capacity continue to adversely affect the Agri-Products profits contribution.

Foremost-McKesson Optimistic on Pasta

The Grocery Products Division of Foremost-McKesson, Inc., according

to the company's annual report for the fiscal year ended March 31, is "well positioned to reap the benefits of America's growing appetite for pasta" through F. Mueller Co., its Jersey City, N.J. pasta operation.

In comments to shareholders in the annual report, Neil E. Harlan, chairman of the board, and Thomas E. Drohan, president and chief executive officer, comment, "Growth of our pasta and bottled water companies has enabled us to soften the impact of the cyclically troubled dairy business. Additional resources are being applied to the continued expansion of both our bottled water and our pasta lines."

The long-term strategy of the Foods Group at Foremost-McKesson, the annual report states, "is designed to focus consumer attention on the quality and taste of bottled water and on pasta as a nutritional and low-cost source of carbohydrates and energy."

The report includes the following comments on this strategy:

"Americans are placing increasing emphasis on fitness, energy and nutrition. Consumers are becoming more aware of pasta as an excellent source of complex carbohydrates which are nutritionally superior to simple sugars and fats as a source of energy. As a result of pasta's changing image in this country, the \$1 billion U.S. pasta market is expected to increase to \$3 billion by 1991, according to a recent independent research study."

The Foods Group's Grocery Products Division experienced good sales growth in 1982, and profits benefited from low wheat prices. With its Mueller's noodle and macaroni products and aggressive starch research and development program, the division is well-positioned to reap the benefits of America's growing appetite for pasta.

"Mueller's branded macaroni, rigatoni, spaghetti and other pastas are sold in 24 in. eastern states which account for 60% of U.S. pasta consumption. Mueller's products hold 25% of the pasta market in the areas in which they are sold."

Gains in Productivity

In fiscal 1982, the Foremost-McKesson report states, Mueller's operations achieved substantial improvements in productivity. A short-interval scheduling system helped save \$1.3 million in 15 months, the report says,

adding, "The system divides specific operating procedures into the shortest segments, and includes a built-in productivity measurement to pinpoint problem areas. Improved packaging resulted in a savings of more than \$700,000, and the consolidation of marketing activities saved another \$500,000."

New Research Lab

With the opening of its new \$1 million pasta research laboratory at the corporate research center in Dublin, Calif., the report says, "the division is developing and testing a range of improved dry pasta products, including reduced-calorie pasta, and a line of main-dish and side-dish pasta-and-sauce combinations."

Corporate Earnings Up

Net income for Foremost-McKesson in fiscal 1982 was \$73,537,000 equal to \$4.14 per share on the common stock, up 6% from \$69,255,000, or \$3.37 per share in fiscal 1981. Revenues aggregated \$4,520,751,000, up 9% from \$4,153,345,000.

Buitoni Introduces Six Un-Tomato Sauced Products

Pasta without tomato sauce. That's as un-American as apple pie without ice cream. But it's very Italian.

With the addition of four boil-in-bag products—Fettuccini Alfredo, Fettuccini Carbonara, Tortellini Guido and Pasta Primavera—and two new pasta and vegetable items, Broccoli Stuffed Shells and Spinach and Cheese Stuffed Shells, Buitoni Foods Corporation is further expanding what was the most extensive line of frozen Italian specialty foods available.

"While many American associate pasta with tomato sauce, in Italy the region of the country often determines the type of sauce used," said William P. Smolka, Buitoni Vice President—Marketing and Sales. "Tomato-based sauces originated in Southern Italy where tomatoes are plentiful; from Rome and continuing further North in the country, cream sauces are increasingly prevalent. Buitoni's newest frozen entrees are being introduced so that the more sophisticated, discerning consumer can buy for in-home consumption a fuller range and variety of Italian entrees, including some previously

available only in finer restaurants," explained Smolka.

"Even though we designed these new products as single dish entrees, our research shows that many consumers will use them as side dishes to accompany other entrees. This is especially true of the Pasta Primavera which combines pasta with broccoli, peas, zucchini and sweet red peppers in a light oil and garlic dressing, as well as the spinach stuffed shells and the broccoli stuffed shells, both of which are topped with the Alfredo sauce," Smolka said.

Independent research conducted prior to the introduction of the new products indicated up to 75% of the consumers tested showed willingness to buy the products at the retail level.

"At \$1.15 billion in 1981 sales, the market for prepared frozen entrees is not only huge," Smolka said, "but it's one of the few categories that's growing. With more than 52% of the female population working outside the home, we're fulfilling the consumer's need for varietal foods in a convenient form combined with quality and value. The pricing of our new products is designed to make Buitoni more than competitive at retail."

"In addition to our trade promotions, we'll support the new products with an aggressive television advertising schedule, coupons and refund offers," Smolka continued.

The four boil-in-bag items are packaged in 10 oz. servings and carry a suggested retail price ranging from \$1.39 for the Fettuccini Alfredo to \$1.75 for the Tortellini Guido. The stuffed shells, packed four to each 11 oz. package, have a suggested retail price of \$1.59.

Buitoni Foods Corp. manufactures and markets a full line of quality Italian dry pasta products, sauces, pizzas and frozen entrees.

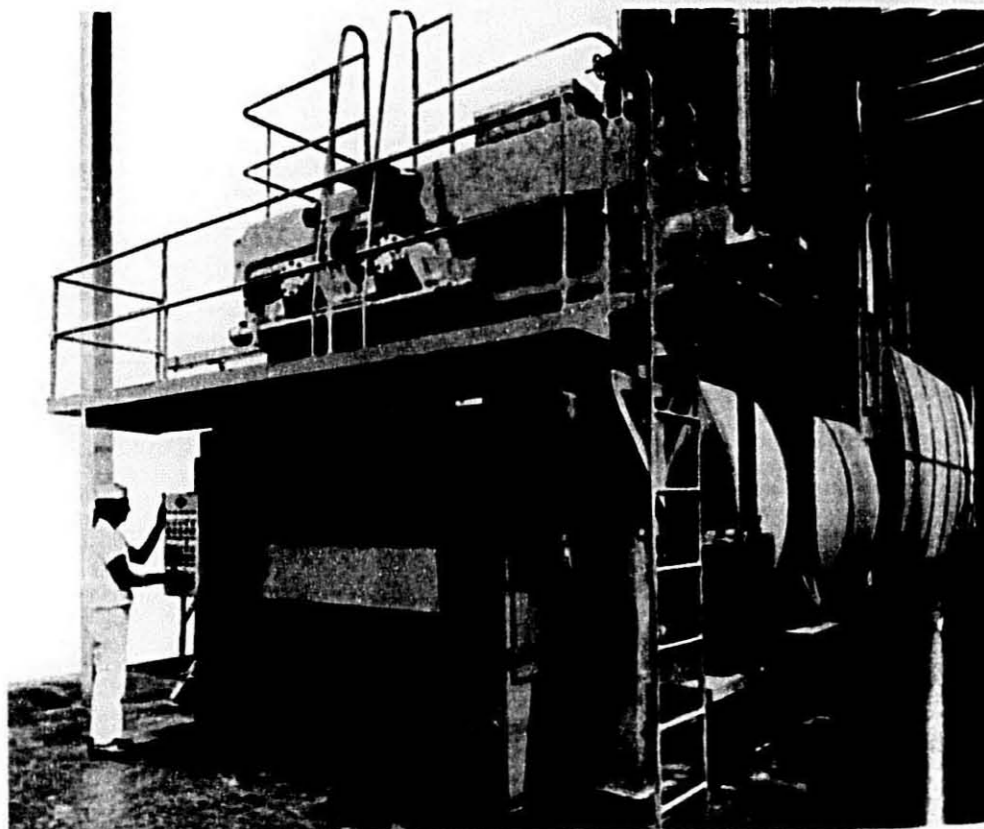
Train Hits Zerega Plant

Five teenage boys, drinking beer and playing around with a railroad switch, sent a speeding commuter train hurtling at 60 mph into A. Zerega & Sons Macaroni Plant in Fair Lawn, New Jersey, killing its engineer and critically injuring a passenger July 8.

Fortunately, the Zerega plant was closed for vacation, or about 15 people would have been working in the processing area that was shattered by the wreck. A dryer was demolished.

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Efficient Energy-Saving Design

New dryers are smaller sized. High temperature and high humidity drying requires a minimum volume of fresh air. Fan motors for air circulation are mounted inside dryers, utilizing 100% of electrical energy. (New style, energy-efficient motor is optional). A most energy-efficient design! Panels are 1 1/2" thick with polyurethane foam core. Aluminum lining on inside for heat reflection and absolute vapor barrier. No heat bridges.

Bacteria Control

High temperature drying controls bacteria growth. Dry bulb temperature is adjustable from 100°F to 180°F. Dryer is absolutely tight, yet easy to clean, maintain and supercharge. Swing-out side panels extend entire dryer length, allowing fast cleanout and service.

Top Quality Product

High drying temperatures in both final drying stages improve product texture, cooking quality and appearance. High temperature drying ensures a straight product, like high speed packers of today. The high humidity atmosphere gives the product an appealing golden color.



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Durum Export Subsidy Sought

In an effort to make U.S. wheat exports more price competitive with the subsidized European Economic Community wheat exports, the North Dakota State Wheat Commission is pursuing the implementation of export subsidies on U.S. wheat and durum with appropriate administration officials.

Mel Maier, NDSWC administrator, said an export subsidy on U.S. durum wheat would demonstrate that the United States is not willing to tolerate unfair trade practices. He said the Wheat Commission views a subsidy on all U.S. wheat as a desirable effort, although in consideration of federal budget constraints, a subsidy on just U.S. durum would be a more feasible alternative because overall costs would be a fraction of those entailed in larger volume commodities.

"Annual U.S. durum production is a relatively small portion of the total annual U.S. wheat crop making up 6 percent of the total U.S. production and wheat exports in the past five years," Maier said. "This aspect of the durum wheat class makes it attractive as a pilot project for implementation of an export subsidy program."

Letter to Pres. Reagan

In a letter to President Reagan, U.S. Trade Representative William Brock and Secretary of Agriculture John Block, the NDSWC suggested implementing export subsidies as a means of making U.S. grains more competitive with EEC's heavily subsidized exports.

"The EEC's practice of heavily subsidizing the sale of surplus wheat and durum production disrupts the world markets displacing more efficiently produced U.S. exports," Maier said. "With the use of high internal commodity prices EEC farmers are encouraged to produce at surplus levels, making heavy subsidization of EEC exports necessary for EEC wheat to penetrate the very competitive world export market. U.S. producers have been told through these EEC practices and the increased production of other wheat exporting countries that the U.S. is expected to carry the entire responsibility of world wheat supply management."

Durum wheat production in Italy, Greece and France—the major producers within the EEC—is projected

at 4.7 million tons in 1982-83, about 5 percent higher than the previous year. The increase in production is attributed entirely to Greece where planted area and production of durum are expected to increase 12 percent and 33 percent, respectively.

Maier said since Greece entered the EEC last year support prices for durum have risen 12.5 percent. "The added price stimulus has obviously prompted the additional production from 24 million bushels in 1981 to 32 million bushels in 1982."

EEC durum in the past has been exported primarily to other EEC destinations while 5 percent was sold to non-EEC countries. In 1981-82, 20 percent of the durum exports were shipped to non-EEC countries, primarily the Mediterranean area. "The North African/Mediterranean Basin region is a major market area for U.S. durum exports," Maier said. "This area purchased half of the total 82 million bushels of U.S. durum in 1981-82."

In 1982-83 total EEC durum exports are expected to increase 12 percent of which 30 percent or 18.5 million bushels is expected to be sold to non-EEC countries. The most recent subsidized EEC-Greek sales to Tunisia were reportedly \$20/ton or 55 cents per bushel below the current U.S. equivalent price.

"The EEC policies contribute to increased world market instability and have drawn additional U.S. attention recently as world stocks grow and the competitive situation in world wheat markets intensifies," Maier said. "While U.S. producers are cutting overall production to bolster sagging wheat prices, the EEC is utilizing unfair trade practices (export subsidies) which promote increased production." "We cannot sit idle while other nations employ unfair and market disrupting practices which capitalize on markets developed partially by U.S. wheat producers."

Pursuing Section 305

The NDSWC is also pursuing Section 305 of the 1974 Trade Act which requests appropriate government officials to prepare materials available for use in a possible Section 301 action. If a EEC subsidies complaint is filed under Section 301, it will first have to be accepted by the Office of the Special Trade Representative which in effect makes the complaint an official government charge. The Section

301 complaint is then heard at a meeting of the 86-nation General Agreement on Tariffs and Trade.

Maier said the NDSWC will pursue the implementation of an export subsidy for U.S. durum while preparing material for use in a possible Section 301 complaint case.

U.S.D.A. Seeks Wheat Cutback

A 20% cutback in acreage for the 1983 crop is needed to strengthen wheat prices, reduce stocks and bring supply and demand into better balance, Secretary of Agriculture John R. Block said in announcing the Department's wheat program for the 1983 crop.

In detailing the 1983 wheat program Secretary Block said both the target price and regular loan levels will be at the minimum allowed under the Agriculture and Food Act of 1981—\$4.30 and \$3.55 per bu, respectively.

Eligibility for the target price and loan programs again will be tied to participation in the acreage reduction program. While rejecting the concept of direct payments to farmers for participation, the Department of Agriculture will add a new incentive—farmers can receive half of their deficiency payments, or about 25¢ per bu, when they sign up for the acreage reduction program.

Stating that the Department's goal is to encourage farmers to take 6 million to 10 million acres of wheat out of the 1983 crop plantings, Secretary Block said that U.S.D.A. will reopportunity as part of the 1983 program and will increase credit financing under the export credit guarantee program. "The reduced acreage program," Secretary Block said, "should strengthen wheat harvest and the buildup of the same time, the program will increase long-term conservation of land."

Honors Day

1982 Honors Day was held May 14 at North Dakota State University in Fargo. Rhoda K. Kordonow of Dickinson received the \$5,000 graduate research assistantship in cereal chemistry and technology covering basic research of durum wheat and pasta production from funds provided by the National Pasta Association, Palatine, Illinois.

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PACK EXPO '82 is expected to attract some 35,000 visitors who, along with the 10,000 technical representatives from the more than 600 exhibiting companies, will discuss the state-of-the-art in packaging and packaging-related converting machinery, methods and materials. According to the Packaging Machinery Manufacturers Institute, organizers of the show, exhibits will include products and equipment for use in packaging the spectrum of consumer, industrial and military products, from production through distribution. Early registration is recommended for Pack Expo, scheduled for November 15 through 19 at McCormick Place in Chicago.

Redington Introductions at Pack Expo '82

Two new-product offerings will be displayed for the first time at Pack Expo '82 by Redington, Inc.: a "Universal" Multipacker that combines easy job changeover with high-speed operation; and a Product Transfer System that loads cartoning machines automatically by improve productivity for packagers who currently must feed automatic cartoners by manual methods.

Both units will be demonstrated alongside other Redington packaging machines in Booth No. 462 at Chicago's McCormick Place, Nov. 15-19.

The Universal Multipacker, nicknamed UMP, receives up to 540 products per minute, and features unprecedented adjustability that accommodates almost any type of package (bag, pouch, wrapped bar, carton, etc.), allows different sizes and permits variation in product-count accumulation.

The new Product Transfer System receives products from filling, wrapping or other primary packaging ma-

chines, and inserts them into the infeed article buckets or flights of virtually any make of automatic horizontal cartoner. Easily adjusted to accept a wide variety of product shapes and sizes, the transfer operates at speeds up to 200 pieces per minute, and can accommodate single or multiple-station cartoner feeding.

Redington, Inc., manufactures a broad line of cartoners, overwrappers, multipackers and roll wrappers, in standard designs which can be adapted to a wide variety of packaging requirements through optional attachments.

For more information, visit Pack Expo Booth No. 462 or contact Redington, Inc., 3000 St. Charles Road, Bellwood, IL 60104. Phone 312/544-7100.

Pasta Publicity in Foodservice

"Pickles Star on the Salad Bar—Pickled Pasta Salad, Sweet Pickle Tuna Salad" goes as an exclusive recipe release to the School Food Service Journal in cooperation with the Pickle Packers International.

Caponata Spaghetti Salad is pictured on page 48 of the April feature in Restaurants and Institutions magazines in an article on "The Lunch Meal—the Lunch Challenge: to please customers in and draw them back again."

A D M Earnings Decline

Net income of Archer Daniels Midland Co. in the fiscal year ended June 30 totaled \$154,990,000, or \$2.14 per share on the common stock, the company announced. This compares with earnings of \$175,981,000, or \$2.55 per share, in fiscal 1981. Per share earnings are based on average shares outstanding of 72,391,000 in fiscal 1982 and 68,983,000 in fiscal 1981, after adjustment for a 5% stock dividend in September 1981. ADM noted that in fiscal 1982, the effect of commodity price decreases on last-in, first-out inventory valuations increased net income by \$31 million, or 43¢ per share, while in fiscal 1981 the effect of commodity price increases reduced net income by \$20.6 million, or 30¢ per share.

NEW OFFICERS

Joseph J. Viviano was named President and Chief Executive Officer of San Giorgio/Skinner, Inc., a division of Hershey Foods Corporation, in 1980. He was named President of San Giorgio in 1975 when his family's company, DeMonico Foods, Inc., Louisville, became a division of San Giorgio. Both companies had been acquired by Hershey in 1966. Viviano joined DeMonico in 1960, was named Vice President of Operations in 1968, and in 1972 was promoted to President. He is a member of the Young Presidents Organization. He is a native of Louisville, Kentucky and a graduate of Xavier University, Cincinnati.

Anthony H. Gioia, First Vice President of the National Pasta Association, is President of RHM Macaroni, Inc., Buffalo, New York. This company supervises the operations of Gioia Macaroni Company of Buffalo, Bravo in Rochester, New York, Ravarino & Trechi in St. Louis, Missouri, and Major Italian Foods in Kent, Washington.

Anthony Gioia comes from the firm established in 1910 in Fredonia, New York, a small town west of Buffalo. It was here that his grandfather started a pasta operation which was carried on by his son and grandsons. Part of Gioia's growth has been through acquisition. In 1960 the Piscitello Macaroni Company of Rochester was acquired and absorbed into the Gioia operation. In 1976 a majority interest in Gioia itself was sold to the British-based multi-national food company Ranks-Ross, which owns several other processors. The Gioia family maintains a "substantial minority in-



Joe and Paulette Viviano of the Colorado Cokout.

terest" in Gioia. Mr. Gioia indicates that "this merger gives us a strong position—family know-how in the macaroni business coupled with the assets of a large multi-national company with expertise in many areas of business."

Second Vice President John D. Herrick, Chairman of General Mills Canada, Ltd., has just been elected President of the Metro Toronto Board of Trade for 1982-83.

Herrick, 49 and a bachelor, was born and educated in St. Paul, Minnesota. He graduated from the College of St. Thomas in 1954 with a B.A. specializing in accounting. Herrick's career at General Mills began in 1954 when he worked as a field auditor in Minneapolis. He has also worked in Kankakee, Illinois; Chicago; and London, England. He came to Toronto from London in 1969 as President of General Mills Cereal, Ltd. In 1971 he was named chairman of the Board of General Mills Canada, Inc.



Anthony H. Gioia



John D. Herrick



Ted J. Settanny

Herrick served as a captain in the U.S. Air Force from 1954-57. He is a past president of Junior Achievement of Toronto and Junior Achievement of Canada; a member of the President's Council at St. Thomas College; past president of the Toronto Area Industrial Development Board. He is also a member of the Knights of Columbus and of the Rotary Club.

Ted J. Settanny, Third Vice President of the National Pasta Association, is President of Prince Foods Company, Lowell, Massachusetts.

Mr. Settanny is a graduate of the University of Lowell and Harvard Business School. After four years in the U.S. Marine Corps he started with the Pillsbury Company as a retail merchandiser in upstate New York; transferred to Minneapolis and completed marketing training. He reentered the sales field and after several transfers became regional manager for the eastern district.

He joined the Prince Company as National Director of Sales in 1961, became Vice President of marketing/sales in 1964; President of the Prince Foods Company in January, 1980.

His civic activities include membership on the St. John's Hospital Board of Governors, Board of Directors of the Lowell Boys Club and the Vesper Country Club.

He is married to Mary Radigan Settanny, has four children, and 10 grandchildren.

Appointment

Nicholas Rossi has been appointed to supervise local brokers of Gioia Macaroni Company in New York, Scranton/Harrisburg, and Ohio.

CONSTITUTION AND BYLAWS NATIONAL PASTA ASSOCIATION

as amended in Convention assembled July 14, 1982

Article I — NAME — The name of the organization shall be the National Pasta Association (NPA).

Article II — PURPOSES

Section 1 — PURPOSES — The purposes of Association shall be:

- (a) to serve all phases of the industry by promoting the development and use of pasta and related products for the benefit of consumers; and
- (b) to serve pasta manufacturers and related industries by providing programs and services that will enhance their efficiency and effectiveness.

Section 2 — RESTRICTIONS —

- All policies and activities of the Association shall be consistent with:
- (a) applicable Federal, state, and local antitrust, trade regulation or other legal requirements; and
 - (b) applicable tax exemption requirements that the Association not be organized for profit and that no part of its net earnings inure to the benefit of any private individual.

Article III — MEMBERSHIP

Section 1 — ELIGIBILITY — The membership of the Association shall consist of individuals, partnerships, corporations, association or other entities engaged in the manufacture of pasta products or associated with or having interest in the development of the pasta industry. Such membership shall include the following classes:

- (a) **MANUFACTURERS MEMBERS** — Limited to those actually engaged in the manufacture of pasta products;
- (c) **PROCESSOR MEMBERS** — Limited to those actually engaged in milling or processing raw materials for use in the manufacture of pasta products;
- (d) **SUPPLIER AND SERVICES MEMBERS** — Limited to those engaged in the manufacture of equipment or supplies for use in the manufacture of pasta products as well as those who furnish services to the pasta manufacturing industry; and
- (e) **ASSOCIATE MEMBERS** — Limited to those who, while not satisfying the criteria for mem-

bership in one of the above membership classifications, have interest in the development of the pasta industry.

Section 2 — APPLICATION AND ELECTION — Membership shall be conferred on all eligible applicants who, have filed appropriate application forms with the Association's Board of Directors, receive a majority vote of the Board of Directors.

Section 3 — TERMINATION AND REINSTATEMENTS

- (a) **RESIGNATIONS** — Resignations of members in good standing shall be submitted in writing to the Association's Board of Directors; however, resignation does not relieve a member from liability for dues accrued and unpaid or other financial obligations owing to the Association as of the date of resignation.
- (b) **EXPULSIONS** — Members may be expelled for cause by a three-fourths vote of the Board of Directors, or of the Association.
- (c) **SUSPENSIONS** — Members in arrears for dues for a period of six months shall be suspended automatically.
- (d) **REINSTATEMENTS** — Reinstatement of members can be made only upon full payment of any former indebtedness to the Association, application for reinstatement having been duly approved by a majority vote of the Association or its Board of Directors.

Article IV — PRIVILEGES OF MEMBERS

Section 1 — Manufacturer members in good standing shall have full membership rights. Only Manufacturer members shall have the right to vote at general annual or Special membership meetings, sit in executive sessions and to hold office.

- (a) Each member shall be entitled to one vote only. If membership is in the name of a firm, corporation, or other legal entity, it shall be entitled to one vote only, irrespective of the number of branches, plants, or subsidiaries it may have.

(b) **Producer, Processor, Supplier and Services and Association members** may serve on any Association committee and councils and may vote at meetings of such committees and councils.

(c) All members shall have the right to be heard at general annual or Special membership meetings.

Article V — BOARD OF DIRECTORS

Section 1 — GOVERNING BODY — The Association shall be governed by a Board of 13 Directors selected from among the Association's Manufacturer members.

- (a) Membership of the Board of Directors shall be limited to one Board member for any one pasta manufacturing company. For purposes of this section, one pasta manufacturing company means one corporate entity or one individually owned company.
- (b) The immediate Past President shall automatically be a member of the Board.
- (c) Past Presidents, still active in management in a dues paying pasta manufacturing company shall have the right to hold the status of Board Member Emeritus without vote.

Section 2 — ELECTION — The Board of Directors shall be elected at the annual meeting of the Association by a majority of the votes of the voting members present and voting in person or by proxy at a meeting called for that purpose or by mail ballot.

Section 3 — QUORUM

- (a) **BOARD QUORUM** — At any meeting of the Board of Directors, a majority of the Board shall be necessary to constitute a quorum for the transaction of business.
- (b) **ASSOCIATION QUORUM** — At annual or Special meetings of the Association, 20% of the Manufacturer members in good standing shall constitute a quorum for the transaction of business.

(c) **PROXIES** — Proxies shall not be permitted or accepted in any vote of the Association or the Board of Directors.

Section 4 — DUTIES AND POWERS

(a) The Board of Directors shall have the control, management and direction of the affairs of the Association and all the powers thus implied. They shall in all cases act as a Board regularly convened, and, in the transaction of business, the act of a majority for a quorum present at a meeting duly assembled shall be the act of the Board.

(1) Any Director may resign his office at any time, such resignation to be made in writing and to take effect immediately without acceptance.

(b) The Board of Directors may appoint an Executive Committee of five Directors including the President and immediate Past President. Three members shall constitute a quorum of the Executive Committee. The Association's Executive Director, Executive Secretary, or other such person who is responsible for management of the Association may serve as Ex Officio member of the Executive Committee. The Board may delegate any of its powers to the Executive Committee including the filling of vacancies occurring on the Board in the interval between annual meetings, provided however, that a decision of the Executive Committee to fill a vacancy must be ratified by a majority vote of the Board of Directors at its next scheduled meeting, at a Special meeting called for that purpose or by mail ballot.

Section 5 — SPECIAL ACTIVITIES — The Board of Directors in furtherance of the Purposes and objectives of the Association, may, in addition to performing the duties and powers customary to the Board of Directors of a corporation, (a) form, create, organize and establish special departments, committees, subsidiaries and other legal entities outside or within the Association and appoint, elect or designate officers thereof; and

(b) contract with, employ or engage persons, corporations, associations or others to perform special functions and activities.

Article VI — OFFICERS

Section 1 — OFFICERS — The Officers of the Association shall be a President; First Vice President; Second Vice President; Third Vice President; Secretary and Treasurer.

Section 2 — ELECTION

- (a) The Officers of the Association shall be elected by the Board of Directors immediately following the annual meeting of the Association. The election shall be by ballot by a plurality of votes of the Directors present.
 - (b) The Directors shall elect the officers from their own number only, except that the offices of Secretary and Treasurer may be held by one person who need not be a Director or member of the Association.
 - (c) Officers shall hold office for a period of one year or until successors are elected.
 - (d) Any vacancy occurring in the interval between meetings shall be filled by the Board or the Executive Committee.
- Section 3 — DUTIES** — Each officer shall perform the duties customary to his office, unless the Board of Directors otherwise determines.

Article VII — INDEMNIFICATION OF DIRECTORS AND OFFICERS — The Association shall indemnify Directors and Officers to the full extent authorized by Section 163-a23.1 of the Illinois Annotated Statutes as from time to time amended. To fulfill its obligations under this provision, the Association shall purchase and maintain liability insurance with coverage in such amount as the Board of Directors shall determine.

Article VIII — REVENUE

Section 1 — FISCAL YEAR — The fiscal year of the Association shall begin October 1st.

Section 2 — DUES OF MEMBERS — Dues are payable quarterly in accordance with a dues structure to be established by resolution of the Board of Directors, such resolution to be ratified at the Association's annual meeting, at a Special meeting called for such purposes or by mail ballot by a two-thirds vote of the Manufacturer members present and voting at a meeting or by a two-thirds vote of

the Manufacturer members voting if by mail ballot.

Article IX — MEETINGS

Section 1 — The annual meeting of the Association shall be held at such time and place as the Board of Directors shall designate. Written notice of such meetings shall be given all members at least 30 days in advance thereof.

Section 2 — The President shall call a Special meeting of the Association upon the request of the Board of Directors or upon the written request of at least 20% of the Manufacturers in good standing.

Section 3 — The Board of Directors shall meet for organization each year immediately after election at annual meetings of the Association.

Section 4 — The Board of Directors shall also meet upon the call of the President or five Directors.

Section 5 — The Executive Committee shall meet upon the call of the President.

Section 6 — Regional meetings may be called by any Vice President or Director for the purpose of exploration and recommendation to the Board.

Article X — COMMITTEES — The Board of Directors shall appoint such councils, committees and subcommittees as are necessary to carry forth the purposes and objectives of the Association.

Article XI — CORPORATE SEAL

— The corporate seal of this Association shall have engraved thereon "National Pasta Association" and in the center the word "Seal." It shall be kept by the official responsible for the management of the Association and affixed to all papers and documents required to be executed under the corporate seal of the Association.

Article XII — AMENDMENTS —

This Constitution and Bylaws may be amended in any regular or Special meeting of the Association by two-thirds vote of the Manufacturer members present and voting, or by mail by a two-thirds vote of the Manufacturer members voting. Notice of the substance of and rationale for any proposed amendments to this Constitution and Bylaws shall be sent to Manufacturer members at least fifteen days prior to any meeting at which such a vote would take place, if by mail, at least fifteen days prior to the mailing of such ballot.

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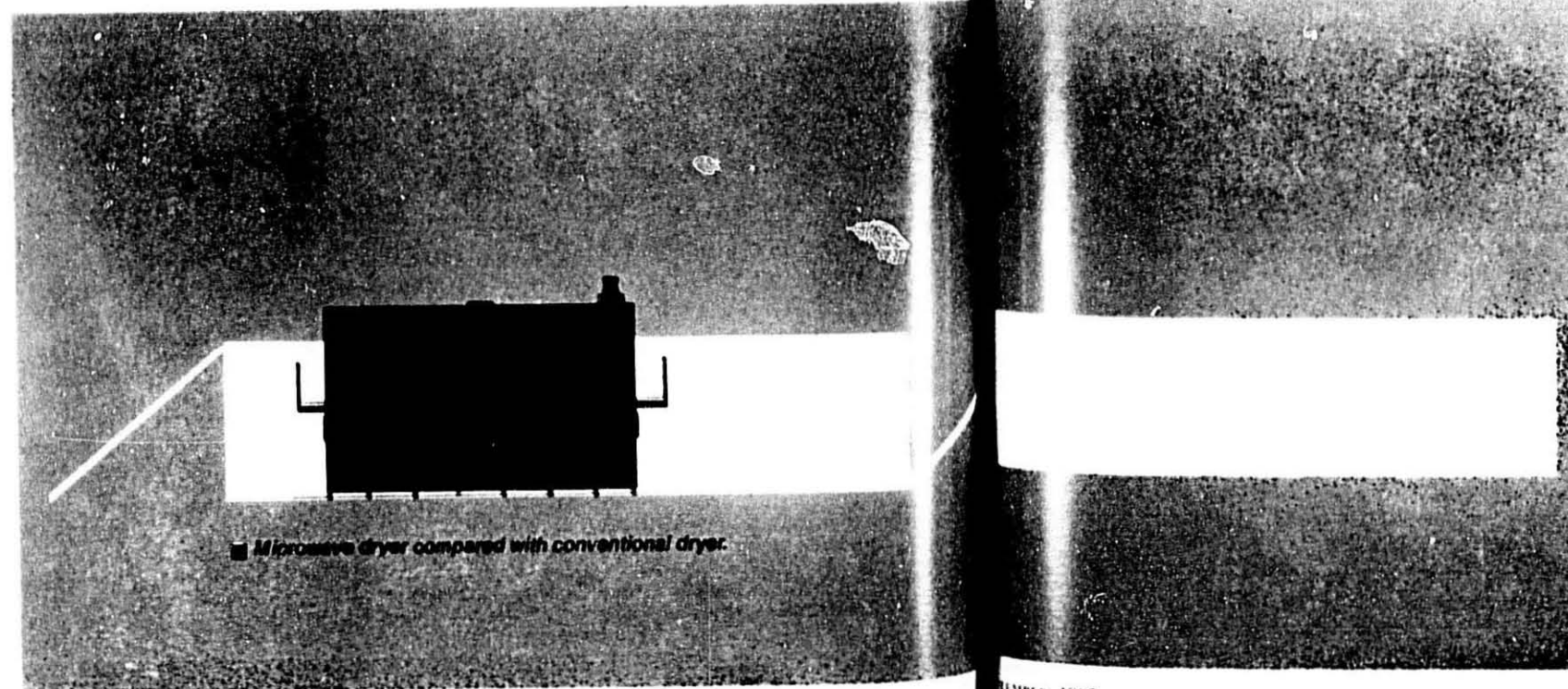
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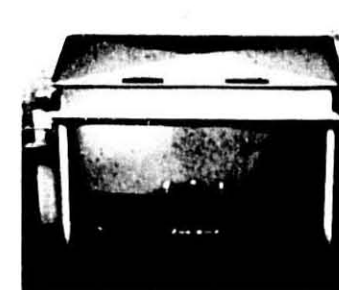
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FAMILY BUSINESS COLUMN

by Frank M. Butrick, Akron, Ohio

Part IV. The Excitement of Business

As a child, a boy learns the sometimes subtle difference between work and play: Work is what you have to do, while play is anything you want to do. And he learns that both words (and the different reactions which they connote) can describe the same activity. What can be more fun for a child than to take a hose to "wash" daddy's car? Yet if you insist that this be done, you take all the fun out of it and it becomes work. So at a very early age we all learn that there is a great deal of overlap between work and play—the difference is in the motive and inclination, not in what is being done.

As adults, and business owner/managers, we continue to apply this motivational distinction between work and play (although often calling our fun work, thus using one word to mean two totally dissimilar situations and thereby frequently confusing ourselves). We leave safe jobs, demanding only 30 or 40 or so hours of work each week because we consider them "work." Then we actually work twice as hard for 60 or 70 hours or more every week—and while we call it work, we would not consider going up and going back to "work" for somebody else. Why are we willing to drive ourselves so much harder than we would let another drive us? What is so much different between our job working for ourselves, and our old job working for other people? The answer is simple: When we work for ourselves, we do so because we want to; nobody forces us. When we work for somebody else, we do so because we must—and we do what we are told. Our own wishes and desires are secondary if applicable at all. Like the little boy with the garden hose, the entrepreneur works because he works for himself, doing what he wants to do because he wants to do it.

But when too many owner/managers look to their sons, they are puzzled because they expect enthusiasm and find only indifference—the son wants to work normal hours, expend a normal amount of energy, show only normal interest and conscientiousness, learn at a normal speed, and shut off the entire subject come five o'clock. Such

a father looks at his son, works himself even harder, and bemoans his fate—that he should have a son who is not like himself; a son who just has no "get up and go." Probably most fathers feel this way at times, because very few sons have the entrepreneurial drive of their fathers (which is just as well—those who do, leave). The problem is that even the most interested sons seldom can match their fathers' energy or interest or output. Why is this? And can a father do anything about it?

The answer to the first questions is so simple that most people in a family business overlook it: The father works for father. And son works like an employee because he is; son also works for father. As to what can be done about it, this is substantially more difficult to answer because it depends upon the nature of the business; the plans, aspirations, and personality of the father, the age and ambitions of the son; and their relationship. But briefly there are three steps involved in developing a son who is as fascinated by your family business as you are:

STEP I

First, start at an EARLY age (12 or 14—or younger) to show him the "behind the scenes" planning, decision making, and risk-taking involved in any business. It is about this age when most owners' youngsters begin coming into the business to help summers and perhaps Saturdays. But obviously a 12-year old is not—cannot be—very useful. Less tactfully, a real nuisance. So to keep him away from customers, highly-paid employees, and machinery all too often he is relegated to "idiot" jobs—sorting stock, floor sweeping, window washing, etc. There is nothing like the excitement of floor sweeping to turn off a youngster.

Instead, try to find something which both you and your child will consider important, generally being somebody's helper—mechanic, inventory clerk, etc. Pick the employee carefully; he/she is taking the first step in development of the next manager/president of your business.

But go beyond that. Let the child see how what he is doing fits the bigger operation. Show him what comes before and after. Show him the buying design/selling decisions involved. How you analyzed and made decisions, show how what you do relates to what he is doing. You want him fascinated by his part-time "job," but you want him to see clearly how it is part of a path which leads to your desk.

STEP II

By high school, if not before, he has hopefully worked along that path to your desk. As he sees the business more clearly and how the jobs he has held or helped at blend together, the danger develops that he will begin to develop a preference for design or welding or sales or accounting, or whatever. This is natural and father sometimes are trapped by encouraging this, because it appears to foster the work ethic, the son fitting into the business as a useful, productive employee, etc. But if this encouragement runs full term, the son ends up twenty years later as a department head, valuable and irreplaceable. But he is not free to become a successor, no valuable to take time to learn the rest of the business, incapable of business management—and father puts the business up for sale because he has no successor.

So keep up that running contact between what he is doing and what you are doing, always stressing decision solving, challenge accepting, making, and the excitement of how things turn out. Begin him the decisions made at his level; encourage his ideas. They are a nuisance, too, but minimal and the experience of you) is irreplaceable. As decisions, go over them with not to show him how smart but to show him more and more of your job.

STEP III

At a rather early age (mid twenties) begin to move him toward areas where

(Continued on page 42)

THE MACARONI JOURNAL

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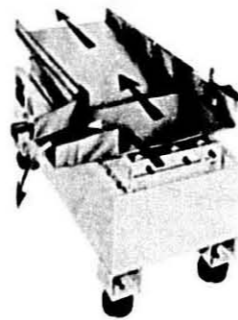


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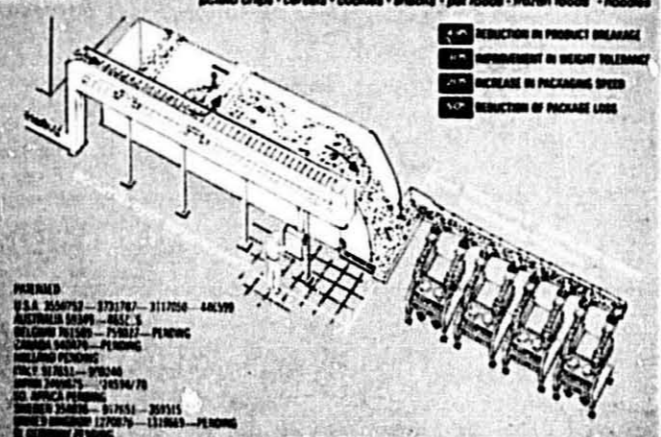
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Obituaries

John Costa, a principal of Costa Macaroni Manufacturing Company, Los Angeles, California, died Wednesday, July 21, of a stroke.

Born in New York City in 1906, John Costa moved to California with his family in 1919.

After a brief stay in San Jose, the family relocated in Los Angeles. There, the family, headed by John's father Mario, went into the pasta business in 1923. After their father's retirement in 1960, John and his brother Dominic successfully guided the company. After Dominic's passing in 1979, John assumed the presidency of the company until his recent death. He is survived by his widow Olga and his niece Connie Zoccoli.

Esther Donna King, daughter of the later M. J. Donna, died July 26, at the age of 76 in Braidwood, Illinois. She leaves two daughters, Esther Lee

(Mrs. Pat Woulfe), of Braidwood, and Mary Donna (Mrs. Tom DeGroh) and four grandchildren.



Joseph P. Pellegrino

J. P. Pellegrino Elected to Board of Harvard Alumni

Joseph P. Pellegrino, president and chief executive officer of Prince Company, Inc., a major Lowell, Mass.-based pasta manufacturer, has been elected to the board of directors of the Associated Harvard Alumni. Mr. Pellegrino, a 1960 graduate of Harvard, was named to the alumni group's board for a three-year term.

Besides Italian specialties, the Prince Company has a paper and engineering division, with emphasis on water treatment and other aspects of the environment.

Mr. Pellegrino is also a director of the Lowell Redevelopment Committee and has served on the board of Lawrence General Hospital, Union National Bank of Lowell, New England Museum of Sports, New England Aquarium and the Pingree School.

He has been a marshal for several reunions of his class at Harvard and also served on the steering and major gifts committee of the Harvard Campaign.

Family Business Column

Modern Math

he can find and solve problems, accept challenges thrown by customers, do his own planning, make his own decisions, take his own risks, and make his own mistakes. Turn a product line or market over to him; let him run a

branch or a small subsidiary in short, let him learn presiding in a small operation. Countless sons so developed have, before their 30th birthday, doubled their father's business—because their fathers nurtured the sense of enthusiasm, helped them find the self-confidence that grows from competence, and then turned them loose and let them put it all together and to work.

Your business is a very vital portion of your life; it becomes you and a very large part of you is invested in it. Call this enthusiasm if you will—that is as good a name as any other. But if your son is to pick up that spark that makes you and the business inseparable, then you must invite him in, share your business and your life. Take time for him during those all-important, boy-becoming-man years. Share with him the joy of running the business. Unloading trucks summers is not enough.

This article is condensed from a chapter in the author's book, THE FAMILY BUSINESS, to be released by the IBI Press, Box 159, Akron OH 44309.

MACARONI JOURNAL will be printing key chapters from the book, the first ever devoted exclusively to the personal relationships within the privately-owned business, during the forthcoming months. For information on the book, contact the publisher directly.

Frank Butrick has, for over two decades, been a leading consultant, convention speaker and author on the family-owned business. He has written hundreds of magazine articles, the years and his concepts incorporated in numerous books. He averages nearly 50 conventions a year, and is active in all over America. If you have a situation which you would like Mr. Butrick's comments or advice, you can reach him through MACARONI JOURNAL, or by writing the IBI Press in Akron, or calling him at 216/253-1757. There is no cost or obligation—but if you write, be patient. His heavy travel schedule precludes quick replies to his correspondence.

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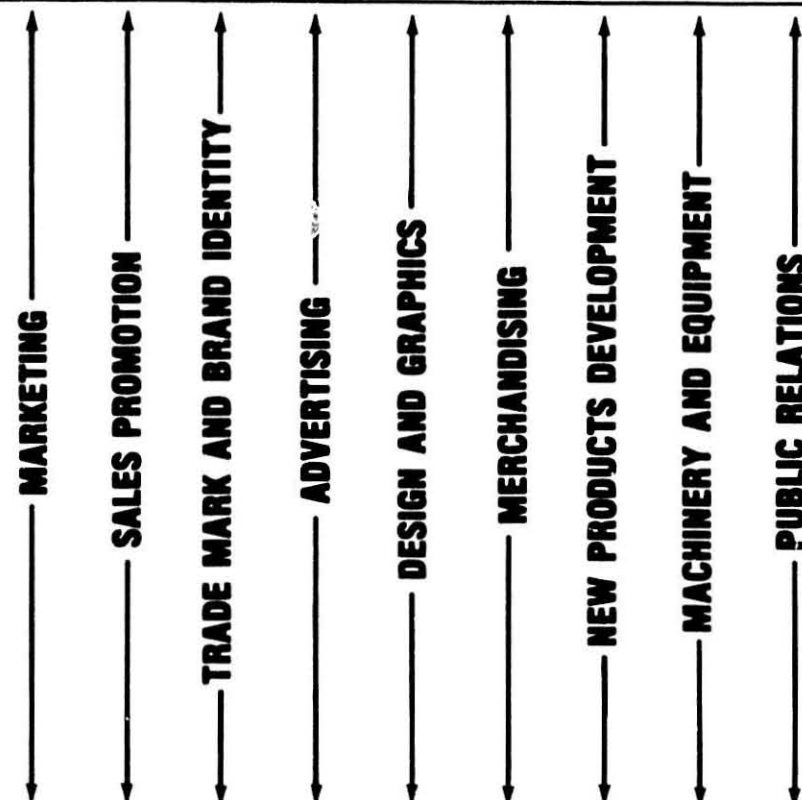
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